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Turnover Intention and Job Security

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Key Findings

- This brief examines how workers' turnover intention and job security changed from the baseline to the endline.
- At the baseline, Better Work employees in Vietnam generally had less turnover intention than non-Better Work employees, while in Indonesia turnover intention was constant between groups at baseline. Almost all workers across countries saw increased turnover intention over time.
- In Vietnam, Better Work employees start out devoting less time and effort to looking for a job and thinking less about starting a small business, yet we find that these levels increase over time and thus converge to non-Better Work levels.
- Although all workers at the endline are less inclined to ask friends and family about job leads, they also are more likely to think about quitting, to be actively looking for another job, or to think about starting a small business.
- In Indonesia, non-Better Work workers report spending more time on a number of methods to change jobs at the endline.
- Despite mixed results for turnover intention and negative results for job security, over time all workers are more likely to want to retire with the company they are currently working for, perhaps indicating better work conditions for all workers at the endline.

Worker turnover is often one of the primary concerns cited by managers as an obstacle to business success (Brown, 2016). It is, then, one of the principle outcomes of interest for this project. At the baseline, turnover intention was linked to numerous worker outcomes such as health, promotion opportunities, verbal abuse, and psychological factors such as stress.

Turnover intention is measured by a number of questions asking if workers are considering other job opportunities either in other factories or even other sectors.

Summary statistics in Table 1 show that at baseline in Vietnam, Better Work employees generally had less turnover intention than non-Better Work employees. They were less commonly having job interviews with other employers, spending time and effort looking for other jobs, thinking about moving to another sector, actively looking for another job, and considering setting up a small business. However, it does appear that Better Work employees have less job security, as they were more likely to be afraid of losing their job. Better Work workers also tended to believe that their work was worthwhile, and that they would desire to retire with their current company.

By most measures, we find that turnover intention in Indonesia was constant between groups at baseline, with the possibility of Better Work employees having slightly more turnover intention than their non-Better Work counterparts. Better Work employees more commonly had job interviews with other employers and talked to their friends or relatives about possible job leads. They may also have felt less job security, because they were significantly less comfortable telling someone about mistakes at work. Despite these results, however, Better Work employees in Indonesia tend to desire to retire with their current company significantly more than non-Better Work employees.

Better Work was a strong predictor of reduced turnover intentions in the baseline analysis, but we find that in Indonesia, Better Work and non-Better Work workers tend to have similar levels of interest in changing jobs at the baseline. This may suggest that Better Work was more effective at mitigating turnover intention at baseline in Vietnam than in Indonesia. As the regressions below will show, almost all workers across countries have increased turnover intention over time.

Variable Definitions:

- Turnover Intention
 - *Job_Interview*: Time spent since working in this factory--had a job interview with another employer (commonscales)
 - *Job_Leads*: Time spent talking with friends or relatives about possible job leads
 - *Job_Search*: Time spent devoted much effort to looking for another jobs (commonscales)
 - *Move_Sector*: Time spent thought about moving to a job in another sector (commonscales)
 - *Think_About_Quitting*: I often think about quitting (agreescale)
 - *Look_Job*: I will likely actively look for new job in the next year (agreescale)
 - *Small_Business*: I have seriously considered setting up my own small business (agreescale)
- Job Security
 - *Mistake_Comfortable*: If I made a mistake at work, I would feel comfortable telling someone about it (agreescale)
 - *Job_Fear*: I am afraid of losing my job (agreescale)
 - *Job_Well*: I think I am doing my job well (agreescale)
 - *Work_Worthwhile*: The work I do on this job is worthwhile (agreescale)
 - *Company_Retire*: I plan to retire from this company (agreescale)

Table 1 Vietnam Baseline Turnover Intention Summary Statistics

| VARIABLES | Better Work Factories | | | | | Non-Better Work Factories | | | | | Mean Difference |
|-----------------------------|-----------------------|-------|-------|-----|-----|---------------------------|-------|-------|-----|-----|-----------------|
| | N | mean | sd | min | max | N | mean | sd | min | max | |
| <i>Job_Interview</i> | 678 | 1.193 | 0.588 | 1 | 5 | 652 | 1.305 | 0.770 | 1 | 5 | -0.112*** |
| <i>Job_Leads</i> | 677 | 2.671 | 1.287 | 1 | 5 | 652 | 2.706 | 1.215 | 1 | 5 | -0.035 |
| <i>Job_Search</i> | 674 | 1.445 | 0.854 | 1 | 5 | 645 | 1.637 | 1.084 | 1 | 5 | -0.192*** |
| <i>Move_Sector</i> | 673 | 1.550 | 0.939 | 1 | 5 | 645 | 1.735 | 1.102 | 1 | 5 | -0.185*** |
| <i>Think_About_Quitting</i> | 676 | 2.050 | 0.974 | 1 | 5 | 648 | 2.074 | 1.068 | 1 | 5 | -0.024 |
| <i>Look_Job</i> | 664 | 2.143 | 1.027 | 1 | 5 | 643 | 2.309 | 1.157 | 1 | 5 | -0.166*** |
| <i>Small_Business</i> | 664 | 2.646 | 1.196 | 1 | 5 | 639 | 2.972 | 1.197 | 1 | 5 | -0.326*** |
| <i>Mistake_Comfortable</i> | 678 | 3.851 | 0.755 | 1 | 5 | 647 | 3.788 | 0.844 | 1 | 5 | 0.063 |
| <i>Job_Fear</i> | 679 | 2.498 | 1.106 | 1 | 5 | 650 | 2.269 | 1.109 | 1 | 5 | 0.229*** |
| <i>Job_Well</i> | 678 | 4.041 | 0.566 | 1 | 5 | 652 | 4.083 | 0.636 | 1 | 5 | -0.042 |
| <i>Work_Worthwhile</i> | 679 | 3.959 | 0.539 | 1 | 5 | 650 | 3.885 | 0.657 | 1 | 5 | 0.074** |
| <i>Company_Retire</i> | 609 | 3.342 | 1.066 | 1 | 5 | 583 | 3.122 | 1.184 | 1 | 5 | 0.22*** |

*** p<0.01, ** p<0.05, * p<0.1

Table 2 Indonesia Baseline Turnover Intention Summary Statistics

| VARIABLES | Better Work Factories | | | | | Non-Better Work Factories | | | | | Mean Difference |
|-----------------------------|-----------------------|-------|-------|-----|-----|---------------------------|-------|-------|-----|-----|-----------------|
| | N | mean | sd | min | max | N | mean | sd | min | max | |
| <i>Job_Interview</i> | 198 | 1.449 | 0.898 | 1 | 5 | 200 | 1.195 | 0.518 | 1 | 4 | 0.254*** |
| <i>Job_Leads</i> | 198 | 1.929 | 1.088 | 1 | 5 | 203 | 1.759 | 0.942 | 1 | 4 | 0.17* |
| <i>Job_Search</i> | 201 | 1.701 | 1.025 | 1 | 5 | 198 | 1.596 | 0.986 | 1 | 5 | 0.105 |
| <i>Move_Sector</i> | 185 | 1.546 | 0.794 | 1 | 4 | 187 | 1.551 | 0.922 | 1 | 5 | -0.005 |
| <i>Think_About_Quitting</i> | 196 | 1.913 | 0.809 | 1 | 5 | 200 | 2.010 | 0.776 | 1 | 4 | -0.097 |
| <i>Look_Job</i> | 185 | 2.162 | 0.924 | 1 | 5 | 188 | 2.138 | 0.897 | 1 | 4 | 0.024 |
| <i>Small_Business</i> | 197 | 2.619 | 1.179 | 1 | 5 | 196 | 2.434 | 1.142 | 1 | 5 | 0.185 |
| <i>Mistake_Comfortable</i> | 199 | 2.734 | 1.089 | 1 | 5 | 199 | 3.075 | 1.030 | 1 | 5 | -0.341*** |
| <i>Job_Fear</i> | 194 | 3.397 | 0.988 | 1 | 5 | 201 | 3.383 | 0.999 | 1 | 5 | 0.014 |
| <i>Job_Well</i> | 204 | 4.093 | 0.633 | 1 | 5 | 204 | 4.034 | 0.683 | 1 | 5 | 0.059 |
| <i>Work_Worthwhile</i> | 202 | 3.871 | 0.540 | 2 | 5 | 203 | 3.911 | 0.565 | 2 | 5 | -0.04 |
| <i>Company_Retire</i> | 183 | 3.311 | 0.959 | 1 | 5 | 176 | 3.051 | 0.864 | 1 | 5 | 0.26*** |

*** p<0.01, ** p<0.05, * p<0.1

Regression Results

Tables 3, 4, and 5 support the significant coefficients on *Job_Interview*, *Job_Search*, *Move_Sector*, *Look_Job*, *Small_Business*, *Job_Fear*, *Work_Worthwhile*, and *Company_Retire* that we saw in the summary statistics at baseline. Over time, we see that there are mixed effects in terms of turnover intention and job security across factory types. While all workers at endline are less inclined to ask friends and family about job leads, they also are more likely to think about quitting, be actively looking for another job, and think about starting a small business. Although Better Work employees start out devoting less time and effort to looking for a job and thinking less about starting a small business, we find that these levels increase over time and thus converge to non-Better Work levels. It is important to note here that turnover intention in Better Work factories is not necessarily an unfavorable result. Workers may feel like they now have the knowledge and resources to try setting up a small business or to pursue their entrepreneurial endeavors. On the contrary, workers may feel like they want to quit their job due to unfavorable work conditions. It is unclear which of these scenarios we are observing here.

Workers at endline also show less job security than at baseline, which is evident by the fact that they are more likely to be afraid of losing their job and less likely to think they are doing their job well. These results are shown in Table 5 below. We see no difference for *Job_Fear* and *Job_Well* between Better Work and non-Better Work employees. Despite mixed results for turnover intention and negative results for job security, we do find over time that all workers are more likely to want to retire with the company they are currently working for, perhaps indicating better work conditions for all workers at endline.

Table 3 Vietnam Turnover Intention Regression Results (1)

| VARIABLES | Job_ Interview | Job_ Interview | Job_ Leads | Job_ Leads | Job_ Search | Job_ Search | Move_ Sector | Move_ Sector |
|---------------------|----------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|----------------------|---------------------|
| <i>bw_factory</i> | -0.117** (0.0473) | - | -0.0220 (0.0887) | - | -0.206*** (0.0745) | - | -0.191** (0.0858) | - |
| <i>endline</i> | 0.0297 (0.0490) | 0.0543 (0.0558) | -0.222** (0.107) | -0.352*** (0.117) | -0.0802 (0.0679) | -0.0906 (0.0685) | -0.0293 (0.0699) | -0.0114 (0.0774) |
| <i>bw_endline</i> | 0.0463 (0.0644) | 0.0265 (0.0623) | 0.146 (0.129) | 0.200 (0.128) | 0.152* (0.0830) | 0.151* (0.0794) | 0.116 (0.0907) | 0.114 (0.0917) |
| Constant | 1.820*** (0.503) | 1.992*** (0.692) | 3.021*** (0.514) | 1.900 (1.312) | 2.607*** (0.393) | 1.823* (0.947) | 2.771*** (0.551) | 2.128 (1.346) |
| Worker Time Effects | RE | FE | RE | FE | RE | FE | RE | FE |
| Observations | 2,538 | 2,538 | 2,539 | 2,539 | 2,527 | 2,527 | 2,524 | 2,524 |
| R-squared | | 0.036 | | 0.025 | | 0.019 | | 0.023 |
| Number of uniqueID | 1,333 | 1,333 | 1,334 | 1,334 | 1,332 | 1,332 | 1,333 | 1,333 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4 Vietnam Turnover Intention Regression Results (2)

| VARIABLES | Think_About_ Quitting | Think_About_ Quitting | Look_Job | Look_Job | Small_ Business | Small_ Business | Mistake_ Comfortable | Mistake_ Comfortable |
|---------------------|--------------------------|--------------------------|----------------------|----------------------|----------------------|---------------------|-------------------------|-------------------------|
| <i>bw_factory</i> | -0.0225 (0.0930) | - | -0.159* (0.0959) | - | -0.322*** (0.111) | - | 0.0652 (0.0538) | - |
| <i>endline</i> | 0.365*** (0.0897) | 0.321*** (0.106) | 0.267*** (0.0849) | 0.258*** (0.0985) | 0.150** (0.0736) | 0.102 (0.0916) | 0.00769 (0.0449) | -0.0751 (0.0552) |
| <i>bw_endline</i> | -0.0692 (0.107) | -0.0305 (0.108) | 0.0595 (0.111) | 0.0595 (0.114) | 0.227* (0.125) | 0.287** (0.123) | -0.0310 (0.0629) | 0.0131 (0.0580) |
| Constant | 2.783*** (0.431) | 1.437 (1.108) | 3.138*** (0.408) | 2.894*** (0.738) | 4.408*** (0.307) | 4.350*** (1.059) | 3.802*** (0.167) | 3.001*** (0.615) |
| Worker Time Effects | RE | FE | RE | FE | RE | FE | RE | FE |
| Observations | 2,532 | 2,532 | 2,507 | 2,507 | 2,508 | 2,508 | 2,537 | 2,537 |
| R-squared | | 0.081 | | 0.065 | | 0.059 | | 0.014 |
| Number of uniqueID | 1,332 | 1,332 | 1,332 | 1,332 | 1,331 | 1,331 | 1,334 | 1,334 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5 Vietnam Turnover Intention Regression Results (3)

| VARIABLES | Job_ Fear | Job_ Fear | Job_ Well | Job_ Well | Work_ Worthwhile | Work_ Worthwhile | Company_ Retire | Company_ Retire |
|---------------------|---------------------|---------------------|-----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| <i>bw_factory</i> | 0.229** (0.0941) | - | -0.0332 (0.0405) | - | 0.0786* (0.0425) | - | 0.215** (0.0904) | - |
| <i>endline</i> | 0.153** (0.0776) | 0.194** (0.0958) | -0.0815** (0.0412) | -0.105** (0.0491) | 0.0120 (0.0330) | 0.0294 (0.0449) | 0.167** (0.0666) | 0.124 (0.0876) |
| <i>bw_endline</i> | -0.0899 (0.105) | -0.0804 (0.108) | 0.0590 (0.0570) | 0.0845 (0.0572) | -0.0167 (0.0469) | -0.0213 (0.0475) | -0.116 (0.0882) | -0.111 (0.0948) |
| Constant | 2.716*** (0.655) | 3.446*** (1.196) | 3.659*** (0.409) | 3.755*** (0.838) | 3.215*** (0.322) | 4.001*** (0.640) | 2.595*** (0.340) | 3.159*** (0.811) |
| Worker Time Effects | RE | FE | RE | FE | RE | FE | RE | FE |
| Observations | 2,537 | 2,537 | 2,540 | 2,540 | 2,535 | 2,535 | 2,338 | 2,338 |
| R-squared | | 0.018 | | 0.021 | | 0.008 | | 0.040 |
| Number of uniqueID | 1,334 | 1,334 | 1,334 | 1,334 | 1,334 | 1,334 | 1,314 | 1,314 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Tables 6 and 7 show statistically significant results for turnover intention and job security in Indonesia. Although we saw significant coefficients for *Job_Interview*, *Job_Leads*, and *Mistake_Comfortable* in the baseline summary statistics, we find that these significances disappear when controlling for demographic variables.

Five of the seven indicators of turnover intention are affected at endline, with the only unaffected variables being *Job_Interview* and *Look_Job*. Non-Better Work workers report spending more time on a number of methods to change jobs at endline, including asking friends and family about possible job leads, devoting time and effort to the job search, thinking about moving sectors, thinking about quitting, and thinking about setting up a small business. One possible explanation for this trend is there are reports of factories relocating to areas in Indonesia with lower minimum wages, which may affect worker desire to stay with their factory. Better Work is able to negate some of these time effects. We see that the increase in *Job_Leads* and *Job_Search* over time is partially or completely mitigated by being part of Better Work, suggesting that Better Work workers are not experiencing the same increase in turnover intention.

Non-Better Work workers at endline are more likely to agree that they plan to retire from their current factory. Planning to retire from a factory can be interpreted as either hoping to leave the factory in the short-term, thus representing increased turnover intention, or hoping to stay in the factory until the age of retirement. Tests on *Company_Retire* and other turnover intention variables demonstrate a negative correlation for Better Work workers and no correlation for Non-Better Work workers in Indonesia. This may suggest that the two groups are interpreting the question differently. Better Work workers may consider the question to be about staying with a factory till retirement age, and thus more likely to agree with the question at the baseline, while non-Better Work workers have a mixed interpretation. In either case, Better Work again negates

the time effect to maintain and dip slightly below baseline values while non-Better Work employees see an increase in desire to retire from their company.

Table 6 Indonesia Turnover Intention Regression Results (1)

| VARIABLES | Job_Leads | Job_Leads | Job_Search | Job_Search | Move_Sector | Move_Sector | Think_About_Quitting | Think_About_Quitting |
|---------------------|----------------------|---------------------|---------------------|--------------------|--------------------|-------------------|----------------------|----------------------|
| <i>bw_factory</i> | 0.130 (0.170) | - | 0.0217 (-0.153) | - | -0.0996 (0.155) | - | -0.125 (0.132) | - |
| <i>endline</i> | 0.268* (0.160) | 0.192 -0.161 | 0.352*** -0.0922 | 0.228** (0.102) | 0.444** (0.186) | 0.175 (0.174) | 0.433** (0.191) | 0.395** (0.160) |
| <i>bw_endline</i> | -0.495** (0.210) | -0.469** -0.191 | -0.351* -0.184 | -0.253 (0.175) | -0.153 (0.265) | 0.0639 (0.258) | -0.268 (0.230) | -0.159 (0.207) |
| Constant | 1.009*** (-0.343) | 1.995*** (0.568) | 0.887*** (0.286) | 1.495** (0.662) | 0.710** (0.354) | 0.605 (0.686) | 2.508*** (0.707) | 2.144*** (0.543) |
| Worker Time Effects | RE | FE | RE | FE | RE | FE | RE | FE |
| Observations | 764 | 764 | 763 | 763 | 738 | 738 | 760 | 760 |
| R-squared | | 0.096 | | 0.125 | | 0.179 | | 0.129 |
| Number of uniqueID | 405 | 405 | 407 | 407 | 400 | 400 | 406 | 406 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 7 Indonesia Turnover Intention Regression Results (2)

| VARIABLES | Small_Business | Small_Business | Company_Retire | Company_Retire |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>bw_factory</i> | 0.180 (0.270) | - | 0.355** (0.161) | - |
| <i>endline</i> | 0.377 (0.236) | 0.417* (0.211) | 0.395*** (0.133) | 0.374** (0.176) |
| <i>bw_endline</i> | -0.307 (0.338) | -0.199 (0.323) | -0.454** (0.185) | -0.525** (0.214) |
| Constant | 1.973*** (0.285) | 2.663*** (0.542) | 2.666*** (0.489) | 3.165*** (0.633) |
| Worker Time Effects | RE | FE | RE | FE |
| Observations | 757 | 757 | 725 | 725 |
| R-squared | | 0.221 | | 0.145 |
| Number of uniqueID | 408 | 408 | 399 | 399 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1