Age and the Relationship to Voluntary Turnover of Part-Time Employees

By
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Abstract

The retail operation has been subject to high employee turnover and continues to endure rising costs due to recruitment and new hire training and development. Store managers and human resource professionals have long held the belief that age and employee turnover are closely related. This paper tests that relationship between the age of the part-time employee and the employee's tenure due to voluntary termination of employment within a given retail establishment. In addition, the current literature on the subject is examined while an *ex-post-facto* case study of a specific retail operation is presented. The results of the study determine that the relationship between the variables age, and tenure due to voluntary termination of employment, was not significant.

Keywords: Voluntary Turnover, Employee Turnover, Voluntary Termination, tenure, Employee Age, Older Workers

Introduction

The issue of employee turnover, particularly in the retail setting, continues to reduce productivity and morale in the workplace. In addition, the cost of employee recruitment and training continues to be one of the highest expenses that an operation can absorb. The effect on an operation with out of control turnover can be devastating to the bottom line.

The nature of retail business, at store level, is grueling. Payroll constraints, physical demands, and the level of stress require a store team that is able to mesh well together and be dependable. Unfortunately, turnover of any kind, but voluntary

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employee turnover in particular, negatively impacts everyone and everything in the operation.

This study will focus on the relationship between the age of the employee and turnover due to voluntary termination of employment in a specific location of a major home decorating and housewares chain. For purposes of clarity, the term “tenure” is used to designate the length of time that the part-time employee remained voluntarily employed by the firm. The purpose of the examination of the data is to add to the understanding of which employees are more likely to quit. Whatever the personal reason for voluntary termination of employment, the revolving door of hiring, training, and termination, though unseen on the operating statement, is one of the single most expensive aspects of the cost of running the operation. Therefore, this study proposes the following hypotheses:

H1: There is a positive relationship between the age of a part-time employee and his or her voluntary turnover with a given company.

H0: There is no significant relationship between the age of a part-time employee and his or her voluntary turnover with a given company.

Review of the Literature

In the view of most retail managers, the prevailing opinion is that employee turnover is a major problem with the younger hires, while the most stable and dependable, long-term employees are those workers that are older and more mature. There are numerous explanations as to why employees quit. However, an examination of the literature related to the topic of age-related turnover reveals varying opinions as to any one root cause or determining factor.

In the case of the retail sector, employees are often new to the workplace and are not looking for a long-term commitment to an employer. Likewise, many employers recognize this and find it easier to replace than to retain the employee (Maguire, 1993). In a study conducted by Cotton and Tuttle (1986), results showed that “commitment, salary, age, sex, organizational tenure, educational attainment, job mobility, met

expectations, work-group cohesion, opportunities for advancement, and job performance to be highly related to turnover" (Huselid & Day, 1991).

One of the major reasons for employee turnover in the retail sector is that stores have proven to be a training ground, allowing the employee an opportunity to gain valuable skills. A majority of larger companies in today's market offer extensive training programs to all new hires at all levels, from cashier to general manager. While many "mid-career" individuals are less likely to change directions, the perception is that younger employees, many times, use their experience to secure a position elsewhere that offers more money, better scheduling, increased or better hours, etc. The opinion today among a majority of employees, especially those younger than 30, is that moving from one job to another is perfectly fine; if it allows for more pay, and continued growth and development (DeBare, 2001). In addition, the high turnover rate in retail stores attracts potential hires due mostly to the "revolving door" effect. There are always employees coming and going, which allows for opportunities to exist.

The younger worker, with few exceptions, is in a transitional stage in their career path. The vast majority are exploring the career options available, finding out what skills they possess, and looking for any number of aspects that will offer the most personal satisfaction. "Boredom, mismatched values, and conflicts with other life roles can create personal unrest and trigger job movement—upward, downward, lateral, and outward" (Brown, 1998). Since the levels of pay at the retail level is usually minimum wage or slightly better, it naturally attracts the unskilled or less educated worker. While this study is primarily concerned with the retail industry, other industries that employ low skilled workers also exhibit the same turnover issues. It is interesting to note that even though retail and services comprise 20 percent of U.S. jobs, those same sectors produce nearly 50 percent of worker turnover (Lane, Stevens, and Burgess, 1996). In addition, only 16.6% of cashier jobs are created as new positions, the remaining 82.4% is related to turnover while "of 11 low-skill occupations with 6.5 million job openings per year, only 1 million are new jobs" (Lane, 2000).

In the examination of age and job satisfaction (another key factor in the decision to terminate employment), it is noted that there is a significant relationship between the two variables. The vast majority of data available today offers insight into how employee turnover and job satisfaction relate, and how age enters into the mix. One study reveals that the relationship between age and satisfaction could be different, depending upon different situations. Snyder and Dietrich (1992), offer that "findings suggest that the relationship between age and overall job satisfaction is curvilinear for the present, total sample". However, the same study also offered a "non-conclusion". It reported that in order for a study to be able to offer any definite correlations between age and job satisfaction, researchers still need to develop a better and "more truly comprehensive model of the relevant human behavior involved" (1992).

According to a study by Koustelious (2001), the personal behaviors and characteristics of employees can influence levels of job satisfaction. In addition, he found that gender and age were significant predictors of specific aspects of job satisfaction. However, studies of gender have not revealed much definite data presenting a difference between job satisfaction levels between the two sexes.

Finegold, Mohrman, and Spreitzer (2002), utilizing a large sample of technical professionals from 6 companies, found the relationship of age as a predictor of worker commitment and willingness to turnover found that age had little impact on either variable. Additionally, the researchers discovered that the only difference between middle and older age groups was that the middle age group was prepared to seek employment elsewhere if personal and professional training and development requirements were not offered within current positions. This finding also held true for the younger age group.

Sarker, Crossman, and Chinmeteepituck (2003), in a study of hotel employees in Thailand, increased the literature by suggesting an independent relationship of age and tenure in relation to job satisfaction. Sarker, et al. discovered that satisfaction increases with both age and tenure, however, job satisfaction levels off at a certain point when examined with tenure alone. Further research showed that the age of the employee

was not a significant factor in their satisfaction level (at a 5 percent level) however, tenure was. Finally, the researchers found that tenure positively impacted the level of employee job satisfaction in all age groups except for those under the age of 25, indicating a significant dependence on tenure, while finding little significance from the variable: age.

The United States Department of Labor, Bureau of Labor Statistics, conducts a monthly survey of about 60,000 U.S. households called Current Population Survey, or CPS, that offers detailed information regarding the demographics, labor force positions, and several other areas of interest. The survey incorporates employment and tenure (length of service) data from all areas of employment, that is, part-time, full-time, contract, and temporary, and is based upon comparable data from 1983 to 2002. The January 2002 CPS offers some supportive statistics related to employee tenure and age. The following is an excerpt from that report:

1. Median years of tenure tend to increase with age. For example, the median tenure of older workers ages 55 to 64 was three and a half times that of workers ages 25 to 34
2. Thirty percent of workers age 25 and over had been with their current employer for 10 years or more at the time of the survey. For workers age 55 and over, half had such long tenure.
3. The share of employed persons who had been with their employer for 12 months or less declined with age. Seventy percent of teenagers had been with their employer for a year or less, compared with the 10 % of persons age 55 and over.
4. Managerial and professional specialty workers had the highest tenure among the major occupational groups, while workers in service occupations had the lowest median tenure (USDL, bls, 2002).

The CPS study asked the question, “How long has (blank) been working continuously for (fill in the name of present employer)?” Any answer of 1 or 2 years prompted a follow up question to determine the exact number of months of employment. When

examining the retail marketplace in particular, the CPS found that average tenure was only 2.2 years, making it the lowest tenure rank of all major industries studied (USDL, 2002). In addition to the CPS, the U.S. Bureau of Labor Statistics completed the National Longitudinal Survey of Youth, in 2000 that displayed the number of jobs held by individuals, ages 18 to 36, from 1978-2000. The study showed that the population of the survey had held the mean number of jobs held by those surveyed was 9.6. In other words, the average number of jobs held by those individuals surveyed was nearly 10 different jobs in the twenty two year span surveyed (USDL, bls, 2000). The breakdown between genders offered little difference. The mean number of jobs varied between men and women only by .3 %, with men holding 9.9 jobs and women holding 9.3 jobs. The mean number of jobs ranged from 9.2 to 10.0 for the total studied population, while the men surveyed ranged from 9.5 jobs to 11.1, and women from 7.8 to 10.6 jobs. It is again important to note that the above data was inclusive of all employment types.

An investigation of the relationship between age and voluntary turnover, presented by Healy, Lehman, and McDaniel (1995), offered additional insight into reasons employees quit. The study found that the mean correlation between age and tenure was .26. Using correlation coefficients that were derived from the data, the conclusion was reached that “the independent relationships of tenure and age produce similar near zero effects on voluntary turnover” (Healy, Lehman, and McDaniel, 1995). In fact, the final results confirmed the finding of previous studies that age, in itself, is not an appropriate factor when trying to predict turnover. The test only found the age had a -.08 relationship with voluntary turnover.

Methodology

The methodology used for this study was to conduct an ex-post facto study of the previous employees of a national chain of major home decorating and housewares stores. The particular location is located in the Southeastern United States. The average sales volume allowing for approximately, on average, twenty-three employees, with all

but nine being of part-time status. The employment records for all employees that have been employed in that location since 90 days beyond its opening date in 1998 until 2005 were made available and examined. The data subjects were chosen through a systematic approach by retrieving every third employee file until thirty part-time employee files were secured from a population of approximately 100 ex-employees. The drawing resulted in nine additional files for employees; six that were found to be of full-time status and three were considered “involuntary” separations. All nine files were consequently returned to the master files and drawing was continued until the sample size of thirty was achieved. The data forms contained in each file include original applications new hire information, rates of pay, employment status, previous work history, employee reviews, disciplinary records, employment separation form, and other personal information. From the random sample of thirty part-time employees, information related to date of birth, date of hire, and date of voluntary termination (to determine tenure) was documented. The statistics were utilized to establish the age of the employee at the time of termination, the length of employment was calculated by reviewing the hire vs. the termination date and is stated in “months of employment”.

The collected data was entered into the SSPS program and an analysis was performed to study the relationships of the variables; specifically, the relationship between age of the employee and length of service with the firm. The analysis included the use of descriptives, linear regression, correlation testing, and analysis of variation (ANOVA), as well as scatterplot and histogram charts.

Results and Findings

Upon examination of the variables, with age being the independent variable while length of service (tenure) being the dependent variable, the analysis of the histogram associated with employee tenure, or length of service (Table 1), depicts a relatively normal curve with spikes being displayed in the above expected range in the first 14 months of tenure. In contrast, the histogram depicting age (Table 2) displays a much larger concentration of younger employees in the 18 to 28 year old range. These

histograms, combined with the descriptive statistics (Table 3) indicate while length of service displays a relatively normal curve among all hires, the vast majority of employees age at termination, while ranging from 18 to 49 in chronological age, offers a mean of 26.5 years old, with a standard error of 1.56. The mean length of service is 14.20 months with a standard error of 2.38. To understand the relationship between the variables, a scatterplot was employed to test the relationship between age and length of service. The Age-Tenure graph (Table 4) presents a non-linear pattern, giving an indication that the relationship between the two variables is coincidental and not significant. The analysis of variance (ANOVA), which examines the variability of the sample values (Table 5), suggests the F value (ratio) is 3.805. Since the significance is greater than .05, in this case being .061, based on a 95 percent confidence level, the null hypothesis is supported. The probability of obtaining an F ratio of 3.805 or larger when the null hypothesis is true is .061, implying that only about sixty times in one thousand, when the null hypothesis is true, will a ratio this large or larger be observed.

Utilizing the Spearman test (Table 6) to determine whether the variables are strongly associated, the Spearman correlation coefficient between age and employee length of service is .320; closer to zero, indicating a weak relationship. Examining the Pearson coefficient (Table 7) at a range of 0 to +1, the number is .346. Therefore, since the correlation coefficient is relatively on the low, positive side, thus suggesting that the strength of the relationship between chronological age and length of voluntary length of service is low or weak. The R square value (Table 8) indicates that in this case, only 12 % of the variability in employee length of service is explained by employee age.

Suggestions for Future Research

Since this study focused on one specific retail environment in one specific geographical area of the United States, it is suggested that future research might be considered for other industries, including manufacturing and services. In addition, a wider and deeper scope of study might produce more detailed results. Researchers

might also consider adding additional variables such as gender and seasonality of employment to study the impact of those variables on the overall turnover of employees.

Conclusion

After running the analysis of the data, it was surprising to find that each test, when examined independent of the others, all led to the same conclusions: the rejection of the initial hypothesis H1. As a result, the null hypothesis, H0: there is no significant relationship between the chronological age of a part-time employee and his or her voluntary turnover with a given company, is supported.

From the initial review of the literature, it was unexpected to find that there was such a diverse range of conclusions from the study of the subject. It was equally impressive to discover that the long held opinions of store level management, that is, that age directly relates to turnover were not supported by this or other previous studies. The majority of the studies available concluded that there was very little correlation between age and employee length of service, and in addition, more than mere demographics play a substantial role in the decision by the employee to resign. Employee satisfaction, quality of life issues, the changing attitudes of the workforce, pay rates, and advancement opportunities are just a few of the aspects that add to the reasons for voluntary turnover. The age of the employee does not as much correlate with the decision to quit, however, each age range has its own particular aspects that can lead to job-hopping. Younger employees will quit to gain more experience, more money, prestige, or to move into a permanent career, while older, more established employees may only be working to supplement income, or just for something to do. The fast paced nature of the retail environment causes most employees to make a decision early on as to whether they love it or hate it. That decision, in itself, will determine the length of tenure for most employees.

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Appendix

Table 1

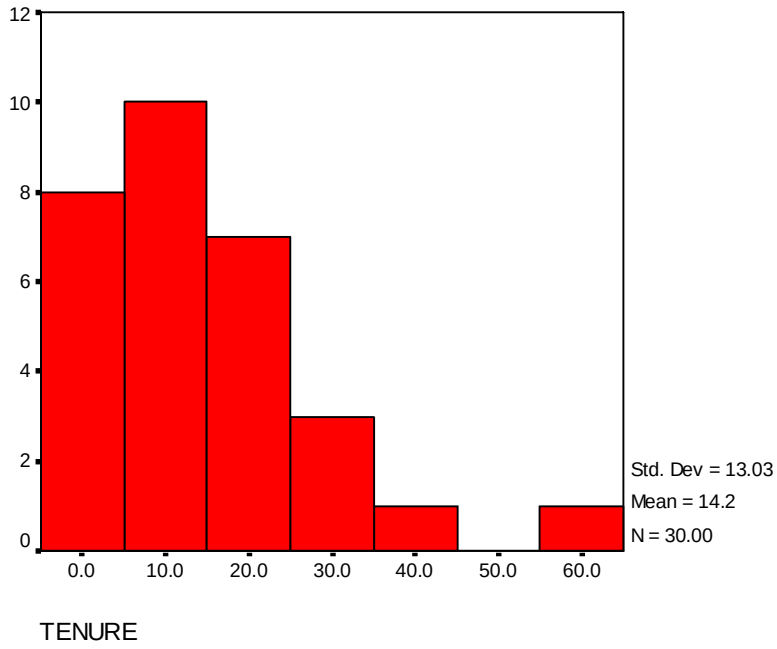

Table 2

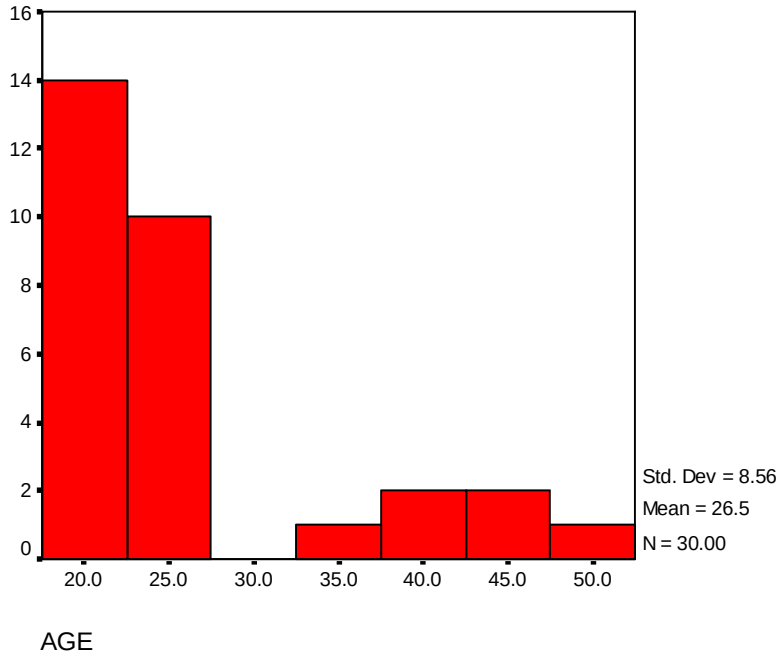

Table 3

Descriptive statistics

	N	Min.	Max.	Mean		*SD*
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Age	30	18	49	26.53	1.56	8.561
Tenure	30	2	61	14.20	2.38	13.029
Valid N	30					

Table 4

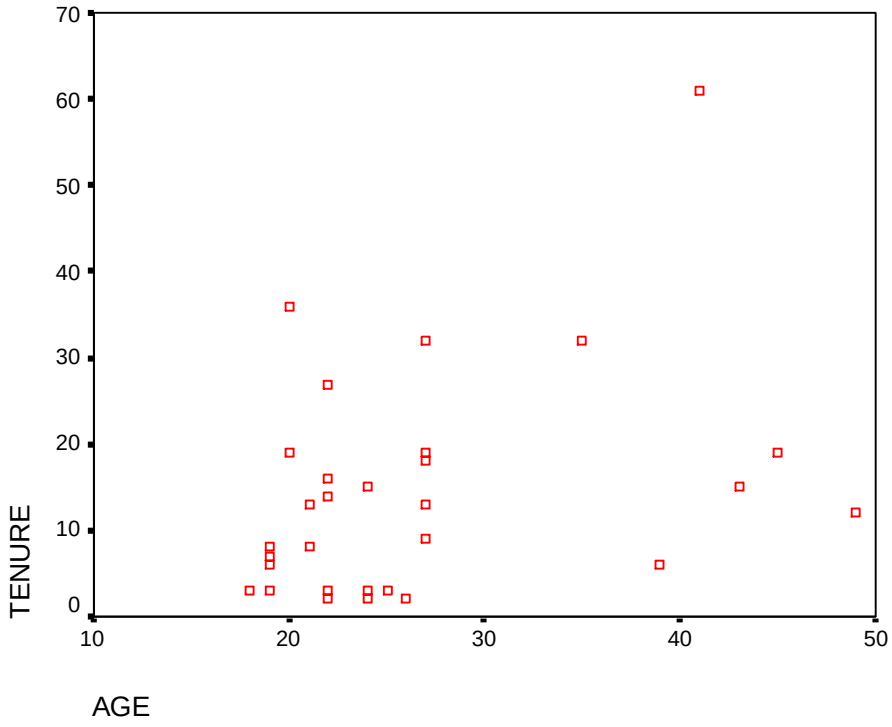

Table 5

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	588.912	1	588.912	3.805	.061 [a]
	Residual	4333.888	28	154.782		
	Total	4922.8	29			

a. Predictors: (Constant), Age

b. Dependent Variable: Tenure

Table 6

Correlations

			Age	Tenure
Spearman's rho	Age	Correlation Coefficient	1.000	.320
		Sig. (2-tailed)	.	.085
		N	30	30
	Tenure	Correlation Coefficient	.320	1.000
		Sig. (2-tailed)	.085	.
		N	30	30

Table 7

Correlations

		Age	Tenure
Age	Pearson Correlation	1	.346
	Sig. (2-tailed)	.	.061
	N	30	30
Tenure	Pearson Correlation	.346	1
	Sig. (2-tailed)	.061	.
	N	30	30

Table 8

Regression

Model Summary

Model	R	R Square	Adjusted R Square	*SD* of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.346	0.12	0.088	12.441	0.12	3.805	1	28	0.061

a Predictors: (Constant), Age

a. Predictors: (Constant), Age

b Dependent Variable: Service