

# Separating and Retaining Employees

## What Do I Need to Know?

*After reading this chapter, you should be able to:*

- L01 Distinguish between involuntary and voluntary turnover, and describe their effects on an organization.
- L02 Discuss how employees determine whether the organization treats them fairly.
- L03 Identify legal requirements for employee discipline.
- L04 Summarize ways in which organizations can fairly discipline employees.
- L05 Explain how job dissatisfaction affects employee behavior.
- L06 Describe how organizations contribute to employees' job satisfaction and retain key employees.

## Introduction

Keeping productive employees can be a challenge when work and family demands collide. Recently, *Wall Street Journal* reporters talked to some of the nation's top female executives about their career success, and one issue that came up repeatedly was time pressure. Although work and family obligations have caused many women to rethink promising careers, the women who were interviewed had found ways to cope and prosper. Melanie Healey, president of Global Health and Feminine Care at Procter & Gamble, recalled that she had her first child while working in Mexico for an executive who routinely put in 16-hour days. At Healey's request, she and her boss agreed on a set of goals for her to accomplish on her own terms, while leaving each evening at six o'clock. In the end, Healey was so successful that her boss tried to

recruit her when he left for a position at another company.

Sheryl Sandberg, a Google vice president, encountered a similar situation from the manager's perspective. A top employee was expecting a baby, and Sandberg encouraged her to stay with the company, opening a discussion on how to make that happen. The woman said that what would matter would be for Sandberg to stop sending her e-mail late at night. If 11:30 P.M. was the best time for Sandberg to work, she needed to realize that a response could wait until the next day.<sup>1</sup> Such efforts to communicate and establish a flexible work environment can be essential for retaining high-performing employees.

Every organization recognizes that it needs satisfied, loyal customers. In addition, success requires satisfied, loyal employees. Research provides evidence that retaining employees helps retain customers and increase sales.<sup>2</sup> Organizations with low turnover and satisfied employees tend to perform better.<sup>3</sup> On the other side of the coin, organizations have to act when an employee's performance consistently falls short. Sometimes terminating a poor performer is the only way to show fairness, ensure quality, and maintain customer satisfaction.

This chapter explores the dual challenges of separating and retaining employees. We begin by distinguishing involuntary and voluntary turnover, describing how each affects the organization. Next we explore the separation process, including ways to manage this process fairly. Finally, we discuss measures the organization can take to encourage employees to stay. These topics provide a transition between Parts 3 and 4. The previous chapters in Part 3 considered how to assess and improve performance, and this chapter describes measures to take depending on whether performance is high or low. Part 4 discusses pay and benefits, both of which play an important role in employee retention.

## Managing Voluntary and Involuntary Turnover

Organizations must try to ensure that good performers want to stay with the organization and that employees whose performance is chronically low are encouraged—or forced—to leave. Both of these challenges involve *employee turnover*, that is, employees leaving the organization. When the organization initiates the turnover (often with employees who would prefer to stay), the result is **involuntary turnover**. Examples include terminating an employee for drug use or laying off employees during a downturn. Most organizations use the word *termination* to refer only to a discharge related to a discipline problem, but some organizations call any involuntary turnover a termination. When the employees initiate the turnover (often when the organization would prefer to keep them), it is **voluntary turnover**. Employees may leave to retire or to take a job with a different organization.

In general, organizations try to avoid the need for involuntary turnover and to minimize voluntary turnover, especially among top performers. Both kinds of turnover are costly, as summarized in Table 10.1. Replacing workers is expensive, and new employees need time to learn their jobs and build teamwork skills.<sup>4</sup> In addition, people today are more ready to sue a former employer if they feel they were unfairly discharged. The prospect of workplace violence also raises the risk associated with discharging employees. Effective human resource management can help the organization minimize both kinds of turnover, as well as carry it out effectively when necessary. Despite a company's best efforts at personnel selection, training, and compensation, some employees will fail to meet performance requirements or will violate company policies. When this happens, organizations need to apply a discipline program that could ultimately lead to discharging the individual.

**LO1** Distinguish between involuntary and voluntary turnover, and describe their effects on an organization.

### Involuntary Turnover

Turnover initiated by an employer (often with employees who would prefer to stay).

### Voluntary Turnover

Turnover initiated by employees (often when the organization would prefer to keep them).

INVOLUNTARY TURNOVER	VOLUNTARY TURNOVER
Recruiting, selecting, and training replacements	Recruiting, selecting, and training replacements
Lost productivity	Lost productivity
Lawsuits	Loss of talented employees
Workplace violence	

**Table 10.1**

**Costs Associated with Turnover**

# HR Oops!

## Most Valued, Least Loyal

During the recent economic downturn, as companies scrambled to cut costs wherever they could, many hoped they could count on their top talent to stick around in spite of the belt tightening—after all, they should be grateful to have a job.

Some evidence suggests that this hope may have been misplaced. Worse, the most valuable employees seem to be the ones who are least grateful for the chance to stay with their employers through hard times. According to a survey by the Corporate Executive Board, the percentage of senior executives “willing to go above and beyond what is expected” fell by more than half since before the financial crisis. The same survey found that

one-fourth of employees identified by their employers as having high potential were planning to quit their job within the year. Similarly, an annual survey of employees conducted by Watson Wyatt Worldwide and WorldatWork found that employees’ commitment to their employers has fallen, with the largest drop registered among the highest performers.

Part of the problem may be a false hope that companies can meet employees’ desires inexpensively. In a survey by Spherion Corporation, employers said workers’ satisfaction depended most on a positive work environment and good relationships with supervisors. Employees, however, said they cared most about pay and benefits.

*Sources:* Patricia O’Connell, “Don’t Let Top Talent Get Away,” *Yahoo News*, February 2, 2009, <http://news.yahoo.com>; and Sarah E. Needleman, “Businesses Mount Efforts to Retain Valued Employees,” *Wall Street Journal*, November 16, 2009, <http://online.wsj.com>.

### Questions

1. What would be the costs to an organization of losing top executives or high-potential employees as the economy improves?
2. How do you think a company can keep top performers onboard if little money is available for raises and bonuses, at least in the near term?

For a number of reasons, discharging employees can be very difficult. First, the decision has legal aspects that can affect the organization. Historically, if the organization and employee do not have a specific employment contract, the employer or employee may end the employment relationship at any time. This is the *employment-at-will doctrine*, described in Chapter 5. This doctrine has eroded significantly, however. Employees who have been terminated sometimes sue their employers for wrongful discharge. Some judges have considered that employment at will is limited where managers make statements that amount to an implied contract; a discharge also can be found illegal if it violates a law (such as antidiscrimination laws) or public policy (for example, firing an employee for refusing to do something illegal).<sup>5</sup> In a typical lawsuit for wrongful discharge, the former employee tries to establish that the discharge violated either an implied agreement or public policy. Most employers settle these claims out of court. Even though few former employees win wrongful-discharge suits, and employers usually win when they appeal, the cost of defending the lawsuit can be hundreds of thousands of dollars.<sup>6</sup>

Along with the financial risks of dismissing an employee, there are issues of personal safety. Distressing as it is that some former employees go to the courts, far worse are the employees who react to a termination decision with violence. Violence in the workplace has become a major organizational problem. Although any number of organizational actions or decisions may incite violence among employees, the “nothing else to lose” aspect of an employee’s dismissal makes the situation dangerous, especially when the nature of the work adds other risk factors.<sup>7</sup>

Retaining top performers is not always easy either, and recent trends have made this more difficult than ever. Today's psychological contract, in which workers feel responsibility for their own careers rather than loyalty to a particular employer, makes voluntary turnover more likely. Also, competing organizations are constantly looking at each other's top performers; when the labor market tightened, "poaching talent" became an art form.<sup>8</sup> In fact, as the "HR Oops" box illustrates, not even an economic downturn takes away the challenges.

## Employee Separation

Because of the critical financial and personal risks associated with employee dismissal, it is easy to see why organizations must develop a standardized, systematic approach to discipline and discharge. These decisions should not be left solely to the discretion of individual managers or supervisors. Policies that can lead to employee separation should be based on principles of justice and law, and they should allow for various ways to intervene.

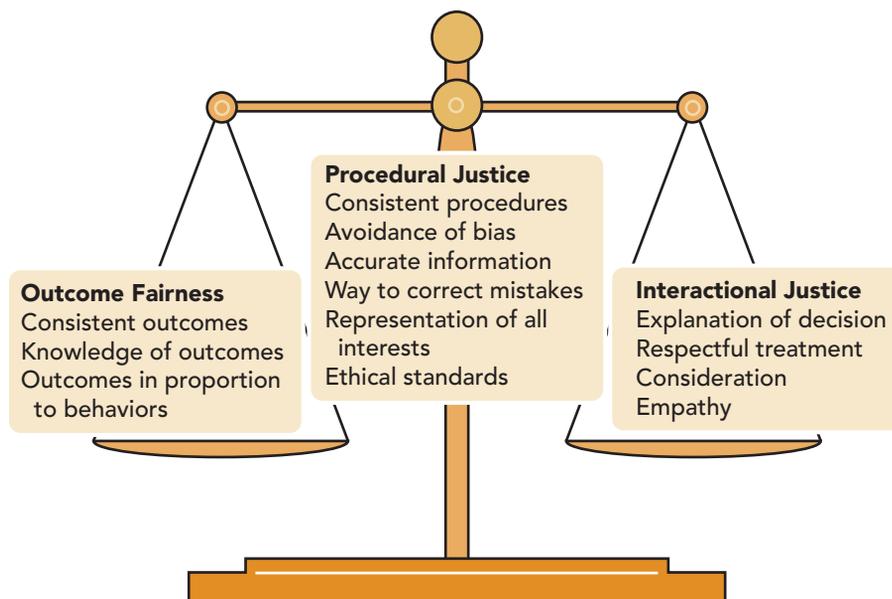
### Principles of Justice

The sensitivity of a system for disciplining and possibly terminating employees is obvious, and it is critical that the system be seen as fair. Employees form conclusions about the system's fairness based on the system's outcomes and procedures and the way managers treat employees when carrying out those procedures. Figure 10.1 summarizes these principles as outcome fairness, procedural justice, and interactional justice. Outcome fairness involves the ends of a discipline process, while procedural and interactional justice focus on the means to those ends. Not only is behavior ethical that is in accord with these principles, but research has also linked the last two categories of justice with employee satisfaction and productivity.<sup>9</sup>

People's perception of **outcome fairness** depends on their judgment that the consequences of a decision to employees are just. As shown in Figure 10.1, one

**L02** Discuss how employees determine whether the organization treats them fairly.

**Outcome Fairness**  
A judgment that the consequences given to employees are just.



**Figure 10.1**  
Principles of Justice

employee's consequences should be consistent with other employees' consequences. Suppose several employees went out to lunch, returned drunk, and were reprimanded. A few weeks later, another employee was fired for being drunk at work. Employees might well conclude that outcomes are not fair because they are inconsistent. Another basis for outcome fairness is that everyone should know what to expect. Organizations promote outcome fairness when they clearly communicate policies regarding the consequences of inappropriate behavior. Finally, the outcome should be proportionate to the behavior. Terminating an employee for being late to work, especially if this is the first time the employee is late, would seem out of proportion to the offense in most situations. Employees' sense of outcome fairness usually would reserve loss of a job for the most serious offenses.

**Procedural Justice**  
A judgment that fair methods were used to determine the consequences an employee receives.

People's perception of **procedural justice** is their judgment that fair methods were used to determine the consequences an employee receives. Figure 10.1 shows six principles that determine whether people perceive procedures as fair. The procedures should be consistent from one person to another, and the manager using them should suppress any personal biases. The procedures should be based on accurate information, not rumors or falsehoods. The procedures should also be correctable, meaning the system includes safeguards, such as channels for appealing a decision or correcting errors. The procedures should take into account the concerns of all the groups affected—for example, by gathering information from employees, customers, and managers. Finally, the procedures should be consistent with prevailing ethical standards, such as concerns for privacy and honesty.

**Interactional Justice**  
A judgment that the organization carried out its actions in a way that took the employee's feelings into account.

A perception of **interactional justice** is a judgment that the organization carried out its actions in a way that took the employee's feelings into account. It is a judgment about the ways that managers interact with their employees. A disciplinary action meets the standards of interactional justice if the manager explains to the employee how the action is procedurally just. The manager should listen to the employee. The manager should also treat the employee with dignity and respect and should empathize with the employee's feelings. Even when a manager discharges an employee for doing something wrong, the manager can speak politely and state the reasons for the action. These efforts to achieve interactional justice are especially important when managing an employee who has a high level of hostility and is at greater risk of responding with violence.<sup>10</sup>

**L03** Identify legal requirements for employee discipline.

## Legal Requirements

The law gives employers wide latitude in hiring and firing, but employers must meet certain requirements. They must avoid wrongful discharge and illegal discrimination. They also must meet standards related to employees' privacy and adequate notice of layoffs.

### Wrongful Discharge

As we noted earlier in the chapter, discipline practices must avoid the charge of wrongful discharge. First, this means the discharge may not violate an implied agreement. Terminating an employee may violate an implied agreement if the employer had promised the employee job security or if the action is inconsistent with company policies. An example might be that an organization has stated that an employee with an unexcused absence will receive a warning for the first violation, but an angry supervisor fires an employee for being absent on the day of an important meeting.

Another reason a discharge may be considered wrongful is that it violates public policy. Violations of public policy include terminating the employee for refusing to do something illegal, unethical, or unsafe. Suppose an employee refuses to dump chemicals into the sewer system; firing that employee could be a violation of public policy. It is also a violation of public policy to terminate an employee for doing what the law requires—for example, cooperating with a government investigation, reporting illegal behavior by the employer, or reporting for jury duty.

HR professionals can help organizations avoid (and defend against) charges of wrongful discharge by establishing and communicating policies for handling misbehavior. They should define unacceptable behaviors and identify how the organization will respond to them. Managers should follow these procedures consistently and document precisely the reasons for disciplinary action. In addition, the organization should train managers to avoid making promises that imply job security (for example, “As long as you keep up that level of performance, you’ll have a job with us”). Finally, in writing and reviewing employee handbooks, HR professionals should avoid any statements that could be interpreted as employment contracts. When there is any doubt about a statement, the organization should seek legal advice.

### Discrimination

Another benefit of a formal discipline policy is that it helps the organization comply with equal employment opportunity requirements. As in other employment matters, employers must make decisions without regard to individuals’ age, sex, race, or other protected status. If two employees steal from the employer but one is disciplined more harshly than the other, the employee who receives the harsher punishment could look for the cause in his or her being of a particular race, country of origin, or some other group. Evenhanded, carefully documented discipline can avoid such claims.

### Employees’ Privacy

The courts also have long protected individuals’ privacy in many situations. At the same time, employers have legitimate reasons for learning about some personal matters, especially when behavior outside the workplace can affect productivity, workplace safety, and employee morale. Employers therefore need to ensure that the information they gather and use is relevant to these matters. For example, safety and security make it legitimate to require drug testing of all employees holding jobs such as police officer, firefighter, and airline flight crew.<sup>11</sup> (Governments at the federal, state, and local levels have many laws affecting drug-testing programs, so it is wise to get legal advice before planning such tests.)

Privacy issues also surface when employers wish to search or monitor employees on the job. An employer that suspects theft, drug use, or other misdeeds on the job may wish to search employees for evidence. In general, random searches of areas such as desks, lockers, toolboxes, and communications



Organizations such as day care facilities and schools must protect employees’ right to privacy in their lives and on the job while balancing the need to protect children from harm.

**Table 10.2****Measures for Protecting Employees' Privacy**

Ensure that information is relevant.
Publicize information-gathering policies and consequences.
Request consent before gathering information.
Treat employees consistently.
Conduct searches discreetly.
Share information only with those who need it.

such as e-mails are permissible, so long as the employer can justify that there is probable cause for the search and the organization has work rules that provide for searches.<sup>12</sup> Employers can act fairly and minimize the likelihood of a lawsuit by publicizing the search policy, applying it consistently, asking for the employee's consent before the search begins, and conducting the search discreetly. Also, when a search is a random check, it is important to clarify that no one has been accused of misdeeds.<sup>13</sup>

No matter how sensitively the organization gathers information leading to disciplinary actions, it should also consider privacy issues when deciding who will see the information.<sup>14</sup> In general, it is advisable to share the information only with people who have a business need to see it—for example, the employee's supervisor, union officials, and in some cases, co-workers. Letting outsiders know the reasons for terminating an employee can embarrass the employee, who might file a defamation lawsuit. HR professionals can help organizations avoid such lawsuits by working with managers to determine fact-based explanations and to decide who needs to see these explanations.

Table 10.2 summarizes these measures for protecting employees' privacy.

**L04** Summarize ways in which organizations can fairly discipline employees.

### Notification of Layoffs

Sometimes terminations are necessary not because of individuals' misdeeds, but because the organization determines that for economic reasons it must close a facility. An organization that plans such broad-scale layoffs may be subject to the Workers' Adjustment Retraining and Notification Act. This federal law requires that organizations with more than 100 employees give 60 days' notice before any closing or layoff that will affect at least 50 full-time employees. If employers covered by this law do not give notice to the employees (and their union, if applicable), they may have to provide back pay and fringe benefits and pay penalties as well. Several states and cities have similar laws, and the federal law contains a number of exemptions. Therefore, it is important to seek legal advice before implementing a plant closing.

### Hot-Stove Rule

Principle of discipline that says discipline should be like a hot stove, giving clear warning and following up with consistent, objective, immediate consequences.

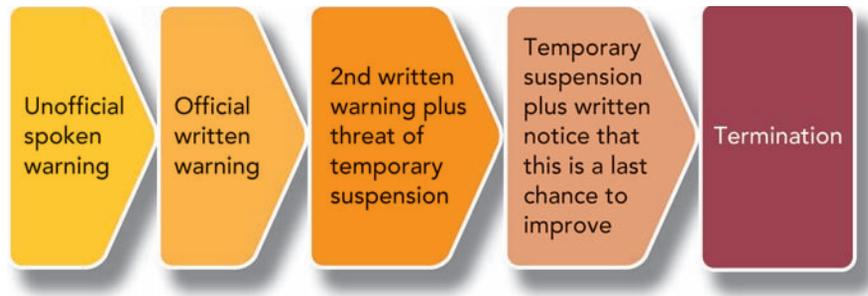
### Progressive Discipline

Organizations look for methods of handling problem behavior that are fair, legal, and effective. A popular principle for responding effectively is the **hot-stove rule**. According to this principle, discipline should be like a hot stove: The glowing or burning stove gives warning not to touch. Anyone who ignores the warning will be burned. The stove has no feelings to influence which people it burns, and it delivers the same burn to any touch. Finally, the burn is immediate. Like the hot stove, an organization's discipline should give warning and have consequences that are consistent, objective, and immediate.

### Progressive Discipline

A formal discipline process in which the consequences become more serious if the employee repeats the offense.

The principles of justice suggest that the organization prepare for problems by establishing a formal discipline process in which the consequences become more serious if the employee repeats the offense. Such a system is called **progressive discipline**.

**Figure 10.2**

Progressive Discipline Responses

A typical progressive discipline system identifies and communicates unacceptable behaviors and responds to a series of offenses with the actions shown in Figure 10.2—spoken and then written warnings, temporary suspension, and finally, termination. This process fulfills the purpose of discipline by teaching employees what is expected of them and creating a situation in which employees must try to do what is expected. It seeks to prevent misbehavior (by publishing rules) and to correct, rather than merely punish, misbehavior.

Such procedures may seem exasperatingly slow, especially when the employee's misdeeds hurt the team's performance. In the end, however, if an employee must be discharged, careful use of the procedure increases other employees' belief that the organization is fair and reduces the likelihood that the problem employee will sue (or at least that the employee will win in court). For situations in which misbehavior is dangerous, the organization may establish a stricter policy, even terminating an employee for the first offense. In that case, it is especially important to communicate the procedure—not only to ensure fairness but also to prevent the dangerous misbehavior.

Creating a formal discipline process is a primary responsibility of the human resource department. The HR professional should consult with supervisors and managers to identify unacceptable behaviors and establish rules and consequences for violating the rules. The rules should cover disciplinary problems such as the following behaviors encountered in many organizations:

- Tardiness
- Absenteeism
- Unsafe work practices
- Poor quantity or quality of work
- Sexual harassment of co-workers
- Coming to work impaired by alcohol or drugs
- Theft of company property
- Cyberslacking (conducting personal business online during work hours)

For each infraction, the HR professional would identify a series of responses, such as those in Figure 10.2. In addition, the organization must communicate these rules and consequences in writing to every employee. Ways of publishing rules include presenting them in an employee handbook, posting them on the company's intranet, and displaying them on a bulletin board. Supervisors should be familiar with the rules, so that they can discuss them with employees and apply them consistently.

Along with rules and a progression of consequences for violating the rules, a progressive discipline system should have requirements for documenting the rules, offenses, and responses. For issuing an unofficial warning about a less-serious

## ELECTRONIC MONITORING OF EMPLOYEE ACTIVITY

For a variety of possible misdeeds, from stealing merchandise to misusing company computers, organizations guard their well-being and make discipline more objective by installing electronic methods of monitoring employees' activities. At Wendy's and Chili's restaurant franchises, managers have installed fingerprint scanners on cash registers. These link each transaction to a specific employee. In restaurants using the scanners, theft has fallen, and so has conflict between employees who had engaged in arguments about who rang up which transactions. IBM installed tracking technology in its computers, enabling the company to locate laptops that had been stolen (or falsely reported stolen by employees).

Increasingly sophisticated software for tracking expenses has been used to monitor fraud associated with business travel and entertainment. A company called Concur Technology has developed expense-reporting software that scours data files to uncover

double expense recording (such as two executives asking to be reimbursed for the same restaurant bill), unauthorized travel upgrades (first-class airline tickets), or unusual trends or spikes in account activity.

Companies' computer systems can employ software to keep track of which computers are being used by which employees and for what activities. Coupled with clearly communicated rules for employee conduct, this information can provide a defensible basis for disciplining employees. In one case, an employee sued a hospital for wrongfully discharging her. The employee's case was dismissed after the hospital demonstrated some damning evidence: A computer virus had been introduced to the hospital system on a computer in the emergency room's admitting department, the location of the plaintiff's job. On the day the virus had been introduced, the employee—in violation of the company's policy—had spent seven hours of her eight-hour shift

online, visiting hundreds of Web sites that were unrelated to her job responsibilities. The employee had acknowledged receiving and understanding the hospital's computer policy, so the mediator reviewing the case found that the employee's dismissal could stand. Without the electronic monitoring, it would have been much harder for the hospital to verify what the employee had been doing that day, and it would have been much easier for the employee to continue using work time as an opportunity for surfing the Web.

*Sources:* S. E. Needleman, "Businesses Say Theft by Their Workers Is Up," *Wall Street Journal*, December 2008, pp. C2–C2; S. Covell, "Small Businesses Face More Fraud in Downturn," *Wall Street Journal*, February 19, 2009, p. C2; M. Conlin, "To Catch a Corporate Thief," *BusinessWeek*, February 16, 2009, p. 52; and N. Kamm, "Bodyguard for Electronic Information: Protect Electronic Information with a Current Policy," *HR Magazine*, January 2010, Business & Company Resource Center, <http://galenet.galegroup.com>.

offense, it may be enough to have a witness present. Even then, a written record would be helpful in case the employee repeats the offense in the future. The organization should provide a document for managers to file, recording the nature and date of the offense, the specific improvement expected, and the consequences of the offense. It is also helpful to indicate how the offense affects the performance of the individual employee, others in the group, or the organization as a whole. These documents are important for demonstrating to a problem employee why he or she has been suspended or terminated. They also back up the organization's actions if it should have to defend a lawsuit. Following the hot-stove rule, the supervisor should complete and discuss the documentation immediately after becoming aware of the offense. A copy of the records should be placed in the employee's personnel file. The organization may have a policy of removing records of warnings after a period such as six months, on the grounds that the employee has learned from the experience.

As we noted in the earlier discussion of procedural justice, the discipline system should provide an opportunity to hear every point of view and to correct errors. Before discussing and filing records of misbehavior, it is important for the supervisor to investigate the incident. The employee should be made aware of what he or she is said to have done wrong and should have an opportunity to present his or her version of events. Anyone who witnessed the misdeed also should have a chance to describe what happened. In general, employees who belong to a union have a right to the presence of a union representative during a formal investigation interview if they request representation.<sup>15</sup> A method of gathering objective performance data, such as the electronic methods described in the “eHRM” box, also supports the fairness of the discipline system.

Besides developing these policies, HR professionals have a role in carrying out progressive discipline.<sup>16</sup> In meetings to announce disciplinary actions, it is wise to include two representatives of the organization. Usually, the employee’s supervisor presents the information, and a representative from the HR department acts as a witness. This person can help the meeting stay on track and, if necessary, can later confirm what happened during the meeting. Especially at the termination stage of the process, the employee may be angry, so it is helpful to be straightforward but polite. The supervisor should state the reason for the meeting, the nature of the problem behavior, and the consequences. Listening to the employee is important, but because an investigation was already conducted, there is no purpose to arguing. When an employee is suspended or terminated, the organization should designate a person to escort the employee from the building to protect the organization’s people and property.

## Alternative Dispute Resolution

Sometimes problems are easier to solve when an impartial person helps to create the solution. Therefore, at various points in the discipline process, the employee or organization might want to bring in someone to help with problem solving. Rather than turning to the courts every time an outsider is desired, more and more organizations are using **alternative dispute resolution (ADR)**. A variety of ADR techniques show promise for resolving disputes in a timely, constructive, cost-effective manner.

In general, a system for alternative dispute resolution proceeds through the four stages shown in Figure 10.3:

1. **Open-door policy**—Based on the expectation that two people in conflict should first try to arrive at a settlement together, the organization has a policy of making managers available to hear complaints. Typically, the first “open door” is that of the employee’s immediate supervisor, and if the employee does not get a resolution from that person, the employee may appeal to managers at higher levels. This policy works only to the degree that managers who hear complaints listen and are able to act.
2. **Peer review**—If the people in conflict cannot reach an agreement, they take their conflict to a panel composed of representatives from the organization at the same levels as the people in the dispute. The panel hears the case and tries to help the parties arrive at a settlement. To set up a panel to hear disputes as they arise, the organization may assign managers to positions on the panel and have employees elect nonmanagement panel members.
3. **Mediation**—If the peer review does not lead to a settlement, a neutral party from outside the organization hears the case and tries to help the people in conflict arrive at a settlement. The process is not binding, meaning the mediator cannot force a solution.

### Alternative Dispute Resolution (ADR)

Methods of solving a problem by bringing in an impartial outsider but not using the court system.

### Open-Door Policy

An organization’s policy of making managers available to hear complaints.

### Peer Review

Process for resolving disputes by taking them to a panel composed of representatives from the organization at the same levels as the people in the dispute.

### Mediation

Nonbinding process in which a neutral party from outside the organization hears the case and tries to help the people in conflict arrive at a settlement.

**Figure 10.3**

Typical Stages of  
Alternative Dispute  
Resolution



### Arbitration

Binding process in which a professional arbitrator from outside the organization (usually a lawyer or judge) hears the case and resolves it by making a decision.

4. **Arbitration**—If mediation fails, a professional arbitrator from outside the organization hears the case and resolves it by making a decision. Most arbitrators are experienced employment lawyers or retired judges. The employee and employer both have to accept this person's decision.

Each stage reflects a somewhat broader involvement of people outside the dispute. The hope is that the conflict will be resolved at earlier stages, where the costs, time, and embarrassing publicity are lowest. However, even the arbitration stage tends to be much faster, simpler, and more private than a lawsuit.<sup>17</sup>

Professional mediators report that the opportunity to air both sides of a dispute before an objective third party is not merely efficient but also powerful. Vicky Wells, founder of Splash Management Consultancy, and Eve Pienaar, a mediator with ADR Group, both set a rule that one participant may not interrupt the other, forcing all parties to focus on the perspective and emotions of each person. They find that this process, however painful, breaks down barriers and opens the way to a solution. Another professional mediator, John Sturrock, says that after one mediation process, the executive involved told him, "I now see these people in the other team as human beings."<sup>18</sup>

## Employee Assistance Programs

While ADR is effective in dealing with problems related to performance and disputes between people at work, many of the problems that lead an organization to want to terminate an employee involve drug or alcohol abuse. In these cases, the organization's discipline program should also incorporate an **employee assistance program (EAP)**. An EAP is a referral service that employees can use to seek professional treatment for emotional problems or substance abuse. EAPs began in the 1950s with a focus on treating alcoholism, and in the 1980s they expanded into drug treatment. Today, many are now fully integrated into employers' overall health benefits plans, where they refer employees to covered mental health services.

EAPs vary widely, but most share some basic elements. First, the programs are usually identified in official documents published by the employer, such as employee handbooks. Supervisors (and union representatives when workers belong to a union) are trained to use the referral service for employees whom they suspect of having health-related problems. The organization also trains employees to use the system to refer themselves when necessary. The organization regularly evaluates the costs and benefits of the program, usually once a year.

The variations among EAPs make evaluating these programs especially important. For example, the treatment for alcoholism varies widely, including hospitalization and participation in Alcoholics Anonymous (AA). General Electric performed an experiment to compare the outcomes of these treatments, and it found that employees who

### Employee Assistance Program (EAP)

A referral service that employees can use to seek professional treatment for emotional problems or substance abuse.

were hospitalized tended to fare the best in a two-year follow-up.<sup>19</sup> Programs that work can make a significant difference for individual employees and for the organization as a whole. Research into depressed employees found that a large majority who use EAP services reported improvements in their condition. In addition, they reported that after using the services, their productivity increased by an average of six hours per week.<sup>20</sup>

## Outplacement Counseling

An employee who has been discharged is likely to feel angry and confused about what to do next. If the person feels there is nothing to lose and nowhere else to turn, the potential for violence or a lawsuit is greater than most organizations are willing to tolerate. This concern is one reason many organizations provide **outplacement counseling**, which tries to help dismissed employees manage the transition from one job to another. Organizations also may address ongoing poor performance with discussion about whether the employee is a good fit for the current job. Rather than simply firing the poor performer, the supervisor may encourage this person to think about leaving. In this situation, the availability of outplacement counseling may help the employee decide to look for another job. This approach may protect the dignity of the employee who leaves and promote a sense of fairness.

Some organizations have their own staff for conducting outplacement counseling. Other organizations have contracts with outside providers to help with individual cases. Either way, the goals for outplacement programs are to help the former employee address the psychological issues associated with losing a job—grief, depression, and fear—while at the same time helping the person find a new job.

The number of companies offering outplacement counseling has increased dramatically in recent years. This was most evident in the recession of 2008, when the percentage of employers offering this service was 55 percent, compared with just 39 percent during the 2001 recession.<sup>21</sup> In the case of a recession, outplacement counselors may assure the laid-off employees that they have valuable talents but the company could not afford them. In other situations, the message may be that there was a mismatch between an individual and the job. Either way, asking employees to leave is a setback for the employee and for the company. Retaining people who can contribute knowledge and talent is essential to business success. Therefore, the remainder of this chapter explores issues related to retaining employees.

## Job Withdrawal

Organizations need employees who are fully engaged and committed to their work. Therefore, retaining employees goes beyond preventing them from quitting. The organization needs to prevent a broader negative condition, called **job withdrawal**—or a set of behaviors with which employees try to avoid the work situation physically, mentally, or emotionally. Job withdrawal results when circumstances such as the nature of the job, supervisors and co-workers, pay levels, or the employee's own disposition cause the employee to become dissatisfied with the job. As shown in Figure 10.4, this job dissatisfaction produces job withdrawal. Job withdrawal may take the form of behavior change, physical job withdrawal, or psychological withdrawal. Some researchers believe employees engage in the three forms of withdrawal behavior in that order, while others think they select from these behaviors to address the particular sources of job dissatisfaction they experience.<sup>22</sup> Although the specifics of these models vary, the consensus is that withdrawal behaviors are related to one another and are at least partially caused by job dissatisfaction.<sup>23</sup>

### Outplacement Counseling

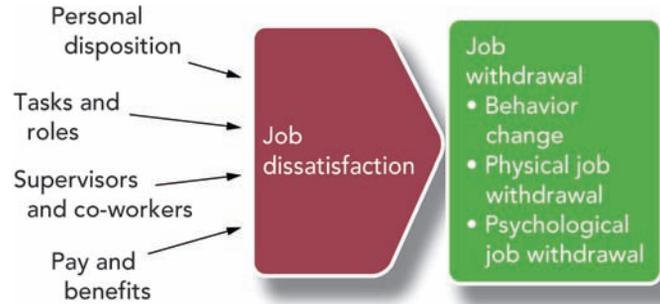
A service in which professionals try to help dismissed employees manage the transition from one job to another.

### Job Withdrawal

A set of behaviors with which employees try to avoid the work situation physically, mentally, or emotionally.

**Figure 10.4**

Job Withdrawal Process



**L05** Explain how job dissatisfaction affects employee behavior.

## Job Dissatisfaction

Many aspects of people and organizations can cause job dissatisfaction, and managers and HR professionals need to be aware of them because correcting them can increase job satisfaction and prevent job withdrawal. The causes of job dissatisfaction identified in Figure 10.4 fall into four categories: personal dispositions, tasks and roles, supervisors and co-workers, and pay and benefits.

### Personal Dispositions

Job dissatisfaction is a feeling experienced by individuals, so it is not surprising that many researchers have studied individual personality differences to see if some kinds of people are more disposed to be dissatisfied with their jobs. In general, job turnover (and presumably dissatisfaction leading up to it) is higher among employees who are low in emotional stability, conscientiousness, and agreeableness.<sup>24</sup> In addition, two other personal qualities associated with job satisfaction are negative affectivity and negative self-evaluations.

*Negative affectivity* means pervasive low levels of satisfaction with all aspects of life, compared with other people's feelings. People with negative affectivity experience feelings such as anger, contempt, disgust, guilt, fear, and nervousness more than other people do, at work and away. They tend to focus on the negative aspects of themselves and others.<sup>25</sup> Not surprisingly, people with negative affectivity tend to be dissatisfied with their jobs, even after changing employers or occupations.<sup>26</sup>

*Core self-evaluations* are bottom-line opinions individuals have of themselves and may be positive or negative. People with a positive core self-evaluation have high self-esteem, believe in their ability to accomplish their goals, and are emotionally stable. They also tend to experience job satisfaction.<sup>27</sup> Part of the reason for their satisfaction is that they tend to seek out and obtain jobs with desirable characteristics, and when they are in a situation they dislike, they are more likely to seek change in socially acceptable ways.<sup>28</sup> In contrast, people with negative core self-evaluations tend to blame other people for their problems, including their dissatisfying jobs. They are less likely to work toward change; they either do nothing or act aggressively toward the people they blame.<sup>29</sup>

### Tasks and Roles

As a predictor of job dissatisfaction, nothing surpasses the nature of the task itself.<sup>30</sup> Many aspects of a task have been linked to dissatisfaction. Of particular significance are the complexity of the task, the degree of physical strain and exertion required, and the value the employee places on the task.<sup>31</sup> In general, employees (especially

#### Role

The set of behaviors that people expect of a person in a particular job.

women) are bored and dissatisfied with simple, repetitive jobs.<sup>32</sup> People also are more dissatisfied with jobs requiring a great deal of physical strain and exertion. Because automation has removed much of the physical strain associated with jobs, employers often overlook this consideration. Still, many jobs remain physically demanding. Finally, employees feel dissatisfied if their work is not related to something they value.

Employees not only perform specific tasks but also have roles within the organization.<sup>33</sup> A person's **role** consists of the set of behaviors that people expect of a person in that job. These expected behaviors include the formally defined duties of the job but also much more. Sometimes things get complicated or confusing. Co-workers, supervisors, and customers have expectations for how the employee should behave often going far beyond a formal job description and having a large impact on the employee's work satisfaction. Several role-related sources of dissatisfaction are the following:

- **Role ambiguity** is uncertainty about what the organization and others expect from the employee in terms of what to do or how to do it. Employees suffer when they are unclear about work methods, scheduling, and performance criteria, perhaps because others hold different ideas about these. Employees particularly want to know how the organization will evaluate their performance. When they aren't sure, they become dissatisfied.<sup>34</sup>
- **Role conflict** is an employee's recognition that demands of the job are incompatible or contradictory; a person cannot meet all the demands. For example, a company might bring together employees from different functions to work on a team to develop a new product. Team members feel role conflict when they realize that their team leader and functional manager have conflicting expectations of them. Also, many employees may feel conflict between work roles and family roles. A role conflict may be triggered by an organization's request that an employee take an assignment overseas. Foreign assignments can be highly disruptive to family members, and the resulting role conflict is the top reason that people quit overseas assignments.<sup>35</sup>
- **Role overload** results when too many expectations or demands are placed on a person. (The opposite situation is *role underload*.) After an organization downsizes, it may expect so much of the remaining employees that they experience role overload.

### Supervisors and Co-workers

Negative behavior by managers and peers in the workplace can produce tremendous dissatisfaction. Often much of the responsibility for positive

#### Role Ambiguity

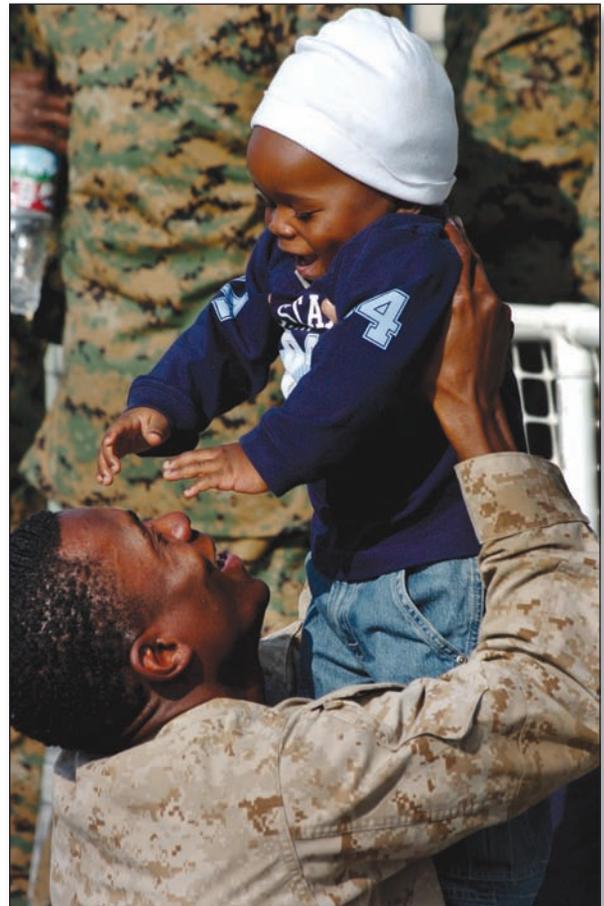
Uncertainty about what the organization expects from the employee in terms of what to do or how to do it.

#### Role Conflict

An employee's recognition that demands of the job are incompatible or contradictory.

#### Role Overload

A state in which too many expectations or demands are placed on a person.



Military reservists who are sent overseas often experience role conflict among *three* roles: soldier, family member, and civilian employee. Overseas assignments often intensify role conflicts.

# Did You Know?

## Unpleasant Employees Are Bad for Business

Researchers asked employees how they react when their co-workers are rude and nasty. The results showed consequences for just about every basic measure of work:

*Source:* Based on Christine Porath and Christine Pearson, "How Toxic Colleagues Corrode Performance," *Harvard Business Review*, April 2009, p. 24.



relationships is placed on direct supervisors, but in a recent survey by Towers Perrin (now part of Towers Watson), employees said that the leadership and visibility of senior managers play an even greater role in their level of engagement with their work.<sup>36</sup> Employees want some evidence that the company's leaders care about them, so they are more likely to be dissatisfied if management is distant and unresponsive.

In other cases, conflicts between employees left unaddressed by management may cause job dissatisfaction severe enough to lead to withdrawal or departure. Research suggests that turnover is higher when employees do not feel that their values and beliefs fit with their work group's values and beliefs.<sup>37</sup> Furthermore, as illustrated in the "Did You Know?" box, uncivil behavior by co-workers generates unhappiness that manifests in a variety of ways.<sup>38</sup>

### Pay and Benefits

For all the concern with positive relationships and interesting work, it is important to keep in mind that employees definitely care about their earnings. A job is the primary source of income and financial security for most people. Pay also is an indicator of status within the organization and in society at large, so it contributes to some

people's self-worth. For all these reasons, satisfaction with pay is significant for retaining employees. Decisions about pay and benefits are so important and complex that the chapters of the next part of this book are devoted to this topic.

With regard to job satisfaction, the pay level—that is, the amount of income associated with each job—is especially important. Employers seeking to lure away another organization's employees often do so by offering higher pay. Benefits, such as insurance and vacation time, are also important, but employees often have difficulty measuring their worth. Therefore, although benefits influence job satisfaction, employees may not always consider them as much as pay itself.

## Behavior Change

A reasonable expectation is that an employee's first response to dissatisfaction would be to try to change the conditions that generate the dissatisfaction. As the employee tries to bring about changes in policy or personnel, the efforts may involve confrontation and conflict with the employee's supervisor. In an organization where employees are represented by a union, as we will discuss in Chapter 14, more grievances may be filed.

From the manager's point of view, the complaints, confrontations, and grievances may feel threatening. On closer inspection, however, this is an opportunity for the manager to learn about and solve a potentially important problem. At Kimpton Hotels and Restaurants, recurring complaints signaled a need for better communication. The chain of boutique hotels was committed to using more environmentally friendly products, so it purchased a line of low-foaming cleaning supplies. However, looking for suds, employees thought they needed to add more soap to the solution, and they began to complain about the skin irritations that followed. After managers provided more information about the products and how to use them, the employees discovered that the products were actually easier on their skin and sinuses as well as the environment. Now they are again happy and proud to work for a company committed to environmental sustainability.<sup>39</sup>

In this example, the result was positive because the organization responded to legitimate concerns. When employees cannot work with management to make changes, they may look for help from outside the organization. Some employees may engage in *whistle-blowing*, taking their charges to the media in the hope that if the public learns about the situation, the organization will be forced to change. From the organization's point of view, whistle-blowing is harmful because of the negative publicity.

Another way employees may go outside the organization for help is to file a lawsuit. This way to force change is available if the employee is disputing policies on the grounds that they violate state and federal laws, such as those forbidding employment discrimination or requiring safe working conditions. Defending a lawsuit is costly, both financially and in terms of the employer's image, whether the organization wins or loses. Most employers would prefer to avoid lawsuits and whistle-blowing. Keeping employees satisfied is one way to do this.

## Physical Job Withdrawal

If behavior change has failed or seems impossible, a dissatisfied worker may physically withdraw from the job. Options for physically leaving a job range from arriving late to calling in sick, requesting a transfer, or leaving the organization altogether. Even while they are on the job, employees may withdraw by not actually working. All these options are costly to the employer.



Finding a new job is rarely easy and can take months, so employees often are cautious about quitting. Employees who would like to quit may be late for work. Tardiness is costly because late employees are not contributing for part of the day. Especially when work is done by teams, the tardiness creates difficulties that spill over and affect the entire team's ability to work. Absenteeism is even more of a problem. In a recent survey of 455 companies, the total costs of absences were equivalent to 36 percent of payroll costs. The impact was most severe for hourly union workers: in today's lean operations, when one worker stays home, the company has to bring in a replacement, often at overtime rates.<sup>40</sup>

An employee who is dissatisfied because of circumstances related to the specific job—for example, an unpleasant workplace or unfair supervisor—may be able to resolve that problem with a job transfer. If the source of the dissatisfaction is organizational policies or practices, such as low pay scales, the employee may leave the organization altogether. These forms of physical job withdrawal contribute to high turnover rates for the department or organization. As a result, the organization faces the costs of replacing the employees, (often tens of thousands of dollars per employee) as well as lost productivity until replacement employees learn the jobs.<sup>41</sup>

Organizations need to be concerned with their overall turnover rates as well as the nature of the turnover in terms of who is staying and who is leaving. For example, companies' top performers tend to be among the hardest employees to keep.<sup>42</sup> Also, among managers, women and minorities often have higher turnover rates. Many leave because they see little opportunity for promotions. Chapter 9 discussed how organizations are addressing this problem through career management and efforts to break the glass ceiling.

### Job Involvement

The degree to which people identify themselves with their jobs.

### Organizational Commitment

The degree to which an employee identifies with the organization and is willing to put forth effort on its behalf.

**L06** Describe how organizations contribute to employees' job satisfaction and retain key employees.

### Job Satisfaction

A pleasant feeling resulting from the perception that one's job fulfills or allows for the fulfillment of one's important job values.

## Psychological Withdrawal

Employees need not leave the company in order to withdraw from their jobs. Especially if they have been unable to find another job, they may psychologically remove themselves. They are physically at work, but their minds are elsewhere.

Psychological withdrawal can take several forms. If an employee is primarily dissatisfied with the job itself, the employee may display a very low level of job involvement. **Job involvement** is the degree to which people identify themselves with their jobs. People with a high level of job involvement consider their work an important part of their life. Doing well at work contributes to their sense of who they are (their *self-concept*). For a dissatisfied employee with low job involvement, performing well or poorly does not affect the person's self-concept.

When an employee is dissatisfied with the organization as a whole, the person's organizational commitment may be low. **Organizational commitment** is the degree to which an employee identifies with the organization and is willing to put forth effort on its behalf.<sup>43</sup> Employees with high organizational commitment will stretch themselves to help the organization through difficult times. Employees with low organizational commitment are likely to leave at the first opportunity for a better job. They have a strong intention to leave, so like employees with low job involvement, they are hard to motivate.

## Job Satisfaction

Clearly, organizations want to prevent withdrawal behaviors. As we saw in Figure 10.4, the driving force behind job withdrawal is dissatisfaction. To prevent job withdrawal, organizations therefore need to promote **job satisfaction**, a pleasant

## CREATING A POSITIVE WORK ENVIRONMENT

The relatively new fields of positive psychology and positive organizational behavior have contributed to the idea that individuals and organizations not only can work on problems but also can take steps that favor the creation of a happy outlook and upbeat workplace. Critics suspect that these kinds of approaches merely sugarcoat miserable situations, but used appropriately, some techniques can make work a more satisfying place. Here are some tips that HR professionals might want to consider:

- Bring in a “happiness coach.” Trainers with expertise in positive psychology can teach methods such as meditation and the practice and expression of gratitude.
- When confronted with news, dilemmas, and changes, start

with the assumption that the situation is not necessarily bad (or good). Define setbacks as learning experiences. Keeping an open mind can help you and your team identify more alternatives and opportunities.

- Look for employee behaviors to praise, and coach managers to do the same. Use performance feedback to identify strengths employees can build on, not just weaknesses to correct.
- Use selection and development tools that match employees’ talents to positions and career paths in the organization.
- Structure work so employees can see why it matters and so they have enough control over their time to engage in activities they care about. Define how the organization

contributes to society, and express that mission to employees.

- Ask for ideas from employees, and listen to their ideas.
- Model positive behavior by demonstrating compassion, forgiveness, and gratitude.

*Sources:* Sue Shellenbarger, “Thinking Happy Thoughts at Work,” *Wall Street Journal*, January 27, 2010, <http://online.wsj.com>; Chet Taranowski, “Advocating for a Positive Workplace,” *Journal of Employee Assistance*, January 2009, Business & Company Resource Center, <http://galenet.galegroup.com>; Ann Pace, “Unleashing Positivity in the Workplace,” *T + D*, January 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; and Stacey Burling, “Psychologists Converge on Philadelphia to Study Happiness,” *Philadelphia Inquirer*, June 21, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.

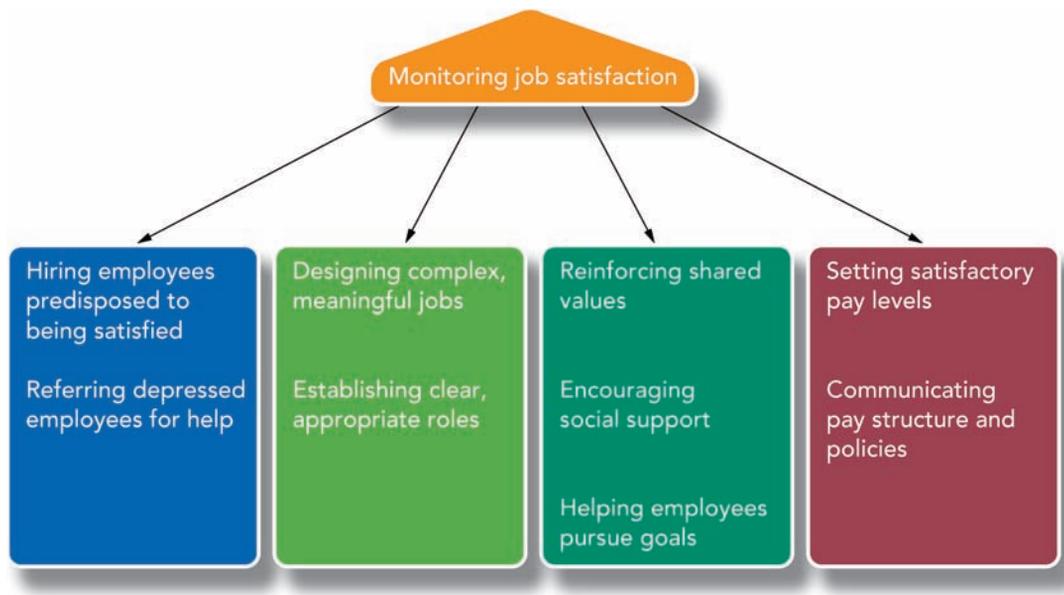
feeling resulting from the perception that one’s job fulfills or allows for the fulfillment of one’s important job values.<sup>44</sup> Several aspects of job satisfaction are:

- Job satisfaction is related to a person’s values, defined as “what a person consciously or unconsciously desires to obtain.”
- Different employees have different views of which values are important, so the same circumstances can produce different levels of job satisfaction.
- Job satisfaction is based on perception, not always on an objective and complete measurement of the situation. Each person compares the job situation to his or her values, and people are likely to differ in what they perceive. The “HR How To” box describes some ways organizations are trying to contribute to positive perceptions.

In sum, values, perceptions, and ideas of what is important are the three components of job satisfaction. People will be satisfied with their jobs as long as they perceive that their jobs meet their important values. As shown in Figure 10.5, organizations can contribute to job satisfaction by addressing the four sources of job dissatisfaction we identified earlier: personal dispositions, job tasks and roles, supervisors and co-workers, and pay and benefits.

**Figure 10.5**

Increasing Job Satisfaction



### Personal Dispositions

In our discussion of job withdrawal, we noted that sometimes personal qualities of the employee, such as negative affectivity and negative core self-evaluation, are associated with job dissatisfaction. This linkage suggests employee selection in the first instance plays a role in raising overall levels of employee satisfaction. People making the selection decisions should look for evidence of whether employees are predisposed to being satisfied.<sup>45</sup> Interviews should explore employees' satisfaction with past jobs. If an applicant says he was dissatisfied with his past six jobs, what makes the employer think the person won't be dissatisfied with the organization's vacant position?

Employers also should recognize that dissatisfaction with other facets of life can spill over into the workplace. A worker who is having problems with a family member may attribute some of the negative feelings to the job or organization. Of course, managers should not try to become clinical psychologists for their employees and applicants. Still, when employees express negativity and dissatisfaction in many areas, managers should consider that the employee may be clinically depressed.<sup>46</sup> The manager should suggest that the employee contact the organization's employee assistance program or his or her physician. Depression is a common condition, but most cases can be managed with proper care. As a reasonable accommodation under the Americans with Disabilities Act, the employer may need to grant the employee time off or a flexible schedule to accommodate treatment.

### Tasks and Roles

Organizations can improve job satisfaction by making jobs more complex and meaningful, as we discussed in Chapter 4. Some of the methods available for this approach to job design are job enrichment and job rotation. Organizations also can increase satisfaction by developing clear and appropriate job roles.

## Job Complexity

Not only can job design add to enriching complexity, but employees themselves sometimes take measures to make their work more interesting. Some employees bring personal music players with headsets to work, so they can listen to music or radio shows while they are working. Many supervisors disapprove, worrying that the headsets will interfere with the employees' ability to provide good customer service. However, in simple jobs with minimal customer contact (like processing paperwork or entering data into computers), research suggests that personal headsets can improve performance. One study examined the use of stereo headsets by workers in 32 jobs at a large retailing company. The stereo-using group outperformed the no-stereo group on simple jobs (like invoice processor) but performed worse than the stereo-free group on complex jobs (such as accountant).<sup>47</sup>

## Meaningful Work

When it comes to generating satisfaction, the most important aspect of work is the degree to which it is meaningfully related to workers' core values. People sign on to help charitable causes for little or no pay simply because of the value they place on making a difference in the world. Applying this, some employers took on charitable projects when a slowing economy left their employees with too little to do. An Austin advertising agency called Door Number 3 assigned otherwise idle employees to take on work donated to charities such as Habitat for Humanity and the Austin Humane Society. Not only do these projects help the community, but they help employees develop their creative talents and feel proud of what they accomplish. Door Number 3 benefits by hanging on to talented people who otherwise might leave.<sup>48</sup>

A similar kind of motivation can exist in businesses. Genentech, for example, focuses on developing and testing "big ideas" related to life-and-death treatments in health care. The company selects employees who have a passion for this type of challenge, and it gives them wide latitude to pursue their goals. This approach has helped Genentech attract top scientists and dramatically increase its revenues.<sup>49</sup>

## Clear and Appropriate Roles

Organizations can do much to avoid role-related sources of dissatisfaction. They can define roles, clearly spelling out work methods, schedules, and performance measures. They can be realistic about the number of hours required to complete job requirements. When jobs require overtime hours, the employer must be prepared to comply with laws requiring overtime pay, as well as to help employees manage the conflict between work and family roles.

To help employees manage role conflict, employers have turned to a number of family-friendly policies. These policies may include provisions for child care, elder care, flexible work schedules, job sharing, telecommuting, and extended parental leaves. Although these programs create some headaches for managers in terms of scheduling work and reporting requirements, they increase employees' commitment to the organization.<sup>50</sup> Organizations with family-friendly policies also have enjoyed improvements in performance, especially at companies that employ a large percentage of women.<sup>51</sup> Chapter 13 discusses such benefits in greater detail.

Organizations should also pay attention to the fit between job titles and roles, especially as more and more Americans feel overworked. One consequence of this perception is lawsuits seeking overtime pay. The Fair Labor Standards Act exempts managers and professionals from its requirement that the company pay





Appropriate tasks and roles include safety precautions, especially when work could involve risks to workers' health and safety.

### Role Analysis Technique

A process of formally identifying expectations associated with a role.

overtime to employees who work more than a 40-hour week. Increasingly, employees are complaining that they have been misclassified as managers and should be treated as nonexempt workers. Their job titles sound like managerial jobs, but their day-to-day activities involve no supervision. IBM, for example, recently reclassified more than 7,500 technical support workers following settlement of a lawsuit charging they had illegally been denied overtime pay. The company had considered them exempt because they are highly skilled professionals, but the employees argued their jobs did not give them enough decision-making authority or creative latitude for that classification.<sup>52</sup>

Because role problems rank just behind job problems in creating job dissatisfaction, some interventions aim directly at role elements. One of these is the **role analysis technique**, a process of formally identifying expectations associated with a role. The technique follows the steps shown in Figure 10.6. The *role occupant* (the person who fills a role) and each member of the person's *role set* (people who directly interact with this employee) each write down their expectations for the role. They meet to discuss their expectations and develop a preliminary list of the role's duties and behaviors, trying to resolve any conflicts among expectations. Next, the role occupant lists what he or she expects of others in the set, and the group meets again to reach a consensus on these expectations. Finally, the group modifies its preliminary list and reaches a consensus on

the occupant's role. This process may uncover instances of overload and underload, and the group tries to trade off requirements to develop more balanced roles.

## Supervisors and Co-workers

The two primary sets of people in an organization who affect job satisfaction are co-workers and supervisors. A person may be satisfied with these people for one of three reasons:

1. The people share the same values, attitudes, and philosophies. Most individuals find this very important, and many organizations try to foster a culture of shared values. Even when this does not occur across the whole organization, values shared between workers and their supervisor can increase satisfaction.<sup>53</sup>
2. The co-workers and supervisor may provide social support, meaning they are sympathetic and caring. Social support greatly increases job satisfaction, whether the support comes from supervisors or co-workers.<sup>54</sup> Turnover is also lower among employees who experience support from other members of the organization.<sup>55</sup>
3. The co-workers or supervisor may help the person attain some valued outcome. For example, they can help a new employee figure out what goals to pursue and how to achieve them.<sup>56</sup>

Because a supportive environment reduces dissatisfaction, many organizations foster team building both on and off the job (such as with softball or bowling leagues). The idea is that playing together as a team will strengthen ties among group members and develop relationships in which individuals feel supported by one another. Organizations also are developing their managers' mentoring skills and helping to set up

these beneficial relationships.<sup>57</sup> (Mentoring was described in Chapter 9.) At Lockheed Martin, turnover plummeted among jobs targeted by a mentoring program.<sup>58</sup>

## Pay and Benefits

Organizations recognize the importance of pay in their negotiations with job candidates. HR professionals can support their organizations in this area by repeatedly monitoring pay levels in their industry and for the professions or trades they employ. As we noted in Chapter 5 and will discuss further in Chapter 11, organizations make decisions about whether to match or exceed the industry averages. Also, HR professionals can increase job satisfaction by communicating to employees the value of their benefits.

Two other aspects of pay satisfaction influence job satisfaction. One is satisfaction with pay structure—the way the organization assigns different pay levels to different levels and job categories. A manager of a sales force, for example, might be satisfied with her pay level until she discovers that some of the sales representatives she supervises are earning more than she is. The other important aspect of pay satisfaction is pay raises. People generally expect that their pay will increase over time. They will be satisfied if their expectations are met or dissatisfied if raises fall short of expectations. HR professionals can contribute to these sources of job satisfaction by helping to communicate the reasoning behind the organization’s pay structure and pay raises. For example, sometimes economic conditions force an organization to limit pay raises. If employees understand the circumstances (and recognize that the same conditions are likely to be affecting other employers), they may feel less dissatisfied.

## Monitoring Job Satisfaction

Employers can better retain employees if they are aware of satisfaction levels, so they can make changes if employees are dissatisfied. The “Best Practices” box applies how monitoring job satisfaction contributed to improving employee engagement at Campbell Soup Company. The usual way to measure job satisfaction is with some kind of survey. A systematic, ongoing program of employee surveys should be part of the organization’s human resource strategy. This program allows the organization to monitor trends and prevent voluntary turnover. For example, if satisfaction with promotion opportunities has been falling over several years, the trend may signal a need for better career management (a topic of Chapter 9). An organizational change, such as a merger, also might have important consequences for job satisfaction. In addition, ongoing surveys give the organization a way to measure whether policies adopted to improve job satisfaction and employee retention are working. Organizations can also compare results from different departments to identify groups with successful practices that may apply elsewhere in the organization. Another benefit is that some scales provide data that organizations can use to compare themselves to others in the same industry. This information will be valuable for creating and reviewing human resource policies that enable organizations to attract and retain employees in a competitive job market.

**Figure 10.6**

Steps in the Role Analysis Technique



Co-worker relationships can contribute to job satisfaction, and organizations therefore try to provide opportunities to build positive relationships. Would a strong sense of teamwork and friendship help you enjoy your work more?

## HOW CAMPBELL SOUP STIRRED UP EMPLOYEE SATISFACTION

About a decade ago, Campbell Soup Company hired Douglas R. Conant to turn around a company with disappointing sales and a declining stock price. In Conant's view, a big part of the company's problem wasn't marketing; it was employee engagement. Applying the motto "You can't win in the marketplace unless you win in the workplace," Conant set out to identify and fix whatever in the workplace was keeping employees from giving their all.

An important starting point was to use annual assessments of employee engagement. The company decided to use a survey called Q<sup>12</sup>, developed by Gallup to assess employees' attitudes with the answers to a dozen questions. Each year the survey goes to thousands of employees representing about one-third of the company's workforce. The resulting measure of employee engagement is one of the key performance measures that Conant focuses on to measure the company's overall success.

The initial results were disappointing, even shocking. Compared with all the clients tracked by Gallup, Campbell had many work groups ranked in the bottom quartile. The global leadership team scored almost that low. But the company held managers responsible for improving the scores (engagement scores are a part of everyone's performance appraisals), so they met with employees to craft plans for improvement. Not all could meet the challenge: of the company's top 350 managers, 300 were replaced. As managers and employees saw that the company was serious about changing, those who remained got excited and began to feel accountable to one another.

A lesson that the company learned from early surveys was that managers are the most important factor leading to employee engagement at Campbell. The company zeroed in on this factor in its later surveys by adding more questions about managers, such as whether they give effective feedback and

link employees' objectives to the company's strategy.

One of Conant's tactics for building trust and inspiring employees is to connect with them on a personal level. He makes a practice of literally walking around the company's headquarters every day, stopping to talk to the people he encounters. Especially when times are difficult, Conant believes, the physical presence of the leader can give people confidence. He takes an active role in mentoring employees and fostering diversity, trying to model the behavior he wants to see in others.

*Sources:* Jennifer Robison, "Saving Campbell Soup Company," *Gallup Management Journal*, February 11, 2010, <http://gmj.gallup.com> (interview with Douglas R. Conant); Jennifer Robison, "When Campbell Was in the Soup," *Gallup Management Journal*, March 4, 2010, <http://gmj.gallup.com> (interview with Douglas R. Conant); and Leigh Rivenbark, "Tools of Engagement," *HR Magazine*, February 2010, Business & Company Resource Center, <http://galenet.galegroup.com>.

Finally, conducting surveys gives employees a chance to be heard, so the practice itself can contribute to employee satisfaction.

To obtain a survey instrument, an excellent place to begin is with one of the many established scales. The validity and reliability of many satisfaction scales have been tested, so it is possible to compare the survey instruments. The main reason for the organization to create its own scale would be that it wants to measure satisfaction with aspects of work that are specific to the organization (such as satisfaction with a particular health plan).

A widely used measure of job satisfaction is the Job Descriptive Index (JDI). The JDI emphasizes specific aspects of satisfaction—pay, the work itself, supervision, co-workers, and promotions. Figure 10.7 shows several items from the JDI scale. Other scales measure general satisfaction, using broad questions such as "All in all, how satisfied are you with your job?"<sup>59</sup> Some scales avoid language altogether, relying on pictures. The faces scale in Figure 10.8 is an example of this type of measure. Other

**Instructions:** Think of your present work. What is it like most of time? In the blank beside each word given below, write

   Y    for "Yes" if it describes your work  
   N    for "No" if it does NOT describe your work  
   ?    if you cannot decide

<b>Work Itself</b>	<b>Pay</b>	<b>Promotion Opportunities</b>
<u>  </u> Routine	<u>  </u> Less than I deserve	<u>  </u> Dead-end job
<u>  </u> Satisfying	<u>  </u> Highly paid	<u>  </u> Unfair policies
<u>  </u> Good	<u>  </u> Insecure	<u>  </u> Based on ability
<b>Supervision</b>	<b>Co-workers</b>	
<u>  </u> Impolite	<u>  </u> Intelligent	
<u>  </u> Praises good work	<u>  </u> Responsible	
<u>  </u> Doesn't supervise enough	<u>  </u> Boring	

**Figure 10.7**

Example of Job Descriptive Index (JDI)

SOURCE: W. K. Balzar, D. C. Smith, D. E. Kravitz, S. E. Lovell, K. B. Paul, B. A. Reilly, and C. E. Reilly, *User's Manual for the Job Descriptive Index (JDI)* (Bowling Green, OH: Bowling Green State University, 1990).

scales exist for measuring more specific aspects of satisfaction. For example, the Pay Satisfaction Questionnaire (PSQ) measures satisfaction with specific aspects of pay, such as pay levels, structure, and raises.<sup>60</sup>

Along with administering surveys, more organizations are analyzing basic HR data to look for patterns in employee retention and turnover. The results may confirm expectations or generate surprises that merit further investigation. Either way, they can help HR departments and managers determine which efforts deliver the best return. Thrivent Financial for Lutherans has combined data on employee turnover with data on work experience. The Minneapolis-based company was surprised to discover that employees with *less* prior experience in customer service were more likely to stay with the company. In Pennsylvania, a food service company called Wawa looked at data on employee turnover, wages, and hours worked. Wawa found that turnover among clerks had less to do with wage rates and more to do with limited opportunities for a full-time schedule. The company reduced turnover by adjusting work schedules so that more employees could be scheduled to work at least 30 hours per week.<sup>61</sup>

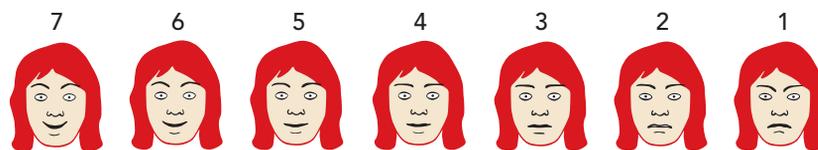
In spite of surveys and other efforts to retain employees, some employees inevitably will leave the organization. This presents another opportunity to gather information for retaining employees: the **exit interview**—a meeting of the departing employee with the employee's supervisor and/or a human resource specialist to discuss the employee's reasons for leaving. A well-conducted exit interview can uncover reasons why employees leave and perhaps set the stage for some of them to return. HR professionals can help make exit interviews more successful by arranging for the

**Exit Interview**

A meeting of a departing employee with the employee's supervisor and/or a human resource specialist to discuss the employee's reasons for leaving.

**Job Satisfaction from the Faces Scale**

Consider all aspects of your job. Circle the face that best describes your feelings about your job in general.



**Figure 10.8**

Example of a Simplified, Nonverbal Measure of Job Satisfaction

SOURCE: From R. B. Dunham and J. B. Herman, *Journal of Applied Psychology* 60 (1975), pp. 629–31. Reprinted with permission.

employee to talk to someone from the HR department (rather than the departing employee's supervisor) in a neutral location or over the phone.<sup>62</sup> Questions should start out open-ended and general, to give the employee a chance to name the source of the dissatisfaction or explain why leaving is attractive.

A recruiter armed with information about what caused a specific person to leave may be able to negotiate a return when the situation changes. And when several exiting employees give similar reasons for leaving, management should consider whether this indicates a need for change. In the war for talent, the best way to manage retention is to engage in a battle for every valued employee, even when it looks as if the battle has been lost.

## thinking ethically

### KEEPING EMPLOYEES WHEN YOU CAN'T KEEP PROMISES

When American International Group (AIG) got into financial trouble with risky investments gone bad, the federal government came to the rescue, making loans aimed at limiting the spread of the financial crisis. AIG embarked on the complex process of restructuring the company so that it could return to profitability and repay the loans, but meanwhile the public was furious about the bailout and the bonuses paid to AIG executives in spite of the company's collapse.

Imagine the human resource management challenge facing that company. Employees—many of them involved in the company's insurance business unrelated to the financial fiasco—are embarrassed, afraid, and doubtful they will be able to ever enjoy the career path, pay, and benefits they had expected, even if they keep their jobs.

While AIG's situation is notorious and extreme, from an HR perspective, it is only a more intense version of a situation that faces many employers when they run into financial difficulties. To lure the most talented people, companies look at their financial situation and offer pay, benefits, and working conditions they can afford. They may discuss promotion opportunities based on the company's expected growth. Whether or not

the company makes promises in a strict legal sense, employees look around and see opportunities they once believed in beginning to disappear. Employers typically respond by urging employees to work harder, make do with less, and trust management's reassurance that the difficult times will pass.

SOURCES: Stephen A. Miles and Nathan Bennett, "The Changing Employer-Employee Relationship," *BusinessWeek*, March 31, 2009, [www.businessweek.com](http://www.businessweek.com); and American International Group, "Restructuring" and "About AIG," [www.aigcorporate.com](http://www.aigcorporate.com), accessed April 19, 2010.

### Questions

1. When a seemingly secure job or a job with opportunities for advancement becomes an insecure job at a shrinking company, has the employer broken a promise? Why or why not?
2. What ethical obligations, if any, does a company have to employees when it falls on hard times? In what ways, if any, are those obligations different if the hard times are the result of managers' or employees' unethical conduct?
3. How can a company such as AIG apply principles of fairness to employees during downsizing and restructuring? What impact do you think those efforts would have on employee retention?

## SUMMARY

**LO1** Distinguish between involuntary and voluntary turnover, and describe their effects on an organization.

Involuntary turnover occurs when the organization requires employees to leave, often when they would prefer to stay. Voluntary turnover occurs when employees initiate the turnover, often when the organization would prefer to keep them. Both are costly because of the need to recruit, hire, and

train replacements. Involuntary turnover can also result in lawsuits and even violence.

**LO2** Discuss how employees determine whether the organization treats them fairly.

Employees draw conclusions based on the outcomes of decisions regarding them, the procedures applied, and the way managers treat employees when carrying out those procedures. Outcome fairness

is a judgment that the consequences are just. The consequences should be consistent, expected, and in proportion to the significance of the behavior. Procedural justice is a judgment that fair methods were used to determine the consequences. The procedures should be consistent, unbiased, based on accurate information, and correctable. They should take into account the viewpoints of everyone involved, and they should be consistent with prevailing ethical standards. Interactional justice is a judgment that the organization carried out its actions in a way that took the employee's feelings into account—for example, by listening to the employee and treating the employee with dignity.

**LO3** Identify legal requirements for employee discipline.

Employee discipline should not result in wrongful discharge, such as a termination that violates an implied contract or public policy. Discipline should be administered evenhandedly, without discrimination. Discipline should respect individual employees' privacy. Searches and surveillance should be for a legitimate business purpose, and employees should know about and consent to them. Reasons behind disciplinary actions should be shared only with those who need to know them. When termination is part of a plant closing, employees should receive the legally required notice, if applicable.

**LO4** Summarize ways in which organizations can fairly discipline employees.

Discipline should follow the principles of the hot-stove rule, meaning discipline should give warning and have consequences that are consistent, objective, and immediate. A system that can meet these requirements is progressive discipline, in which rules are established and communicated, and increasingly severe consequences follow each violation of the rules. Usually, consequences range from a spoken warning through written warnings, suspension, and termination. These actions should be documented in writing. Organizations also may

resolve problems through alternative dispute resolution, including an open-door policy, peer review, mediation, and arbitration. When performance problems seem to result from substance abuse or mental illness, the manager may refer the employee to an employee assistance program. When a manager terminates an employee or encourages an employee to leave, outplacement counseling may smooth the process.

**LO5** Explain how job dissatisfaction affects employee behavior.

Circumstances involving the nature of a job, supervisors and co-workers, pay levels, or the employee's own disposition may produce job dissatisfaction. When employees become dissatisfied, they may engage in job withdrawal. This may include behavior change, as employees try to bring about changes in policy and personnel through inside action or through whistle-blowing or lawsuits. Physical job withdrawal may range from tardiness and absenteeism to job transfer or leaving the organization altogether. Especially when employees cannot find another job, they may psychologically withdraw by displaying low levels of job involvement and organizational commitment.

**LO6** Describe how organizations contribute to employees' job satisfaction and retain key employees.

Organizations can try to identify and select employees who have personal dispositions associated with job satisfaction. They can make jobs more complex and meaningful—for example, through job enrichment and job rotation. They can use methods such as the role analysis technique to make roles clear and appropriate. They can reinforce shared values and encourage social support among employees. They can try to establish satisfactory pay levels and communicate with employees about pay structure and pay raises. Monitoring job satisfaction helps organizations identify which of these actions are likely to be most beneficial.

## KEY TERMS

alternative dispute resolution (ADR), p. 301

arbitration, p. 302

employee assistance program (EAP), p. 302

exit interview, p. 315

hot-stove rule, p. 298

interactional justice, p. 296

involuntary turnover, p. 293

job involvement, p. 308

job satisfaction, p. 308

job withdrawal, p. 303

mediation, p. 301

open-door policy, p. 301

organizational commitment, p. 308

outcome fairness, p. 295

outplacement counseling, p. 303

peer review, p. 301

procedural justice, p. 296

progressive discipline, p. 298

role, p. 304

role ambiguity, p. 304

role analysis technique, p. 312

role conflict, p. 304

role overload, p. 304

voluntary turnover, p. 293

## REVIEW AND DISCUSSION QUESTIONS

1. Give an example of voluntary turnover and an example of involuntary turnover. Why should organizations try to reduce both kinds of turnover?
2. A member of a restaurant's serving staff is chronically late to work. From the organization's point of view, what fairness issues are involved in deciding how to handle this situation? In what ways might the employee's and other servers' ideas of fairness be different?
3. For the situation in Question 2, how would a formal discipline policy help the organization address issues of fairness?
4. The progressive discipline process described in this chapter is meant to be fair and understandable, but it tends to be slow. Try to think of two or three offenses that should result in immediate discharge, rather than follow all the steps of progressive discipline. Explain why you selected these offenses. If the dismissed employee sued, do you think the organization would be able to defend its action in court?
5. A risk of disciplining employees is that some employees retaliate. To avoid that risk, what organizational policies might encourage low-performing employees to leave while encouraging high-performing employees to stay? (Consider the sources of employee satisfaction and dissatisfaction discussed in this chapter.)
6. List forms of behavior that can signal job withdrawal. Choose one of the behaviors you listed, and describe how you would respond if an otherwise valuable employee whom you supervised engaged in this kind of behavior.
7. What are the four factors that influence an employee's job dissatisfaction (or satisfaction)? Which of these do you think an employer can most easily change? Which would be the most expensive to change?
8. The section on principles of justice used noncompete agreements as an example. How would you expect the use of noncompete agreements to affect voluntary turnover? How might the use of these agreements affect job withdrawal and job satisfaction? Besides requiring noncompete agreements, how could an organization reduce the likelihood of employees leaving to work for competitors? Would these other methods have a better effect on employee satisfaction?
9. Consider your current job or a job you recently held. Overall, were you satisfied or dissatisfied with that job? How did your level of satisfaction or dissatisfaction affect your behavior on the job? Is your own experience consistent with this chapter's models of job withdrawal and job satisfaction?
10. Suppose you are an HR professional who convinced your company's management to conduct a survey of employee satisfaction. Your budget was limited, and you could not afford a test that went into great detail. Rather, you investigated overall job satisfaction and learned that it is low, especially among employees in three departments. You know that management is concerned about spending a lot for HR programs because sales are in a slump, but you want to address the issue of low job satisfaction. Suggest some ways you might begin to make a difference, even with a small budget. How will you convince management to try your ideas?
11. Why are exit interviews important? Should an organization care about the opinions of people who are leaving? How are those opinions relevant to employee separation and retention?

## BUSINESSWEEK CASE

### **BusinessWeek** How the MGM Grand Maintains Employee Engagement

When Gamal Aziz became president of MGM Grand Hotel & Casino in 2001, Las Vegas was on a roll—and so was the MGM Grand. The 5,000-room hotel was ringing up \$175 million a year. The challenge for Aziz: to take something good and make it even better.

Under Aziz, revenue zoomed, and the MGM Grand became the second-most profitable hotel on the strip after the Bellagio. Some credit goes, of course, to a \$400 million spruce-up of the hotel in which 36 restaurants were

opened or remodeled and Cirque du Soleil was brought in as a headlining act.

But ask Aziz what was the single-most important factor in the jump, and he won't talk about twirling acrobats or signature dishes such as free-range quail stuffed with foie gras. His answer is: the employees. Now with times getting tougher in Las Vegas as tourism drops and gambling revenues fall, Aziz says his people have become even more critical to the company's success.

"Employee engagement in times of difficulties and severe economic climate is far more profoundly important now," says Aziz. "Employees are willing to give their all

when they are well treated, appreciated. And the ability to unlock that potential is a competitive distinction. . . . It's their decisions, their actions, their attitude that really makes the difference between [us and] a company that has its employees just punching the clock and trying to get through the day."

But Aziz, like all managers, is under pressure to justify every cost. Although his hotel is still running 96 percent occupied, groups are canceling, and those that do come are spending much less per visit. That's forced Aziz to economize on some of these successful programs. He still does regular employee appreciation dinners for top performers, but he's spending about half as much this year as last. He's started recruiting managers from sister properties to attend his MGM Grand University as a way to defray the costs of training his own top managers. And he's put on hold one program training next-generation line managers.

Aziz shares with employees the challenges he's facing. Employees, the CEO says, were what got the hotel to the next level, and they are the key to pulling through hard times. "We will get through this, we will survive," says Aziz. "Once we get through this, the employees will be the ones who have gotten us through."

When Aziz arrived in 2001, he sought out rank-and-file insight into the hotel and how it could improve. A survey of the hotel's 10,000 employees made clear that very little was being communicated to the staff about the events going on in the hotel on a daily basis, including such basics as who was staying there, and what the hotel had to offer those particular guests. Employees sometimes didn't even know what conventions were at the hotel.

Aziz came up with a simple fix. There is a short meeting now at the start of every shift in which every employee is given a rundown of what's happening in the hotel that day. It's a simple concept, but rolled out across 10,000 employees a day, it's a major undertaking.

In his recent book *Closing the Engagement Gap*, Towers Perrin Managing Director Don Lowman highlights many

MGM programs, including the MGM Grand University that offers dozens of classes on an invitation-only basis for high achievers. The MGM Grand Leadership Institute is a 24-week program for executives. And REACH! is the hotel's six-month course on basic supervisory skills for ambitious hourly workers. This investment in the staff, along with recognition dinners and other rewards, have led to more than 90 percent of MGM Grand employees saying they are satisfied with the jobs, and 89 percent saying their work has special meaning.

In the book, Lowman cites a finding from the firm's survey of tens of thousands of employees in six countries: that the number-one thing that engages employees is senior management's interest in their well-being. Visiting the MGM Grand, Lowman says he found evidence of that connection in spades. Aziz was impressive, Lowman says, for his tendency to ask questions and listen to the answers.

SOURCE: Excerpted from Nanette Byrnes, "The Issue: Maintaining Employee Engagement," *BusinessWeek*, January 16, 2009, [www.businessweek.com](http://www.businessweek.com).

### Questions

1. How did the MGM Grand use employee surveys to enhance employee engagement? Besides the applications described, how else could surveys support employee satisfaction and retention at the hotel/casino?
2. In meetings held at the beginning of each shift, employees receive information that helps them provide superior service because they know more about their guests. How could that information also contribute to employee satisfaction and retention?
3. Because of a decline in revenues, the MGM Grand scaled back spending on some employee recognition and development programs. Suggest a few less-costly ways the organization could strengthen employee retention in lean times.

## Case: Texas Roadhouse Won't Skimp on Making Employees Happy

When demand falls, where management cuts spending says a lot about what drives success at a company. At the Texas Roadhouse restaurant chain, the economic downturn cut into sales, and the company responded by slowing the pace at which it opened new units. Spending to promote job involvement and organizational commitment remained intact.

That decision reflects priorities held and expressed at the top of the organization. CEO G. J. Hart has said, "If we take care of our employees, they will take care of our customers." Mark Simpson, an HR manager with the

unusual title Senior Director of Legendary People, makes the point in similar language: "We believe that if we love our employees, they're going to love our guests."

How does Texas Roadhouse show the love? The company looks for ways to recognize employees and bring them together to have fun: Before each shift, employees in a restaurant gather for an "alley rally" to get motivated. Competitions include a yearly chance for an employee to win \$20,000 for being the chain's best meat cutter. The company gives managers \$500 in "fun money" they use to host events such as barbecues or outings for employees.

One event that has drawn national attention is Texas Roadhouse's annual motivational conference. The company invites about a thousand employees, managers, and vendors to bring their spouses to a four-day conference as a way to recognize and reward its best people. While some companies were canceling their retreats during the recent recession, Texas Roadhouse employees were assembling at the Ritz Carlton in San Francisco, where a 25-foot inflatable armadillo outside the hotel advertised their presence. Activities combined team building, charity work, and fun.

The charitable aspect of the annual conference is more than an add-on. CEO Hart says the company typically devotes about a million dollars' worth of labor and materials to community service during each conference. At the San Francisco conference, participants worked on building Habitat for Humanity homes, stuffing USO care packages, and serving food at a community center. Besides demonstrating a commitment to its community, Texas Roadhouse includes these efforts because, the CEO says, "it changes people's hearts." This fits his vision that his restaurant chain should not merely be a place to serve meat but should be about "making a difference and creating a legacy."

A reporter for CNBC criticized Hart for wasting \$2 million on luxuries during lean times. Hart replied that the effort to inspire employees was precisely the kind of investment that enables his company to succeed. In fact, he later told another reporter, "During times like [this recession] when everyone is feeling the pinch, it is even more important to recognize and reward folks." The company had no plans to cancel its next retreat, to be held at New York City's Waldorf-Astoria.

The business results at Texas Roadhouse suggest that Hart may be on to something. For example, turnover among the company's on-site recruiters tumbled by two-thirds after the company put in place a program to recognize and reward these employees. Meat cutters are an important way the company differentiates itself in terms of quality by having steaks freshly cut on-site rather than being prepackaged and shipped to the restaurants.

SOURCES: Lisa Jennings, "A Happy Staff Can Soup Up Sales, Satisfy Customers," *Nation's Restaurant News*, September 21, 2009, pp. 1, 18; Gary M. Stern, "Closing Out Opulent Retreats," *Investor's Business Daily*, March 15, 2010, Business & Company Resource Center, <http://galent.galegroup.com>; and Rachel Eccles, "All Fired Up," *Corporate Meetings & Incentives*, September 1, 2009, Business & Company Resource Center, <http://galenet.galegroup.com> (interview with G. J. Hart).

### Questions

1. Voluntary turnover is a significant challenge in the restaurant business. Why do you think restaurant employees might quit jobs more than employees in many other industries? Why would employee retention be an important advantage in the restaurant business?
2. According to this case, what methods does Texas Roadhouse use to promote employee retention? Suggest a few other methods the company might use and why they would be effective at Texas Roadhouse.
3. What is your response to criticism that companies shouldn't send employees on lavish retreats when the economy is slow? Under what conditions would a lavish retreat help a company, and when would it be harmful to the business? Under what conditions would the retreat be ethical or unethical? Based on your criteria, explain whether Texas Roadhouse seems to have made a good decision in conducting its motivational retreats.



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#### Review

- Chapter learning objectives
- Test Your Knowledge: Styles of Handling Conflict

#### Application

- Manager's Hot Seat segment: "Whistle-Blowing: Code Red or Red Ink?"
- Video case and quiz: "Finding and Keeping the Best Employees at SAS"
- Self-Assessments: Take a sample employee survey and answer the assessment, "What Is Your Preferred Conflict Handling Style"
- Web exercise: Cyberspace and Employee Satisfaction
- Small-business case: Looking to Show Appreciation at Datotel

#### Practice

- Chapter quiz

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