Chapter 10 – Employee Separation and Retention

This chapter provides students the opportunity to study turnover, and thus retention and attrition. Instructors should be cognizant that students may have had limited experience with separation, and may largely see it as a negative through the perspective of the employee. Students should be engaged to understand involuntary and voluntary turnover from the perspective of the organization (LO10-1). Further, instructors should ensure students understand the steps of progressive discipline, and how this process, along with performance management, ensures employee behaviors align with organizational objectives while providing a legal and fair policy for terminating employees who no longer meet expectations. This discussion may then provide a foundation for LO10-2 as well as LO10-3. Finally, LO10-4 may be introduced as a tool to help assist organizations in preventing involuntary turnover while improving the work environment.

Learning Objectives

LO 10-1: Distinguish between involuntary and voluntary turnover, and discuss how each of these forms of turnover can be leveraged for competitive advantage.

LO 10-2: List the major elements that contribute to perceptions of justice and how to apply these in organizational contexts involving discipline and dismissal.

LO 10-3: Specify the relationship between job satisfaction and various forms of job withdrawal, and identify the major sources of job satisfaction in work contexts.

LO 10-4: Design a survey feedback intervention program, and use this to promote retention of key organizational personnel.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within the following content areas in HR Expertise:

* Talent Acquisition
* Employee Engagement & Retention
* Learning & Development
* Structure of the HR Function
* Workforce Management
* Employee & Labor Relations
* Risk Management
* U.S. Employment Law & Regulations

Human Resource Certification Institute’s *A Guide to the HR Body of Knowledge*

This chapter contains content which may be identified within the following content areas:

* Workforce Planning and Employment
* Employee and Labor Relations
* Risk Management

Guidance to Discussion Questions and End of Chapter Sections

**Discussion Question 1:** The discipline and discharge procedures described in this chapter are systematic but rather slow. In your opinion, should some offenses lead to immediate dismissal? If so, how would you justify this to a court if you were sued for wrongful discharge?

Students should identify that violent offenses or those that endanger other members of the workforce should most likely lead to immediate discharge. Additionally, large-scale thefts or significant criminal activity might be treated with zero tolerance, including immediate discharge. To justify immediate dismissal to a court, the magnitude of the offense should be carefully described, and evidence should be presented that shows the guilt of the employee. Furthermore, if the offense endangered other employees, this should be shown to the court.

**Discussion Question 2:** Organizational turnover is generally considered a negative outcome, and many organizations spend a great deal of time and money trying to reduce it. What situations would indicate that an increase in turnover might be just what an organization needs? Given the difficulty of terminating employees, what organizational policies might be used to retain high-performing workers and, at the same time, increase attrition among low-performing workers?

Responses should balance the need for new ideas, insight, and organizational change with the need to retain key personnel. One example may be an organizational policy that promotes the retention of high performing workers while promoting voluntary turnover among low performers. Low performers would tend to leave because they were not getting rewarded, and high performers would stay because they were getting rewarded.

**Discussion Question 3:** Three popular interventions for enhancing worker satisfaction are job enrichment, job rotation, and role analysis. What are the critical differences among these interventions, and under what conditions might one be preferable to the others?

Job enrichment involves redesigning the job so it is more complex and has more responsibility, whereas job rotation simply rotates employees to different jobs, usually at the same level of responsibility. Role analysis looks at the role expectation for a particular job by involving the jobholder as well as supervisors, co-workers, subordinates, and so on. With role analysis, the job does not change, as opposed to job enrichment where the job does change. With job rotation, other positions are involved. Job enrichment is more likely for situations in which employees may desire more responsibility or complexity in their jobs. Job rotation, which can be used for cross-training, also increases work complexity. Role analysis is used mainly to clarify the expectations of a particular job.

**Discussion Question 4:** If off-the-job stress and dissatisfaction begin to create on-the-job problems, what are the rights and responsibilities of the human resource manager in helping the employee to overcome these problems? Are intrusions into such areas an invasion of privacy, a benevolent and altruistic employer practice, or simply a prudent financial step taken to protect the firm’s investment?

Responses may vary. Some students may think that managers helping employees with personal problems is inappropriate, whereas other students might think it is appropriate, or that it makes good business sense. Responses should balance employee privacy and boundaries with meeting business objectives.

**Discussion Question 5:** Discuss the advantages of using published, standardized measures in employee attitude surveys. Do employers ever need to develop their own measures for such surveys? Where would one turn to learn how to do this?

Responses may include how published, standardized measures are readily available, quick to assess and use, they allow for possible comparisons with other companies, and are probably statistically valid and reliable. Employers need to develop their own measures if they want to measure some aspect of work that is specific to their organization, such as a new health plan. To develop an attitude survey, students may identify either reviewing standardized surveys that are on the market, or hiring a consultant to develop such instruments.

**Exercising Strategy**

*Tales of Amazon Warriors*

1. If you were working in HR for Amazon, what kinds of individuals would you look for and avoid when it comes to making hiring decisions?

Responses will vary, but should focus on the culture of conflict and include individuals who can stand up to it.

1. Although debate can bring about more refined ideas, can you envision any situations where public confrontation might escalate in a way that ultimately harms an organization?

Responses will vary. The organization could be harmed if a lawsuit results, or if a particularly ugly incident becomes public. Also, the company may lose talented people who find the culture abhorrent.

**Managing People**

There Is Really No Good Answer to the Question: “Rogue Employees or Toxic Culture?”

1. How does the culture within a company often outweigh its explicit written rules and procedures?

When employees feel their jobs are in jeopardy if they don't do what they are told, they may be willing to act unethically or break rules. A culture of ethics must come from the top of the organization and permeate every level.

1. Although it is good to have specific and difficult goals, in what ways can unrealistic or uninformed goals backfire when it comes to a company’s culture?

Morale is affected when goals are unachievable. If the company culture is success at all costs, it is encouraging bad behavior.

**HR in Small Business**

Learning to Show Appreciation at Datotel

1. Based on the information given, which sources of job satisfaction has Datotel addressed? What other sources might the company address, and how?

Job satisfaction is a function of one’s values, and a properly socialized employee will have value congruence with their organization. It appears that by addressing the company’s values of fun, teamwork, and “improving the community in which we work” through their employee recognition program has contributed significantly to employee satisfaction.

1. Suggest several measures Datotel could use to evaluate the success of its employee retention efforts. Be sure these are practical for a company of a few dozen employees. Responses will vary, but should identify the comparison of turnover rates post-program implementation with the rates pre-implementation. They may also recognize that employee exit interviews can help to determine the reasons employees are leaving.
2. In a company as small as Datotel, losing even one employee can present real difficulties. Suppose one of Datotel’s managers begins to have performance problems and seems unwilling or unable to improve. Suggest how you, as an HR consultant, could help David Brown resolve this problem in a way that is fair to everyone involved and that keeps the company moving forward.

Again, students’ views of this issue will likely vary. However, it is important to recognize that low job satisfaction, disciplinary problems, and performance problems when left unchecked can spell disaster for other employees’ perceptions of justice.

Guidance to Chapter Cases

**A Look Back**

Employee Separation and Retention: Lessons From Google

1. In what ways does an organizational crisis like that faced by Google, in some cases, make it easier for firms to manage involuntary turnover? In what ways does an organizational crisis like that faced by Google make it more difficult for firms to manage voluntary turnover?

A company can always fire an employee who breaks the rules. But a pervasive culture of sexual harassment will make it more likely that good employees leave (because they have plenty of options) and poor employees stay (because they don't have options). When employees feel management isn't listening to them and putting them in harm's way, management loses control over the process of retaining valued workers.

1. What role can employee attitude surveys play in maintaining a loyal and engaged workforce? What are some of the challenges associated with getting accurate information from employee surveys, and how can a survey process “backfire” in terms of harming, rather than helping a firm’s efforts?

Responses may vary, but may focus on the response and expectation of employees. When employees respond to surveys, their loyalty and engagement can be greatly increased when changes occur due to surveys. Yet, if employees believe no changes have occurred, surveys may then backfire and only serve to further support employee beliefs concerning the work environment and organization. Further, in a toxic culture, employees may intentionally mislead in their responses, or, not respond at all for fear of retribution by others.

**Competing through Globalization**

*Flexicurity: Translating the French Labor Code into Swedish*

1. Compare and contrast how the French balance worker rights and business growth versus the United States or China.

Responses will vary. The U.S. has traditionally used unions to fight for worker rights. China has a poor record of protecting worker rights.

1. How does the process of bending over backward to support incumbents of full-time jobs restrict the opportunities for those who are out of work or new to the labor force?

There is a limited number of jobs and not turning over a workforce makes it less likely the chronically unemployed will be able to get a job. Students may offer other answers.

1. Given the negative impact of worker protections on the French economy, why might government officials still stick by these policies?

Responses will vary. Public pressure is a strong motivator for a government to act.

**Competing through Environmental, Social, and Governance Practices**

Equity, Equality, and Executive Pay: What Ratio Is “Fair”

1. Although the ratio of executive pay to the median worker captures inequality, in what ways does it not fully capture outcome justice, procedural justice, and interactive justice as discussed in the text?

Outcome justice does not require that everyone gets treated equally, but only that the person’s outcomes relative to the other person are proportionate with their inputs; therefore, it may be argued that everyone is being paid according to their contributions. Since procedural justice focuses on the methods used to determine the outcomes received, if people feel the pay system is fair, there is not likely to be change. Interactional justice relates to the interpersonal nature of how the outcomes were implemented. If an employee is fully informed of how pay decisions are made and has a good relationship with the manager, then the pay will likely be considered fair, even when there is great disparity.

1. How might the failures to capture these aspects of fairness judgments explain the muted response of many people when it comes to shrugging off highly disparate ratios?

If people feel they are being treated fairly, they are more likely to ignore the fact that others are making much more than they are.

**Integrity in Action**

*Culture Change at Uber: Changing Values (and Personnel)*

1. How much impact do you believe value statements have on day-to-day employee behavior?

Responses will vary. Most will feel that a value statement doesn't have much value unless it is followed by action.

1. Do you believe that it is possible to have major cultural change without separating current employees from the organization, and if not, what percentage is required to install lasting substantive change?

Responses will vary.

**Competing through Technology**

*Technology Solves Predictable Problems with Predictive Scheduling*

1. In what ways can the development of new technologies be stimulated by changes in labor supply and labor demand?

The data analytics used by Walmart help manage staffing so that the effects of changes in labor supply and demand are minimized. This was necessary because of a labor shortage in retail.

1. What other industries other than retail might be interested in the technology described here and why?

Responses will vary. Any industry that has shifting demand for workers could benefit.

Other Classroom Materials: CONNECT

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter materials for a specific timeframe. It is the instructors’ discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

**Strategic Surveys**

*Case Analysis*

This activity reviews the importance of measuring employee satisfaction with strategic surveys.

LO: 10-04 Design a survey feedback intervention program, and use this to promote retention of key organizational personnel.

Difficulty: 2 Medium; 3 Hard

Blooms: Remember; Understand; Apply

AACSB: Analytical Thinking; Knowledge Application

Topic: Managing Retention; Job Satisfaction; Market Forces Affecting Compensation Decisions

**Preventing Job Withdrawal**

*Case Analysis*

This activity reviews the various forms of job withdrawal

LO: 10-03 Specify the relationship between job satisfaction and various forms of job withdrawal, and identify the major sources of job satisfaction in work contexts.

Difficulty: 2 Medium; 3 Hard

Blooms: Remember; Understand

AACSB: Analytical Thinking

Topic: Stress and Burnout; Managing Retention; Voluntary and Involuntary Turnover

**Turnover Tribulations**

*Case Analysis*

This activity describes the consequences of not removing low-performing individuals.

LO: 10-01 Distinguish between involuntary and voluntary turnover, and discuss how each of these forms of turnover can be leveraged for competitive advantage.

Difficulty: 2 Medium

Blooms: Remember; Understand; Apply; Analyze

AACSB: Analytical Thinking; Knowledge Application

Topic: Issues and Procedures Related to Employee Termination; Voluntary and Involuntary Turnover

**Employee Justice**

*Click & Drag*

This activity asks students to determine which principle of justice (outcome fairness, procedural justice, or interactional justice) best applies to various scenarios.

LO: 10-02 List the major elements that contribute to perceptions of justice and how to apply these in organizational contexts involving discipline and dismissal.

Difficulty: 3 Hard

Blooms: Apply

AACSB: Knowledge Application

Topic: Employee Justice

**Job Dissatisfaction**

*Click & Drag*

This activity asks students to determine which source of job dissatisfaction aligns with various scenarios.

LO: 10-03 Specify the relationship between job satisfaction and various forms of job withdrawal, and identify the major sources of job satisfaction in work contexts.

Difficulty: 3 Hard

Blooms: Apply

AACSB: Knowledge Application

Topic: Job Satisfaction

**The Major Elements of Perceptions of Justice in the Employee Discipline and Dismissal Process**

*Click & Drag*

This activity has students match various statements with the six key principles of procedural justice and the four determinants of interactional justices that determine whether people perceive procedures dealing with discipline and dismissal as fair.

LO: 10-02 List the major elements that contribute to perceptions of justice and how to apply these in organizational contexts involving discipline and dismissal.

Difficulty: 3 Hard

Blooms: Understand

AACSB: Analytical Thinking

Topic: Approaches to and Uses of Employee Discipline

**CHRO Conversations: Interview with Jose Tomas**

*Video Case*

This activity has students watch a video interview with the former Executive Vice President and CHRO at Anthem and answer questions about the HR competencies needed to increase the likelihood of employees experiencing job satisfaction and organizational commitment.

LO: 10-03 Specify the relationship between job satisfaction and various forms of job withdrawal, and identify the major sources of job satisfaction in work contexts.

Difficulty: 2 Medium; 3 Hard

Blooms: Understand; Analyze; Evaluate

AACSB: Knowledge Application; Analytical Thinking

Topic: How HRM Helps to Build a Sustainable Competitive Advantage; Understand How to Formulate and Assess HR Strategies