Modeling the Effect of Core Job Dimensions and Labor Market Conditions on Fresh Graduates’ Retention

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Abstract
Retaining fresh graduates in their local labor markets is becoming imperative, in a rapidly changing and competitive world, where job satisfaction is one of the most challenging issues facing organizations. The aim of this research is to explore and discuss the factors affecting the retention of fresh graduates. This will be achieved by reviewing the mainstream literature in this field of study, identifying the relevant gaps and undertaking primary research to address them, by collecting data for the development of a comprehensive model. Besides the contribution to knowledge, this new comprehensive model will be of a great value to employers and to nations as well allowing them to maximize the sustenance of fresh graduates in their local challenging Labor markets and to re-evaluate their employment strategies.

Key Words: Fresh graduates, retention, labor market, employment, job satisfaction
JEL Classification: J28, J30, M54
1. Introduction

A combination of driving factors such as economic crisis, low wages, complexity of work integration and others and a set of motivating factors such as attractive remuneration, growth possibilities and others, forces thousands of fresh graduates to leave their jobs every year (Anderton and Bevan, 2014; Kittur et al., 2013). Nations and employers worldwide suffer remarkable loss of fresh capacities in areas critical to development, with weakening effects on major productive sectors. Fresh graduates’ retention in the place of work is a new concern catching the attention of researchers especially based on the realization that economic growth is not creating a sufficient number of qualified jobs as fresh graduates’ numbers increase all over the world (Cleveland et al., 2013). Discussing this issue from its broad image, one can notice that fresh graduates face various challenges such as expectations and competencies. Their expectation levels are relatively high and their competencies lack various major qualifications such as critical thinking and effective communication skills (Tektas et al., 2010; Gibbs et al., 2011). Considering the importance of this issue and the limited information available concerning fresh graduates in general, the purpose of the present work is (1) to examine the literature in relation to the existing theories on fresh graduates’ retention, as well as the individual differences, the core job dimensions and the labor market conditions influencing their retention; (2) to develop a framework that integrates and synthesizes factors affecting fresh graduates’ retention in a comprehensive model, thus combining individual differences, core job dimensions and labor market conditions affecting fresh graduates’ retention; and (3) to provide practical recommendations for the retention of fresh graduates and for national employment retention strategies.

2. Literature Review and Theoretical Background

Retaining employees, being one of the most difficult challenges facing organizations nowadays, has quickly turned out to be a priority for employers. Forgacs (2009) considered employee retention as being an organized attempt by employers to build and promote an environment that supports existing employees to stay within the organization. Mitchell et al. (2001) examined the importance of the community in retaining employees while Aguenza and Som (2012) believed that retention is a basic reason behind the success of an organization and is affected by various motivational factors.

The most used and applied models concerning job satisfaction and retention are of a big importance either to study internal organizational issues or to analyze national issues. These models are mainly classified into Need Based Theories (e.g., ERG Theory (Aldefer, 1969) or McClelland’s Theory of Needs (McClelland, 1975)); Cognitive Process Based Theories (e.g., Goal Setting Theory (Locke, 1968)); Behavioral Theories; Job Matching Theories (Holland, 1973, 1997) and Labor Market Theories (e.g., the Theory of Labor Market Segmentation.
Since all the aforementioned theories do not incorporate simultaneously internal organizational and national issues in the same framework, they could not be used to study the effects of the core job dimensions and the labor market conditions on the fresh graduates’ employment satisfaction and retention.

Hackman and Oldham’s Job Characteristics Model (JCM) (Hackman and Oldham, 1976, 1980) has been widely used in literature (e.g., Cleave, 1993; Rungtusanatham and Anderson, 1996; Shirazi et al., 2012). JCM focuses on the relationship among three main parts: the psychological states of employees, the core job dimensions that affect these psychological states and the personal and work outcomes that are the result of these psychological states.

Moreover, this model notices that differences among people moderate how they react to their work and for this three moderating variables have been created. Hackman and Oldham (1976, 1980) combined the five core job dimensions into a single index that reflects the overall potential of a job to foster internal work motivation, named “The Motivating Potential Score” (MPS). In order to test their theory and to assess its constructs, they developed the “Job Diagnostic Survey” (JDS), which has been widely used in related studies (Cleave, 1993; Lee-Ross, 1998; Rungtusanatham and Anderson, 1996; Vorster et al., 2005). A revised version of the JDS was created by Idasak and Drasgow in 1987, since many authors have demonstrated that the original JDS is not sufficiently validated in empirical data (Idasak and Drasgow, 1987, Idaszak et al., 1988 and Morgeson and Humphrey, 2006).

Although the JCM model appears to be a more suitable model for the purpose of the study, through examining the JCM Model one can notice the following theoretical gaps: First, the personal and work outcomes used in the JCM model can be purely considered as intrinsic or internal to the job itself. Thus, the model studies only intrinsic motivation and doesn’t emphasize on the importance of extrinsic motivation which comes mainly as a result of extrinsic rewards and the social environment of the job. Besides it doesn’t take into consideration the effect of the labor market conditions (Theory of Labor Market Segmentation) on the satisfaction and retention of fresh graduates. Second, the model doesn’t take into consideration various job dimensions that have been found to have an effect on worker satisfaction and motivation, such as social relationships outside the organization (ERG Theory or McClelland’s Theory of Needs) and participation in the setting of goals and work load (Goal Setting Theory). Third, the model limits the work outcomes and doesn’t take into consideration involvement with work which may also come as a result of the critical psychological states (Babin, 1996). If this be the case, it may result in labor market outcomes too. The latter will be a chain of events where the labor market embraces satisfied employees who are motivated, who show high involvement and thus are retained (Serhan and Tsangari, 2015). Fourth, regarding individual differences, the JCM model doesn’t take into consideration the cultural factor, although it has been shown (Hofstede et al., 2010) that

(Reich et al., 1973)).
human behavior at work is affected by the differences of values across national cultures. Finally, Jackson and Chapman (2012) mentioned that there is a great difference between a fresh graduate’s attitude and an employee’s attitude and this should be taken into consideration since JCM focused on employees only.

3. Methodology

It has become obvious that fresh graduates’ retention appears to be affected by three groups of factors: core job dimensions, labor market conditions and individual differences. Therefore, JCM will be extended and modified in order to fill the theoretical gaps.

It is proposed that JCM is customized 1) by redefining core job dimensions as skill variety, task significance, task identity, autonomy, feedback from job, participation, work load, working conditions, physical effort, technology use, promotion and social environment 2) by redefining critical psychological states as experienced meaningfulness of the work, experienced responsibility for outcomes of the work, knowledge of the actual results of the work activities, self-esteem and prestige inside outside, 3) by identifying personal/work outcomes as high internal work motivation, high growth satisfaction, high general job satisfaction, high work effectiveness and high involvement, 4) by inserting labor market conditions, 5) by extending the outcomes related to retention of fresh graduates and also 6) by integrating additional moderating variables, such as age, gender, education, social rank, culture and commitment.

For the purpose of the current research, all the above modifications will be incorporated in a newly developed comprehensive model, hereby called “Modified Job Characteristics Model- for retention” (“MJCM-for retention”). Therefore, based on multiple job satisfaction and labor market theories, “MJCM-for retention” will simultaneously take into consideration and test the role of all the aforementioned groups of factors, namely individual differences, core job dimensions and labor market conditions on the retention of fresh graduates.

3.1 Data Collection and Statistical Analysis

A combination of quantitative and qualitative approaches is going to be implemented. First, the quantitative approach is to be applied on fresh graduates. Fresh graduates are considered for the purpose of the study as those who have graduated and completed the requirements to fulfill a bachelor degree and whose work experience doesn’t exceed the period of two years. Through using this approach and with the aforementioned eligibility criteria, the study is able to target a representative sample, develop an integrated model and test relations between the variables of interest using various statistical methods. The identified factors concerning the labor market conditions, the core job dimensions and the critical psychological states from the literature review are to be included into a structured questionnaire for measuring their influence on the retention of fresh graduates.
A pilot study is to be conducted on a sample of 50 fresh graduates from various universities. This pilot study is expected to minimize the number of unexpected problems and allows testing the reliability and the validity of the questionnaire.

The questionnaire will consist of two parts: section A is for general socio-demographic information, which consists of nominal scale, ordinal scale and interval scale questions. Section B consists of the main research questions about the factors that have impact on the retention of fresh graduates. The questions will be formed using a five-point Likert scale. In this section, the revised version of JDS (Idasak and Drasgow, 1987) is extended in the current study, in order to collect data about the additional core job dimensions (participation, workload, working conditions, physical effort, technology use, promotion and social environment), newly added critical psychological states (self-esteem and prestige inside outside), additional personal/work outcomes (high involvement), labor market conditions and newly added moderating variables (age, gender, education, social rank, culture and commitment).

The sample size for the final quantitative research is 500 fresh graduates. The data gathering is to follow a stratified random sampling technique which is a method that takes into consideration the characteristics of the population of the study (Malhotra, 2007). As soon as data are collected, factors will be tested. Tests will include descriptive statistics, zero-order correlations, partial correlations, hierarchical regression analysis, chi-square tests, ANOVA, multivariate correlations and Factor Analysis using the SPSS program.

Through analyzing the data collected, an identification of how labor market conditions, core job dimensions and psychological states influence personal and work outcomes and labor market outcomes, together with the moderating role of individual differences, is then to be achieved in addition to an exploration of how strong this relationship is.

Second, a qualitative approach is to be applied in order to do more in-depth investigations and to validate the outcomes of the quantitative research. Through using this qualitative approach, more credibility is given to the results of this study. The technique of in-depth, open-ended interviews is to be adopted; the data gathering is supposed to use the purposive sampling which bests fits this study since it is the most used one for qualitative studies when qualitative comes after quantitative research which is the case of this study. Based on this, the respondents are going to be divided as follows: five employers, three ministers, two educational representatives and ten employees. The interview aims to explore these respondents’ perceptions and interpretations of constraints and opportunities facing fresh graduates for a more in-depth investigation about the field of study and about the outcomes of the quantitative research and by this for validating or rejecting the preliminary model. The content will then be analyzed through using NVivo software because of its simple use and its importance in making the process easier and much more organized. Based on the outcomes of this research study, practical recommendations will be provided.
4. New Contribution to Knowledge

The research aims to contribute to knowledge by developing an integrated fresh graduates’ retention model, as there is no direct framework that focuses on fresh graduates. The significance of this research lies in its importance to employers and nations as well, allowing them to adjust and re-evaluate their employment strategies. This expected new contribution to knowledge can further be detailed as follows: (1) developing a new comprehensive model which examines the combined effect of labor market conditions, core job dimensions and psychological states on personal and work outcomes, together with the moderating role of individual differences; (2) integrating labor market outcomes into the validation of the model and assessing the influence of personal and work outcomes on labor market outcomes; (3) integrating additional moderating variables (age, gender, education, social rank, culture and commitment); (4) integrating new core job dimensions (participation, work load, working conditions, physical effort, technology use, promotion and social environment) into the validation of the framework; (5) integrating additional psychological states (self-esteem and prestige inside outside) into the validation of the framework and assessing their mediating role; and (6) integrating additional personal and work outcomes (high involvement) into the validation of the framework.

5. Conclusions and Recommendations

This research study should help solve a dilemma that fresh graduates are facing through combining managerial (core job dimensions) with socio-economical issues (labor market conditions). The new model (“MJCM-for retention”) aims to fill the theoretical gap and is then expected to be used as a managerial socio-economical tool in general. In particular, the new model intends to answer questions and offer recommendations about fresh graduates’ retention in challenging labor markets.

References


