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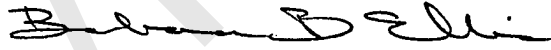
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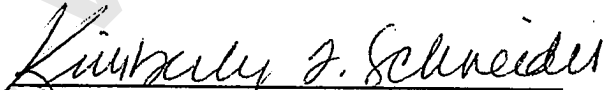
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An Examination of the Role of Health Benefits
in the Relationship Between Job Satisfaction
and Intention to Withdraw
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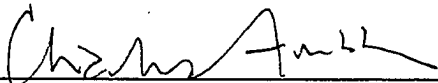
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THESIS

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Abstract

Workers who are unable to change jobs because they fear the loss of employer-provided health benefits are said to experience "job-lock". Past research from the field of labor economics provides support for the existence of "job-lock" within the U.S. workforce. The purpose of the present study was to examine the potential influence of employer-provided health benefits on the relationship between job satisfaction and intention to withdraw. A survey composed of a biographical questionnaire, a measure of overall job satisfaction (i.e., the Job in General scale, Ironson, Smith Brannick, Gibson, & Paul, 1989), questions regarding intention to withdraw, the importance of employer-provided health benefits, and perceptions of the current job market was administered to ninety-nine employees at a mid-sized university. As predicted, the Job in General score was significantly negatively correlated with intention to withdraw. However, in contrast to expectations, the importance of health benefits was positively correlated with intention to withdraw. Furthermore, in contrast to previous research, the availability of alternative employment opportunities was not a significant predictor of intention

to withdraw. These results are discussed with respect to the more frequently cited models of job satisfaction and turnover and recommendations are made for future research.

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An Examination of the Role of Health Benefits in the
Relationship Between Job Satisfaction and
Intention to Withdraw

Extensive research has established that job satisfaction predicts voluntary turnover (Carsten & Spector, 1987; Judge, 1993; Mobley, 1977). In a meta-analysis of 47 studies, Carsten and Spector (1987) estimated a corrected correlation between job satisfaction and turnover of $-.26$. Hypothesizing that moderator effects may play a role, the authors found that the relationship between job satisfaction and voluntary turnover was moderated by alternative employment opportunities (Carsten & Spector, 1987).

Based on Carsten and Spector's findings, Judge (1993) hypothesized that other variables (e.g., affect) may moderate the relationship between job satisfaction and voluntary turnover. In a 1993 study, Judge found that the relationship between job dissatisfaction and turnover was stronger for individuals with positive dispositions than for individuals who generally display negative affect.

In addition, Rothausen (1994) examined the strength of the relationship between two facets of job satisfaction (satisfaction with work flexibility and rewards) and intention to withdraw for parent workers versus non-parent

workers from a large retail company. The results of the study showed that the relationship between facet satisfaction (i.e., flexibility and reward) and intention to withdraw was stronger for parent workers compared to non-parent workers.

Models of Job Satisfaction and Intention to Withdraw/Turnover

In the literature related to turnover in general, several models have proposed that intention to withdraw precedes actual turnover (Hulin, Roznowski, & Hachiya, 1985; Mobley, 1977; Mobley, Horner, & Hollingsworth, 1978; Muchinsky & Morrow, 1980).

Mobley and his colleagues (Mobley, 1977; Mobley, Griffith, Hand, & Meglino, 1979; Mobley et al., 1978) proposed a model of turnover that focuses on the stages that precede the actual decision to withdraw. Beginning with job dissatisfaction, these preliminary steps include thinking of quitting, evaluation of expected utility of a job search, intention to search, and intention to quit (Mobley, 1977).

In a study designed to evaluate Mobley's turnover model (Mobley et al., 1978), 203 hospital employees were surveyed using a questionnaire that included measures of general and facet job satisfaction, thoughts of quitting, the intention

to quit, perceived probability of finding another job, and biographical information. The results supported Mobley's hypothesis that intention to withdraw was significantly correlated with actual withdrawal ($r = .49$). The correlation between job satisfaction and thinking of quitting was strongest when other employment alternatives were available. The correlations with job satisfaction became weaker as one moved from thinking of quitting to intention to search. Finally, overall job satisfaction exhibited a $-.21$ correlation with actual turnover (Mobley et al., 1978). However, many dissatisfied individuals never formed behavioral intentions to quit their jobs. The authors hypothesized that other factors, such as financial responsibilities, health benefits, and golden handcuffs (i.e., tenure rewards) may enter into dissatisfied employees' decisions not to withdraw.

Muchinsky and Morrow (1980) proposed a turnover model that hypothesized three determinants of turnover: economic opportunity factors, individual factors, and work-related factors. Economic opportunities were found to have the strongest impact on employee withdrawal. Job dissatisfaction was a precursor of turnover, but its effect was moderated by economic factors. Specifically, the model

predicts that the relationship between job satisfaction and withdrawal will be strongest during periods of low unemployment.

Hulin's (Hulin, 1966, 1968; Hulin et al., 1985) model of employee turnover expanded the idea of job alternatives and withdrawal. When job alternatives exist, dissatisfied employees may withdraw; thus, the correlation between job satisfaction and turnover should be stronger. In contrast, when there are few job alternatives, the correlation between job satisfaction and withdrawal should be weaker. Empirical results furnished by Cotton and Tuttle (1986) provided support for the positive relationship between job alternatives and turnover proposed by Hulin et al. (1985).

In addition, support for the positive relationship between intention to withdraw and turnover was demonstrated by Steel and Ovalle (1984). A meta-analysis of 34 studies revealed a weighted average correlation between behavioral intentions and employee turnover of $r = .50$

However, in contrast to the traditional turnover theories, others (Lee & Mitchell, 1994; Lee, Mitchell, Wise, & Fireman, 1996) have proposed the unfolding model of voluntary employee turnover based on image theory (Beach, 1990). Specifically, the image theory holds that turnover

is a function of different factors and processes that initiate the turnover process. Events described as "shocks to the system", such as a spouse being transferred or being overlooked for a promotion, may begin the psychological processes that result in quick decisions to quit or rational decisions to quit. Lee et al. (1996) hypothesized that there are four decision paths an employee can take in the turnover process. These decision paths represent various combinations of shocks (or no shocks) and subsequent cognitive processes. The first involves a shock that elicits a past experience or script, which in turn produces a response that is not based on job satisfaction or job alternatives. For example, an employee becomes pregnant (i.e., the shock) and plans to retire from her present position in order to stay at home (i.e., the matching script). The second decision path is based upon how important the organization is to the employee. Again, a decision is made without specific job alternatives and the result is quit or stay. The third decision path includes at least one job alternative. In the third decision path, a shock causes employees to reassess the relationship they have with their present employer relative to potential relationships with alternative employers. Decision path

four is initiated by job dissatisfaction, which is not a particular event or shock. The fourth path includes two subpaths: (1) employees who are extremely dissatisfied may quit without any job alternatives; or (2) job dissatisfaction leads to withdrawal behavior, job search activity, intention to withdraw, and an increased probability of quitting.

To test the unfolding model, 44 nurses who had quit their jobs were interviewed. The results revealed that 55% of the cases were the result of job dissatisfaction followed by a job search, evaluation of job alternatives, and subsequent quitting. However, 45% reported quitting their jobs without having an alternative job. The data suggest that factors other than job satisfaction and job alternatives can precipitate job turnover.

Employer-Provided Health Benefits and Job Mobility

While research has demonstrated that there is a relationship between job satisfaction and intention to withdraw or turnover, it is clear that this relationship is influenced by other factors, i.e., alternative employment opportunities, employee affect, and employees' parental status. Another variable that may influence the relationship between job satisfaction and turnover is health

benefits. For example, dissatisfied employees may decide to remain in their jobs for fear of losing their health benefits (Madrian, 1994).

Employer-provided health benefits affect a large percentage of the population of the United States. According to the Employee Benefit Research Institute (1996), in 1994 there were 228.1 million non-elderly Americans in the United States. Of the total non-elderly population, 162.2 million (71.1%) were covered by private health insurance. Those covered by private health insurance include 146 million individuals (64%) covered by an employment-based plan and 16.4 million by other private insurance (7.2%).

Typically, in the United States employer-provided health benefits are part of a nonportable fringe benefit package and are considered part of the total compensation package provided by the employer. Thus, if the total compensation package of the current job exceeds that of an alternative position, the employee may remain in the current position despite dissatisfaction (Buchmueller & Valletta, 1996). If employment is terminated voluntarily or non-voluntarily, health benefits may be lost.

A situation referred to as "job-lock" occurs when

employees cannot leave their jobs because health benefits are a necessity. For example, waiting periods and pre-existing health conditions may make it difficult for workers to voluntarily leave their present position (Cooper & Monheit, 1993). Also, the protection provided by the new health benefit package may not be equivalent to the previous health insurance package in terms of benefits and co-pay provisions. Therefore, a change in employment may lead to a change in health insurance coverage that can expose workers and their families to increased financial risk from costly, unanticipated medical events. From the employer's perspective, "job-lock" may create productivity problems when dissatisfied employees stay in their current positions in order to maintain health benefits (Madrian, 1994).

Research has produced inconsistent results regarding "job-lock" (Buchmueller & Valletta, 1996). Two studies using data from the 1987 National Medical Expenditure Survey found evidence of considerable "job-lock" (Cooper & Monheit, 1993; Madrian, 1994). On the other hand, Holtz-Eakin (1994), using data from the Panel Study of Income Dynamics, found no evidence of "job-lock". In an attempt to resolve the controversy about "job-lock", Buchmueller and Valletta (1996), using the 1984 Panel of the Survey of Income and