


논문 4

Do collectivist cultures moderate the collective turnover–organizational performance relationship?

Jinuk Oh* · Mijeong Kim**

본 연구는 조직 수준의 집단 이직, 집단주의 문화, 그리고 조직 성과의 관계를 재검증하였다. 구체적으로 비용접근법, 인적자본 관점, 이직 감염 관점에서 집단 이직이 조직 성과에 어떠한 영향을 미치는지를 밝히고, 집단주의 문화의 조절 효과를 살펴보았다. 한국직업능력연구원이 제공하는 2020–2021년도 인적자본기업패널(HCCP)을 활용하여, 381개 기업을 대상으로 조절모형을 검증하였다. 분석 결과, 조직의 집단 이직률이 높아질수록 기업 성과는 부정적인 영향을 받는 것으로 밝혀졌고, 이 관계는 조직의 집단주의 문화가 약할 때만 나타났다. 이는 집단주의 문화의 조절효과에 대한 이론적인 논의를 뒷받침해주는 실증 증거이지만, 기존의 실증 결과와 다르다. 따라서 연구자는 집단주의 문화의 조절 효과에 대한 실증 결과를 해석할 때 주의해야 하고, 후속 연구를 통해서 집단주의 문화가 집단 이직과 조직 성과 간의 관계에 어떠한 영향을 미치는지를 지속적으로 파악할 필요가 있다.

I Introduction

If one employee suddenly leaves an organization or multiple employees leave an organization within a certain period of time, a colleague's turnover becomes a substantial event for the remaining employees, inducing them to reconsider their position and working conditions within their respective organizations (Laulie & Morgeson, 2021; Oh & Chhinzer, 2021). Given that “the turnover tsunami is real” (Taylor, 2021), we need to take one step further from individual-level turnover research that focuses on why employees exit the firm

* Korea Labor Institute, Associate Research Fellow

** Korea University, Ph.D. Candidate

and take heed of collective turnover, in which a considerable number of members leave their organization during a specified period of time (e.g., Oh & Chhinzer, 2021; Oh & Kim, 2022).

Existing studies focused on the qualitative implications of collective turnover and the phenomenon of turnover contagion, illuminating their relationship with organizational performance (Chung, Kim, & Kim, 2022; Oh & Chhinzer, 2021). First, because collective turnover means loss of human and social capital in an organization, the organization is not operating effectively whenever it occurs (Hausknecht & Trever, 2011). In addition, because employees can interpret this as a negative signal that they cannot remain in the organization for much longer, turnover spreads like a contagious disease and initiates further turnover behavior (Oh & Chhinzer, 2021). Taken together, collective turnover breeds negative organizational performance.

The negative relationship between collective turnover and organizational performance varies in magnitude depending on the relative individualistic/collectivist cultures of the organization (Hancock et al., 2013; Nyberg & Ployhart, 2013; Park & Shaw, 2013). In an organization with a strong collectivist culture, the vacancy in organizational operation caused by collective turnover phenomena is filled by the remaining employees in a collaborative manner, so adjustment of organizational operation and work systems can be relatively easy. On the other hand, in organizations in which individualistic culture reigns, vacancies caused by collective turnover cannot be easily filled as each employee has unique values and performs specific tasks, potentially resulting in subsequently shaky organizational operation (Nyberg & Ployhart, 2013; Park & Shaw, 2013).

However, recent empirical studies show results contrary to these theoretical predictions. Oh and Kim (2022) predicted that the negative relationship between collective turnover and organizational performance would be alleviated in organizations with a stronger collectivist culture, but rather showed empirical evidence such that negative results were actually amplified. Similarly, its negative cross-lagged effects on the emotional commitment of employees were found to be significant only in organizations with a high cooperative atmosphere, and the resulting difference between the group with a high and low

cooperative atmosphere was also statistically significant (Jo, Kim, & Lee, 2022). Although both studies showed interesting empirical results that deviate from the theoretical predictions, they have one thing in common: analysis using the Human Capital Corporate Panel. Therefore, it is necessary to re-verify the difference between theoretical discussion and empirical results as regards the effects of collective turnover using the latest available data from said panel.

This study intends to reconsider the generalizability of existing research results by replicating Oh and Kim (2022). To do so, we re-examine the relationship among collective turnover, collectivist culture and organizational performance at the organizational level. The simple research question guiding this study is: *Do collectivist cultures moderate the collective turnover-organizational performance relationship?*

II Theory and Hypotheses

1. Collective turnover

Researchers have attempted to answer the question as to why employees leave their organization voluntarily for decades (Hom et al., 2017). Looking into individual-level turnover explains how and why employees quit. However, this approach does not address the broader consequences of turnover for teams, business units, or entire organizations. For example, the individual-level perspective cannot explain the departure of multiple employees who leave at or around the same time due to shared social processes (Bartunek, Haung, & Walsh, 2008) or turnover contagion (Felps et al., 2009). Hence, researchers now advance exploration of collective turnover, exploring turnover at the meso and macro levels, from a human capital resources perspective.

Collective turnover can be defined in two different ways: quantity and quality of leavers. In terms of quantity of leavers, collective turnover refers to the aggregate employee departures that occur within groups, business units, or organizations (Hausknecht, 2017). It is commonly operationalized as “turnover rate” where the numerator represents all voluntary and involuntary turnover

during a certain time span (e.g., quarterly, yearly) divided by a denominator representing the total number of employees within a collective (Hausknecht, 2017). These definition and operationalization have been widely used in the literature (e.g., Hancock, Allen, & Soelberg, 2017), yet have been criticized because they focus only on quantity, not the qualities of departures (Nyberg & Ployhart, 2013).

Depending on human resources and their KSAOs, collective turnover can have different meanings. Thus, in terms of quality of leavers, collective turnover is defined as the depletion of organizations' human capital resources (Nyberg & Ployhart, 2013). Put it simply, to understand collective turnover properly, the number of employees who left and information about leavers' KSAO levels are needed. Although the way of employing KSAO levels of leavers is still unclear (Hausknecht, 2017), a few studies were able to consider the leavers qualitatively by acquiring subjective assessments from informants (Shaw, Dineen, Fang, & Vellella, 2009) or by utilizing objective measures of job performance (Call, Nyberg, Ployhart, & Weekley, 2015; Oh & Chhinzer, 2021). In this study, we refer to both ways of defining collective turnover interchangeably to build our hypotheses.

2. Linking collective turnover and organizational performance

The detrimental effects of collective turnover on organizational performance can be explained from 1) a traditional cost approach, 2) the perspective of human capital resources, and 3) the turnover contagion perspective.

First, based on the cost approach, when employees leave an organization, there are both tangible and intangible costs related to their departure. Tangible costs include the time taken by human resources staff to conduct exit interviews, assess benefits to be paid out, and organize overtime work to minimize work disruptions while intangible costs include loss of customers or clients and disruption of teamwork (Allen, Bryant, & Vardaman, 2010). Also, regardless of whether leavers are high or poor performers, high costs are incurred by the recruitment, training, and socialization of new employees. In fact, the estimated costs due to collective turnover can range from 90-200% of employees' annual salary (Allen et al., 2010; Boushey & Glynn, 2012). Thus, the

conceptual link between collective turnover and organizational performance from the cost approach is straightforward: high collective turnover increases costs monotonically, and thereby lowers organizational performance.

Second, from the perspective of human capital resources, collective turnover involves its depletion, which brings about aggregate in-role performance deficits for an organization (Batt & Colvin, 2011; Nyberg & Ployhart, 2013). Considering leavers' quality, collective turnover by those who possess firm-specific proficiencies and make contributions to group functions over time has more adverse effects on organizational performance than collective turnover initiated by relative novices who may make relatively fewer contributions to organizational performance (Hausknecht & Holwerda, 2013). Thus, the conceptual link between collective turnover and organizational performance from the perspective of human capital resources is also uncomplicated: higher collective turnover means depletion of valuable human capital resources, and thereby lowers organizational performance.

Third, the turnover contagion perspective represents ongoing collective turnover through time. When employees leave the organization, their departure is likely to perpetuate organizations' performance deficiencies over a long time span because it can potentially influence other employees to quit. In the short term, because people have a penchant for comparing themselves to others, the remaining employees may readily infer negative aspects of the organization and interpret it as a negative sign as regards staying (Felps et al., 2009; Oh & Chhinzer, 2021). In the long term, collective turnover necessarily disrupts the relational identities of the remaining employees. In organizations with constant employee flux, employees are likely to experience uncertainty, volatility, and reduced coordination in their work processes and to reshape their work relationships within the organizational network. Remaining employees must establish new organizational routines with new employees to enhance organizational performance, yet employees who expect low relational stability may be less motivated to develop social bonds with others, which may discourage them from exchanging information to re-establish organizational routines while boosting their turnover intentions (Chung et al., 2022; Oh & Kim, 2022). In this sense, the notion of turnover contagion has been supported by recent studies (e.g., Chung et al., 2022; Li, Hausknecht, & Dragoni, 2020; Oh &

Chhiner, 2021) indicating that collective turnover can damage organizational performance by its contagion effect over time.

Hence, the preceding discussion leads to the following hypothesis:

Hypothesis 1. Collective turnover has a negative effect on organizational performance.

3. Moderating roles of collectivist cultures

Collective turnover and its effectiveness are context-dependent, influenced by contextual moderators (Hancock et al., 2013; 2017). We consider collectivist culture as a boundary condition for the negative relationship between collective turnover and organizational performance because it could naturally shape employees' relationships within the organization (Galanaki, Papagiannakis, & Rapti, 2020). Organizations with high collectivist culture think highly of collective achievements by motivating employee knowledge sharing and collaboration and treating their employees like family members by boosting their pride, loyalty, and strong attachments to the organization (Galanaki et al., 2020).

In theory, collective turnover may be less problematic for organizational performance in a collectivist culture than in an individualistic culture because of the difference in how employees work together. In organizations with individualistic culture, each employee represents unique human capital who takes their own unique roles and work processes are more likely to be dependent on particular individuals. In other words, coordination is not critical, and human capital resources are simply the sum of each individual's contribution. Thus, when collective turnover occurs, organizations' daily routines are disrupted because they may have a hard time finding internal replacements while remaining employees are less likely to take on additional tasks to cover for the new vacancies (Nyberg & Ployhart, 2013; Park & Shaw, 2013). On the other hand, in organizations with collectivist culture, employees are dependent on each other and are expected to maintain the mutually beneficial cooperative relationships. Thus, when collective turnover occurs, it may be easier to find

and integrate replacements into organizational functioning. In addition, leavers in collectivist culture are likely to be those with weaker organizational fit, and thus, their departure is less likely to lead to the turnover contagion effect and subsequent operational disruption (Hancock et al., 2013; Nyberg & Ployhart, 2013; Park & Shaw, 2013). Therefore, we expect the following:

Hypothesis 2. Collectivist culture moderates the relationship between collective turnover and organizational performance, such that the relationship will be stronger when organizations value individualistic culture, rather than collectivist culture.

III Methods

1. Sample and procedures

To test our conceptual model, we used the Human Capital Corporate Panel (HCCP) dataset administered by the Korea Research Institute for Vocational Education and Training (KRIVET). The KRIVET previously collected the HCCP dataset biannually to understand how Korean firms develop and utilize their human capital resources since 2005, but the survey design was modified in 2019. The KRIVET started collecting the dataset annually using two sets of questionnaires: employee survey and corporate survey (KRIVET, 2022).

The employee survey is designed to collect information about employee attitudes and behaviors and they are asked to appraise the effectiveness of training, their skill levels, organizational cultures, levels of job satisfaction and organizational commitment, etc. The corporate survey is designed to collect information about management issues from the human resource management (HRM) director, human resource development (HRD) director, and general manager of a company. Since HCCP is collected annually, the KRIVET use two different questionnaires for even-numbered years and odd-numbered years to alleviate the burden imposed on survey respondents. In odd-numbered years, they are asked to answer general management information, employment status

(i.e., recruitment and selection, organizational structures), HRD (i.e., roles of training department, training investment and training outcomes, training plan and effectiveness), and HRM (i.e., performance management, rewards, unions). In even-numbered years, they are asked to answer general management information, employment status (i.e., recruitment and selection, key talent), HRD (i.e., roles of training department, training investment and training outcomes, government-funded competency development programs, job qualifications), and HRM (i.e., job ranks and organizational changes, rewards, and retirement). Along with the HCCP, the KRIVET provides the financial performance data of sample firms provided by the Korea Investors Service (KIS) (KRIVET, 2022).

We used the most recent data sets, collected in 2020 and 2021, to capture the most recent phenomena. Among 500 firms that participated in 2020 and 2021, 381 firms that provided all necessary information from HCCP and KIS were included in this study. The sample firms are mainly in manufacturing ($n = 299$), but there are some in finance & insurance ($n = 20$), information & communication ($n = 28$), service ($n = 21$), education ($n = 4$), and arts & sports ($n = 10$).

2. Measures

Collective turnover. Following Oh and Kim (2022), we measured collective turnover by dividing the number of voluntary leavers in 2020 by the total number of employees at the end of 2020, and then multiplying by 100. Retirees and those who resigned within one year of joining were excluded in this calculation because they are apart from our research interest.

Collectivist cultures. In line with Oh and Kim (2022), five items emphasizing teamwork, two-way communication, mutual trust, sense of solidarity and kinship climate from the 2021 dataset were used to measure the degree of collectivism. Sample items include “our company places much importance on teamwork” and “colleagues trust each other in the company.” All items were rated by employees on a five-point Likert scale, which ranged from 1 (strongly disagree) to 5 (strongly agree). Responses collected from employees were aggregated at the organizational level. The reliability estimates ($\alpha = .895$, median rwg = 0.888, ICC(1) = 0.111, ICC(2) = 0.703, and $\eta^2 = 0.157$) suggested a sufficient level of

agreement to justify collectivist cultures as a variable at the organizational level.

Organizational performance. Firm profitability and labor productivity were used as objective measures of organizational performance. Using the KIS database, firm profitability was measured by the return on assets (ROA) in 2021. The ROA of each sample company was calculated using the following formula: the percentage of net income relative to the total assets of the end of 2021 (Oh & Kim, 2022). Second, labor productivity was measured by net income per employee, i.e. net income divided by the total number of employees in 2021.

Control variables. To account for the possibility of alternative explanations, we included several organizational performance-based characteristics as control variables in this study, such as organizational size, total assets, industry type, and sales growth for the previous three years (Oh & Kim, 2022).

IV Results

Table 1 provides the descriptive statistics for the study variables and their correlations at the organizational level. We used the PROCESS Macro for SPSS 27 as a means of testing the significance of moderating effects (Model 1).

Table 2 reports the relationship between collective turnover, collectivist culture, and organizational performance. Collective turnover had a negative relationship with firm profitability ($b = -0.82, p < 0.05$) and labor productivity ($b = -14.51, p < 0.01$). Collectively these results support hypothesis 1.

Then, we tested the significance of the moderating role of collectivist culture in the relationship between collective turnover and organizational performance (i.e., firm profitability and labor productivity). Before creating the interactive term, we adjusted the average of all relevant variables to 0 to avoid multicollinearity with the product term (Hayes, 2022). The interaction term had a significant and positive coefficient for firm profitability and labor productivity ($b = 0.24, p < 0.05$; $b = 4.37, p < 0.01$, respectively). These results indicate that the negative relationship between collective turnover and organizational performance was stronger when the levels of collectivist culture are low in the organization.

In order to examine the pattern of interactive effects on organizational performance, we plotted simple slopes at one standard deviation above and below the mean of the moderator (Hayes, 2022). As Figure 1 illustrates, the slope of the relationship between collective turnover and firm profitability was negative and significant when the level of collectivist culture is low (simple slope = -0.77 , $t = -1.99$, $p = 0.04$). On the other hand, the relationship between the two was positive, but insignificant when the level of collectivist culture is high (simple slope = 0.64 , $t = 1.09$, $p = 0.28$). Comparably, Figure 2 depicts that the slope of the relationship between collective turnover and labor productivity was negative and significant when the level of collectivist culture is low (simple slope = -1.12 , $t = -2.19$, $p = 0.03$), while the relationship between the two was positive, but insignificant when the level of collectivist culture is high (simple slope = 1.41 , $t = 1.71$, $p = 0.09$). Collectively, although the graphs depict crossover interactions between collective turnover and collectivist culture, the results of simple slope test support Hypothesis 2, which posits that the effect of collective turnover on organizational performance is stronger when collectivist culture is lower.

Table 1) Descriptive statistics and correlations

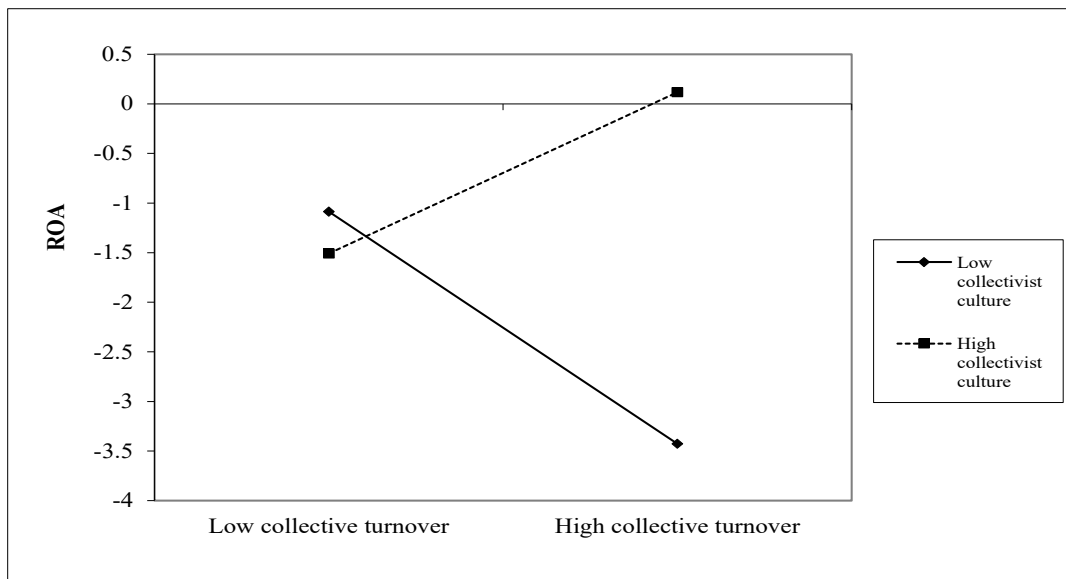
Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Collective turnover	9.40	13.64											
2. Collectivist culture	3.36	0.30	-.10*										
3. Firm profitability	3.41	9.30	-0.07	.14**									
4. Labor productivity	34.31	116.32	-.12*	.17**	.67**								
5. Firm size ^a	5.62	0.82	-.14**	.12**	0.00	0.05							
6. Asset ^a	18.90	1.40	-.15**	.12*	-0.03	.31**	.67**						
7. Sales growth	14.02	221.68	-0.02	-0.00	0.02	.15**	0.05	0.06					
8. Industry dummy 1	0.78	0.41	.09*	-.17**	-.14**	-.13*	-.15**	0.02	0.01				
9. Industry dummy 2	0.05	0.22	-.10*	.15**	-0.02	.29**	.16**	.36**	-0.00	-.45**			
10. Industry dummy 3	0.07	0.26	-0.02	.05	.14**	0.03	0.04	-.09	-0.00	-.54**	-0.07		
11. Industry dummy 4	0.05	0.23	-0.01	.14**	.12*	-0.04	0.02	-.25**	-0.01	-.46**	-0.06	-0.07	
12. Industry dummy 5	0.01	0.10	0.01	-0.04	-0.02	-0.03	0.08	-0.04	-0.01	-.19**	-0.02	-0.03	-0.02

^a natural log transformed

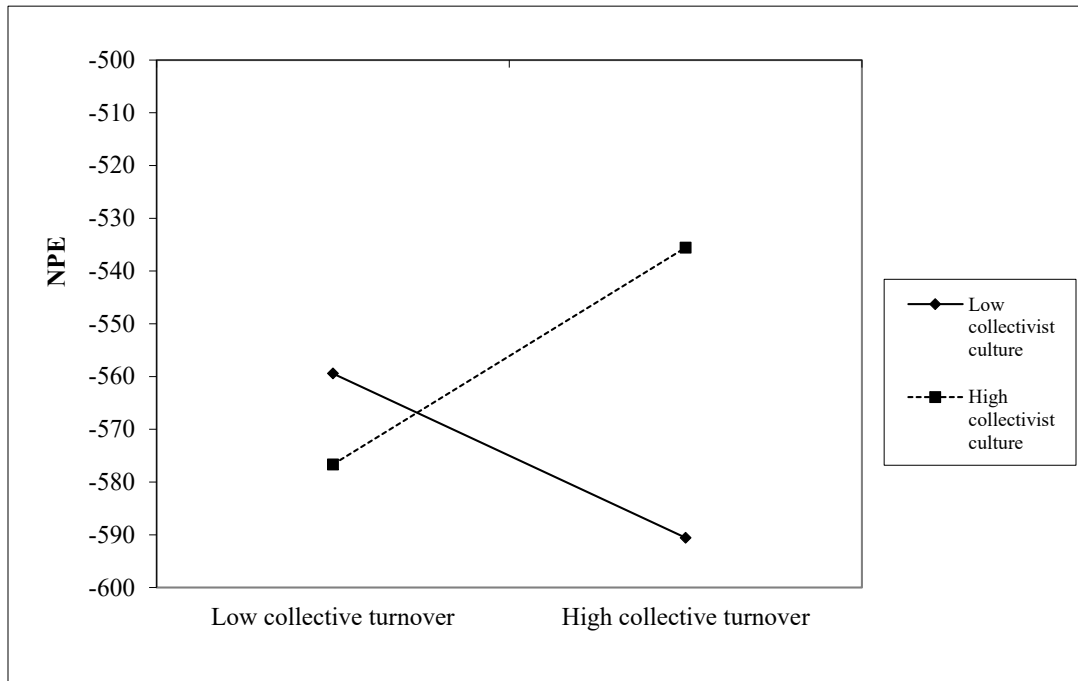
〈Table 2〉 Relationship between collective turnover and organizational performance and the moderating effect of collectivist culture

	Firm profitability		Labor productivity	
	B	SE	B	SE
Constant	-2.43	10.62	-534.08**	134.01
Firm size	-0.24	0.83	-41.68**	10.28
Asset	0.20	0.55	39.32**	6.71
Sales growth	0.00	0.00	0.44	0.32
Industry dummy 1	1.93	3.83	81.48	53.89
Industry dummy 2	0.70	4.69	173.93**	61.75
Industry dummy 3	7.28	4.25	115.52*	57.88
Industry dummy 4	6.88	4.51	113.29	62.34
Industry dummy 5	2.39	6.66	129.97	92.50
Collective turnover (A)	-0.82*	0.35	-14.51**	4.89
Collectivist culture (B)	0.32	2.00	-9.87	25.93
(A) x (B)	0.24*	0.11	4.37**	1.5

* $p < 0.05$; ** $p < 0.01$



〈Figure 1〉 The effect of interaction between collective turnover and collectivist cultures on firm profitability



(Figure 2) The effect of interaction between collective turnover and collectivist cultures on labor productivity

V Discussion

In examining the relationship between collective turnover, organizational performance, and collectivist culture, this study makes the following contributions to the literature.

We examined the generalizability of the previous study. Oh and Kim (2022) demonstrated that the negative relationship between collective turnover and organizational performance would be amplified in organizations that value collectivist cultures, which is contrary to theoretical predictions. Unlike in Oh and Kim (2022), our results showed that the negative effects of collective turnover on organizational performance was found to be significant only in organizations with low levels of collectivist culture. In other words, we did not obtain the same or similar results in follow-up studies, which means that the results of Oh and Kim (2022) are less likely to be generalized.

Although our replication study did not achieve the same or similar results as

Oh and Kim (2022), the cross-over interaction may be due to the timing of data collection. As the KRIVET changed the way of collecting the HCCP in 2019, we cannot discount the possibility of the pervasive effects of the global pandemic. The current pandemic situation has impacted the business community significantly, and employers across the country have faced difficult decisions to layoff their employees (Lee & Yang, 2022). For the purposes of this study, it is difficult to ascertain what really happened in sample organizations, but it is possible that employees whose performance fell short of the organizational expectations either quit or were terminated. In addition, functional discharges and higher levels of poor performance would include those with weaker organizational fit (Hancock et al., 2013; Trevor & Piyanontalee, 2020). If this occurs in organizations that value collectivist cultures, it less likely leads to the turnover contagion effect and operational disruption, or could even potentially lead to positive effect on organizational performance in the short term. Hence, more studies are needed to accumulate the empirical evidence on the moderating roles of collectivist cultures in the relationship between collective turnover and organizational performance.

VI Limitations and Future Research directions

There are clear advantages to using publicly available data sets, but at the same time, these data have limitations. First, the HCCP does not distinguish the types of employee turnover, namely involuntary and voluntary turnover. Both types of turnover can negatively affect the operation of the organization, and the reason why colleagues leave the organization from the perspective of remaining members is an important factor in understanding turnover (Oh & Chhinzer, 2021). Theoretically, collective turnover is a concept that encompasses both involuntary and voluntary turnover (Nyberg & Ployhart, 2013), so future studies may consider both types and/or look into differences in the contagion effect by type to explain the collective turnover phenomenon in a more

comprehensive manner.

Second, we were not able to consider the quality of leavers. Whether voluntary or involuntary, once collective turnover occurs, it negatively impacts the quantity and quality of human resources that comprises the collective knowledge, skills and abilities of employees (Nyberg & Ployhart, 2013). There have been concerted efforts in considering both the quantitative and qualitative aspects of collective turnover (e.g., Oh & Chhinzer, 2021), but this study did not formally identify its qualitative aspects. Follow-up studies should measure both the quantitative and qualitative changes in human capital resources due to changes in an organization's workforce composition, and examine the effects of collective turnover on the remaining members over time.

Third, caution is required when making interpretations about collectivist culture. In this study, "collectivist culture" was used as a continuous variable, and classifying the levels of such a culture as high or low may be a bit manufactured. Continuous variables are divided into groups for the purposes of the study because of the convenience of variable interpretation and simplicity in displaying research results (DeCoster, Gallucci, & Iselin, 2011; Hayes, 2022). That being said, it is necessary to carefully measure whether the culture of an organization prioritizes individualism or collectivism and to study the organizational culture clearly by group. Future research will need to measure the organizational culture of individual organizations more rigorously by constructing opposing groups that clearly contrast one another.

Lastly, although this study tried to control for various industry and firm characteristics, there are still additional contextual factors that can be considered (e.g., proportion of new employees, workforce diversity, industry differences, workplace culture, etc.) (Chapman, Nasirov, & Ozbilgin, 2022; Oh, Jeong, & Kim, 2021; Oh, Lee, & Park, 2021). For example, in the case of a start-up company, elements of organizational culture, workforce diversity, and collective turnover rate may interact with one another. Future studies may contribute to the theoretical literature by considering such contextual factors.

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Abstract

Do collectivist cultures moderate the collective turnover–organizational performance relationship?

Jinuk Oh(Korea Labor Institute)

Mijeong Kim(Korea University)

The purpose of this study is to re-examine the relationship among collective turnover, collectivist culture, and organizational performance at the organizational level. A moderation model was developed and tested on a sample of 381 firms from the most recent Human Capital Corporate Panel and Korea Investors Service. Our results showed that the negative effects of collective turnover on organizational performance was found to be significant only in organizations with low levels of collectivist culture. In other words, we did not obtain the same or similar results in follow-up studies, which means that the results of previous studies are less likely to be generalized. Hence, more studies are needed to accumulate the empirical evidence on the moderating roles of collectivist cultures in the relationship between collective turnover and organizational performance.

Keywords : Collective turnover, Collectivist culture, Organizational Performance, Human Capital Corporate Panel