

## STRATEGICALLY DEPLOY HR PRACTICES TO INCREASE WORKER COMMITMENT AND REDUCE TURNOVER

### Key Findings

- Employees' collective affective commitment, or their tendency as a group to feel loyal to and supportive of their employer, decreases their rate of turnover.
- HR practices that motivate and empower workers tend to foster employees' commitment to the organization. These practices, through increased commitment, reduce workers' tendency to leave.
- HR practices for recruiting and training, by contrast, do not necessarily increase employees' commitment to the organization. Such HR practices, which are geared to bringing skills in house or developing current employees, can actually increase turnover.



## Topic

In their perennial quest to attract and retain talent, organizations constantly face the challenge of employee turnover. What factors affect a worker's decision to stay with or leave an employer? Specifically, what role do HR practices play in this decision?

Researchers have long delved into these questions, and have put forth a number of possible scenarios to explain the relationship between HR practices and employee turnover.

Some researchers suggest that HR practices, on their own, will increase or decrease employee turnover (Becker & Huselid, 1998; Dyer & Reeves, 1995; Huselid, 1995). Others postulate that HR practices, or certain types of HR practices, can increase employees' feelings of commitment to their employer, leading to lower levels of turnover (Way 2002, Wilson & Peel 1991). Still others suggest that employees stay with their employer when HR practices increase their utility (the rewards they receive outweigh the costs they incur in working for the company) but leave when their utility is decreased (i.e., the costs outweigh the benefits) (Batt, Colvin & Keefe 2002; Leonard 1987; Shaw, Delery, Jenkins & Gupta, 1998).

In this study, the researchers addressed the shortcomings of previous research – insufficiently tested hypotheses and oversimplification of the relationships among HR practices, employee commitment, and turnover.

In addition, the researchers of this study divided “HR practices” into three separate categories, since the different types of practices have different effects on employees' commitment to the organization and their tendency to leave their employer.

This study serves to elucidate the relationships between HR practices and employee commitment and turnover. The researchers' findings provide useful guidance to HR practitioners who wish to address the issue of employee turnover.

For an in-depth discussion of this topic:

The impact of motivation, empowerment, and skill-enhancing practices on aggregate voluntary turnover: the mediating effect of collective affective commitment

## Study Questions

- Do HR practices affect employee turnover?
- How do HR practices affect employees' feelings of commitment to their employer?
- How does employee commitment relate to turnover?
- Do different types of HR practices affect turnover and commitment in different ways?

## Results

- Employees' "collective affective commitment" can be described as a shared desire to help the organization achieve its goals. What they refer to as affective commitment is what organizations would call employee engagement. When employees as a group feel committed to their employer, they have a lower tendency to leave the organization.
- HR practices affect worker commitment and turnover in various ways. They must be broken into three different categories – motivation-enhancing, empowerment-enhancing, and skill-enhancing – in order for practitioners to gauge their effect on worker commitment and propensity to leave.
- Two types of practices increase workers' commitment. The first are those that enhance motivation – practices that help employees feel related to the organization and competent in their roles. The second type enhances empowerment by enabling employees to share information and provide input for business decisions.
- Motivation- and empowerment-enhancing practices, through increasing employee collective commitment, decrease workers' tendency to leave the organization.
- Skill-enhancing practices include hiring and selection processes for external candidates, as well as training for workers. This type of practice, on the one hand, may signal that the organization values its workers; on the other hand, it also results in a pool of employees with higher skill levels and thus greater attractiveness to competing employers. Skill-enhancing practices, as it turns out, do not increase workers' commitment to their employer, and do not reduce employee turnover.

## How HR practices affect workers as a group

An individual's choice to remain with his or her employer is affected by many factors, including personal feelings, experience, perceptions, behaviors, and the job market. However, when a group of people operates in the same work environment and experiences the same management practices, individual workers tend to act in similar ways, or as a "collective," as their attitudes and behaviors converge toward homogeneity (Baysinger & Mobley, 1983).

The researchers in this study looked at the phenomenon of collective voluntary turnover – the tendency of a group's members to act in a like fashion with regard to staying with or leaving their employer. They were interested in how HR practices, as a specific factor, affected this tendency.

Many organizations – and researchers – tend to lump “HR practices” together, rather than considering them as different types of practices that accomplish different objectives. In this study, the researchers explored different HR practices to examine how their deployment can affect workers’ tendency to leave their employers.

They regarded HR practices through the lens of “self-determination theory” (Deci & Ryan, 1985), which posits that people have three intrinsic needs, the fulfillment of which leads to motivation, overall well being, and positive work attitudes. These needs are for autonomy, or the ability to participate in decision making and have control over one’s actions; competence, or feeling capable and able to affect outcomes; and relatedness, or belonging to a group and experiencing mutual respect and consideration.

## All HR practices are not alike

The researchers separated HR practices into three categories. “Motivation-enhancing practices,” which reward employees for superior performance, satisfy the needs for relatedness and competence. Empowerment-enhancing practices, such as those that allow workers to provide input and share information, satisfy the needs of relatedness, autonomy, and competence. Both of these types increase workers’ commitment to the organization, and thus decrease their tendency to leave.

However, skill-enhancing practices wield a double-edged sword in terms of employees’ commitment to their employers. On the one hand, training for current employees can increase individuals’ feelings of competence and raise their value as promotable workers, and intensive hiring and selection procedures can make candidates feel that they belong to a select, elite group. On the other hand, skill-enhancing processes, by increasing workers’ knowledge and skill set, can also increase workers’ value to outside employers. If employees do not feel a strong bond to their organization, they might choose to leave for greener pastures.

Accordingly, the researchers originally hypothesized that the use of skill-enhancing practices, without a concurrent increase of workers’ commitment to their employer, would result in increased turnover (employees would realize their value to outside employers and leave). At the same time, they suggested that, if skill-enhancing practices could be deployed to increase employee commitment, their use would result in lower turnover.

As a result of this study, the researchers were surprised to find that skill-enhancing practices tended not to increase employees’ level of commitment. As a whole, the use of skill-enhancing practices resulted in higher levels of turnover.

## Directions for future research

Future research should explore the other factors, besides HR practices, that affect voluntary collective turnover. In addition, researchers should examine the effect that skill-enhancing practices have on other attributes of the workforce, such as overall ability level, performance, and job search behavior. In a similar vein, the various types of HR practices should be explored in terms of their connections with other collective attitudes and turnover.

This study did not take into account how pay level affected turnover, or how turnover affected the organization's financial bottom line; nor did it consider the different behaviors of high- and low-paid employees. In addition, the study was conducted on a food-service organization, and the researchers' findings may be more or less confined to the service industry, or even to the food-service industry.

## Takeaways

Managers seeking to control employee turnover should keep in mind that a talented pool of employees may be exceedingly attractive to other employers. The more knowledgeable, informed, and skilled the workers, the more aware they are of their ability to move freely across organizational boundaries.

However, managers can take steps to offset potential increases in turnover by increasing workers' commitment. Motivation-enhancing practices, such as merit pay, promotion opportunities, and other performance incentives – at the individual, group, or organizational level – can help decrease workers' tendency to leave.

In a like fashion, commitment can be enhanced by the use of empowerment-enhancing practices, such as those to increase employees' participation in decision making and information sharing, which make employees feel that they can have a say in the organization's actions and that they are respected by their employer.

## Data source

The researchers studied a single U.S. food-service company, which distributes its products through 62 standalone business units in metropolitan areas of the United States. Each 500-employee business unit comprises 6 job groups: sales, warehouse, delivery, front-line supervision, merchandising, and administration, of which groups the researchers looked at the first five (they felt that the administrative staff, as a group, were not sufficiently cohesive to give relevant results). Information was collected during multiple site visits by the researchers via informal discussions with employees and formal discussions with business-unit executives and HR staff. At Time 1 (late 1999 to early 2000), the researchers surveyed business-unit HR managers to measure job-group HR practices and conducted surveys of employees in each job group to measure organizational commitment. At Time 2, 12 months later, the researchers surveyed business-unit HR managers and reviewed archival data to measure aggregate voluntary turnover. The final sample included 93 job groups with survey data from 1,748 employees.

To measure organizational commitment, the researchers used questions from two different scales (Meyer & Allen, 1997; Porter, Steers, Mowday & Bonlin, 1974). To measure motivation-, empowerment- and skill-enhancing practices, they used an established inventory of HR practices (MacDuffie 1995, Huselid 1995, and Bailey 1993) and field research from business units. Control variables included individuals' union status, gender, tenure, and education level, plus local unemployment rates.

*Table 1. Items used to measure affective organizational commitment*

- I feel a strong sense of belonging to this organization.
- I am willing to work harder than I have to in order to help this company succeed.
- I am proud to be working for this company.
- I find that my values and this company's values are similar.
- I would turn down a job with more pay in order to stay with this company.

*Table 2. Human resource management practice questions*

### **Skill-enhancing HR practices**

- Applicants undergo structured interviews (job-related questions, same questions asked of all applicants, rating scales) before being hired.
- Applicants for this job take formal tests (paper and pencil or work sample) before being hired.
- On average, how many hours of formal training do employees in this job receive each year?
- The results of the performance evaluation process are used to determine the training needs for employees in this job.
- Employees in this job have the opportunity to receive tuition reimbursement for completing college classes.

### **Motivation-enhancing HR practices**

- Employees in this job regularly (at least once a year) receive a formal evaluation of their performance.
- Pay raises for employees in this job are based on job performance.
- Employees in this job have the opportunity to earn individual bonuses (or commissions) for productivity, performance, or other individual-performance outcomes.
- Employees in this job have the opportunity to earn group bonuses (or commissions) for productivity, performance, or other group-performance outcomes.

- Employees in this job have the opportunity to earn company-wide bonuses (or commissions) for productivity, performance, or other operating company-performance outcomes.
- Qualified employees have the opportunity to be promoted to positions of greater pay and/or responsibility within the company.

### **Empowerment-enhancing HR practices**

- Employees in this job have a reasonable and fair complaint process.
- Employees in this job are involved in formal participation processes such as quality-improvement groups, problem-solving groups, roundtable discussions, or suggestion systems.
- Employees in this job communicate with people in other departments to solve problems and meet deadlines.
- How often do employees in this job receive formal company communication regarding: Company goals (objectives, actions, and so on)?
- Operating performance (productivity, quality, customer satisfaction, and so on)?
- Financial performance (profitability, stock price, and so on)?
- Competitive performance (market share, competitor strategies, and so on)?
  - a** With the exception of those marked, the response option for these questions was “Yes, No, I don’t know.”
  - b** Response option was “Hours \_\_\_\_\_”
  - c** Response options for these questions were: “Never, Annually, Quarterly, Monthly, Weekly, Daily.”



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