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**Peer Effects:
How Coworkers' Prior Turnover
Experiences Affect Employee Turnover**

동료 효과: 동료의 이전 이직 경험이 종업원
이직에 미치는 영향

2016년 8월

서울대학교 대학원
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ABSTRACT

Peer Effects:

How Coworkers' Prior Turnover Experiences Affect Employee Turnover

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Despite a long-standing interest in employee turnover, we still lack a complete understanding of what drives employees to quit firms. Most of the previous studies on employee turnover imply that employees are economic actors that base their turnover decisions “independently” on intra- and extra-firm factors. However, given the human nature to socialize with others and the amount of daily interactions among employees within firms, employees' turnover behaviors are inevitably influenced by their coworkers to some

extent. This study addresses how a different composition of peer groups in terms of their prior turnover experiences has a varying effect on employees' turnover behaviors. I posit that coworkers with prior turnover experiences spill information about other firms and reduce the stigma of switching firms, stimulating employees' turnover behaviors. Furthermore, the process is specified by distinguishing star employees and non-star employees. In the setting of Korean security analysts from 2008 to 2013, my multilevel generalized linear modeling results indicated that employees are more likely to leave workplaces where a great share of coworkers have prior turnover experiences. In addition, while star employees are affected only by star coworkers, non-star employees are affected by both star and non-star coworkers. The present findings offer novel yet critical insights to theories and practices in the antecedents of employee turnover.

Keywords: Turnover; Peer Effects; Institutional Theory; Information Spillover; Social Comparison Theory

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I . INTRODUCTION

With economies becoming increasingly dependent on knowledge, the consequences of losing valued human resources are more significant than ever (Dess & Shaw, 2001). The costs of employee turnover are not limited to additional expenses of hiring and training new employees. High turnover rate inhibits firms' ability to provide consistent service to customers (Guthrie, 2001) and to accumulate intangible social capital (Dess & Shaw, 2001). It also signals that firms are spilling core knowledge to their competitors (Aime, Johnson, Ridge, & Hill, 2010), hindering firm performance (Hatch & Dyer, 2004) and possibly leading to firm dissolution (Pennings, Lee, & van Witteloostuijin, 1998).

Therefore, discovering the antecedents of employee turnover has been a top priority for both researchers and managers. March and Simon (1958) proposed a comprehensive turnover framework, so-called "pull and push" model, which most of the existing turnover research springs from. They conceptualized turnover as a function of the perceived ease and desirability of leaving a job. Management researchers found a wide variety of factors that fit in either factor whether it is economic, such as practices of firms (Carnahan, Agarwal, & Campbell, 2012), working environments (Griffeth, Hom, & Gaertner, 2000), and a general labor market (Gerhart, 1990; Griffeth et al., 2000), or it is psychological, organizational commitment (Cohn, 1993; Sommers, 1995) and job satisfaction (Tett & Meyer, 1993). As an attempt to expand our understanding in turnover, Trevor (2001) looked into interactions between "pull" and "push" factor, and Lee and Mitchell

(1994) suggested an unfolding model, viewing turnover as a continuous process.

Despite the remarkable advances in the study of the drivers of turnover, we still know relatively little about how coworkers affect employees in their turnover decisions. Most previous approaches to turnover share a common assumption: individual turnover decision is independent. Little attention was given to peer effects. Although some researchers pointed out the importance of support of coworkers (Chiaburu & Harrison, 2008) and leaders (Joo, 2010; Wayne, Shore, & Liden, 1997), it is close to social capital (Sparrowe & Liden, 2005) or psychological capital (Luthans, Avolio, Avey, & Norman, 2007) that employees can leverage. In other words, the assumption of employees being independent decision makers still holds in these studies. Two exceptions are Felps et al. (2009) and Krausz, Yaakovovitz, Bizman, and Caspi (1999). They both stipulated a snowball effect of turnover, meaning that coworkers leaving firms can trigger incumbents to also engage in turnover behaviors, a conception rooted on Mobley's (1977) argument that leavers may have bad influence on stayers. However, coworkers can affect employees not just by actually leaving firms but also by other numerous ways, such as conveying information about other firms and changing employees' attitudes toward leaving. Coworkers differ in their experiences in turnover, the important aspect that hasn't been considered yet.

This deficiency in literature is problematic, given the daily interaction among employees in their "communities-of-practice" (Brown & Dugid, 1991). The research questions that motivated this study are therefore straightforward: a) Do coworkers' prior turnover experiences affect a focal employee turnover? If so, b)

who affects whom? I focused particularly on interfirm mobility, which is of great interest to managers in war for talent (Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998). Applying the concept of peer effects and institutional theory (Festinger, 1954) to turnover, I predict that coworkers' prior turnover experiences will a) decrease the stigma of leaving firms in general and b) increase the amount of information about other firms, which will in turn increase employees' overall turnover behaviors. Moreover, I forward understanding of the process by considering what roles social referents play in this process. Drawing on social comparison theory, I predict that star coworkers' prior turnover experiences will affect both star and non-star employees, while non-star coworkers' prior turnover experiences will only affect non-star employees.

I tested these predictions by analyzing the major security firms and their analysts in South Korea from 2008 to 2013. Professional service firms suffer from loss of human resources more than general manufacturing firms do. However, ironically, professionals' high general human capital prompts interfirm mobility. Security firms are typical professional service firms characterized by these two attributes, making them appropriate settings for the study. My multilevel generalized linear modeling shows that coworkers have significant roles in making employees leave firms. Moreover, this influence is specified by employees' social comparison groups.

This study sheds light on peer effects in turnover, which will primarily fill the gap in previous turnover literature. Moreover, it touches on important topics in the field of star employees. Star coworkers can play a greater role than non-stars in

increasing employees' turnover whether they intend to or not. Lastly, this study implies that a careful examination on employees' prior experiences may be required when hiring, contributing to both theories and practices. The remainder of this paper is structured as follows. I briefly review the history of turnover research, then introduce the concept of peer effects, institutional theory, and social comparison theory which my hypotheses are based on. Thereafter, I illustrate the empirical setting and test hypotheses. I identify and discuss key contributions and limitations of this study and make suggestions for future research.

II. LITERATURE REVIEW AND HYPOTHESES

1. Walking Through the History of Employee Turnover Research

A long line of studies on employee turnover can be traced back to the seminal work of March and Simon (1958), *organizations*, where the so-called “pull and push” model was presented. March and Simon (1958) explained the opposite forces affecting employee turnover: perceived ease of movement, which pulls employees back into the labor market, and perceived desirability of movement, which pushes employees out of their firms. Starting from their framework, researchers conducted a wide variety of studies, which I have classified into three sections by the assumptions underlying employee turnover.

The first line of research rests on the implicit assumption that both turnover-relevant factors and employees are independent. Firms’ turnover is treated as an aggregate of “independent” individual turnover, which is an outcome of diverse factors “independently” affecting an employee. Researchers focused on uncovering important pull and push factors, which are thought to naturally give rise to employee turnover. Perceived ease of movement, or pull factor, was commonly conceptualized as available job alternatives or employment rate (Gerhart, 1990; Griffeth et al., 2000; Jackofsky, 1984; Steel & Griffeth, 1989) in economic perspective. Moreover, investment in human capital (Becker, 1962) was given attention as critical factors influencing employee turnover. General human capital accounts for “movement capital” (Trevor, 2001), which puts more attractive

alternatives in the hands of employees.

On the other hand, perceived desirability of movement, or pull factor, was mostly studied in psychological sense (Jackofsky, 1984; Porter, Crampon, & Smith, 1976). In particular, job satisfaction, along with organizational commitment, has “become virtually synonymous with the area of study itself” (Steel & Lounsbury, 2009: 274), and became core mechanisms in relating firm practices and conditions to employee turnover. Arthur (1994) and Huselid (1995) were among the first to corroborate the impact of high performance work system on turnover. These practices signal firms’ investments in employees (Huselid, 1995), which increase perceived organizational support that in turn induces an increase in employees’ commitment to firms (Allen, Shore, & Griffeth, 2003). Specific HR practices, such as mentoring (Payne & Huffman, 2005) and work-family policies (Batt & Valcour, 2003), were found to increase positive attitudes that lead employees to stay in firms.

The second stream of research aimed to expand our understanding in turnover by loosening the prior assumption on independence among turnover antecedents. Trevor (2001) argued that the negative impact of job satisfaction on turnover is moderated by perceived job alternatives. Given that our cognitive decision of turnover is a dynamic process, his model fills the gap between existing turnover theories and the reality. A more ground-breaking research that proposed an alternative to pull and push model was conducted by Lee and Mitchell (1994). Stemming from Mobley’s (1977) observation of a discontinuity between job satisfaction and employee turnover, Lee and Mitchell (1994) suggested an

unfolding model of employee turnover. They viewed turnover as a result of continued cognitive process, not a net power of pull and push forces revolving firms.

This model sheds light on unexplained variances in employee turnover with two major breakthroughs. First, Lee and Mitchell (1994) introduced the concept of “shock,” an event, a positive or negative, internal or external, which may trigger the turnover process. Second, they argued that turnover is not necessarily an outcome of low, or decreased, job satisfaction; employees can still choose to leave firms without being discontent. Because this model requires qualitative data rather than empirical, not many follow-up studies have been conducted other than their own replication works (see Wise, & Fireman, 1996 and Lee, Mitchell, Holtom, McDaneil, & Hill, 1999). However their works successfully addressed our attention in assumptions implicit in existing turnover model and indicated that employee turnover may be more complex than was previously thought.

The last group of research focused on interdependence among employees throughout their turnover process, tackling the other assumption of the early studies. Individuals are embedded in social relationships (Granovetter, 1985), making social influence an important factor in predicting employee turnover. Employees that are in central positions in network structure (Mossholder, Settoon, & Henagan, 2005) thereby more embedded in firms than others are found less likely to leave firms (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001). In the similar vein, positive relationships with coworkers are thought as binding ties that

make employees stay (Chiaburu & Harrizon, 2008; Mossholder et al., 2005; Moynihan & Pandey, 2008).

While these studies showed that coworkers, along with many other theorized antecedents, matter, a few researchers took a bold step toward building an alternative model of turnover that springs directly from the interdependence assumption. Krackhardt and Porter (1985, 1986) proposed that coworkers' turnover behaviors can have bad influence on incumbents, triggering a snowball effect of turnover. Krausz et al. (1999) viewed this process as a rational cognitive process, arguing that coworkers' successful turnover would motivate incumbents to leave firms as well. On the contrary, Felps et al. (2009) approached such phenomenon as irrational social contagion, where a tendency to leave a firm is transmitted between employees, just like illness. Although there have been major advances in network theory and sociology about social influence underlying individuals, this perspective is still relatively new in the area of turnover. I stipulate that employees' turnover decision process is affected by coworkers in many ways without their drastic behaviors as turnover. Lack of research on the matter severely limits our understanding in turnover.

All in all, researchers to date have expanded their way of understanding employee turnover by reducing the gap between theory and reality. However, there are still unexplained variances of employee turnover to be explored. The present study is in line with the development of previous literature in that its primary purpose lies in expanding a turnover model rather than suggesting an overall theory.

2. Conceptualizing Employee Turnover of Interest

Following the previous literature, this study starts from several assumptions. First, employee turnover is ultimately an individual decision. Whether to leave firms or not is a difficult decision that employees face during their career, usually more than once. Second, employees are embedded in social relationships (Granovetter, 1973). As Aristotle quoted, “man is by nature a social animal.” Employees constantly compare themselves to others to make sense of the world (Festinger, 1954). Institutional theorists emphasized uncertainty and ambiguity in decision making, which make individuals to lean on social cues (Dimaggio & Powell, 1983; Haunschild & Miner, 1997; Lieberman & Asaba, 2006). Stating these two assumptions, I conceptualize employee turnover as an individual decision influenced by their coworkers.

There are also two important boundary conditions to be addressed before going further into my hypotheses. First, I limit my attention to how coworkers influence employee turnover in firms. Although there may be a wide variety of groups affecting employees’ behaviors (Montgomery, 1989), I focus on coworkers in particular. Considerable research on network theory was done in explaining how employees’ network serves as an information channel (Bae & Koo, 2008), particularly as an conduit of job information that affects employee turnover (Granovetter, 1973). However, I do not expand my horizon to employee’s personal relationships outside a firm, because this study aims to explore the unexplained variances not to discover all the social influence mechanisms under employee

turnover. Moreover, coworkers are one of the most direct relevant groups for an employee in terms of turnover, and also managers can control human resource compositions of a firm, making the aspect important for both researchers and managers.

The other boundary condition concerns my focus on interfirm mobility. Turnover is an “umbrella concept” (Hirsch & Levin, 1999), which encompasses numerous types of movements that have distinctive drivers and have differential effect on firms (Campbell, Ganco, Franco, & Agarwal, 2011). An attempt to explain all of these movements with an overarching framework is ineffective. Although most of the previous studies did not differentiate them, it is important to study each in isolation. In this study, I focus on interfirm mobility, which is of particular interest in the war for talent (Cappelli, 2000: 105) these days. Losing employees to competitors leads directly to undermining the firm’s competitive advantage (Wezel, Cattani, & Pennings, 2006).

3. Coworkers’ Prior Turnover Experiences and Employee Turnover

The study of peer effects on individual attitudes and behaviors spans many academic disciplines, although they may be referred to different theoretical terms. In sociology, “neighborhood effects” were repeatedly corroborated by researchers. Zimmerman stated that peer effects are “central to many important issues facing higher (and lower) education” (2003: 9). He found that first-year roommates that are assigned randomly are significantly related to college students’

SAT scores. Sacerdote (2000) found similar, strong neighborhood effects in students' academic effort and their decisions, such as joining fraternities, in college life. Furthermore, consumption decisions of individuals are dependent on their peer groups, particularly in uncertainty (Moretti, 2011). Individuals can either actively seek for information of others (Kulik, Mahler, & Moore, 1996; Moretti, 2011) or inadvertently end up being influenced by others (Lundborg, 2006; Sacerdote, 2000). Either way, peer effects strongly hold in individuals' decisions in life.

Likewise, employees are also affected by their coworkers. Mas and Moretti (2009) found that the productivity of a worker depends on the productivity of coworkers. Moreover, Seiberg, Kraimer, and Liden (2001) emphasized the importance of coworkers on employees' career success. While these studies focused on the positive peer effects, a few researchers investigated how coworkers can negatively impact employees, triggering undesirable behaviors of employees. Turnover, one of the most unwanted employees' behaviors for firms, is also found to be influenced by coworkers. Felps et al. (2009) stated that coworkers' job searching behaviors can increase employee turnover. The present study further addresses two specific mechanisms, information spillover and attitude influence, under peer effects of turnover.

Employees face high uncertainty when they move from one firm to another. In such uncertainty, employees tend to turn to others to seek for useful information that can help them make the right decision, according to the institutional theory (DiMaggio & Powell, 1983; Galaskiewicz & Wasserman, 1989; Haunschild & Miner, 1997). In particular, Caldwell and O'Reilly (1983, 1985)

emphasized the importance of information on choosing a firm. Employees' decisions of turnover may depend on the information that they can gather from coworkers. Acquiring information from others has two advantages. First, it is cost effective. It does not demand much extra effort as employees can simply approach information possessors and ask. Employees are found to use a wide variety of available informational outlets, including informal sources such as coworkers (Rees, 1966). Oftentimes, accessibility of information determines employees' choice of sources (O'Reilly, 1982). Coworkers are great sources of information about other firms in this sense. On the contrary, employees working in firms where most of coworkers do not have experiences in other firms would have to start from scratch in collecting information of job alternatives.

Second, coworkers who actually worked for another firm have its inside information. In other words, coworkers' prior turnover experiences do not just make it easy for employees to acquire information about other firms, but also make it possible to acquire implicit information. Information asymmetry between new hires and firms has been brought attention by Groysberg and Lee (2009). Although they put more emphasis on the loss of firms due to lack of accurate information on new hires, moving to a new firm is also risky for employees as they do not know how well they would fit in to new environments. In the similar vein, Nanda and Sorensen (2008, 2010) found that coworkers with prior entrepreneurship experiences and different job experiences spill useful and inside information that in turn increase the likelihood of entrepreneurship of employees. Coworkers' prior turnover experiences would be great sources of realistic information of other firms

that are critical, as Caldwell and O'Reilly (1983, 1985) emphasized.

The other mechanism under peer effects of turnover is coworkers' influence on attitude of employees toward turnover. Experiences signify certain attributes of employees (Ajzen & Fishbein, 1977). That employees with prior turnover experiences would be different from employees who stayed in one firm for a long period is a self-evident premise. Coworkers with several prior turnover experiences may be risk-taking (Allen, Weeks, & Moffitt, 2005) and may believe in the notion of "boundaryless career," (Arthur & Rousseau, 1996) who advocate for switching firms in the process of developing careers (Cheremie, Sturman, & Walsh, 1997). Although they are not planning to leave firms at the moment, such attitude would impact others.

Attitudes and behaviors of individuals in the same firm become "institutionalized" (Selznick, 1996: 274), which are sometimes developed into norms that shape individual behavior (Montgomery, 1989). Individuals are likely to engage in a behavior that is taken by a large portion of others (DiMaggio & Powell, 1983). When an employee is surrounded by coworkers who have worked at other firms before, a stigma of switching firms would decrease and be "taken for granted" (Haunschild & Miner, 1997: 474), making turnover open for consideration to "fence-sitters" (Conell & Cohn, 1995: 367). The entrepreneurship literature has been a step ahead of understanding these peer effects. Employees who were exposed to related business early on are likely to perceive the feasibility of entrepreneurship and engage in one themselves (Kreuger, 1993a,b). In addition, Nanda and Sorensen (2010) emphasized the importance of coworkers that the

exposure of their prior entrepreneurship experiences would lead a focal employee to leave a firm to start their own.

In sum, I expect coworkers' prior turnover experiences will affect a focal employee's turnover through aforementioned mechanisms. Accordingly,

Hypothesis 1. Coworkers' prior turnover experiences have a positive relationship with a focal employee's turnover.

4. Peer Effects by Social Comparison Groups

A choice of referents has been pointed out as the essence of social influences (Kulik & Ambrose, 1992). Individuals are more likely to associate themselves with others who are similar to them (Adams, 1963; Festinger, 1954). That is simply because the comparison is easier than the other case. Similarity substantially reduces the complexity of the comparison by making the differences stand out clearly and become salient to the cognition of an individual (Kulik & Ambrose, 1992). According to Kulik and Ambrose, a choice of referents is based on two criteria: "relevance of the referent" and "availability of information" (1992: 214). While the second criterion suits my founding hypothesis, the first may vary even among employees within the same firm.

Previous studies in social comparison theory stipulated that "the preferred source for social comparison is a person who is similar to the self-evaluator on the ability or opinion in question" (Taylor & Lobel, 1989: 569; Miller, 1983). This

statement implies that employees would choose referents based on attributes that are directly related to turnover. Performance has been a major antecedent to employee turnover (Allen & Griffeth, 2000). High performing employees have more job alternatives, sometimes unsolicited ones, increasing the probability of turnover (Salamin & Hom, 2005; Trevor, Gerhart, & Boudreau, 1997). Therefore, the default of choice of referents is performance. I focus on star employees in particular, who I define as employees that exhibit a) high performance and b) high visibility in the labor market, following Oldroyd and Morris (2012: 396). Employees are more likely to compare themselves to the ones in similar performance levels to decide on turnover. Assimilation of attitudes and relevance of information for employee' turnover decisions will be high for those in the same category. Accordingly,

Hypothesis 2. Conditional on a star focal employee, star coworkers' prior turnover experiences have a positive relationship with a focal employee's turnover.

Hypothesis 3. Conditional on a non-star focal employee, non-star coworkers' prior turnover experiences have a positive relationship with a focal employee's turnover.

In addition to a selection of similar referents, some theorists argued that oftentimes "upward comparisons" are operated (e.g., Collins, 1996). Moreover,

institutional theorists postulated that those with high legitimacy, usually conceptualized as successful individuals, become role models for others, a choice of referents (DiMaggio & Powell, 1983). Taylor and Lobel expanded the conventional arguments of social comparison theory that individuals engage in social comparison activity, particularly under threat, with both “less fortunate others” (*downward* evaluations) and “more fortunate others” (*upward* evaluations) (1989: 569). They argued that each evaluation is triggered by different psychological needs; a desire to feel good about one's status underlies the former, while a desire for information underlies the latter.

In the previous section, two mechanisms in coworkers' affecting a focal employee were articulated. While people in nature have a tendency toward comparing themselves to similar others, standard setters, in this case star employees also serve as referents to the other social groups as well. First, non-star employees are likely to model star coworkers, following their attitudes toward switching firms. That is because individuals with identifiable characteristics such as success are likely to be modeled after, according to institutional theory (Lu, 2002). In the marketing literature, the opinion leaders have long been of interest due to their significant roles (Flynn, Goldsmith, & Eastman, 1996). Individuals follow opinion leaders, oftentimes resulting in the diffusion of fads (Summers, 1970). Star employees in firms take similar roles in social influence of a turnover process. Their successful career makes them eligible for role models, making their attitude and opinions toward turnover matter to other employees.

Second, non-star employees are likely to gain information of other firms

from star coworkers. Due to stars' high visibility, they are easily approached for information from other non-star employees (Oldroyd & Morris, 2012). Moreover, their success gives legitimacy to the source of information, leading to the information spillover effect on non-star employees. In sum, in addition to the coworkers of the same performance level, a non-star focal employee will also be influenced by star coworkers' prior turnover experiences. Accordingly,

Hypothesis 4. Conditional on a non-star employee, star-coworker' prior turnover experiences have a positive relationship with a focal employee's turnover.

5. The Security Analyst Market

Security analysts are professionals who “analyze companies in a particular industry, such as telecommunications, pharmaceuticals, or food and beverages” (Groysberg, Lee, & Nanda, 2008: 11). Their in-depth reports provide essential information to institutional investors, who make investment decisions and construct portfolios. Although basic functions analysts serve are fundamentally the same, analysts can be divided into two types depending on their employer: buy-side and sell-side analysts. Buy-side analysts are directly employed by money management firms, or institutional investors, which are referred to “the buy side” in the capital market. They do research and make recommendations exclusively to their employer on whether to make a particular investment (Schipper, 1991). Sell-side

analysts are employed by investment banks whose clients are institutional investors. Therefore, their reports are not targeted for a specific firm, but rather sold to many different client firms and thereby widely disseminated. Their incentives primarily rely on the trading volume in stocks for a new issue that their firms underwrite (Groysberg et al., 2008). This study concerns sell-side analysts exclusively.

Since 1996, the Korean economic journal *Maekyung Economy Magazine* has conducted a semiannual¹ survey, *best analyst poll*, to select best “sell-side” analysts in each industry sector. Every half a year the magazine asks fund managers to evaluate analysts. Rating categories include analysts’ personal ability – accuracy of prediction, presentation capability, and marketing skills – and reputation, more weight put on the former. Scores for each section are added together to get a total performance score. Those with the highest total scores are celebrated as *Maekyung*’s best analysts, so-called stars. The number of selected best analysts varies depending on industry sectors. For example, in 2014 eleven analysts are selected as best analysts in the semiconductor industry while only six were chosen in the stock market industry.

The security analysts’ market provides several advantages for this study. First, the security analysts’ market has a high turnover rate, and yet individual turnover history can be traced. Identifying all the coworkers that are relevant to a focal employee, and taking it a step further, tracing their prior turnover experiences require very rich data on turnover. The security analysts’ market rarely meets these

¹ Since 2014, *Maekyung Economy Magazine* changed the policy to publicize the rank annually.

requirements and enables the measure of coworkers' prior turnover experiences, central to the present study. Furthermore, the *Maekyung*'s best analysts are tightly aligned with the theoretical concept star performers. Oldroyd and Morris defined star performers as employees a) whose performance is substantially better than others and 2) whose visibility is high in their labor markets (2012: 396). Although these features are clear-cut and self-intuitive in theory, it is not always easy to find the right measure that matches them. Employees' performance is usually entangled with others and their firms, and more importantly, it is highly unlikely to have consistent, industry-accepted performance measures across firms unless independent institutions conduct their own survey. *Maekyung* selects and celebrates best analysts in their magazines, ensuring not only high performance but also high visibility of selected analysts.

III. METHODS

1. Sample

The population for this study includes security analysts in large Korean security firms², as listed in the *Hankyung Business Magazine*'s analyst directory. The *Hankyung Business Magazine* annually reports a directory of all the publicly registered analysts in Korea with their current firms. Because this study mainly focuses on peer effects, it is critical to select firms where most of the analysts can be identified. Therefore, firms where less than ten analysts are reported are excluded. For the same reason, foreign security firms in Korea are also dropped from the sample. Because *Maekyung Economy Magazine*, another major source of data for this study, changed their policies and updated evaluation criteria of analysts in 2014, the data of analysts is excluded henceforth. The time window of this study is from 2008 to 2013, inclusively. The final sample contains 9,245 observations regarding 31 security firms.

Data of analysts' turnover is obtained by tracking analysts' affiliations over the years using the *Hankyung*'s annual directory. Moreover, most analysts are interviewed regularly and quoted in newspapers about forecasts on specific

² Investment bank is not so much developed in Korea, yet, as those in the United States. It is predicted that large investment banks as Morgan Stanley will eventually emerge in Korea with the pass of Capital Market Acts amendment in 2013 (Lee, 2013). However, security firms have served most of the work of investment bank, and they are referred to more often in Korea, the reason I use the term security firm instead of investment bank.

industries or markets. Basic information such as their affiliation is reported along with their analysis in newspapers. Therefore, analysts' movements obtained from the *Hankyung's* directory are cross-checked with newspaper articles. The turnover data is organized in a semiannual basis, given that the *Maekyung Economy Magazine* reports best analysts every half a year.

Data on analysts' age is obtained from KOFIA, Korea Financial Investment Associate. Other individual level data, such as gender, education level, and industry experiences, and firm level data, such as firm size, are gained from *Hankyung Business Magazine's* annual analyst directory. Data on star analysts and ranked firms are hand-collected from *Maekyung Economy Magazine*.

2. Measures

2.1 Dependent Variable

Employee turnover. Analysts' turnover is measured as whether an employee moved from one firm to another within the six month period. It is coded as a dummy variable; 1 if an analysts' affiliation remains the same and 0 otherwise. It is important to note that this study only considers employees' interfirm mobility within the same industry. Therefore, I exclude retirement, entrepreneurship, and across-industry movements. Although these types of turnover are also fundamentally an individual decision and would be influenced by coworkers, specific mechanisms would vary and therefore is out of the boundary of this study.

One limitation in measuring turnover with archival data is the difficulty of distinguishing voluntary from involuntary turnover. Because I am only allowed to observe movements of analysts, actual intentions of employees are veiled. This deficiency in data is supplemented by including only immediate interfirm mobility cases. In other words, if there was a time gap between two different affiliations, it was viewed as possibly an involuntary-motive-related turnover and excluded from the model. Using this kind of mixed data is not unprecedented (Carnahan et al., 2012; Glebbeek & Bax, 2004; Kacmar et al., Andrews, Rooy, Steilberg, & Cerrone, 2006).

2.2 Independent Variables

Coworkers' prior turnover experiences. The main independent variable, coworkers' prior turnover experiences, is measured as the average of coworkers' prior turnover events, following Nanda and Sorensen's (2010) measure of peer effects. First, for each time point from 2008 to 2013, I identified all the coworkers for a focal employee in each firm. Then, I calculated the number of turnover for the past five years each analyst. As this study concerns how coworkers' prior turnover experiences spill information about other firms and increase feasibility of turnover, I only captured the prior interfirm mobility experiences. Experiences in other types of turnover, such as entrepreneurship, are not included. Each analyst's prior turnover experiences can technically range from zero to ten because the data is organized semiannually. Then, I aggregated each analyst's prior turnover

experiences excluding a focal analyst's own turnover experiences and averaged them by a firm.

A time frame of five years is selected for the following reasons. First, the security analysts' market is a dynamic labor market. Mean value of analysts' career is found to be 13.53, which is roughly six years, given that my data is organized semiannually. Therefore, increasing the time span for observing prior turnover experiences, such as ten years, may be misleading in that it can wrongfully represent the number of senior analysts. Moreover, in order for realistic information about other firms to be conveyed among employees, turnover experiences should not be too outdated. For example, analysts who worked for another firm ten years ago are less likely to remember and provide useful information about that firm than those who recently worked. More importantly, it is inadequate to interpret the former analyst as employees open to switching firms.

My measure of coworkers' prior turnover experiences change with time. This measurement aligns with reality; in real life, workplaces constantly change due to increasingly high employee mobility (Arthur & Rousseau, 2001). Peer effects would change if a constitution of peer groups changes. Even within the same firm, the amount of information and influence of coworkers on a focal employee attitude regarding turnover can vary.

Star (Non-star) coworkers' prior turnover experiences. The bottom line of measures of star (non-star) coworkers' prior turnover experiences is the same as those of the general coworkers' prior turnover experiences explained above. Among all the analysts in firms, analysts that are stars in that exact time point are

identified. It is not difficult to observe average performers rise to star employees or vice versa. In the study, I argued that star performers are more likely to influence others due to their visibility in a firm, achieving greater legitimacy on their information and power to impact others. Therefore, employees who were stars when they switched firms but are not at the time point studied are excluded.

Although coworkers' prior turnover experiences were simply averaged by the total number of analysts without further consideration, there can be two ways of calculating the averages of stars' prior turnover experiences. One is using the total number of analysts as a denominator, like coworkers' prior turnover experiences, and the other is using the total number of star analysts as a denominator. A selection of denominators can be important (Bloom & Michael, 2002; Harrison & Klein, 2007; Trevor, Reilly, & Gerhart, 2012). I chose to use the latter because this study concerns prevalent attitude among stars and their information. Also, the former can be noisy, highly influenced by the ratio of star to non-star of firms.

2.3 Control variables

Gender. Several variables are controlled to isolate the effect of interest. At individual level, analysts' gender, education level, industry experience, age, and career are controlled. Gender is coded as a dummy variable, zero if employee is male and one if female.

Education level. General human capital is commonly operationalized as

employees' education level (Trevor, 2001). College education is found to signal employees' ability to the labor market (Arcidiacono, Bayer, & Hizmo, 2010), increasing perceived ease of movement. Therefore, analysts' education level is included in the model. Because virtually all the analysts graduated college, education level is measured as whether they have higher degrees than bachelor's degree or not.

Industry experience. Some of the analysts worked in non-financial firms before and became analysts of the industry that they are familiar with. For example, a few analysts in pharmaceuticals are ex-doctors. This background certainly provides them with a keen insight on their specialty, making the analysts more attractive in the general labor market than others. Therefore, industry experience, measured as a dummy variable, is also included in the model.

Age. Employees are shown less likely to leave firms as they grow older (Porter, Steers, Mowday, & Boulian, 1974). Data on analysts' age is not available on Hankyung Business Magazine and was collected hand-collected from KOFIA, Korean Financial Investment Association, where a birth year of all enlisted analysts is provided. Then it is converted into age, which increases over the years.

Career. Career is measured as the total number of years that analysts operated. This measure is different from tenure frequently included as control variables in the existing studies, which refers to the number of consecutive years that the analysts

stayed in a firm. Tenure represents the amount of firm-specific human capital (Lee, Bachrach, & Rousseau, 2015) that binds employees. However, career indicates expertise and seniority of analysts.

Employee's prior turnover experiences. A critical control variable in this study is an employee's prior turnover experiences. It can be argued that it is not the influence of coworkers but employee's personal tendency to switch firms. I have excluded an employee's own prior turnover experiences when measuring coworkers' prior turnover experiences, but this approach is not sufficient. This measure still does not preclude the alternative explanation on employee turnover. By controlling an employee's prior turnover experiences, it can be safely said that employees are affected by coworkers' information and their attitudes regardless of their own.

Ranked firms. Three control variables are included in this study at a firm level. Along with celebration of best analysts, *Maekyung Economy Magazine* also announces the best security firms semiannually. Although firm performance has been considered as the major outcome of employees' turnover, the reverse may also hold true, support of which inferred by prior studies (Daily & Dalton, 1995; Gilson, 1989). There may be minimal differences among best security firms, but there should be a significant gap at least between best and other security firms. Furthermore, firms that are publicly celebrated as best security firms would have reputation effects, which helps allure quality employees to firms (Fombrun, 1998;

Fombrun & Van Riel, 2004; Turban & Cable, 2003). Therefore, ranked firms is controlled, measured as a dummy variable whether they have been selected as best security firms by *Maekyung* or not.

Star ratio. Diversity of workforce composition exposes employees to different backgrounds, which sometimes turn into conflicts (Harrison & Klen, 2007) and turnover (Broschak & Davis-Blake, 2006; Zatzick, Elvira, & Cohen, 2003). In particular, mixing star employees and non-star employees are found to affect each other (Malik & Singh, 2014; Oldroyd & Morris, 2012). The number of stars as coworkers can affect the ways analysts' works, thereby indirectly affecting their stay-leave decision. Star analysts relative to the total number of analysts in each firm is measured.

Firm size. Firm size is another source of possible antecedent to employees' turnover. Some studies found a positive relationship between the likelihood of turnover and firm size (e.g., Huson, Parrino, & Starks, 2001) while others found a negative link (e.g., Haltiwanger, Scarpetta, & Schweiger, 2008). Following previous studies (e.g., Calof, 1994), the total number of employees is calculated to measure firm size.

3. Analysis

This study is concerned with how coworkers' prior turnover experiences

affect employee turnover. While the independent variable is in the firm level, the dependent variable of interest is in the individual level, making the dataset multilevel. In such case, employees are nested within firms. Employees are not independent and may share similarities that are not necessarily observed. Therefore, in addition to controlling for influential factors, the analytical strategy should be adapted to multilevel data. Multilevel modeling provides a statistical mechanism for investigating the phenomena at different levels (Hofmann, 1997).

Although the term indicating multilevel analysis may differ depending on the area of study and statistical program – multilevel linear models, mixed linear models, random coefficients models and hierarchical linear models – they indicate the same (Raudenbush, 1988). I used mixed generalized linear modeling (MGLM) in SPSS version 21. MGLM is similar to MLM except that it allows categorical dependent variable. MLM can only be conducted with continuous dependent variables. Because employee turnover, a dichotomous variable, is of interest in this study, MGLM is used with an assumption of logistic distribution. Although most multilevel studies use specialized statistical packages, such as HLM, which primarily serve the purpose of multilevel analysis, the advance of widely used statistical programs, such as STATA or SPSS, enables a variety of multilevel models (Heck et al., 2013).

IV. RESULTS

1. Descriptive Statistics

Table 1 reports the means, standard deviations, and correlation coefficients for all the analysts. Table 2 and Table 3 report the descriptive tables and correlations for star and non-star analysts, respectively. The data indicated that 46% of coworkers have prior turnover experiences in average, and star analysts are likely to have experienced turnover more than non-star analysts. Although some correlations are demonstrated as high, correlation itself is not the problem but the possibility of multicollinearity is. Therefore, I conducted a variation inflation factor (VIF) test, and the variables were in the range of 1 to 10, indicating no serious multicollinearity problem (Neter, Oueslati, & Olaru, 2000).

2. Hypothesis Testing

The results of a multilevel generalized linear modeling are presented in the Table 4. Model 1 includes only control variables, gender, education, industry experience, career, age, and employee's prior turnover experience in individual level and ranked firms, firm size, and star ratio in firm level. Employee's prior turnover experience, ranked firms, firm size, and star ratio are found as significant antecedents to employee turnover. Hypothesis 1 predicted that coworkers' prior turnover experience increases the likelihood of employee turnover. The results of Model 2 provide support for this hypothesis, as coworkers' prior turnover experience ($\beta=0.639$, $p<0.05$) is significantly related to employee turnover. This result propels us to further investigate the phenomena, articulated through Hypothesis 2 to 4.

Hypothesis 2 refers to the effect of social comparison. First, all the necessary control variables are entered in Model 3. A similar pattern of results with Model 1 is shown. Ranked firms, firm size, and star ratio are proven significant factors of employee turnover. Then, both of the variables, star coworkers' prior turnover experiences and non-star coworkers' prior turnover experiences are included in Model 4. The coefficient of star coworkers' prior turnover experience is found to be positive and significant ($\beta=0.445$, $p<0.05$). In the similar order, non-star employees are examined, and Model 5 and Model 6 show strong support for

Hypothesis 3 ($\beta=0.595, p<0.01$). These results indicate that employees are likely to be influenced by the peer group which is similar to themselves in terms of performance.

However, employees do not select referents solely based on similarities. Hypothesis 4 predicts that conditional on non-stars, star coworkers' prior turnover experiences also have a positive effect on employee turnover. This hypothesis is strongly supported as shown in Model 6 ($\beta=0.595, p<0.01$). It is interesting to note that cross-group effects do not hold in the opposite direction, meaning that non-star coworkers' prior turnover experiences do not significantly increase star employee turnover as shown in Model 4 ($\beta=0.113, n.s$). This finding corroborates the theoretical developments in social comparison theory, where upward comparison and downward comparison serve different purposes (Taylor & Lobel, 1989). Information spillover and influences on attitudes suggested in this study is in line with upward comparison.

TABLE 1
Means, Standard Deviations, and Correlations for All the Employees

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Gender	0.17	0.37	-										
2. Education level	0.58	0.49	.08	-									
3. Industry experience	0.75	0.43	.12	.11	-								
4. Age	46.92	6.37	-.27	-.15	-.04	-							
5. Career	13.53	10.90	-.14	-.12	.05	.75	-						
6. Employee's prior turnover experiences	0.50	0.75	.01	-.04	-.06	.02	.07	-					
7. Ranked Firms	0.51	0.49	.01	.02	.04	-.02	-.04	-.05	-				
8. Firm size	33.36	11.78	.00	.02	.00	.21	.10	.03	-.30	-			
9. Star ratio	0.28	0.15	.01	.01	-.01	.20	.16	.08	-.38	.37	-		
10. Coworkers' prior turnover experiences	0.46	0.30	-.03	.00	-.01	-.16	-.04	.27	-.17	.00	.18	-	
11. Employee turnover	0.06	0.24	.01	-.01	.00	.06	.04	.01	-.02	.03	.04	.02	-

N=9,245, all correlations greater than .03 are significant at $p < .05$

TABLE 2
Means, Standard Deviations, and Correlations for Star Employees

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Gender	0.14	0.35	-											
2. Education level	0.56	0.49	.04	-										
3. Industry experience	0.75	0.43	.06	.15	-									
4. Age	49.11	5.01	-.35	-.22	-.05	-								
5. Career	17.36	9.50	-.15	-.15	.21	.73	-							
6. Employee's prior turnover experiences	0.76	0.85	-.00	.04	.06	-.00	.06	-						
7. Ranked firms	0.38	0.48	-.00	.00	.01	-.08	-.09	.16	-					
8. Firm size	34.02	10.64	-.04	.01	-.04	.03	.04	-	-.46	-				
9. Star ratio	0.35	0.11	.02	-.05	.01	.13	.07	-.06	-.29	-.06	-			
10. Star coworkers' prior turnover experiences	0.77	0.45	.03	-.00	.03	-.04	-.02	.46	.29	-.43	-.12	-		
11. Non-star coworkers' prior turnover experiences	0.39	0.28	.07	.00	.01	.06	.03	.32	.11	-.37	.08	.56	-	
12. Employee turnover	0.06	0.23	.00	.00	-.00	-.06	-.06	.00	.11	-.08	-.07	.03	.02	-

n=3,126, all correlations greater than .04 are significant at $p < .05$

TABLE 3
Means, Standard Deviations, and Correlations for Non-star Employees

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Gender	0.18	0.38	-											
2. Education level	0.59	0.49	-.01	-										
3. Industry experience	0.76	0.43	.07	.17	-									
4. Age	45.89	6.67	-.30	-.24	-.03	-								
5. Career	11.78	11.05	-.19	-.18	.09	.80	-							
6. Employee's prior turnover experiences	0.37	0.67	-.02	-.03	.02	.28	.32	-						
7. Ranked firms	0.56	0.49	-.02	-.01	-.08	-.07	-.07	-.00	-					
8. Firm size	33.06	12.25	.05	.00	.12	-.00	.02	-.14	-.44	-				
9. Star ratio	0.25	0.15	.02	-.00	.02	.15	.15	.14	-.37	.18	-			
10. Star coworkers' prior turnover experiences	0.81	0.54	.00	-.02	-.12	.05	.02	.21	.26	-.45	-.17	-		
11. Non-star coworkers' prior turnover experiences	0.33	0.27	.02	-.04	-.08	.19	.15	.41	.04	-.27	.26	.48	-	
12. Employee turnover	0.06	0.24	.01	.00	-.01	-.00	.00	.03	.01	-.08	-.03	.02	.05	-

N=5,254, all correlations greater than .02 are significant at $p < .05$

TABLE 4
Multilevel Generalized Linear Modeling Results

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Intercept	0.974 (0.576)†	1.026 (0.543)	-0.963 (1.170)	-1.501 (1.115)	0.964 (0.671)	-0.626 (0.735)
1. Gender	-0.003 (0.123)	0.022 (0.124)	-0.239 (0.242)	-0.260 (0.250)	0.065 (0.145)	0.116 (0.161)
2. Education	0.009 (0.093)	0.006 (0.094)	0.045 (0.164)	0.002 (0.166)	0.023 (0.114)	-0.007 (0.128)
3. Industry experience	-0.030 (0.107)	0.032 (0.108)	-0.010 (0.200)	-0.034 (0.201)	-0.060 (0.130)	0.036 (0.144)
4. Career	-0.001 (0.007)	0.000 (0.007)	0.010 (0.014)	0.012 (0.014)	-0.011 (0.009)	0.005 (0.010)
5. Age	0.011 (0.013)	0.006 (0.013)	0.039 (0.026)	0.035 (0.027)	0.014 (0.015)	0.010 (0.018)
6. Employee's prior turnover experience	0.113 (0.063)†	0.062 (0.065)	0.189 (0.098)†	0.142 (0.106)	0.126 (0.085)	0.052 (0.093)
7. Ranked firms	0.329 (0.132)*	0.356 (0.133)**	0.689 (0.209)**	0.763 (0.218)***	0.118 (0.161)	0.338 (0.181)†
8. Firm size	0.019 (0.008)*	0.018 (0.009)*	0.025 (0.011)*	0.032 (0.012)**	0.019 (0.010)	0.036 (0.011)**
9. Star ratio	2.003 (0.375)***	1.478 (0.418)***	1.812 (0.731)*	2.051 (0.816)*	2.160 (0.433)***	1.047 (0.669)
10. coworkers' prior turnover experience		0.639 (0.198)**				
11. Star coworkers' prior turnover experience				0.445 (0.225)*		0.595 (0.142)***
12. Non-star coworkers' prior turnover experience				0.113 (0.383)		1.499 (0.315)***
Log-likelihood	54,446.135	56,219.736	18,657.859	18,959.537	35,770.099	35,045.872

† p<0.1 * p<0.05 ** p<0.01 *** p<0.001

V. DISCUSSION

1. Theoretical Contributions

To discover unexplained drivers of employees' turnover behaviors, I proposed peer effects and looked into how coworkers' prior turnover experiences affect employee turnover. In this study of Korean security analysts, I found that analysts are more likely to leave workplaces where a great share of coworkers has prior turnover experiences. Moreover, prior turnover experiences of star coworkers had influence on both star and non-star employees, while those of non-star coworkers only affected other non-star employees.

These findings shed considerable light on at least three streams of literature. First, this study extends the boundary of turnover research by applying the concept of peer effects, which was given insufficient attention to in previous studies. Turnover is a particular type of individual decision, which commonly reflects one's attitude and requires information about alternatives (Edwards, 1954). Both of them are dependent on others to some extent, given the basic social nature of humans. This study particularly focused on coworkers, people who employees work daily with and therefore the most salient and relevant group when employees consider turnover. By interacting with coworkers who are more open to and experienced in turnover, employees can more willingly leave firms for other opportunities themselves. This study indicates that pull and push factors

conceptualized by March and Simon (1958) are not limited to tangible resources revolving around firms and include invisible information flow and social influence between employees. This extended perspective in identifying social dynamics within firms opens up new avenues for future research on turnover.

Second, this study contributes to the employee mobility literature by suggesting potentially negative effects of hiring employees from competitors. Because employees are the ultimate carriers of knowledge (Pfeffer, 1988) and firms learn from them (March, 1991; Kang, Morris, & Snell, 2007; Kang & Snell, 2009), researchers focused on knowledge diffusion through employee mobility across firms (Franco & Filson, 2000). However, most of the previous studies approached employee mobility and its impact on firms rather in a simplistic way, linking gains of employees with gains and losses with losses. Hiring employees from competitors is viewed as an effective way of acquiring tacit knowledge (Song, Almeida, & Wu, 2003) such as routines (Aime et al., 2009). Researchers agreed that losing employees can become threat to firms (Aime et al., 2009; Campbell et al., 2012), and ways to reduce the outward flow of knowledge was suggested, such as firms' litigious actions (Agarwal, Ganco, & Ziedonis, 2009). However, only a handful of studies focused on negative effects of acquired knowledge or information from incoming employees (e.g., Dokko, Wilk, & Rothbard, 2010; Fallick, Fleischman, & Rebitzer, 2006; Groysberg & Lee, 2009). These studies captured that employees' prior experiences in other firms may interfere with what is expected in new firms. The present study builds upon this line of research by suggesting that hiring away employees of competitors, particularly "chronic job-

hoppers,” may increase undesirable turnover of incumbents.

Third, the current findings shed light on star employees and their social influence on other employees. As economies become increasingly knowledge-based, employees showing performance that far exceeds what is predicted under a normal distribution is frequently observed (Aguinis, 2012; Aguinis & O'Boyle, 2014). Accordingly, star employees soon grabbed attention of researchers, resulting in numerous studies on them. Turnover of star employees are particularly detrimental to firm performance (Kwon & Rupp, 2013), and retaining them became a top priority for managers. However, some researchers (Groysberg & Lee, 2009; Groysberg, Lee, & Nanda, 2008; Groysberg, Nanda, & Nohria, 2004) raised skepticism about portability of star employees due to their social embeddedness. Despite increasing findings about star employees, we still know relatively little about the interplay between star and non-star employees. Oldroyd and Morris (2012) exceptionally stipulated that star employees can easily be called upon by others for information, possibly leading to work overload. This study, on the other hand, suggests how information flow can sometimes adversely affect non-star employees, leading them to quit firms. By suggesting another possible influence stars can have on non-star employees, this study adds to our understanding in effects of mixing stars and non-stars. Moreover, this study suggests the social comparison theory as a useful toolkit in understanding the social dynamics underlying stars and non-stars.

2. Managerial Implications

This study provides several implications for managers who are interested in retaining talent. We fully understand roles of interpersonal relationships in conveying information about job alternatives (Fernandez, Castilla, & Moore, 2000; Granovetter, 1995; Ioannides, Datcher, & Loury, 2004), thereby provoking employee mobility. However, such informal relationships are not so easy to observe or control for managers. To put it differently, it is not feasible to manage social relations and information flow among employees so that employees' turnover behaviors are less stimulated. What managers can do, however, is to compose the workforce with the right employees. The most salient departure of this study from previous network research lies here; this study suggests prior turnover experiences as an important indicator in identifying whom to hire. Moreover, this implication goes hand in hand with recent concerns in hiring star employees and their effect on incumbents. Performance may not be the foremost indicator of good employees. Great caution is required particularly when hiring star employees, given their huge influence on other employees.

3. Limitations and Future Research

This study has a number of limitations. First, my data is not free from selection bias: highly mobile employees may be self-selected into workplaces

where a great share of coworkers has prior turnover experiences. Isolating and precisely measuring peer effects has been a challenge as a number of researchers pointed out, (Crane, 1991; Lundborg, 2006; Manski, 2000; Mayer & Jencks, 1989; Sacerdote, 2000; Zimmerman, 2003) and the present study is no exception. To minimize bias, an important variable, an employee's own prior turnover experiences, was included in the model, thereby controlling for observed variances in individual likelihood to leave firms. However, I acknowledge that this approach is not sufficient to fully address endogeneity problems and call for future studies that examine peer effects in employee turnover behaviors using rich data that enables quasi-experiments effective in ruling out alternative explanations (see Shadish, Cook, & Campbell, 2002).

A second limitation concerns the usage of secondary proxies and the lack of direct measures of process. The underlying rationale for peer effects on turnover behaviors springs from widely adopted theories in peer effects. Coworkers' prior turnover experiences drive two processes, information spillover and attitude influence. Taken together, they increase employees' turnover behaviors. Unfortunately, data limitations preclude my ability to directly examine these processes. This kind of task has been a challenge for researchers for a while, as shown in a debate on measuring the construct "legitimacy," which poses a similar difficulty (Carroll & Hannan, 1989a,b; Zucker, 1989). Therefore, further research could examine this process using descriptive methods, which provide new opportunities for social scientists to look deep into ongoing social interactions (see Morrill & Fine, 1997). For example, a few extreme cases in terms of coworkers'

prior turnover experiences could be identified, and informal conversations among employees within those firms could be analyzed to effectively capture peer effects. This strategy would enable us to move beyond “the dichotomous understanding of neighborhood effects,” (Sharkey & Faber, 2014: 539) to account for complex processes and diverse contexts, responding to points made by existing researchers (Sampson, Morenoff, & Gannon-Rowley, 2002; Sharkey & Faber, 2014).

In the similar vein, the interplay between coworkers’ prior turnover experiences and established antecedents of turnover behaviors could be examined. According to social influence theories (DiMaggio & Powell, 1983; Festinger, 1954), uncertainty increases actors’ dependence on others or social norms. Lee and Mitchell (1994) suggested that “shock,” an unexpected event that significantly changes employees’ situations, whether positive or negative, be included in a turnover process. Their concept of shock is tightly aligned with uncertainty, that lies at the core argument of peer effects. Hence, perhaps an examination of peer effects in varying shocks as important contexts can be tested. Furthermore, an examination of moderating effects of employees’ initial job satisfaction and organizational commitment on peer effects may also be possible.

Last, caution is required when generalizing my findings to other industries. This study tested security analysts in Korea, whose distinctive features may limit their representativeness. First, security firms are notorious for their high volatility. Frequent movements of analysts between firms allows for information spillover, one of the mechanisms underlying peer effects. In the similar vein, analysts are commonly considered to be free agents, possessing high general

human capital and thereby less locked-in to firms (Hitt, Uhlenbruck, & Shimizu, 2006). It is unclear if coworkers' prior turnover experiences would be predictive of turnover behaviors with a sample of traditional manufacturing firms, where commitment to one firm is still taken for granted among employees. Furthermore, individual analyst's performance is relatively discernible. This visibility puts stars in positions where they can influence average performers, whether it is intended or not, more significantly than non-stars can. However, it is not always easy to reach consensus on who are star performers; the concept of stars can be subjective, or perhaps stars simply do not rise at all in some industries. In such contexts, attributes other than performance, such as one's tenure, may be more adequate in identifying influential employees because referents with readily available information are preferred, according to Kulik and Ambrose (1992). Therefore, further studies are encouraged to explore the current framework in diverse empirical settings.

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요약 (국문초록)

동료 효과:

동료의 이전 이직 경험이 종업원 이직에 미치는 영향

서울대학교 대학원
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고예희

이직은 오랫동안 학자들의 관심을 받아왔지만, 종업원 이직의 동인은 여전히 상당 부분 밝혀지지 않았다. 이직에 관한 선행 연구들은 대부분 몇 가지의 가정을 공유한다. 이는 종업원들이 경제적 개체로서, 기업의 내외부 요인들을 종합적으로 고려하여 “독립적으로” 이직에 대한 의사결정을 내린다는 것이다. 그러나, 인간은 근본적으로 사회적 동물이며 이러한 속성의 발현은 종업원에게서도 예외가 아니다. 매일 회사에서 종업원이 다른 동료들과 나누는 교류의 양을 고려했을 때, 종업원의 이직에 대한 의사결정은 어느 정도 동료에게 영향 받을 것이다. 본 연구는 동료 집단의 구성이 어떻게 개인의 이직 행동에 다르게 영향을 미치는지 살펴본다. 이직 경험이 많은 동료들은 그렇지

많은 동료들에 비해 첫 째, 대안적 회사들에 대해 많은 정보를 이전할 것이며, 둘째, ‘이직’이라는 것에 대해 일반적으로 더 열린 태도를 가질 것이다. 이러한 두 가지의 메커니즘에 따라 동료의 이전 이직 경험은 개인의 이직을 높일 것이다. 나아가, 성과가 높은 스타 종업원은 스타와 비스타에게 모두 영향력을 행사하지만, 성과가 낮은 일반 종업원은 자신과 유사한 비스타의 이직에만 유의미한 영향을 끼칠 것이다. 2008년도부터 2013년도 사이, 총 31개의 증권사에 소속된 한국 애널리스트들을 대상으로 가설을 검정하였으며 모두 지지되었다.

주요어: 이직, 동료 효과, 제도주의 이론, 정보 이전, 사회 비교 이론
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