Outlining the Dynamic relationships between Quiet Quitting and Firm Performance in Turbulent Environments

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In recent years, global events such as the COVID-19 pandemic and geopolitical instability have created highly uncertain environments for businesses (OECD, 2023). These recent turbulent times affected both organizations and their employees, resulting in the phenomenon of quiet quitting, a worker passive resistance (Formica & Sfodera, 2022; Mahand & Caldwell, 2023; Serenko, 2024; Zenger & Folkman, 2022). Quite quitting has been defined as "the limited commitment of employees to carry out the assigned duties and to relinquish from any other task not specified in their job description" (Formica & Sfodera, 2022, p. 900). In this situation, an employee demonstrates a lack of engagement in performing their job responsibilities without explicitly expressing dissatisfaction or intention to leave.

Despite the valuable insights provided by Forliano et al. (2022) and Huang et al. (2023) into the complex relationships between knowledge management initiatives and firms' performance in turbulent environments, there remains a gap in the literature with regard to the dimension of workers' experience (Prouska et al., 2023), such as the phenomenon of quiet quitting, which has yet to be fully investigated. To address this gap in the literature, this study examines the impact of quiet quitting on organizational learning processes and organizational sustainability in the context of macro-level turbulence.

Following the System Dynamics (SD) model-building process suggested in literature (Sterman, 2000), the authors initially built a causal loop diagram to make the model's assumptions explicit. Subsequently, they developed a simulation model to map the accumulation and depletion processes affecting the key variables of the investigated phenomenon. Finally, the simulation model was used to test different scenarios to explore how the impact of the quiet quitting phenomenon on the firm performance in a context of high turbulence.

To make explicit how quiet quitting affects performance while firms adopt organizational learning strategies and investments to better adapt processes in turbulent environments, this study added the quiet quitting dimension to the conceptual SD model developed by Forliano et al. (2022). Such model combines the Knowledge-Based View (KBV) and the Dynamic Capabilities (DCs) perspective, by the means of the SD methodology (Forrester, 1961; Sterman, 2000). The KBV

(Grant, 1996; Kogut & Zander, 2009) underscores the significance of workers' knowledge as a valuable asset for enhancing long-term organizational performance (Pereira & Bamel, 2021). DCs (Eisenhardt & Martin, 2000; Teece et al., 1997; Wang et al., 2015) refer to the attitude to change organizational resources and capabilities in response to such uncertainty, addressing decision makers to understand the dynamics of firm performance (Laaksonen & Peltoniemi, 2018).

Differently from Zieba (2023), who used a qualitative SD model, this study offers a quantitative simulation model to explore the interactions among environmental dynamism, quiet quitting, human resource investments, and organizational sustainability. The simulation model was used to test different scenarios to explore how quiet quitting impacts on firm performance.

The simulation results revealed the presence of critical feedback loops among the alternative scenarios. Unlike previous research (Forliano et al., 2022; Formica & Sfodera, 2022; Huang et al., 2023; Mahand & Caldwell, 2023), this analysis highlights the importance of integrating investments in DCs and knowledge to ensure company sustainability in the face of a growing phenomenon of employees' quiet quitting. The simulation results indicate that in the absence of an appropriate strategy, increased environmental turbulence coupled with quiet quitting leads to a decline in firm performance. Scenarios that only employ a "working harder" policy fail to counteract this decline. However, scenarios combining "working smarter" strategies with investments in knowledge articulation and codification show more resilience. Interestingly, the presence of quiet quitters can paradoxically stabilize firm performance by dampening oscillations caused by more reactive employees, highlighting the complexity of managing quiet quitting in turbulent times.

This research contributes to the understanding of how quiet quitting interacts with organizational dynamics in turbulent environments The study reveals that quiet quitting poses significant challenges to organizational sustainability. While knowledge investments alone are insufficient, integrating these with dynamic capabilities can mitigate the negative impacts of quiet quitting. The research also underscores the need for a balanced approach that considers both short-term performance and long-term capability development.

From a practical perspective, managers are encouraged to adopt systems-thinking approaches and focus on long-term capability building rather than merely increasing workloads. Future research could refine the model by incorporating additional variables such as organizational culture and external factors, and by exploring other forms of employee disengagement.

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