



Consequences of voluntary job changes in Germany: A multilevel analysis for 1985–2013

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ARTICLE INFO

Article history:

Received 4 November 2015

Received in revised form 29 January 2016

Accepted 1 February 2016

Available online 3 February 2016

Keywords:

Voluntary job change

Income gains

Job satisfaction

Panel study

GSOEP

ABSTRACT

Analyzing the development of the consequences of voluntary job changes in Germany between 1985 and 2013, the study focuses on income gains and job satisfaction increases. Drawing on arguments of the job-search literature on the one hand and the proliferation of choices on the other we investigate whether the returns of job changes have increased or decreased. Results show that income gains have decreased over time while the job satisfaction surplus has remained stable. We further conclude that in determining the outcomes of job changes over time, structural factors seem to be more important than individual ones.

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1. Introduction

Arguably, voluntary job changes (VJC) have to bear positive consequences for the individual changing jobs. Although many studies tend to combine voluntary with involuntary turnover (Capelli & Hamori, 2007, p. 331), all of them show that employees utilize their employability (Forrier, Verbruggen, & De Cuyper, 2015) for the sake of an increased salary (Lam, Ng, & Feldman, 2012) or a higher level of satisfaction (Rigotti, Korek, & Otto, 2014). But in a career context within which the ease of movement and the desirability of change – the two main antecedents of VJC – are said to increase (Direnzo & Greenhaus, 2011), the VJC-consequences relationship is likely to change as well, at least from a longitudinal perspective.

Change and stability in careers have been intensively investigated over the past few years, not least because the context of careers is coming increasingly into focus (Arnold & Cohen, 2008). Some authors argue that based on economic developments, organizations increasingly turn to the external labor market and are hesitant to establish long-term contracts with their employees (Cappelli, 1999). Due to delayering and outsourcing, career advancement within one organization becomes rather the exception than the rule (Arthur & Rousseau, 1996). The feeling of job security declines (Smith, 2010), and individuals become aware of the importance of remaining employable (Baruch, 2001) and developing transferable career competencies (DeFillippi & Arthur, 1994) or career capital (Latzke, Schneidhofer, Pernkopf, Rohr, & Mayrhofer, 2015).

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All these factors contribute to the fact that job change behavior has become modified (Direnzo & Greenhaus, 2011), so that e.g. job search takes place continuously in light of the required employability. Nevertheless it remains unresolved whether these developments in the career context eventually lead to a change in income gains, or satisfaction surpluses, over time.

Well aware that there are critical voices doubting the assertions of the so-called new careers literature theoretically (Inkson, Gunz, Ganesh, & Roper, 2012) and empirically (Rodrigues & Guest, 2010), we add to this debate and test whether its assumptions hold for the consequences of job changes in the context of Germany. Additionally, we take advantage of the psychological literature on cognition for tackling the development of job satisfaction.

In several ways, Germany is a unique context when it comes to careers in general and job changes in particular. First, in the international comparison it is, overall, a highly regulated work environment. Indicators of this are an extensive labor law governing working hours, hire and lay-off procedures, working conditions, etc. as well as the strong role of trade unions and works councils as reflected, for example, in collective and plant agreements (Hall & Soskice, 2001). Second, Germany has undergone quite significant deregulation over the past two decades. Major indicators are the reduced coverage of workers by collective agreements (Ellguth & Kohaut, 2013), the emergence of legally covered low-paid jobs ('1 Euro jobs'), and the loosening of lay-off protection. Third, Germany was and is one of the major economies in the world often labeled as positive role model.

We make three contributions to the literature. First, we address the consequences of job changes. While most turnover models focus on the antecedents of turnover (for a review see Holtom, Mitchell, Lee, & Eberly, 2008), we take a look at the results of job changes in the period from 1985 to 2013. Second, and linked with the first contribution, we focus on both objective (income) and subjective (satisfaction) consequences over time and, contrary to contemporary research in which involuntary job change and VJC are often mixed (Capelli & Hamori, 2007), we will consider VJC only. Third, we address this issue longitudinally and concentrate on a specific career context (Germany) in the course of 28 years, taking advantage of data from the German Socio Economic Panel (GSOEP), a large scale representative data set for the German workforce.

To this end, the paper is structured as follows: after outlining the conceptual background we will discuss the potential change of income and rise in satisfaction over time. Then we will outline the sample and procedures, followed by the results. The paper ends with a discussion of the most relevant insights.

1.1. Conceptual background

Several variables run like threads through turnover models: affective mechanisms such as job satisfaction or commitment, intention to quit or stay, and perceptual or actual job market conditions (Steel & Lounsbury, 2009). As already proposed in a classic early turnover model (March & Simon, 1958), desirability/job satisfaction and ease of movement/alternative job opportunities are empirically confirmed as the most important triggers for turnover, with the former receiving seven times more attention than the latter (Griffeth, Hom, & Gaertner, 2000).

Much less research is designated to the consequences of turnover, be it for the organization as a whole, the individuals who left, or those who stayed after others left the organization (Mobley, 1982). A recent meta-analysis found negative consequences for firm performance (Hancock, Allen, Bosco, McDaniel, & Pierce, 2013), especially after voluntary turnover (Park & Shaw, 2013). Also those who stayed in an organization after their colleagues had been laid off or left voluntarily are affected negatively (Krackhardt & Porter, 1985; Pepper, Messinger, Weinberg, & Campbell, 2003). In the following we focus only on the individuals who left voluntarily and we examine two consequences: income gains and job satisfaction.

1.2. Outcomes of job transitions: income gains

Basically all empirical studies lead to the conclusion that voluntary job change is followed by an increase in wages. Several studies focus on the first ten career years and report wage growth after job changes e.g. in the US (Topel & Ward, 1992), the UK (Dustmann & Pereira, 2008), and Germany (Schmelzer, 2012). Others point in the same direction by showing that the effects are most pronounced for job transitions early in the career (Fuller, 2008; Lam et al., 2012). In addition, firm similarity (Sturman, Walsh, & Cheramie, 2008), the frequency of company changes (Mao, 2004; Dustmann & Meghir, 2005), gender (Brett & Stroh, 1997; Lam & Dreher, 2004), and ethnicity (Dreher & Cox, 2000) affect this relation. Contract type also seems to influence this relationship (Amuedo-Dorantes & Serrano-Padial, 2007) as does the starting point of a transition (whether one makes a direct or indirect job change via unemployment, Schmelzer, 2012).

Only a few studies have investigated changes in income gains resulting from job mobility over time and most of them have been conducted in the US. Comparing the 1980s and 1990s in the US, income gains from job changes remained stable (Gottschalk & Moffitt, 1999), but the returns of job tenure (staying in the same job) decreased (DiPrete, Goux, & Maurin, 2002). Bernhardt, Morris, Handcock, and Scott (1999) investigated wage returns to job changes in the periods 1966–1981 vs. 1979–1994 in the US and reported a decline and a higher variability in income gains for young adults. Especially those without any college experience were affected negatively, whereas young adults with higher education have maintained their wage growth following external job mobility. These studies did not distinguish between types of transitions, but Polsky (1999) found different effects for three groups: 1. stayers, 2. involuntary job movers and 3. voluntary job movers in his study, comparing the period 1976–81 with that of 1986–1991 in the US. Wages for stayers remained the same but involuntary job loss was increasingly associated with a wage cut. Voluntary job movers on the other hand experienced a mean wage growth of 7.5% to 19.3%. Most recently Kronberg investigated changes in wage increases for voluntary job leavers from the 1970s to 2009 in the US and found increasing returns for men and even more for women in “good” jobs – such that are reasonably paid, provide social insurance, etc. –

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