The Inclusion of Labor Market Conditions in a Proposed Modeling Framework for Fresh Graduates’ Retention

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Abstract

Fresh graduates are often described as young generations with high productivity potentials but with fewer chances to enter the labor market. After graduation, they frequently find themselves in a complexity of work integration. Employers have expectations from them and they also have their own ambitions that are usually considered as high. Being the promise for a better tomorrow to any labor market, it matters for nations as well as organizations to retain these young generations. Nowadays, retaining fresh graduates has turned to be a great challenge especially that labor market conditions have become very tough and hard hit by economic crises, low wages and unequal labor rights. Although many scholars and practitioners emphasize the importance of retaining fresh graduates in challenging labor markets, research related to the links among fresh graduates, labor market conditions and retention has failed to keep up. Given the importance of this issue, this study seeks to review the existing literature on labor market conditions affecting fresh graduates’ retention and job satisfaction, identify and address the related research gaps and develop an integrated model highlighting how fresh graduates’ retention can be affected by various practices, conditions and psychological states.

Keywords: Fresh Graduates; Retention; Job Satisfaction; Labor Market Conditions; Literature.

1. Introduction

Great worldwide recessions have made it difficult for many fresh graduates to find jobs that match their education. They are mostly accepting low salary jobs or part time offers. Serious questions about whether a university degree is still a need for people to find good jobs have been raised. Besides, research has shown that individuals when beginning their careers usually need time to transition into the labor market (Abel et al., 2014). Under these challenging circumstances, fresh graduates mostly feel unsecured and under pressure, which makes it very difficult for employers and organizations to retain them.

Many previous studies have discussed the effect of some personal characteristics and job dimensions on employees’ satisfaction and retention (McGuinness, 2006; Mehta et al., 2011; Serhan et al, 2016). However, not much complete and well planned work has been accomplished concerning the fresh graduates’ employment retention and its relation with the labor market conditions though many researchers stressed the need for it (Shierholz et al., 2012). This is surprising, given the strong links established among labor market conditions (i.e., geographical location, unionization, labor status and others), personal and work outcomes (i.e., motivation, job satisfaction, involvement) and labor market outcomes (i.e., retention of fresh graduates).

It should be noticed that there is no clear definition for a fresh graduate’s retention. However, the issue of “retention” in general has been subject to many discussions. It has been identified as being a basic reason behind the success of an organization and is affected by various motivational factors such as pay, appreciation, career achievements, job characteristics and others (Aguenza and Som, 2012). The community life has proved to have an effect as well. The more employees participate in community life the more they establish relationships and connections in and out of their job which makes leaving a job a hard matter since it requires rearranging these
connections (Mitchell et al., 2001). Thus, employees who have many connections are more likely to stay. To be able to manage retention efficiently, organizations should diagnose the main reasons behind turnover (Frincke, 2006) and human resource experts should consider the issue of retention before the employment of a worker, during his work and after he leaves (Fegley, 2006). In light of the aforementioned gaps and given the importance of employment retention in general and the limited information concerning labor market conditions and their effect on fresh graduates’ retention, the purpose of the present study is to review the existing literature and research work on labor market conditions affecting fresh graduates’ retention and job satisfaction. It thus aims to identify and address the related research gaps in order to create a framework for retaining fresh graduates in their labor markets. This should be of a great value to employers, organizations and nations as well allowing them to increase the stay of fresh graduates in a challenging local labor market.

2. Objectives of the Study

This study has the following objectives:

i) To examine the existing literature in relation to the labor market theories related to the retention of fresh graduates.

ii) To explore the labor market conditions identified in the literature and the resulting personal and work outcomes that influence fresh graduates’ retention.

iii) To identify theoretical gaps in the existing research literature.

iv) To develop a comprehensive framework by integrating and synthesizing factors derived from the literature so as to combine the various practices, conditions and psychological states affecting the fresh graduates’ retention.

3. Labor Market Theories Related to Retention

The labor market refers to the place where employees find paying jobs, where employers find willing employees and where wage rates are determined (Phelps and Zoega, 2013; Rocio et al., 2013). Fresh graduates are often considered lucky when they enter the labor market and receive job offers that match their desires and expectations. Moreover, in order to be satisfied and to increase their commitment to their jobs, a strong and effective motivation at various levels is needed (Shujaat et al., 2014). Motivation and job satisfaction are often used interchangeably though they have different meanings. Job satisfaction is defined as the happiness or comfort that a job gives an individual while motivation refers only to the reasons behind the decision of an individual to achieve a job, regardless of whether the job brings him happiness (Parvin and Nurul Kabir, 2011). Still, these two terms are very much interrelated. For a better understanding of these two terms, many theories have discussed the concept of motivation and job satisfaction as an important predictor of employee retention. These theories are mainly classified into need based theories, cognitive process based theories, behavioral theories and the job characteristics theory. However, it is essential to state that factors that contribute to fresh graduates’ satisfaction and retention in the labor market are not only factors related specifically to the job itself and the fresh graduate’s personal needs, but also factors related directly to the job matching and to the labor market itself (Cassar, 2010; Serhan and Tsangari, 2015). Based on this, it is important to highlight the most used job matching and labor market theories that contribute to the issue of fresh graduates’ satisfaction and retention. Together, these theories represent the base of all work on motivation, job satisfaction and employment retention. In what follows, Job Matching and labor market theories are discussed to understand these variables and to incorporate them in the study of fresh graduates’ retention.

3.1 Job Matching Theories

Job matching theories have been generally accepted as a one of the most important descriptions of labor market retention (Shimer, 2005). John Holland’s Theory of Career Choice as well as Search Theory can be placed under this category.

3.1.1 John Holland’s Theory of Career Choice

Many research studies concerning employee satisfaction (Reardon and Lenz, 1999; Dockins, 2004; Walsh, Craik, & Price, 2000) used John Holland’s Theory of Career Choice which was developed in 1973. This theory states that people are more likely to be successful and satisfied when they choose to work in an environment similar to their personality where they can be around people who are like them (Holland, 1973, 1997). Holland proposes that most individuals fit into one of six personality types. These personality types are: realistic, investigative, artistic, social, enterprising and conventional. Realistic refers to those who prefer to deal with things like practical people, investigative refers to those who prefer to deal with people and things like intellectual and independent people, artistic refers to those who prefer to deal with people and things like creative and independent people, social refers to those who prefer to deal with people like teachers and counselors, enterprising refers to those who prefer to deal with people and data like...
salespeople and conventional refers to those who prefer to deal with data and things like administrative and conservative people (Holland, 1973, 1997). Critiques to this theory were that females showed exclusive high scores in the following three personality types: artistic, social and conventional (Walsh and Huston, 1988). Holland defended his theory by noting that these results are because society guides women into female dominated careers (Holland, 1997).

### 3.1.2 Search Theory

Search theory played an important role in many areas of economics. It has been applied in labor economics to evaluate temporary unemployment resulting from looking for a job by workers or switching from one job to another (Rogerson et al., 2005). A suitable job is the one that gives a high pay, attractive benefits and satisfying and secure working conditions (Moscarini and Wright, 2010). Macroeconomists went beyond search theory and studied general equilibrium models in which different searchers act together. This is called “search and matching theory”, which states that the rate at which new jobs are formed depends both on workers’ search decisions, and on firms’ decisions to open job vacancies (Moscarini, 2005).

### 3.2 Labor Market Theories

Labor market theories seek to understand the characteristics and the performance of the labor market which functions through the interaction of employees and employers (IMF, 2012). Neoclassical Microeconomic Model – Equilibrium, Labor Market Segmentation Theory, Capability Approach and Krumboltz’s Theory can be placed under this category.

#### 3.2.1 Neoclassical Microeconomic Model – Equilibrium

The Neoclassical Microeconomic Model – Equilibrium (Birchenall, 2008) analyses the demand and supply of labors in a way to determine equilibrium wage and employment levels and it is important to stress on labor economics which can be viewed as the application of microeconomic and macroeconomic techniques to the labor market. The microeconomic technique emphasizes the role of individuals and firms in the labor market while the macroeconomic technique studies the relationships between labor market and other markets and how these relations influence macro variables such as employment levels, participation rates, aggregate income and Gross Domestic Product (Kremer and Thomson, 1998; Dyczynski, 2000). Furthermore, the Neoclassical Model remains the most convenient way to analyze internal and external migration rates at the regional, national and international level. It highlights the labor market dimension of migration and relates migration-induced population changes to the relative wage and employment situation found in homeland and destination region (Mitze and Reinkowski, 2010). Many sociologists and economists criticized the Neoclassical Microeconomic Model by claiming that this theory fails to analyze the role of unpaid labor. Despite the fact that this labor is unpaid, it is proved that it is an important part of the society (Eichner and Kregel, 1975).

#### 3.2.2 Labor Market Segmentation Theory

The theory of Labor Market Segmentation (Reich et al., 1973) contradicts the view of the neoclassical models which believe that there is only one unified labor market. On the contrary, this theory proposes that labor market has been divided into different market segments. This segmentation results in different groups like male/female segmentation, private/public sector segmentation, formal/informal sector segmentation and others. It states that different job professionals work in completely different job markets. For example, doctors and lawyers work in different markets. Furthermore, it states that there are huge differences on the side of demand which entail differentiations in compensation and these differences are not explained by employee’s personal characteristics (Reich et al., 1973). Employees with similar characteristics might get different compensation and this is mainly due to non market institutions such as unions and to different strategies set by employers (Freeman and Medoff, 1984). Normally, labor market segmentation divides the labor market into primary and secondary market (Reich et al., 1973). Primary market refers to the market where all employees are motivated to please their employers because of high financial rewards, health benefits and job security. These employees are mainly skilled and hold high degrees. Secondary market refers to the market where jobs are of a very low skill level and require little training. Employees in this market are low paid, easily replaced and lack motivation. Therefore there is no motivation to stay, which results in high turnover rates. Employees switch from one job to another. Assessments of this labor market segmentation theory argue that despite the different market segments, it is important to mention that all employers should agree on minimum wages, maximum hour laws, health benefits and others regardless of the sector to which they belong. Employers cannot have complete control since there should be unified employment standards for all employees (Ehrenberg, 1994).

#### 3.2.3 Capability Approach

Capability approach is known for being a leading model for analyzing human well being and for being a frame of reference for job satisfaction. This approach was developed by Amartya Sen and Martha Nussbaum in the 1980s.
The basic concepts of this approach are: functionings, capabilities and Agency (Amartya, 1992). Functionings refer to the states and activities that constitute a person being which ranges from basic ones like being nourished to more complex ones like being happy and having self – respect (Amartya, 1992). Capabilities refer to the various combinations of the functionings that an individual can achieve and agency is best described by Amartya definition of an agent which he defines as someone who looks forward to making a change and whose accomplishments are assessed in the context of his or her personal values and goals (Amartya, 1999). In order to measure well-being, this model uses the Gross Domestic Product (GDP) and the Gross National Product (GNP) which are usually used to measure a nation’s economic prosperity. This was the subject of many critiques that argued this inadequacy of well-being measurement (OECD, 2006).

3.2.4 Krumboltz’s Theory

Research studies concerning employee perception toward change used Krumboltz’s Theory which addresses the need for people to deal with change within a rapidly changing labor market (Krumboltz et al., 1990). It presents an approach on how to manage life transitions. Unpredictable factors, related to society and environment, are deemed to have a great influence on individual’s lives. Furthermore this theory highlights some factors that are deemed to be useful in career management such as self-evaluation, feedback from others, effective social relation, work-life balance achievements and others. These characteristics help in changing incidences into career opportunities (Bernal-Verdugo et al., 2012 and Eichhorst et al., 2009).

4. Labor Market Conditions and Retention

In addition to the labor market theories and their relation to job satisfaction and retention, there is a considerable body of literature that describes the different and sometimes contradictory point of views concerning the linkages between various labor market factors and retention. Notwithstanding these inconsistencies, the research studies focusing on the fresh graduates’ perception towards their labor markets and their willingness to continue in a specific job (retention) in a context of satisfaction, motivation and involvement have increased tremendously in the last few years. In order to better understand the dimensions of retention, a set of labor market characteristics are considered. These characteristics are defined with reference to job satisfaction, motivation and involvement which affect fresh graduates’ retention.

The labor market can be local, national or international and it may contain interrelated labor markets characterized by different characteristics, skills and geographical locations. Many research studies conducted to study job satisfaction have examined the role of some or all of the following variables: Geographical location, unionization, labor status, comparison and job switching, job matching, policies and politics, private and public sector, foreign and national workers, formal and informal jobs and educational and labor market gap (Abbas et al., 2010; Agrifoglio and Metallo, 2010; Aguilar et al., 2013; Falco et al., 2010; Keane et al., 2012; Phelps and Zoega, 2013; Rocio et al., 2013). These labor market characteristics are often considered as factors predicting job satisfaction (Cho et al., 2013; Karavas, 2010; Qamar and Baloch, 2011) and are defined below with reference to satisfaction, motivation, involvement and retention. However, the relationship between these labor market characteristics and job satisfaction has been shown to be positive in some studies and negative in others depending on the personal characteristics of the job holder, the economy and the employment and investment policies of the country (AbdelRahman, 2012; Casar, 2010; Falco et al., 2010).

4.1 Geographical Location

Research studies conducted in the area of job satisfaction confirmed a clear significant relationship between geographical location and overall job satisfaction (Agrifoglio and Metallo, 2010; Baernholdt and Mark 2009; Eurofound, 2007; Karavas, 2010). Abbas et al. (2010) in their study concluded that there is a significant positive correlation between the geographical location factor and the overall job satisfaction. Gruneberg et al. (1974) discussed the idea that employees who are satisfied in their jobs are more likely satisfied with all the aspects related to their job and especially the national geographical factors which were proved to influence the level of overall job satisfaction. As well, Cho et al. (2013), in their study conducted on Korean new graduate nurses, stressed the importance of the geographical location as being a major factor of job satisfaction and results showed that nurses employed in the capital are more satisfied than others in rural areas. Hills et al. (2012) shared the same point of view and concluded a significant positive correlation between geographical location and job satisfaction in medical practitioner population.

4.2 Unionization

Unions are described as organizations that aim to achieve wage gains for their members through exercising a monopoly power (Freeman and Medoff, 1984; Freeman and Morris, 1990). Many existing research studies have stressed the link between employees’ union membership and job satisfaction (Keane et al., 2012; Pichler and Wallace, 2008). Giving employees the opportunity to express their opinions has proved to increase job satisfaction.
job satisfaction is explained in terms of individual’s matching to job, with the match between social characteristics do not match job requirements (Edwards et al., 1998). Research studies in this area presumed different point of views concerning national workers’ and expatriates’ overall level of satisfaction. In the United States, national workers and expatriates showed almost the same level of satisfaction. They both judged co-worker relationships to be more important than autonomy and challenging tasks to be more significant than job security (Raville, 2002). AbdelRahman et al. (2012) examined the issue of foreign and national workers in the United Arab Emirates in terms of job satisfaction and the principal findings were that foreign employees convey a higher satisfaction level with pay, opportunities of promotion, job characteristics, co-workers, and supervisors than their expatriate counterparts. This inequality was mainly explained by the job stress, the complexity of work, the lack of integration in formal and social work group networks, the language and culture barriers, besides the authoritarian management style of Arab managers. Arthur and Bennett (1995) concluded in their study that family situation such as spouse adaptation and integration within the local community proved to be the most important factor that determines the expatriates’ job satisfaction which is totally different from factors determining native workers’ job satisfaction.
4.7 Formal and Informal Jobs

Informal jobs also called “under the table” jobs are those jobs that are not reported to the government. They are paid in cash, less secured and not protected by Government regulations. Informal jobs represent an important element in the economy of many developing countries where there is no efficient control for the application of regulations and the collateral of taxes (ILO, 2002, 2008). On the contrary, formal jobs are those that obey to the government laws and in which workers feel more secured and report a higher level of job satisfaction than those under the table (Fajnzylber et al., 2006; Falco et al., 2010). However, Maloney (1999) described two reasons that make employees prefer the informal job: The first reason is to evade taxes and the second one is to enjoy flexibility and independence. As well, Fajnzylber et al. (2006) shared the same point of view. However, the dualistic theory of labor markets presumes that job protection appears to be a positive determinant of job satisfaction rather than a cost to be avoided by engaging in informal activities (Fajnzylber et al., 2006; Falco et al., 2010). On the same level, Cassar (2010) investigated the relationship between job satisfaction and employment characteristics in Chile and confirmed the same results.

4.8 Educational and Labor Market Gap

Abel et al. (2014) discussed the urgent need for a significant communication between higher education institutions and labor market players in order to minimize the gap between them and as a trial to increase the sustenance of fresh graduates in their local labor markets. One means of beginning such communication would be for higher education institutions to set up or increase their affiliations with businesses. In this way, universities could establish a complete perceptive of the relation between their own curriculum, the needs of businesses, and the majors selected by their students. Besides, this would guarantee having a better understanding of the labor market setting and could help fresh graduates to find good quality jobs upon graduation (Khan, 2010).

5. Discussion

Fresh graduates, suffering from a complexity of work and labor market integration and a lack of motivation and satisfaction are being obliged to accept available opportunities though they are not matching their qualifications. This issue is very complex and needs a great attention. However, a variety of factors have shown a significant effect on increasing the motivation, satisfaction and retention of these fresh graduates in such challenging labor markets and thus helping the permanent growth of businesses. These factors as discussed by different researchers were fully examined throughout this study as well as the theories that observed and studied this issue. On the other hand, there remain many factors that can be considered in relation with fresh graduates’ satisfaction and retention. These factors may be mainly related to the job itself, to its internal and external environment as well as the fresh graduates’ psychological states (Serhan and Tsangari, 2016). In this issue, Need Based Theories and Cognitive Process Based Theories should be mentioned since the first ones are founded on the idea that motivation comes up from the individual’s desire to satisfy a need (Jex and Britt, 2008) and the second ones study the “process” of motivation and are interested mainly in knowing how motivation takes place (Mohr, 1982). Notwithstanding the aforementioned theories and definitions concerning job satisfaction and its relation to retention there is a significant body of literature showing the various and sometimes contradictory point of views concerning the relationship of various factors and retention. Despite these contradictions, the research studies devoted to tracing the linkages between these factors and job satisfaction and retention has grown significantly in recent years. These factors are mainly related to the personal characteristics of the workers and to their core job dimensions. The relationship between different personal characteristics (e.g., gender, education, marital status and age) and job satisfaction has been positive in some studies and negative in others depending on the type of job, the geographical location and the level of expectation (Olorunsola, 2012 and Lai and Chen 2012) while most research studies (Feyzi et al., 2012 and Hsu and Chen 2012) conducted to study the relationship between core job dimensions (e.g., participation, growth prospects, interpersonal relationships, working conditions, job security, authority, financial rewards, promotion, work load, physical effort, technology use, social environment of the job and feedback from the job) and job satisfaction and retention have concluded that the relationship between the two showed to be significantly strong in most of the times regardless of the type of job itself.

Furthermore, the cultural factor and its effect on job satisfaction and retention should be considered as well; especially that human behavior at work has shown to be affected by the diversity of values throughout national cultures (Hofstede, 2010).

Additionally, it is obvious from the review undertaken in the current study that labor market conditions affect to a great extent the fresh graduates’ personal and work outcomes and thus have a big effect on their willingness to stay within an organization.

To this end, the creation of a comprehensive model concerning job satisfaction and retention is of a big importance either to study internal organizational issues or to analyze national issues. Theoretical gaps have been found to exist in the development of such models. For example, given that the personal and work outcomes can be purely
considered as intrinsic or internal to the job itself, many theories studied only intrinsic motivation and did not emphasize on the importance of extrinsic motivation which comes mainly as a result of extrinsic rewards and the social environment of the job. Besides they did not take into consideration simultaneously the effect of the labor market conditions and the effect of various job dimensions that have been found to have an effect on worker satisfaction and motivation, such as social relationships outside the organization and participation in the setting of goals and work load. In this issue, Hackman and Oldham’s Job Characteristics Model (JCM) (Hackman and Oldham, 1976, 1980) should be mentioned, which focuses on the relationship among the psychological states of employees, the core job dimensions that affect these psychological states and the personal and work outcomes that are the result of these psychological states.

The job characteristics are seen as affecting three psychological states (experienced meaningfulness, experienced responsibility and knowledge of results) that, in turn, lead to many valuable personal and work outcomes. The theory suggests that employees who experience high levels of these states are likely to feel good about themselves and respond positively to their job (Hackman and Oldham, 1976, 1980). Moreover, it proposes that that these states can be seen as influenced by five core job dimensions (skill variety, task significance, task identity, autonomy and feedback). The three psychological states, all together, are seen as a determinant of the following different personal and work outcomes: high internal work motivation, high growth satisfaction, high general job satisfaction, and high work effectiveness. Moreover, this model notices that differences among people moderate how they react to their work and for this a variable named “Growth Need Strength” (GNS) has been created (Hackman and Oldham, 1975, 1980). This variable is considered as the characteristic features of individuals that determine how optimistically a person will react to a multifaceted and challenging job.

Regarding this model, it is obvious that the three studied psychological states can be purely classified as intrinsic or internal to the job itself. Thus, the model doesn’t emphasize on the importance of extrinsic motivation which comes mainly as a result of extrinsic rewards, such as pay and other benefits, self-esteem, job security, hours of work and working conditions.

Second, the model doesn’t take into consideration the various job dimensions that have been found to have an effect on worker satisfaction and motivation such as social relationships, participation in the setting of goals and work load studied in Need Based Theories and Cognitive Process Based Theories but instead, it limited core job dimensions to skill variety, task significance, task identity, autonomy and feedback from the job and limited psychological states to experienced meaningfulness of the work, experienced responsibility for outcomes of the work and knowledge of the actual results of the work activities without taking into consideration many psychological states such as self-esteem and prestige inside outside which have been found to have an effect on the satisfaction and retention of employees. Based on these facts, modifications to this model to include additional core job dimensions and psychological states have been proved to be necessary knowing that this gap was argued by Johson et al. (2012) who declared a great need for expanding available theories to compensate the existent lacks.

Third, this model limited work outcomes to motivation and satisfaction and did not take into consideration involvement with work which may also come as a result of the critical psychological states (Babin, 1996). Moreover, when viewed broadly, it is clearly noticed that there are personal and work outcomes talk of motivation, satisfaction and involvement of an employee. Thus, the personal and work outcomes may be redefined as high work motivation, high work satisfaction and high work involvement. If this be the case, it may result in labor market outcomes too. The latter will be a chain of events where the labor market embraces satisfied employees who are motivated, who show high involvement and thus are retained (Serhan and Tsangari, 2015).

Fourth, regarding personal characteristics, the model didn’t take into consideration the cultural factor. This factor was first discussed by Geert Hofstede in his framework called “Hofstede dimensions of national culture” where he explained how human behavior at work is affected by the differences of values across national cultures (Hofstede et al., 2010).

Fourth, Jackson and Chapman (2012) mentioned that there is a great difference between a fresh graduate attitude and an employee attitude and this should be taken into consideration since existing theories focused on employees and neglected the fresh graduates which proved to be less loyal and have higher expectations than employees.

Finally, it is important to mention that in some specific fields of study, the educational curriculum of studies is not matching with the local labor market requirements but instead is focusing much more on the international labor market requirements where most fresh graduates end up working. This has an effect on the retention of fresh graduates as declared by Chakrani (2012) and wasn’t included in any theory and thus needs to be considered.

Based on the Capability Approach and the Theory of Labor Market Segmentation, it is important to mention that factors that contribute to employee retention in the labor market are not only factors related specifically to the job itself but also factors related directly to the labor market. Standard approaches to job satisfaction often neglects the
effects of informal sector employment, politics, public and private sector employment, foreign and national workers’ employment besides many others (Cassar, 2010).

No comprehensive framework has yet been created where labor market conditions have been considered together with job dimensions and personal characteristics and where fresh graduates have been considered particularly knowing that there is a great difference between a fresh graduate’s attitude and an employee’s attitude (Jackson and Chapman, 2012). Therefore, the development of a framework that integrates and synthesizes factors affecting fresh graduates’ retention in a comprehensive model is proposed, thus combining individual differences, core job dimensions and labor market conditions affecting fresh graduates’ retention. Future work under this comprehensive modelling framework which aims to fill the existing theoretical gaps will provide practical recommendations for the retention of fresh graduates and for national employment retention strategies through theorizing how different combinations of the various factors may yield significant outcomes depending upon (1) the extent to which core job dimensions, individual differences and labor market conditions are tied to fresh graduates personal and work outcomes and (2) the nature of the relation between personal and work outcomes and fresh graduates’ retention. In doing so, an ‘articulation of which core job dimensions, individual differences and labor market conditions are likely mandatory, and which can be viewed as optional.

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

For the purpose of the current research, all the above modifications will be incorporated in a newly developed comprehensive framework, hereby called “Modified Job Characteristics Model- for retention” (“MJCM-for retention”). “MJCM-for retention” is shown in Figure 1.

Figure 1 shows the basic constructs of the suggested model based on core job dimensions, individual differences, psychological states, labor market conditions, personal/work outcomes and the final resultant as retention. The set of individual differences or personal characteristics are extended to include the cultural factor (Power Distance, Individualism versus Collectivism, Uncertainty Avoidance, Pragmatic versus Normative, Indulgence versus Restraint). The set of core job dimensions are intrinsic and extrinsic and includes skill variety, task significance, task identity, autonomy, feedback from job, participation, work load, working conditions, physical effort, technology use, promotion and social environment. The set of labor market conditions are divided into geographical location, unionization, labor status, job matching, private and public sector, foreign and national workers, formal and informal jobs and educational and labor market gap. In all, these factors collectively contribute to the retention of fresh graduates in challenging labor markets. The question is how much do these factors actually contribute to retention.

Based on multiple job satisfaction and labor market theories, “MJCM-for retention” will simultaneously test the role of all the aforementioned groups of factors, namely individual differences, core job dimensions and labor market conditions on the retention of fresh graduates.
Figure 1: “Modified Job Characteristics Model- for Retention” aka “MJCM - for Retention”

/{* Social Environment: Interdependence, feedback from others, social support, interaction outside the organization (Morgeson and Humphrey, 2006)
** Growth Need Strength: The strength of a fresh graduate's need for personal achievement, learning, and development
*** Context Satisfaction: Satisfaction with Job Security, compensation, co-workers and supervision
**** Personal Characteristics: Age, Gender, Education (Level of Education, Type of Education (Subject of Study), Language of Instruction, Private or Public Sector), Social Class (Upper, middle and Lower Class), Culture (Power Distance, Individualism versus Collectivism, Uncertainty Avoidance, Pragmatic versus Normative, Indulgence versus Restraint) and Commitment/}
6. Methodological Implications

The contradictions related with the isolated views concerning employment retention which were above mentioned require complex methods. Given the complexity of the issue, the use of various research approaches for data collection would yield valuable insight into how individual differences along with core job dimensions and labor market conditions collectively would affect fresh graduates’ retention. In collecting such data, it would be of value to use the two main research approaches for data collection: the quantitative and the qualitative. The quantitative approach helps to express the relationship between variables using effect statistics and to provide findings that can be generalized for bigger populations. The qualitative approach helps to gain a qualitative understanding of the subject of study in a more comprehensive way where questions are usually unstructured and non-statistical (Malhotra, 2007). The use of both methods should give more validity to the results of the study (Rossman and Wilson, 1991). Triangulating data sources could then be born. Triangulation by itself is an additional reason for using both approaches.

First, the quantitative approach might be applied on fresh graduates who are usually considered as those who have graduated and completed the requirements to fulfil a College or University degree in the past three years and whose work experience doesn’t exceed the period of two years. Through using this approach and with the aforementioned eligibility criteria, the study will be able to target a representative sample, develop an integrated model and test relations between the variables of interest using various statistical methods. Second, the qualitative approach might be applied in order to do more in-depth investigations and to validate the outcomes of the quantitative research. Through using this qualitative approach, more credibility is given to the results of this study.

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

7. Contribution to Knowledge

This new comprehensive model should contribute to knowledge by developing an integrated fresh graduates’ retention model, as there is no direct framework that focuses on fresh graduates. This expected new contribution to knowledge can further be detailed as follows: (1) developing a new comprehensive model which examines the combined effect of labor market conditions, core job dimensions and psychological states on personal and work outcomes, together with the moderating role of individual differences; (2) integrating labor market outcomes (geographical location, unionization, labor status, job matching, private and public sector, foreign and national workers, formal and informal jobs and educational and labor market gap) into the validation of the model and assessing the influence of personal and work outcomes on labor market outcomes; (3) integrating additional moderating variables (age, gender, education, social rank, culture and commitment); (4) integrating new core job dimensions (participation, work load, working conditions, physical effort, technology use, promotion and social environment) into the validation of the framework; (5) integrating additional psychological states (self-esteem and prestige inside outside) into the validation of the framework and assessing their mediating role; and (6) integrating additional personal and work outcomes (high involvement) into the validation of the framework.

To sum up, the critical review that has been performed in the current study could be important to both academicians as well as businesses for its contribution to knowledge at various levels. In fact, it helps academicians increase their knowledge about fresh graduates’ retention through a gathering of precise information about the existing studies in relation to the many theories and factors related to this issue, as well as the theoretical gaps that need to be addressed. Furthermore, it helps businesses create a better awareness about the factors that should be particularly given a great attention in order to retain their fresh graduates.

8. Conclusion

Our focus was on highlighting the existing literature that covers the conditions, practices and psychological states related to motivation, job satisfaction and employment retention of fresh graduates. We reframed the isolated point of views of various research work and market practices and provided a model highlighting how a variety of individual differences, core job dimensions and related psychological states and labor market conditions interrelate to affect personal/work outcomes, which can, in turn, influence fresh graduates’ retention. In particular, we built from the existing literature to create an integrative model, with skill-enhancing core job dimensions and labor market practices and conditions affecting motivation, job satisfaction and work involvement and in turn influencing fresh graduates’ employment retention. Moreover, we addressed two unique insights: the first being the importance to throw light on the great need to study fresh graduates’ retention and the second being the extent to which labor market conditions are tied to employment retention to highlight its importance and to help explain when certain labor market conditions and practices might be more or less effective. We hope that future research will try to better
examine and evaluate ways in which individual differences, core job dimensions and related psychological states and labor market conditions may work conjointly, as opposed to in isolation, in order to improve the motivation, satisfaction, involvement and employment retention of fresh graduates.

References


