The Contagion Effect: Understanding the Impact of Changes in Individual and Work-unit Satisfaction on Hospitality Industry Turnover

Timothy R. Hinkin Ph.D.
Cornell University, trh2@cornell.edu

Brooks Holtom Ph.D.

Dong Liu Ph.D.

Follow this and additional works at: https://scholarship.sha.cornell.edu/chrpubs

Part of the Hospitality Administration and Management Commons

Recommended Citation

This Article is brought to you for free and open access by the The Center for Hospitality Research (CHR) at The Scholarly Commons. It has been accepted for inclusion in Center for Hospitality Research Publications by an authorized administrator of The Scholarly Commons. For more information, please contact hotellibrary@cornell.edu.

If you have a disability and are having trouble accessing information on this website or need materials in an alternate format, contact web-accessibility@cornell.edu for assistance.
Abstract
This report describes a two-year longitudinal study examining the effects on employee turnover of the change in individual and unit levels of satisfaction. Analyses of data collected from 5,270 employees in 175 business units of a hospitality company demonstrate that changes in an individual's level of satisfaction affect that person's turnover decisions. More important, unit-level job satisfaction change and its dispersion jointly affect the individual's satisfaction change and the overall turnover rate in a unit, in what can be termed a "contagion effect." As the work environment becomes more positive (employees are satisfied) and overall satisfaction in the unit increases over time, for example, fewer individuals leave their jobs. Even unhappy employees are lifted by a coherently positive environment. We further find evidence of a multilevel three-way interactive effect of unit-level job satisfaction change and its dispersion, and individual job satisfaction change on individual turnover. When attitudes in a work unit vary substantially, a general increase in satisfaction has little effect on an individual's satisfaction or turnover plans. Put differently, when an employee is out of step with prevailing trajectory in unit-level attitudes, the discrepancy of attitudes appears to alter the relationship between his or her job satisfaction trajectory and turnover propensity. The findings emphasize the importance of tracking changes in employee satisfaction and the impact of changes in group attitudes on individual attitude and behavior.

Keywords
hospitality, lodging and food service, human resources, employee turnover, contagion effect

Disciplines
Business | Hospitality Administration and Management

Comments
Required Publisher Statement
© Cornell University. This report may not be reproduced or distributed without the express permission of the publisher

This article is available at The Scholarly Commons: https://scholarship.sha.cornell.edu/chrpubs/57
The Contagion Effect:
Understanding the Impact of Changes in Individual and Work-unit Satisfaction on Hospitality Industry Turnover

Cornell Hospitality Report
Vol. 12 No. 9, August 2012

by Timothy Hinkin, Ph.D., Brooks Holtom, Ph.D, and Dong Liu, Ph.D.

All CHR reports are available for free download, but may not be reposted, reproduced, or distributed without the express permission of the publisher.
Advisory Board

Niklas Andréen, Group Vice President Global Hospitality & Partner Marketing, Travelport GDS
Ra’anan Ben-Zur, Chief Executive Officer, French Quarter Holdings, Inc.
Scott Berman, Principal, Real Estate Business Advisory Services, Industry Leader, Hospitality & Leisure, PricewaterhouseCoopers
Raymond Bickson, Managing Director and Chief Executive Officer, Taj Group of Hotels, Resorts, and Palaces
Stephen C. Brandman, Co-Owner, Thompson Hotels
Raj Chandnani, Vice President, Director of Strategy, WATG
Eric Danziger, President & CEO, Wyndham Hotel Group
Benjamin J. “Patrick” Denihan, Chief Executive Officer, Denihan Hospitality Group
Chuck Floyd, Chief Operating Officer–North America, Hyatt
RJ Friedlander, CEO, ReviewPro
Gregg Gilman, Partner, Co-Chair, Employment Practices, Davis & Gilbert LLP
Tim Gordon, Senior Vice President, Hotels, priceline.com
Susan Helstab, EVP Corporate Marketing, Four Seasons Hotels and Resorts
Paul Hineman, Executive Director, National Restaurant Association
Steve Hood, Senior Vice President of Research, STR
Jeffrey A. Horwitz, Chair, Lodging + Gaming, and Head of Private Equity Real Estate, Proskauer
Kevin J. Jacobs, Senior Vice President, Corporate Strategy & Treasurer, Hilton Worldwide
Kenneth Kahn, President/Owner, LRP Publications
Keith Kefgen, Chief Executive Officer, HVS Executive Search
Kirk Kinsell, President, The Americas, InterContinental Hotels Group

Radhika Kulkarni, Ph.D., VP of Advanced Analytics R&D, SAS Institute
Gerald Lawless, Executive Chairman, Jumeirah Group
Steve Levigne, Vice President, U.S. Strategy & Insights, McDonald’s Corporation
Mark V. Lomanno Executive Board Member, newBrandAnalytics
David Meltzer, Chief Commercial Officer, Sabre Hospitality Solutions
William F. Minnock III, Senior Vice President, Global Operations Deployment and Program Management, Marriott International, Inc.
Mike Montanari, VP, Strategic Accounts, Sales - Sales Management, Schneider Electric North America
Shane O’Flaherty, President, Global Inspections and Ratings, Forbes Travel Guide
Chris Proulx, CEO, eCornell & Executive Education
Cyril Ranque, SVP, Global Market Management, Expedia, Inc.
Carolyn D. Richmond, Partner, Hospitality Practice, Fox Rothschild LLP
Susan Robertson, CAE, EVP of ASAE (501(c)6) & President of the ASAE Foundation (501(c)3), ASAE Foundation
Michele Sarkisian, Senior Vice President, Maritz
Janice L. Schnabel, Managing Director and Gaming Practice Leader, Marsh’s Hospitality and Gaming Practice
Trip Schneck, Managing Partner, District Hospitality Partners
K. Vijayaraghavan, Chief Executive, Sathguru Management Consultants (P) Ltd.
Adam Weissenberg, Vice Chairman, Global and U.S. Travel, Hospitality & Leisure Leader, Deloitte & Touche USA LLP
Thank you to our generous Corporate Members

Senior Partners
ASAE Foundation
Carlson Hotels
Hilton Worldwide
National Restaurant Association
SAS
STR
Taj Hotels Resorts and Palaces

Partners
Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
eCornell & Executive Education
Expedia, Inc.
Forbes Travel Guide
Four Seasons Hotels and Resorts
Fox Rothschild LLP
French Quarter Holdings, Inc.
HVS
Hyatt
InterContinental Hotels Group
Jumeirah Group
LRP Publications
Maritz
Marriott International, Inc.
Marsh’s Hospitality Practice
McDonald’s USA
newBrandAnalytics
priceline.com
PricewaterhouseCoopers
Proskauer
ReviewPro
Sabre Hospitality Solutions
Sathguru Management Consultants (P) Ltd.
Schneider Electric
Thayer Lodging Group
Thompson Hotels
Travelport
WATG
Wyndham Hotel Group

Friends
4Hotelers.com • Berkshire Healthcare • Center for Advanced Retail Technology • Cleverdis • Complete Seating • Cruise Industry News • DK Shifflet & Associates • ehotelier.com • EyeforTravel • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial and Technological Professionals • hospitalityInside.com • hospitalitynet.org • Hospitality Technology Magazine • HotelExecutive.com • International CHRIE • International Hotel Conference • International Society of Hospitality Consultants • iPerceptions • JDA Software Group, Inc. • J.D. Power and Associates • The Leading Hotels of the World, Ltd. • Lodging Hospitality • Lodging Magazine • LBA Worldwide, Inc. • Milestone Internet Marketing • MindFolio • Mindshare Technologies • ProCusWright Inc. • PKF Hospitality Research • Questex Hospitality Group • Resort and Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate • Unifocus • Vantage Strategy • WageWatch, Inc. • WWH.COM
The Contagion Effect:

Understanding the Impact of Changes in Individual and Work-unit Satisfaction on Hospitality Industry Turnover

by Timothy Hinkin, Brooks Holtom, and Dong Liu

EXECUTIVE SUMMARY

This report describes a two-year longitudinal study examining the effects on employee turnover of the change in individual and unit levels of satisfaction. Analyses of data collected from 5,270 employees in 175 business units of a hospitality company demonstrate that changes in an individual’s level of satisfaction affect that person’s turnover decisions. More important, unit-level job satisfaction change and its dispersion jointly affect the individual’s satisfaction change and the overall turnover rate in a unit, in what can be termed a “contagion effect.” As the work environment becomes more positive (employees are satisfied) and overall satisfaction in the unit increases over time, for example, fewer individuals leave their jobs. Even unhappy employees are lifted by a coherently positive environment. We further find evidence of a multilevel three-way interactive effect of unit-level job satisfaction change and its dispersion, and individual job satisfaction change on individual turnover. When attitudes in a work unit vary substantially, a general increase in satisfaction has little effect on an individual’s satisfaction or turnover plans. Put differently, when an employee is out of step with prevailing trajectory in unit-level attitudes, the discrepancy of attitudes appears to alter the relationship between his or her job satisfaction trajectory and turnover propensity. The findings emphasize the importance of tracking changes in employee satisfaction and the impact of changes in group attitudes on individual attitude and behavior.
ABOUT THE AUTHORS

Timothy Hinkin, Ph.D., is the Georges and Marian St. Laurent Professor of Applied Management at the Cornell University School of Hotel Administration, where he also serves as the Richard J. and Monene P. Bradley Director of Graduate Studies. Hinkin served as the school’s Director of Undergraduate Studies for six years. He also teaches in the school’s Professional Development Program. Hinkin’s primary research focus is in leadership, employee retention, supervisor-subordinate relationships, and managing service quality. He recently published, Cases in Hospitality Management: A Critical Incident Approach (2nd edition, New York: John Wiley, 2006), Hinkin has also written many articles published in journals such as Human Relations, Journal of Applied Psychology, Hospitality Research Journal, and the Cornell Hospitality Quarterly. Prior to attending graduate school he worked for Hyatt Hotels and Sysco Corporation. He has provided training and consulting for a wide range of enterprises, including IBM Corporation, Israeli Hotel Managers Association, Institute for Hotel Management, Accor of North America and ClubCorp USA, Inc. He was awarded a Fulbright Fellowship in 2005.

Brooks Holtom, Ph.D. is an associate professor at the McDonough School of Business, Georgetown University (bch6@georgetown.edu). His research focuses on how organizations acquire, develop and retain human and social capital. His work has appeared in the top journals in management (Academy of Management Journal, Journal of Applied Psychology, International Journal of Human Resource Management and many others). In the 2007 AACSB Report on the Impact of Business School Research, his work was specifically cited as having made an important intellectual contribution to policy or practice (along with Michael Porter of Harvard, Peter Senge of MIT and Nobel Prize winner James March). He was named the 2005 Ascendant Scholar of the Year for the Western Academy of Management and has twice received the Professor of the Year award for the Georgetown University Executive Masters of Leadership Program. He has performed research in or served as a consultant to many organizations including Booz Allen Hamilton, Capital One, Citibank, International Monetary Fund, Northwestern Mutual, the Korean Ministry of Finance and Economy, Rolls Royce, POSCO, SK Group, United States Air Force, U.S. Chamber of Commerce, and the World Bank.

Dong Liu, Ph.D., is an assistant professor at the Ernest Scheller Jr. College of Business, at the Georgia Institute of Technology. His research interests include creativity, leadership, teams, international entrepreneurship, and turnover, with particular focus on exploring the multilevel interface between individuals and organizational context. His research has been published in the Academy of Management Journal, Journal of Applied Psychology, Journal of Occupational and Organizational Psychology, Academy of Management Best Paper Proceedings, and Ivey Case Publishing. He has won several research and teaching awards from the Academy of International Business, the Human Resources Division and the International Management Division of the Academy of Management, the International Association for Chinese Management Research, the Society for Industrial and Organizational Psychology, the Entrepreneurship/Innovation/T Division and the HR Management/Careers Division of the Southern Management Association, the Center for Creative Leadership, the Michael G. Foster School of Business at the University of Washington, the Chinese Government, and Ivey Publishing.
Despite everyone’s best efforts, employee turnover continues to plague the hospitality industry. Recent U.S. Bureau of Labor Statistics data show that the voluntary turnover rate in the lodging and food-service industry is 58.8 percent, which is 24 percent higher than retail trade and 54 percent higher than health-care services, which also employ a large number of low paid hourly workers.¹ Although high turnover rates are accepted by many as “endemic to the industry,” we contend that turnover does not have to be so excessive. By implementing best human resource practices such as flexible scheduling, career development, and performance management systems some hospitality organizations have reduced turnover rates to approximately one-third of the industry average.² There is a monetary payoff to these practices as well, as our research has found that turnover has significant negative impact on profitability in two ways: increasing expenses and reducing revenue.³ Reduced service quality is also a byproduct of high employee turnover. But even those reduced turnover rates are high and costly.

One source of turnover intentions is a person's satisfaction with his or her job. High individual job satisfaction has long been thought to be essential to reducing an employee's likelihood of leaving. Yet the average correlation between job satisfaction and turnover is a relatively modest -0.19. If the relationship between satisfaction and turnover is so low, one might ask “Why should we be concerned so much about having happy employees?” One answer is, there are a lot of factors that affect turnover, and a worker's satisfaction is just one of them.

A better answer to this question points to a more fine-grained view of job satisfaction. The fact is that job satisfaction is dynamic (i.e., not constant over time) and relative (i.e., the influence of one's own job satisfaction may be subject to coworkers' job satisfaction). In addition, job satisfaction is multidimensional, comprising factors such as satisfaction with the work itself, co-workers, supervisor, working conditions, compensation, and benefits. So how satisfaction is measured and what is measured with regard to individual job satisfaction is important for accurately predicting turnover.

Historically, turnover research has focused on measuring job satisfaction at one point in time to predict subsequent turnover. For example, many hospitality organizations take an annual employee satisfaction survey and then correlate the results of the survey with subsequent turnover. While this static measure provides some helpful information, it usually taps into the average of workers' satisfaction levels at the moment of measurement. Some of the individuals being surveyed may be pleased with their job, while others are miserable, and an average can hide those extremes. As a result, precision in predicting employee turnover is hard to achieve.

Recent research by Chen and his colleagues, however, has shown that assessing changes in satisfaction over time increases one's ability to predict turnover beyond that of a static measure. Individual levels of satisfaction are perhaps more subject to change over even short periods of time than managers may think. Indeed, Chen's group found that job satisfaction levels changed for nearly every person across four different samples (including consultants, military, and MBA students) and across time periods ranging from just a few weeks to six months. Building on this research, we sought

---

Research is needed on the effects of a work group’s attitude over time on an individual’s decision to leave.

to assess the impact of changes in levels of satisfaction over time. Consequently, we conducted a longitudinal study of a type that is rarely completed.

As we indicated above, turnover research has focused typically on individual workers’ attitudes and intentions, ignoring the potential impact of the work group. But this ignores the importance of the work environment. People in organizations are continually consciously and unconsciously looking for cues from coworkers about appropriate and inappropriate feelings and behaviors. This is particularly true when one is new to an organization. When an individual joins an organization he or she initially has positive attitudes about the job and the company and, over time, these attitudes will undoubtedly change.

When a person’s satisfaction level declines, it creates dissonance, as expectations about the job are not met. This in turn could produce uncertainty that triggers the search for alternatives to the current employment situation. It is at this time that an individual most likely would look to others in the workplace for cues. Coworkers might have a wide diversity of satisfaction levels (high dispersion), or they may all have similar and improving satisfaction levels (convergence). In situations where there is high variance or dispersion of satisfaction change among co-workers, the individual worker’s uncertainty would likely increase, which would strengthen the person’s search for alternatives (i.e., another job).

Strong convergence can go in either direction. When the convergence involves positive change in unit satisfaction, the individual’s uncertainty would be lowered, and individual search behavior would likely be reduced. Alternatively, if there is high convergence and negative change in unit satisfaction, search behavior would likely increase. Thus, the less dispersion in attitudes among a group of workers, the greater the influence of that group and tendency for others to follow. For example, if I hear increased grumbling among a large group of my coworkers, I am more likely to grumble. If only a few grumble, I am less likely to do so. Indeed, Felps and colleagues’ turnover contagion research demonstrates that when co-workers conduct job searches, this behavior will encourage an employee’s leaving above and beyond the employee’s own job search behavior.

To explore the dynamic and relativistic nature of individual job satisfaction discussed above, this study takes a unique approach by measuring change in individual satisfac-

---


tion over time, change in work group satisfaction over time, and the dispersion of satisfaction within the work group. We then analyze the relationship of these measures with actual turnover levels of the work groups we surveyed. We make the argument that the more dispersion there is among the workgroup's attitudes, the less the coworkers' attitudes will influence an individual's attitudes. On the other hand, if a group is cohesive in its beliefs, a more consistent and influential message will be conveyed to individuals, whose attitudes will gravitate toward those of the group.

In sum, we sought to answer the following key questions:

- Do changes in an individual's job satisfaction levels predict his or her leaving?
- Do changes in a work unit's job satisfaction levels predict an individual's leaving?
- Does dispersion in unit members' job satisfaction changes influence the degree to which changes in a work unit's job satisfaction levels affect an individual's leaving?
- Do work unit changes in job satisfaction levels influence the overall rate of turnover in a unit?

**Method**

**Sample and data collection.** The study sample is composed of employees in 175 business units in a leading U.S. recreation and hospitality corporation, which operates golf courses, country clubs, private business and sports clubs, and resorts. The surveys were collected through both the internet and phone over a period of two years. The study included four phases. In Phase 1, we invited all 14,981 employees within the 175 units to complete employee job satisfaction questionnaires, along with a variety of other measures. We received responses from 11,457 employees in all 175 units, for a response rate of 76 percent. Six months later, in Phase 2, we asked the 11,457 respondents to report their job satisfaction again. This time we received 9,079 responses from the 175 units, for a response rate of 79 percent. Another six months later, in Phase 3, we asked the remaining 9,079 respondents to evaluate their job satisfaction a third time. The final response drew completed surveys from 5,270 employees across all 175 units, which is a response rate of 58 percent from Phase 2. This meant a respectable overall response rate of 35 percent from the original sample in terms of employees, and 100 percent of the 175 units. Finally, after another year, in Phase 4, each of the 175 units provided us with voluntary-turnover data for the year just concluded (one year after the Phase 3 survey), and demographics for all employees. This allowed us to statistically compare respondents and non-respondents. The average number of responses per unit was 31 people (s.d. = 5.8). Their average tenure was 98.6 weeks (s.d. = 87.7) at the beginning of our data collection; the average age was 41.8 years (s.d. = 13.9); and 3,267 were male (62%). We did not find any significant difference between respondents and non-respondents in terms of turnover rate, age, gender, race, or tenure. Accordingly, non-response bias should not be a serious concern in our study.

**Measures**

**Individual job satisfaction change.** To tap into the multidimensional nature of job satisfaction, respondents were asked to indicate on a 5-point scale the extent to which they agreed with 20 items assessing satisfaction with ten aspects of their job (e.g., pay, coworkers, promotion).³ Coefficient alpha for job satisfaction was .93. We operationalized each individual's job satisfaction change across Phases 1, 2, and 3 as the Bayes slope estimate drawn from hierarchical linear models. Ninety-eight percent of the employees in our sample reported changes in job satisfaction. The averages of individual job satisfaction are 3.56 at Phase 1, 3.86 at Phase 2, and 4.37 at Phase 3. The average individual job satisfaction change from Phase 1 to Phase 3 is .96.

**Unit-level job satisfaction change.** Likewise, to calculate the unit-level satisfaction change we used hierarchical linear models and calculated this variable as the Bayes slope estimate of each unit's average job satisfaction change across Phases 1 to 3. Like the employees themselves, all surveyed units experienced job satisfaction change. The averages of unit-level job satisfaction are 3.13 at Phase 1, 3.49 at Phase 2, and 4.03 at Phase 3. The average unit-level job satisfaction change from Phase 1 to Phase 3 is .90.

**Job satisfaction change dispersion.** To calculate the dispersion of satisfaction, we measured the extent to which unit members differ in their job satisfaction change across Phases 1, 2, and 3. To do this we used Chan's dispersion composition model,¹⁰ and operationalized job satisfaction change dispersion using the within-unit standard deviation in the individual job satisfaction change scores.

**Voluntary turnover.** In addition to the turnover percentages, the organization provided a report containing identifying information for all departing employees for the 12-month period between Phase 3 and Phase 4. “Stayers” were coded as 0, and voluntary leavers were coded as 1.

**Control variables.** Because our study involved changes in satisfaction, we controlled for individuals’ average job satisfaction, change dispersion using the within-unit standard deviation in the individual job satisfaction change scores.


satisfaction levels at Phases 1, 2, and 3, and also demographic variables such as age, gender, race, and tenure with the organization. These controls were needed to rule out the influences on our findings of employees’ static levels of job satisfaction, life experiences, social categories, and career progress. Likewise, at the unit level, we controlled for average levels of unit-level job satisfaction at phases 1 through 3, as well as average age, gender, race, and tenure of employees. In addition, since the units are located in different regions of the U.S. and perceived alternatives is a significant precursor for turnover, we controlled for the local unemployment rate for each unit. The data were obtained from the Bureau of Labor Statistics for each ZIP code where a unit is located.

**Analyses.** We first examined the unique effects of unit-level and individual job satisfaction change in individual and unit turnover. Then, we tested the interactive effect of unit-level job satisfaction change and dispersion in this change on unit turnover. Finally, we examined a possible multilevel three-way interactive effect of unit-level job satisfaction change, job satisfaction change dispersion, and individual job satisfaction change on individual turnover. Both hierarchical generalized linear modeling and ordinary least squares regression were used in conducting the analyses.

**Results**

**Main effects.** We found that both individual job satisfaction change ($\gamma = -0.17, p < .01$) and unit-level job satisfaction change ($\gamma = -0.21, p < .01$) were significantly related to individual turnover. As people become more satisfied with their job and overall satisfaction in the unit increases over time, fewer individuals leave their jobs. Unit-level job satisfaction change ($b = -0.09, p < .01$) was significantly associated with the overall turnover rate in a unit. Units with increases in job satisfaction subsequently have less turnover, and, of course, the reverse is also true.

**Interactions.** The interaction between unit-level job satisfaction change and dispersion of job satisfaction change was significantly related to the overall turnover rate in a unit ($b = 0.42, p < .05$). When the dispersion of job satisfaction change was low (that is, convergence was high), positive unit-level job satisfaction change was more negatively related to the overall turnover rate in a unit ($b = -0.11, p < .01$) compared to when job satisfaction change dispersion was high ($b = -0.07, p < .01$). That is, the strength of the relationship between unit-level job satisfaction change and unit turnover rate is stronger when there is more cohesion in job satisfaction change.

**Multilevel three-way interaction.** We found a significant multilevel three-way interactive effect on individual turnover of unit-level job satisfaction change, job satisfaction change dispersion, and individual job satisfaction change ($\gamma = 1.27, p < .05$). We then compared the four conditions noted below with each other, using slope difference tests, as follows:

1. **High satisfaction dispersion change and negative unit level satisfaction change;**
2. **High satisfaction dispersion change and positive unit level satisfaction change;**
3. **Low satisfaction dispersion change and negative unit level satisfaction change;**
4. **Low satisfaction dispersion change and positive unit level satisfaction change.**

Thus, we compared conditions 3 and 1, 3 and 2, 3 and 4, 4 and 1, 4 and 2, and 1 and 2.

The results revealed that the low satisfaction-dispersion-change effect (that is, high concentration, shown in cases 3 and 4) overshadowed the high satisfaction-dispersion change in every comparison. In the low dispersion condition 3, a situation where the environment is deteriorating, positive change in an individual's job satisfaction is least likely to prevent individual turnover. However, in the low dispersion condition 4, an increasingly positive environment, we found that positive change in individual job satisfaction is most likely to prevent individual turnover. These findings show the critical influence of uniform contextual cues (in this case, increased satisfaction) on individual attitudes and behaviors. We also learned that a comparison of high dispersion conditions 1 and 2 revealed no significant difference in the strength of the relationship between individual job satisfaction change and individual turnover. This suggests that high dispersion in unit job satisfaction change tends to cancel out the impact of unit job satisfaction change (in either direction) on individuals' attitudes and behaviors.

Taking the above findings, our research shows that managers need to pay attention to the change in job satisfaction. Beyond static (average) levels of job satisfaction across three points in time at both the unit and individual levels, unit-level and individual-level job satisfaction change have unique multilevel influences on individual turnover. Further, there is a negative effect of unit-level job satisfaction change on the overall turnover rate in a unit after control-
ling for unit-level static (average) job satisfaction. That is, concentrated satisfaction improvement reduces individuals’ turnover. As a third point, remembering that we measured actual turnover and not just intent, our multilevel data also substantiate an integrative three-way interaction model, which highlights that if members in a unit experience an overall increase in job satisfaction and their job satisfaction change levels are similar in strength, an individual’s job satisfaction improvement exerts the strongest negative influence on his or her turnover. Finally, the negative relationship between unit-level job satisfaction change and turnover was mitigated by job satisfaction change dispersion.

Discussion and Implications

While we still advocate tracking employee satisfaction levels at any given point in time, identifying trends in and the direction of satisfaction changes is particularly useful in predicting and reducing turnover. Moreover, our study shows the influence of “the office.” Individuals are paying attention to and are influenced by the attitudes and behaviors of their co-workers. The work unit can have a significant impact on individual satisfaction and turnover, both positively and negatively. So as the convergence of unit satisfaction increases (or dispersion diminishes), coupled with a change in unit satisfaction, the greater will be the impact on changes in individual satisfaction and turnover. When cohesive unit satisfaction increases, turnover diminishes, and the reverse is also the case. This can be thought of as a contagion effect, which has been shown to exist in other contexts.14

Turning to an examination of the three-way interactive effect of individual job satisfaction change, unit-level job satisfaction change, and job satisfaction change dispersion on individual turnover, we were able to tease out which combination of contextual factors is most suited for bringing out the effect of individual job satisfaction change on turnover. We found that growth in individual job satisfaction is most likely to prevent individual turnover when unit members experienced a uniform increase in their job satisfaction. This finding confirms the value of having high consistency between personal and contextual stimuli in triggering one’s behavioral reactions.15 That is, when contextual cues (e.g., uniform job satisfaction change experienced by members within a business unit) are in alignment with one’s personal cues (individual job satisfaction change), one is inclined to attach more importance to one’s personal cues and allow it to shape one’s behavioral responses. Interestingly, we

---

14 Felps et al., op. cit.
also detected that when unit members uniformly encounter a decrease in job satisfaction, even when an employee’s job satisfaction is growing, that satisfaction improvement will be less likely to prevent him or her from leaving (condition 3 above) than in any of the other three conditions we tested. Another interesting finding is that in the presence of high job satisfaction change dispersion (that is, little convergence), regardless of the general direction of unit-level job satisfaction change (positive or negative), the strength of the relationship between individual job satisfaction change and turnover remain constant. This result highlights the fact that as the cues from organizational context become increasingly diverse or inconsistent, the influence of organizational context diminishes.

The effects of dispersion (or convergence) mean that human resource professionals need to pay attention not only to the average levels of employee satisfaction, but also the variance among employees. The worst possible scenario in terms of turnover likelihood is when unit levels of satisfaction are declining and there is little variance within the group. In this scenario even satisfied employees may be looking for an exit strategy. If levels of satisfaction can be assessed at more frequent intervals than the normal annual survey, thereby generating a job satisfaction trajectory measure, a much more accurate picture of the dynamics of the organization will be revealed.

The effects of work unit satisfaction on individuals may explain why “happy” employees leave. In the face of a work unit full of negativity even those who are satisfied with their job may be ready to leave. For the employer this is doubly dangerous. First, you lose a satisfied worker, and, second, the more talented the individual, the easier it will be for that person to leave. Thus, the employer may well be left with unhappy, mediocre workers.

One other implication of our study is that managers should be particularly careful about the initial assignments of new employees or even internships with respect to the prevailing attitudes (level and variance) of various work groups. Placing a new employee into a work unit whose satisfaction is generally consistent and declining could have serious negative implications for the newcomer. Managers also need to be especially aware of factors that influence group attitudes such as perceived equity17 and organizational justice.18 As we learn from this study, the attitudes of the group can have a strong impact on the attitudes and behavior of individuals. ■

16 J. Thomas and R Griffin, op.cit.
Cornell Center for Hospitality Research
Publication Index
www.chr.cornell.edu

Cornell Hospitality Quarterly
http://cqx.sagepub.com/

2012 Reports
Vol. 12 No. 8  Saving the Bed from the Fed, Levon Goukasian, Ph.D., and Qingzhong Ma, Ph.D.

Vol. 12 No. 7  The Ithaca Beer Company: A Case Study of the Application of the McKinsey 7-S Framework, by J. Bruce Tracey, Ph.D., and Brendon Blood

Vol. 12 No. 6  Strategic Revenue Management and the Role of Competitive Price Shifting, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Breffni Noone, Ph.D.

Vol. 12 No. 5  Emerging Marketing Channels in Hospitality: A Global Study of Internet-Enabled Flash Sales and Private Sales, by Gabriele Piccoli, Ph.D., and Chekitan Dev, Ph.D.

Vol. 12 No. 4  The Effect of Corporate Culture and Strategic Orientation on Financial Performance: An Analysis of South Korean Upscale and Luxury Hotels, by HyunJeong "Spring" Han, Ph.D., and Rohit Verma, Ph.D.

Vol. 12 No. 3  The Role of Multi-Restaurant Reservation Sites in Restaurant Distribution Management, by Sheryl E. Kimes and Katherine Kies

Vol. 12 No. 2  Compendium 2012

Vol. 12 No. 1  2011 Annual Report

2012 Tools
Vol. 3 No. 3  Restaurant Table Optimizer, Version 2012, by Gary M. Thompson, Ph.D.

Vol. 3 No. 2  Telling Your Hotel’s “Green” Story: Developing an Effective Communication Strategy to Convey Environmental Values, by Daphne A. Jameson, Ph.D., and Judi Brownell, Ph.D.

Vol. 3 No. 1  Managing a Hotel’s Reputation: Join the Conversation, by Amy Newman, Judi Brownell, Ph.D. and Bill Carroll, Ph.D.

2012 Proceedings
Vol. 4, No. 6  Fostering Ethical Leadership: A Shared Responsibility, by Judi Brownell, Ph.D.

Vol. 4 No. 5  Branding Hospitality: Challenges, Opportunities, and Best Practices, by Chekitan Dev, Ph.D., and Glenn Withiam

Vol. 4 No. 4  Connecting Customer Value to Social Media Strategies: Focus on India, by Rohit Verma, Ph.D., Ramit Gupta, and Jon Denison

Vol. 4 No. 3  The International Hospitality Industry: Overcoming the Barriers to Growth, by Jan Hack Katz and Glenn Withiam

Vol. 4 No. 2  The Intersection of Hospitality and Healthcare: Exploring Common Areas of Service Quality, Human Resources, and Marketing, by Brooke Hollis and Rohit Verma, Ph.D.

Vol. 4 No. 1  The Hospitality Industry Confronts the Global Challenge of Sustainability, by Eric Ricaurte

2012 Industry Perspectives
Vol. 2 No. 3  Energy University: An Innovative Private-Sector Solution to Energy Education, by R. Sean O’Kane and Susan Hartman

Vol. 2 No. 2  Engaging Customers: Building the LEGO Brand and Culture One Brick at a Time, by Conny Kalcher

Vol. 2 No. 1  The Integrity Dividend: How Excellent Hospitality Leadership Drives Bottom-Line Results, by Tony Simons, Ph.D.

2011 Reports
Vol. 11 No. 22  Environmental Management Certification and Performance in the Hospitality Industry: A Comparative Analysis of ISO 14001 Hotels in Spain, by María-del-Val Segarra-Oña, Ph.D., Ángel Peiró-Signes, Ph.D., and Rohit Verma, Ph.D.

Vol. 11 No. 21  A Comparison of the Performance of Independent and Franchise Hotels: The First Two Years of Operation, by Cathy A. Enz, Ph.D., and Linda Canina, Ph.D.

Vol. 11 No. 20  Restaurant Daily Deals: Customers’ Responses to Social Couponing, by Sheryl E. Kimes, Ph.D., and Utpal Dholakia, Ph.D.

Vol. 11 No. 19  To Groupon or Not to Groupon: A Tour Operator’s Dilemma, by Chekitan Dev, Ph.D., Laura Winter Falk, Ph.D., and Laure Mougeot Stroock