

# **A Review of Employee Motivation Theories and their Implications for Employee Retention within Organizations**

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## **ABSTRACT**

The article provides a synthesis of employee motivation theories and offers an explanation of how employee motivation affects employee retention and other behaviors within organizations. In addition to explaining why it is important to retain critical employees, the author described the relevant motivation theories and explained the implications of employee motivation theories on developing and implementing employee retention practices. The final segment of the paper provides an illustration with explanation on how effective employee retention practices can be explained through motivation theories and how these efforts serve as a strategy to increasing organizational performance.

In today's highly competitive labor market, there is extensive evidence that organizations regardless of size, technological advances, market focus and other factors are facing retention challenges. Prior to the September 11 terrorist attacks, a report by the Bureau of National Affairs (1998) showed that turnover rates were soaring to their highest levels over the last decade at 1.3 % per month. There are indeed many employee retention practices within organizations, but they are seldom developed from sound theories. Swanson (2001) emphasized that theory is required to be both scholarly in itself and validated in practice, and can be the basis of significant advances.

Given the large investments in employee retention efforts within organizations, it is rational to identify, analyze and critique the motivation theories underlying employee retention in organizations. Low unemployment levels can force many organizations to re-examine employee retention strategies as part of their efforts to maintain and increase their competitiveness but rarely develop these strategies from existing theories. The author therefore described the importance of retaining critical employees and explained how employee retention practices can be more effective by identifying, analyzing, and critiquing employee motivation theories and showing the relationship between employee motivation and employee retention. Furthermore, Hale (1998) stated that 86% of employers were experiencing difficulty attracting new employees and 58% of organizations claim that they are experiencing difficulty retaining their employees. Even when unemployment is high, organizations are particularly concerned about retaining their best employees.

## **PURPOSE AND STRUCTURE**

The article provides a synthesis of employee motivation theories and offers an explanation of how employee motivation affects employee retention within organizations. In addition to explaining why it is important to retain critical employees, the author described the relevant motivation theories and explained the implications of employee motivation theories on developing and implementing employee retention practices. The final segment of the paper provides an illustration with explanation on how effective employee retention practices can be explained through motivation theories and how these strategies serve as a strategy to increasing organizational performance. In today's business environment, the future belongs to those managers who can best manage change. To manage change, organizations must have employees committed to the demand of rapid change and as such committed employees are the source of competitive advantage (Dessler, 1993). "Commitment is critical to organizational performance, but it is not a panacea. In achieving important organizational ends, there are other ingredients that need to be added to the mix. When blended in the right complements, motivation is the result" (O'Malley, 2000, p.13).

### **Why is it Necessary to Retain Critical Employees?**

Fitz-enz (1997) stated that the average company loses approximately \$1 million with every 10 managerial and professional employees who leave the organization. Combined with direct and indirect costs, the total cost of an exempt employee turnover is a minimum of one year's pay and benefits, or a maximum of two years' pay and benefits. There is significant economic impact with an organization losing any of its critical employees, especially given the knowledge that is lost with the employee's departure. This is the knowledge that is used to meet the needs

and expectations of the customers. Knowledge management is the process of creating, capturing, and using knowledge to enhance organizational performance (Bassi, 1997).

Furthermore, Toracco (2000) stated that although knowledge is now recognized as one of an organization's most valuable assets most organizations lack the supportive systems required to retain and leverage the value of knowledge. Organizations cannot afford to take a passive stance toward knowledge management in the hopes that people are acquiring and using knowledge, and that sources of knowledge are known and accessed throughout the organization. Instead, organizations seeking to sustain competitive advantage have moved quickly to develop systems to leverage the value of knowledge for this purpose (Robinson & Stern, 1997; Stewart, 1997). Thus, it is easy to see the dramatic effect of losing employees who have valuable knowledge.

The concept of human capital and knowledge management is that people possess skills, experience and knowledge, and therefore have economic value to organizations. These skills, knowledge and experience represent capital because they enhance productivity (Snell and Dean, 1992). Human capital theory postulates that some labor is more productive than other labor simply because more resources have been invested into the training of that labor, in the same manner that a machine that has had more resources invested into it is apt to be more productive (Mueller, 1982). One of the basic tenets of human capital theory is that, like any business investment, an "investment in skill-building would be more profitable and more likely to be undertaken the longer the period over which returns from the investment can accrue" (Mueller, 1982, p. 94). Again, employee retention is important in realizing a full return on investment. Human capital theory includes the length of service in the organization as a proxy for job relevant knowledge or ability. A person's job relevant knowledge or ability influences that person's wage, promotional opportunity and/or type of job (Becker, 1975; Hulin & Smith, 1967; Katz, 1978). The understanding of length of service in an organization relates back to Ulrich's (1998) component of commitment in his definition of intellectual capital. His definition was simply "competence multiplied by commitment" (p. 125), meaning intellectual capital equals the knowledge, skills, and attributes of each individual within an organization multiplied by their willingness to work hard. It will become significantly more important in the years ahead to recognize the commitment of individuals to an organization, as well as the organization's need to create an environment in which one would be willing to stay (Harris, 2000). Organizations will need to either create an intellectual capital environment where the transmission of knowledge takes place throughout the structure, or continue to lose important individual knowledge that has been developed through the length of service. This deep knowledge is what many believe will help to meet the needs and expectations of the customers and to create and sustain a competitive advantage within the global economy in which organizations are competing in today.

## **A SYNTHESIS OF EMPLOYEE MOTIVATION THEORIES**

The term motivation derived from the Latin word *movere*, meaning to move (Kretiner, 1998). Motivation represents "those psychological process that cause the arousal, direction, and persistence of voluntary actions that are goal oriented (Mitchell, 1982, p.81). Motivation as defined by Robbins (1993) is the "willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need." A need in this context is an internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within the individual. These drives then generate a search behavior to find particular goals that, if attained, will satisfy the need and lead to the reduction of tension (Robbins, 1993). The inference is that motivated employees are in a state of tension and to relieve this tension, they exert effort. The greater the tension, the higher the effort level as illustrated in Figure 1. Motivational theorists differ on where the energy is derived and on the particular needs that a person is attempting to fulfill, but most would agree that motivation requires a desire to act, an ability to act, and having an objective. - Insert Figure 1 about here - There are numerous theories of motivation. The author identified the most relevant theories and explained the respective theories of motivation and how motivation may impact employee commitment in an organization. Five methods of explaining behavior – needs, reinforcement, cognition, job characteristics, and feelings/emotions – underlie the evolution of modern theories of human motivation (Kretiner, 1998). In this motivational theory effort, the following motivation theories were selected (1) need theories, (2) equity theory, (3) expectancy theory, and (4) job design model given their emphasis and reported significance on employee retention.

### **Need Theories of Motivation**

Need theories attempt to pinpoint internal factors that energize behavior. Needs as defined previously are physiological or psychological deficiencies that arouse behavior. These needs can be strong or weak and are influenced by environmental factors. Thus, human needs vary over time and place.

## Maslow's Need Hierarchy Theory

Maslow's defining work was the development of the hierarchy of needs. According to Stephens (2000), Maslow believed that human beings aspire to become self-actualizing and viewed human potential as a vastly underestimated and unexplained territory as illustrated in Figure 2. Insert Figure 2 about here

Maslow believed that there are at least five sets of goals which can be referred to as basic needs and are physiological, safety, love, esteem, and self-actualization. Maslow (1943) stated that people, including employees at organizations, are motivated by the desire to achieve or maintain the various conditions upon which these basic satisfactions rest and by certain more intellectual desires. Humans are a perpetually wanting group. Ordinarily the satisfaction of these wants is not altogether mutually exclusive, but only tends to be. The average member of society is most often partially satisfied and partially unsatisfied in all of one's wants (Maslow, 1943). The implications of this theory provided useful insights for managers and other organization leaders. One of the advise was for managers to find ways of motivating employees by devising programs or practices aimed at satisfying emerging or unmet needs. Another implication was for organizations to implement support programs and focus groups to help employees deal with stress, especially during more challenging times and taking the time to understand the needs of the respective employees (Kreitner, 1998). When the need hierarchy concept is applied to work organizations, the implications for managerial actions become obvious. "Managers have the responsibility to create a proper climate in which employees can develop to their fullest potential. Failure to provide such a climate would theoretically increase employee frustration and could result in poorer performance, lower job satisfaction, and increased withdrawal from the organization" (Steers & Porter, 1983, p.32). Champagne & McAfee in their book Motivating Strategies for Performance and Productivity: A Guide to Human Resource Development listed some potential ways of satisfying employee needs:

Need		Examples
1.	Physiological	Cafeterias Vending machines Drinking fountains
2.	Security	
	Economic	Wages and salaries Fringe benefits Retirement benefits Medical benefits
	Psychological	Provide job descriptions Give praise/awards Avoid abrupt changes Solve employee's problems
	Physical	Working conditions Heating and ventilation Rest periods
3.	Affiliation	Encourage social interaction Create team spirit Facilitate outside social activities Use periodic praise Allow participation
4.	Esteem	Design challenging jobs Use praise and awards Delegate responsibilities Give training Encourage participation
5.	Self-actualization	Give training Provide challenges Encourage creativity

Some of these ideas may be easy and inexpensive to implement while others can be quite difficult and costly. In addition, the level and type of need of employees may vary. Champagne and McAfee (1989), stated that managers who use these strategies are generally viewed more favorably by managers and are thought to be more considerate, supportive, and interested in their employees' welfare.

## McClelland's Need Theory

Some people who have a compelling drive to succeed are striving for personal achievement rather than the rewards of success per se. These people have the desire to do something better or more efficiently than it has been done before (Robbins, 1993). McClelland's in the publication The Achieving Society, published in 1961 described

the theory of needs focusing on three needs: achievement, power, and affiliation. The need for achievement was defined as the drive to excel, to achieve in relation to a set of standards, to strive to succeed. The need for power was defined as the need to make others behave in a way that they would not have behaved otherwise. The need for affiliation was defined as the desire for friendly and close interpersonal relationships. Achievement theories propose that motivation and performance vary according to the strength of one's need for achievement (Kreitner, 1998). McClelland's research supported an analogous relationship for societies as a whole revealing that a country's level of economic development was positively related to its overall achievement motivation (McClelland, 1961). The need for achievement proposes that motivation and performance vary according to the strength of one's need for achievement and is defined as a desire to accomplish something difficult. Kreitner & Kinicki (1998) cite Murray (1994) explaining the need for achievement as mastering, manipulating, or organizing physical objects, human beings, or ideas. McClelland proposed that high achievers are more likely to be successful entrepreneurs. The need for affiliation suggested that people have the desire to spend time in social relationships and activities. People with a high need for affiliation prefer to spend more time maintaining social relationships, joining groups, and wanting to be loved. Individuals high in this need are not the most effective managers or leaders because they have a hard time making difficult decisions without worrying about being disliked (Kreitner, 1998). The need for power reflects an individual's desire to influence, coach, teach, or encourage others to achieve. Because effective managers must positively influence others, McClelland proposes that top managers should have a high need for power coupled with a low need for affiliation (Kreitner, 1998).

### **Equity Theory**

Equity theory recognizes that individuals are concerned not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive. Based on one's inputs, such as effort, experience, education, and competence, one can compare outcomes such as salary levels, increases, recognition and other factors. When people perceive an imbalance in their outcome-input ratio relative to others, tension is created. This tension provides the basis for motivation, as people strive for what they perceive as equity and fairness (Robbins, 1993). One of the prominent theories with respect to equity theory was developed through the work of J.S. Adams. Adams' theory is perhaps the most rigorously developed statement of how individuals evaluate social exchange relationships (Steers, 1983). The major components of exchange relationships in this theory are inputs and outcomes. In a situation where a person exchanges her or his services for pay, inputs may include previous work experience, education, effort on the job, and training. Outcomes are those factors that result from the exchange. The most important outcome is likely to be pay with outcomes such as supervisory treatment, job assignments, fringe benefits, and status symbols taken into consideration also. Equity theory rests upon three main assumptions (Carrell, 1978). First, the theory holds that people develop beliefs about what constitutes a fair and equitable return for their contributions to their jobs. Second, the theory assumes that people tend to compare what they perceive to be the exchange they have with their employers. The other assumption is that when people believe that their own treatment is not equitable, relative to the exchange they perceive others to be making, they will be motivated to take actions they deem appropriate. This concept of equity is most often interpreted in work organizations as a positive association between an employee's effort or performance on the job and the pay she or he receives. Adams (1965) suggested that individual expectations about equity or "fair" correlation between inputs and outputs are learned during the process of socialization and through the comparison with inputs and outcomes of others. To further establish the causes of perceived and actual inequity in organizations, Pinder (1984) stated that feelings of inequitable treatment tend to occur when "people believe they are not receiving fair returns for their efforts and other contributions." The challenge therefore for organizations is to develop reward systems that are perceived to be fair and equitable and distributing the reward in accordance with employee beliefs about their own value to the organization.

The consequences of employees perceiving they are not being treated fairly create a variety of options for the employees (Champagne, 1989). These options include the employees reducing their input through directly restricting their work output, attempting to increase their output by seeking salary increases or seeking a more enjoyable assignment. Other possibilities are to decrease the outcomes of a comparison other until the ratio of that person's outcomes to inputs is relatively equal or increasing the other's inputs. In addition to the above mentioned, the employee could simply withdraw from the situation entirely, that is, quit the job and seek employment elsewhere.

### **Expectancy Theory**

"Expectancy theory holds that people are motivated to behave in ways that produce desired combinations of expected outcomes" (Kreitner & Kinicki, 1999, p.227). This paper provides a description of two of the established researchers on the subject of expectancy theory.

### **Vroom's Original Theory**

Essentially, the expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Robbins, 1993). Expectancy theory states that motivation is a combined function of the individual's perception that effort will lead to performance and of the perceived desirability of outcomes that may result from the performance (Steers, 1983). Although there are several forms of this model, Vroom in 1964 developed the formal model of work motivation drawing on the work of other researchers.

Vroom's theory assumes that the "choices made by a person among alternative courses of action are lawfully related to psychological events occurring contemporaneously with the behavior" (Vroom, 1964, p. 15). This is basically saying that people's behavior results from conscious choices among alternatives, and these choices are systematically related to psychological processes, particularly perception and the formation of beliefs and attitudes (Pinder, 1984). There are three mental components that are seen as instigating and directing behavior. These are referred to as Valence, Instrumentality, and Expectancy. These three factors are the reason why the expectancy theory is referred to as the VIE theory. Vroom (1964) defined the term valence as the affective (emotional) orientations people hold with regard to outcomes. An outcome in this case is said to be positively valent for an individual if she/he would prefer having it or not. The most important feature of people's valences concerning work-related outcomes is that they refer to the level of satisfaction the person expects to receive from them, not from the real value the person actually derives from them. As in other models, there is the emphasis on the level of motivation and the outcome of performance. Performance as an outcome as defined by Vroom is the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome. Work effort results in a variety of outcomes, some of them directly, and some of them indirectly and can include pay, promotion, and other related factors. Figure 3 provides a simplified model of the theory. Insert Figure 3 about here

Vroom (1964) suggested linking instrumentality as a probability belief linking one outcome (performance level) to other outcomes. According to Vroom, an outcome is positively valent if the person believes that it holds high instrumentality for the acquisition of positively valent consequences and the avoidance of negatively valent outcomes. The third major component of the theory is referred to as expectancy (Pinder, 1984). Expectancy is the strength of a person's belief about whether a particular outcome is possible. Vroom (1964) described expectancy beliefs as action-outcome associations held in the minds of individuals and stated that there a variety of factors that contribute to an employee's expectancy perceptions about various levels of job performance.

### **Porter and Lawler's Extension**

Lyman Porter and Edward Lawler III developed an expectancy model of motivation that extended Vroom's work. This model attempted to 1) identify the source of people's valences and expectancies and 2) link effort with performance and job satisfaction (Kreitner, 1998). In this model, the effort is viewed as a function of the perceived value of a reward and the perceived effort-reward probability. Porter and Lawler (1968) stated that employees should exhibit more effort when they believe they will receive valued reward for task accomplishment. In predicting performance, the relationship between effort and performance is moderated by an employee's abilities and traits and role perceptions (Porter, 1968). In other words, employees with higher abilities attain higher performance for a given level of effort than employees with less ability. In predicting the level of satisfaction, job satisfaction is determined by employees' perceptions of the equity of the rewards received (Porter, 1968). Employees are more satisfied when they feel equitably rewarded. In addition, employees' future effort-reward probabilities are influenced by past experience with performance and rewards. Porter and Lawler's Expectancy Model is illustrated in Figure 4. Insert Figure 4 about here

### **Job Design**

This theoretical approach is based on the idea that the task itself is key to employee motivation. Specifically, a boring and monotonous job stifles motivation to perform well, whereas a challenging job enhances motivation. Variety, autonomy, and decision authority are three ways of adding challenge to a job. Job enrichment and job rotation are the two ways of adding variety and challenge.

### **The Motivator-Hygiene Theory**

One of the earliest researchers in the area of job redesign as it affected motivation was Frederick Herzberg (Herzberg, 1959 ). Herzberg and his associates began their initial work on factors affecting work motivation in the mid-1950's. Their first effort entailed a thorough review of existing research to that date on the subject (Herzberg,

1957). Based on this review, Herzberg carried out his now famous survey of 200 accountants and engineers from which he derived the initial framework for his theory of motivation. The theory, as well as the supporting data was first published in 1959 (Herzberg, 1959) and was subsequently amplified and developed in a later book (Herzberg, 1966). Based on his survey, Herzberg discovered that employees tended to describe satisfying experiences in terms of factors that were intrinsic to the content of the job itself. These factors were called “motivators” and included such variables as achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely, dissatisfying experiences, called “hygiene” factors, largely resulted from extrinsic, non-job-related factors, such as company policies, salary, coworker relations, and supervisory styles (Steers, 1983). Herzberg argued, based on these results, that eliminating the causes of dissatisfaction (through hygiene factors) would not result in a state of satisfaction. Instead, it would result in a neutral state. Satisfaction (and motivation) would occur only as a result of the use of motivators. The implications of this model of employee motivation are clear: Motivation can be increased through basic changes in the nature of an employee’s job, that is, through job enrichment (Steers, 1983). Thus, jobs should be redesigned to allow for increased challenge and responsibility, opportunities for advancement, and personal growth, and recognition.

According to Herzberg, the factors leading to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that create job dissatisfaction can bring about peace, but not necessarily motivation. They will be placating their workforce rather than motivating them (Robbins, 1993). Kreitner & Kinicki (1998) highlight one of Herzberg’s findings, where managers rather than giving employees additional tasks of similar difficulty (horizontal loading), “vertical loading” consists of giving workers more responsibility. This is where employees take on tasks normally performed by their supervisors. Herzberg (1968) in his article “One More Time: How do You Motivate Employees” advised to follow seven principles when vertically loading jobs.

**Table 2.6 Principles Used to Provide Additional Responsibility**

<b>Principle</b>	<b>Motivators Involved</b>
a) Removing some controls while retaining accountability	Responsibility and personal achievement
b) Increasing the accountability of individuals for their own work	Responsibility and recognition
c) Giving a person a complete natural unit of work (module, division, area, and so on)	Responsibility, achievement, and recognition
d) Granting additional authority to an employee in one’s activity; job freedom	Responsibility, achievement, and recognition
e) Making periodic reports directly available to the worker directly rather than to the supervisor	Internal recognition
f) Introducing new and more difficult tasks not previously handled	Growth and learning
g) Assigning individuals specific or specialized tasks, enabling them to become experts	Responsibility, growth, and advancement

From “One More Time: How Do You Motivate Employees?” by F. Herzberg, 1968, *Harvard Business Review* 46, p. 58. Copyright 1967 by the President and Fellows of Harvard College.

In essence, there are more to a manager’s role in motivating employees other than compensation, good working conditions, and similar factors. Herzberg argued that for an employee to be truly motivated, the employee’s job has to be fully enriched where the employee has the opportunity for achievement and recognition, stimulation, responsibility, and advancement.

### **Job Characteristics Model**

Perhaps the most popular current perspective on job design is that which has been developed by Richard Hackman, Greg Oldham, and their associates (Pinder, 1984). Their approach is similar to that of Herzberg’s, insofar as it proposes a set of features that should be built into jobs in order that they be satisfying and motivating, although the two approaches differ somewhat with regard to the specific characteristics of work that make it desirable.

According to Hackman and Oldham (1980) and as cited in Pinder (1984), an employee will experience internal motivation from her/his job when that job generates three critical psychological states. First, the employee must feel personal responsibility for the outcomes of the job. Second, the work must be experienced as meaningful by the employee. This is where the employee feels that her/his contribution significantly affects the overall effectiveness of the organization. The third aspect deals with the employee being aware of how effective she/he is converting her/his effort into performance. Pinder (1984) summarized this approach saying that jobs should be designed so as to generate experiences for the employee of meaningfulness, responsibility, and a knowledge of the results of one’s effort. To generate experienced meaningfulness, Hackman and Oldham (1980) stated that three specific core factors of jobs are particularly needed for making work feel meaningful. These factors are skill

variety, task identity, and task significance. Skill variety is “the degree to which a job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of the person” (Hackman & Oldham, 1980, p. 78).

Hackman and Oldham (1980) proposed that jobs which require the use of multiple talents are experienced as more meaningful, and therefore more intrinsically motivating, than jobs that require the use of only one or two types of skills. Pinder (1984) pointed out that the inclusion of task variety as an element of job design is consistent with the concept of growth need satisfaction, as well as with more psychological approach taken by activation theory. It is not consistent, however, with Herzberg’s approach, which refers to the simple addition of tasks as horizontal job loading or as job enlargement. Herzberg after proposing job enrichment did not emphasize job enlargement. The difference between the Hackman/Oldham approach and that of Herzberg is crucial because, the addition of varied tasks to a job can be one practical means of generating some of the key features prescribed by both theories. Figure 5 provides an illustration of Hackman’s and Oldham’s model. Insert Figure 5 about here

The second job characteristic used to generate experienced meaningfulness as described by Hackman and Oldham is referred to as task identity. Task identity is “the degree to which a job requires completion of a “whole” and identifiable piece of work...doing a job from beginning to end with a visible outcome” (Hackman & Oldham, 1980, p.78). Work is experienced as more meaningful, according to Hackman & Oldham, when employees are capable of gaining a greater understanding of how their jobs fit in with those of other employees, and with the completion of an integral unit of product or services. According to Pinder (1984), Herzberg’s approach would probably admit that task identity contributes to the motivator factor referred to as interesting work. Hackman & Oldham (1980) defined the third factor, task significance, as “the degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organization or in the world at large.” This is where the employee may perceive her/his work as significant and thus may contribute to the satisfaction of esteem needs. In addition to the three job factors contributing to feelings of meaningfulness, autonomy is required for an employee to experience the psychological feelings of responsibility and feedback is needed to understand how one is performing on the job. Autonomy is “the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out” (Hackman & Oldham, 1980, p.79). This suggestion that autonomy is motivating is consistent with other perspectives and approaches to job design. Porter (1962, 1963) treated autonomy as a separate category of higher-order need in his adaptation of Maslow’s need hierarchy for studying managerial job attitudes. McClelland (1962) also recognized autonomy in his theory of achievement.

Finally, the third critical psychological in this model is called knowledge of results. This feedback includes information from other people and the job itself. Hackman & Oldham (1979) in the model suggested that feedback is a critical factor in reducing absenteeism and employee turnover. In general, one finds strong relationship between job characteristics, and behavioral outcomes (Alera, 1990). Further, feedback is effective in delivering the personal and behavioral outcome variables (Fried, 1986). Having synthesized and critically analyzed the motivation theories, the author compiled the major factors from the respective theories and explained how they could affect employee retention efforts. The factors are as follows.

### **THE CRITICAL FACTORS AMONG THE RESPECTIVE MOTIVATION THEORIES AND THE IMPLICATIONS FOR DEVELOPING AND IMPLEMENTING EMPLOYEE RETENTION PRACTICES**

- Needs of the Employee - Employees have multiple needs based on their individual, family, and cultural values. In addition, these needs depend on the current and desired economic, political, and social status; career aspiration; the need to balance career, family, education, community, religion, and other factors; and a general feeling of one’s satisfaction with the current and desired state of being.
- Work Environment - Employees want to work in an environment that is productive, respectful, provides a feeling of inclusiveness, and offers friendly setting.
- Responsibilities - Given that one feels competent to perform in a more challenging capacity and has previously demonstrated such competencies, an employee may feel a need to seek additional responsibilities and be rewarded in a fair and equitable manner.
- Supervision - Managers and other leaders more frequently than others feel a need to teach, coach, and develop others. In addition, these individuals would seek to influence the organization’s goals, objectives and the strategies designed to achieve the mission of the organization.
- Fairness and Equity - Employees want to be treated and rewarded in a fair and equitable manner regardless of age, gender, ethnicity, disability, sexual orientation, geographic location, or other similarly defined categories. With increased effort and higher performances employees also expect to be rewarded more significantly than counterparts who provide output at or below the norm. The employee’s effort and performance at a particular level is influenced by her/his individual goals and objectives and which would vary by each individual. An outcome or reward that is perceived to be highly significant and important can result in a higher level of effort and performance by the individual employee.
- Effort - Even though employees may exert higher levels of effort into a position based on a perceived significant reward, this could be a short-term success if the task itself does not challenge or provides satisfaction to the employee.
- Employees’ Development - Employees prefer to function in environments that provide a challenge, offers new learning opportunities, significantly contributes to the organization’s success, offers opportunities for advancement and personal development based on success and demonstrated interest in a particular area.

- **Feedback** - Individuals prefer to have timely and open feedback from their supervisors. This feedback should be an ongoing process during the year and not limited to formal performance reviews once or twice per year. In addition, the feedback should be from both the employee and the supervisor.

## CONCLUSION

Given the emphasis within organizations on retaining its critical employees, the author has summarized some of the most widely used employee retention practices as cited in the respective literature sources and the causes for employee turnover. Nevertheless, in most cases these practices are developed and implemented without understanding the theory that explains the practice and why it may be effective. Figure 2.5 therefore provides an illustration of how the employee retention practices can be explained through the motivation theories thereby, providing a theoretical explanation to the practice.

**Effective Employee Retention Practices Used by Organizations**  
*Strategies from the*

<b>Theory</b>	<b>Literature</b>	<b>Causes of Employee Turnover</b>		
Expectancy	<ul style="list-style-type: none"> <li>• Job analysis</li> </ul>	The appropriate skills and competencies are not included in the job description.	Incumbents do not have a realistic job preview of the position before starting.	The critical success factors of the position are not fully defined.
Expectancy and Equity	<ul style="list-style-type: none"> <li>• Recruitment &amp; selection</li> </ul>	Candidates only possess the skills that are needed to perform effectively, but may lack the attitudes, personality traits, and behaviors that ensure organizational “fit” and promote commitment.	Some organizations are not using behavioral-based which are designed to ask that elicit examples from the candidates about their work history and how they behaved in previous job situations.	Advertising is limited to traditional sources such as newspapers, and not fully utilizing technology and sources more accessible to women and people of color.
Need, Expectancy, and Equity	<ul style="list-style-type: none"> <li>• Compensation &amp; benefits</li> </ul>	Pay is not tied to performance.	Compensation philosophy does not support the mission and culture of the organization.	The benefits offered does not appeal to and meet the needs of the various categories of employees.
Need, Expectancy, and Equity	<ul style="list-style-type: none"> <li>• Career planning &amp; development</li> </ul>	Employees do not understand what skills are required to grow professionally and to be rewarded based on performance.	Promotions are not based on performance.	Career planning and development efforts are not tied to the organization’s business objectives.
Need and Job Design	<ul style="list-style-type: none"> <li>• Training &amp; Development</li> </ul>	There is no systematic approach to T&D	T&D efforts are not assessed.	A demonstrated lack of commitment to the employee’s long-term development results in a lack of commitment from the employees.
Expectancy and Equity	<ul style="list-style-type: none"> <li>• Effective supervision &amp; management</li> </ul>	Command and control style of management is resisted by employees in today’s workforce.	Managers not functioning as coaches and facilitators.	Manager perceived to be unfair.
Expectancy	<ul style="list-style-type: none"> <li>• Diversity management &amp; initiatives</li> </ul>	Communication, decisions, strategic planning, and other forms of decision making that do not acknowledge differences such as age, color, religion, gender or sexual.	Little or no diversity training designed to change the myths of diversity, to educate participants about the realities of diversity, and to offer ways to respond to the challenges of valuing and managing diversity.	Workforce population does not reflect the demographics of the geographic area of the organization.
Job Design	<ul style="list-style-type: none"> <li>• Flexible work arrangements</li> </ul>	The organization does not allow and promote flexible work schedules.	A lack of respect for an employee trying to balance work, career, education, and community.	The organization not making short term investments to meet the needs of the employees as far as tele-commuting and job-sharing.
Job Design	<ul style="list-style-type: none"> <li>• Exit interviews</li> </ul>	No exit interviews are conducted.	Confidentiality is not assured.	No analysis is done or not utilizing the data collected in the interviews.



## Insert Figure 6 about here

So given that the existing literature has demonstrated a relative high validity of providing the outcomes mentioned in Figure 6, there seems to be a notion that a combination of employment practices can reduce the employee turnover within organizations even though the practices may not have been explained theoretically. Swanson (2001), Lynam (2000), Holton (2000) reiterated the need for business practices to be theoretically grounded, so even though a combination of employee retention efforts may have been successful at particular organizations, there is an imperative need for researchers and practitioners to build such practices from a sound theory. Figure 6 illustrates the outcomes of the respective employee retention efforts and includes the theory through which the practice achieves the intended outcome, thus showing the importance of developing and implementing employee retention practices based on established motivation theories.

## About the author

**Dr. Sunil Ramlall** is an Assistant Professor at the University of St. Thomas, Minnesota. He has a Ph.D. in Human Resource Development (HRD) from the University of Minnesota, holds a M.Ed. in HRD from the University of Minnesota, and a MBA and BA from the University of St. Thomas. Dr. Ramlall has also worked in various HR positions at Northwest Airlines, University of Minnesota, Target Corporation, and at Carlson Companies.

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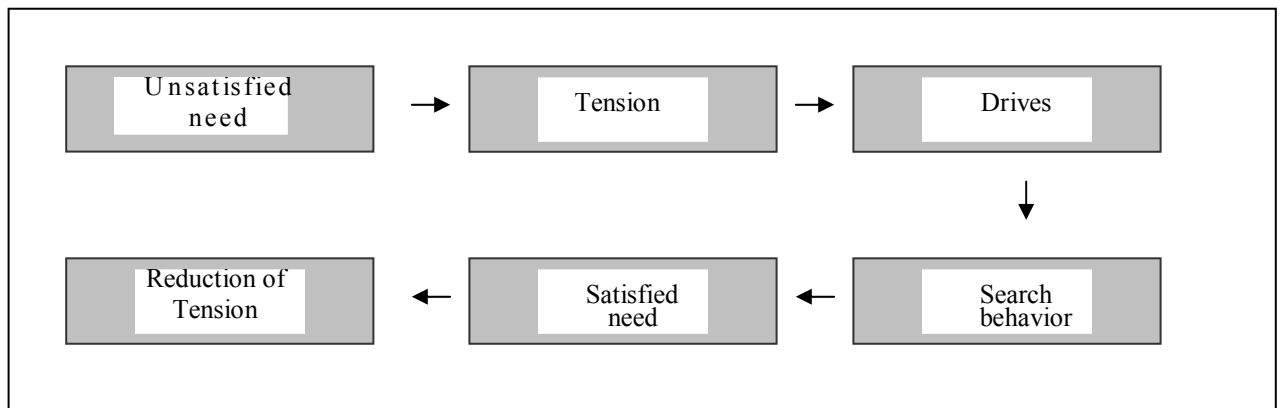
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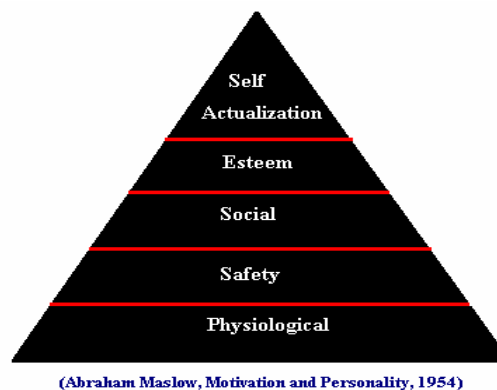
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**Figure 1**

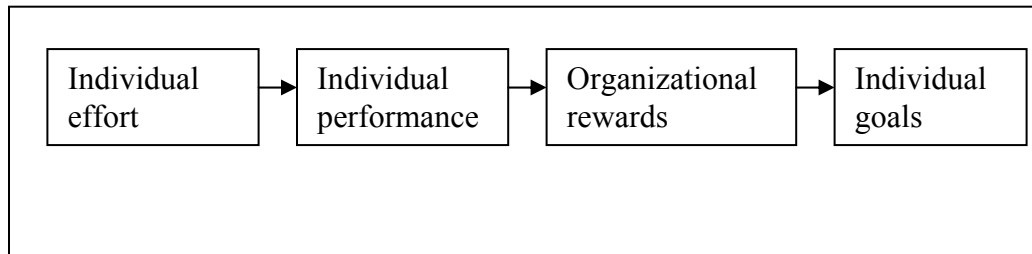


The Motivation Process. Adapted from *Organizational Behavior: Concepts, Controversies, and Applications*, (Robbins, 1993, p.206).

**Figure 2**

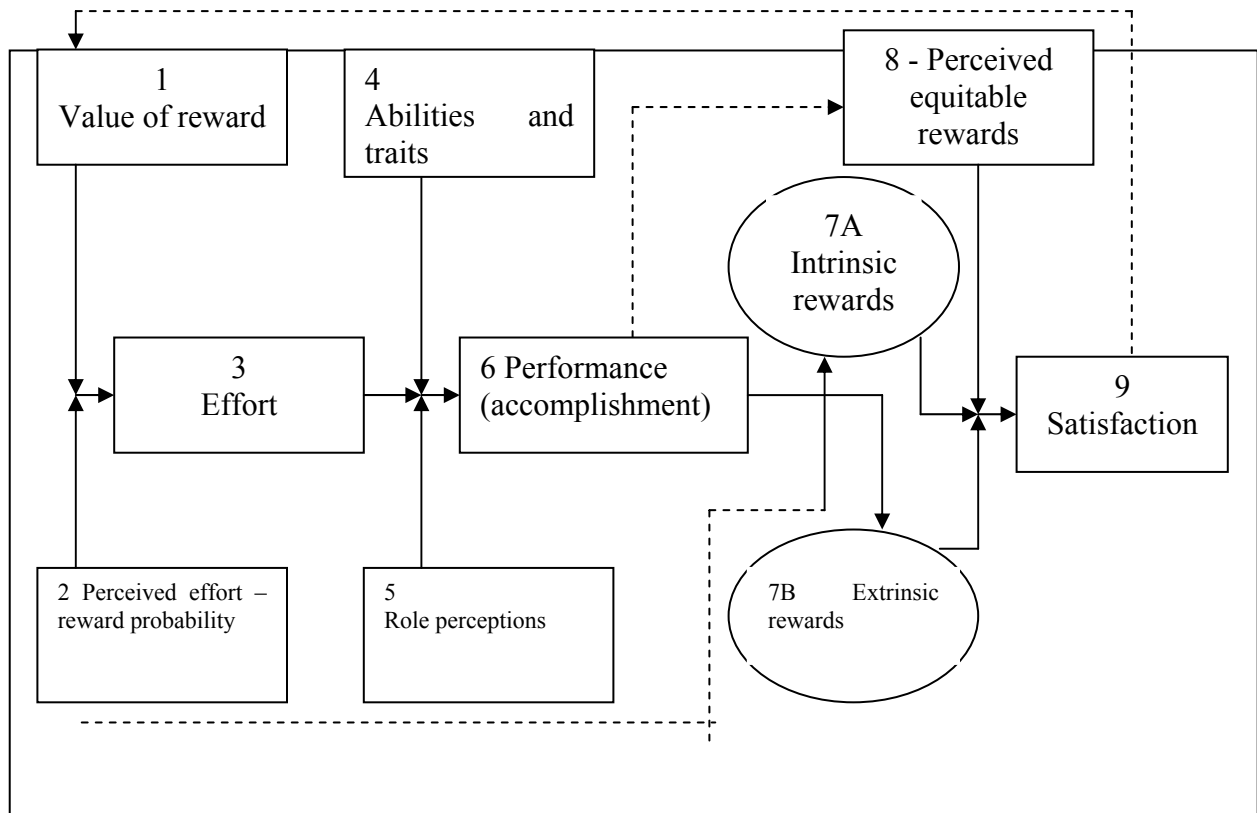


**Figure 3 Simplified Expectancy Model**



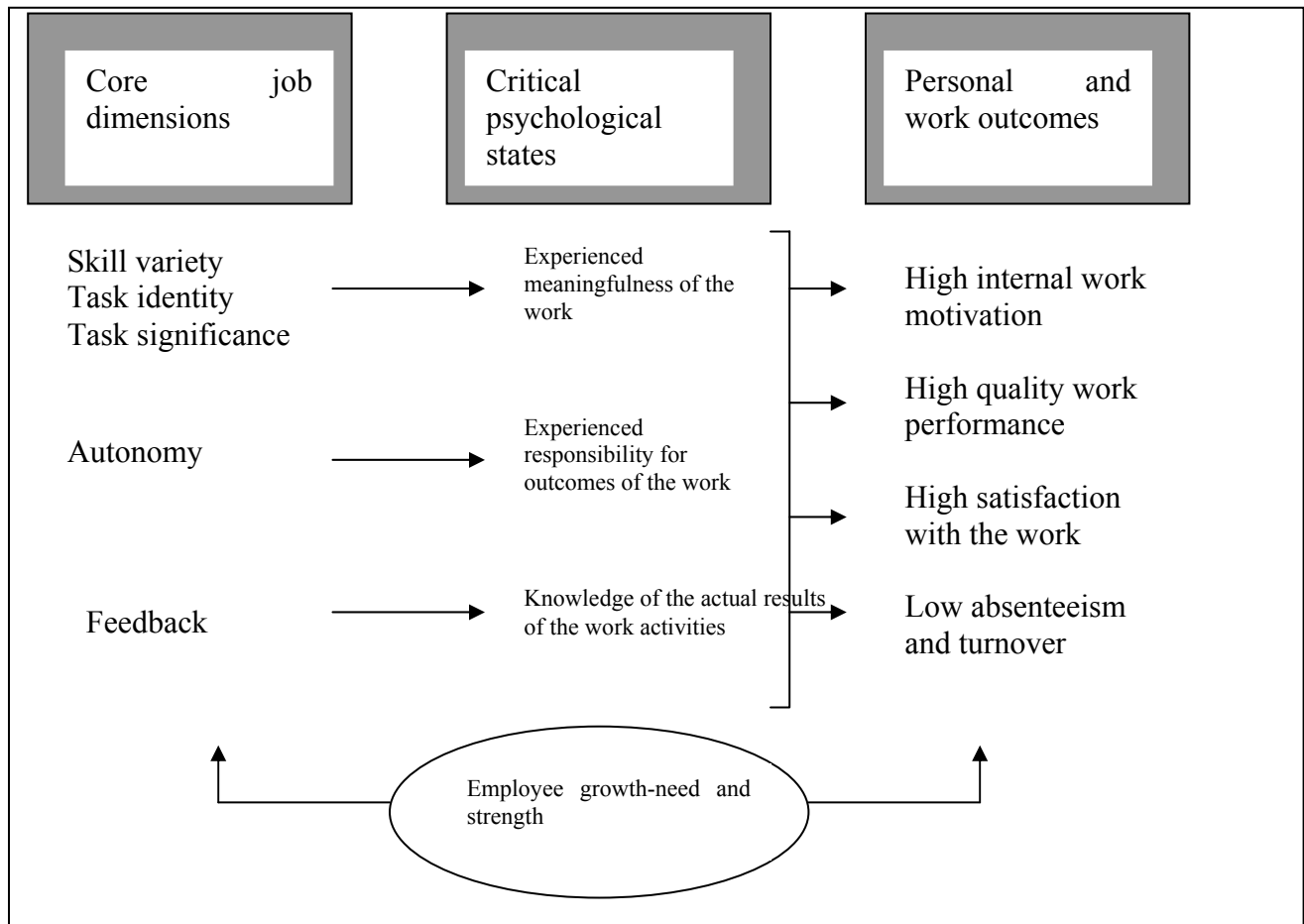
From Organizational Behavior by S. Robbins, 1993

**Figure 4**



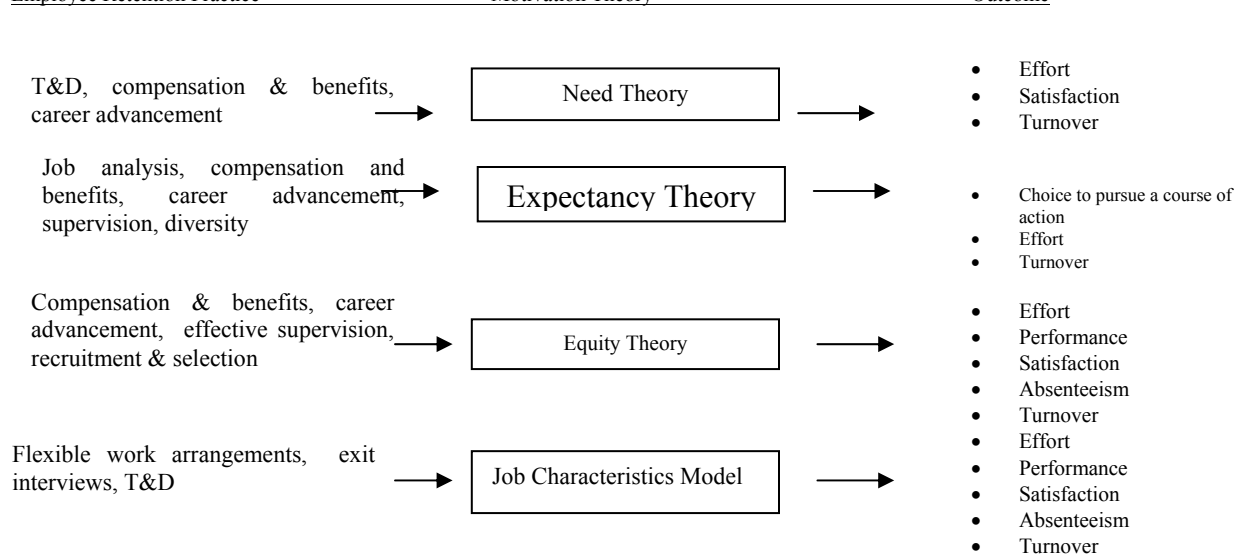
Adapted from LW Porter and EE Lawler III, Managerial Attitudes and Performance (Honewool, IL, Irwin, 1968)

**Figure 5 The Job Characteristics Model**



**Figure 6**

Explaining Effective Employee Retention Practices through Motivation Theories as a Strategic Approach to Increasing Organizational Performance



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