

Abstract:

Innovation is crucial to a company's competitive advantage and employees play an important role in generating innovation within a company. Rooting on social capital theory, we explore the impact of employee movement on organization innovation. Specifically, we examine the role of both employee turnover rate and an organization's centrality in predicting organization innovation. We collected data from World Intellectual Property Organization (WIPO), Talentale, and Forbes Global 2000 to test our hypotheses. The results showed that turnover rate had a significantly inverted-U curve relationship with innovation, and both closeness and betweenness centralities had a significant positive relationship with innovation. Based on the results, we suggest that companies should find a balanced value for their turnover rate to get the highest return in innovation. Also, we suggest that companies should improve social influence in employee network in order to attract talents and increase company innovation.