

Chapter 7

Managing Employee Retention and Separation

A MANAGER'S PERSPECTIVE

RITHICA CLOSES HER CELL PHONE AND TAKES A DEEP BREATH. WAS IT REALLY A GOOD IDEA TO ACCEPT THE JOB AS RESTAURANT MANAGER? IT SOUNDED LIKE A GOOD IDEA WHEN RAVI, THE REGIONAL MANAGER, OFFERED HER THE POSITION TWO MONTHS AGO. SHE WON'T GRADUATE WITH HER DEGREE IN ELEMENTARY EDUCATION FOR TWO MORE YEARS. BEING THE MANAGER PROVIDES HER WITH FLEXIBILITY TO TAKE CLASSES WHEN SHE WANTS, BUT TRYING TO SCHEDULE OTHER EMPLOYEES IS MUCH MORE STRESSFUL THAN SHE EXPECTED.

Just now Beth—a new cook hired last month—called to tell Rithica that she is quitting and will not work the hours scheduled during the upcoming week. This is the third time in two months that someone has quit with little or no advance notice. It will be difficult to schedule other employees to cover for Beth during the upcoming week, let alone quickly find someone to hire as a new cook.

From experience, Rithica knows that cooks and food servers are unlikely to stay with the same restaurant for long. Yet surely it would be possible

to create a fun working atmosphere that would make employees less likely to leave. Would it help to pay higher wages? Would older workers and people with family responsibilities be more likely to stay than the college students she currently hires?

Rithica's thoughts quickly shift to the other disagreeable task she faces today. The very thought of meeting with Grant is enough to make Rithica want to quit herself. Yesterday Grant was late for work the second time this week. Once he arrived, he spent much of his shift wasting time. Working with first graders will surely be easier than supervising Grant. Should she just fire him?

Thinking about firing someone scares Rithica. Would Grant become emotional? When should she meet with him if she decides to deliver the bad news? What should she say? As questions about firing Grant race through her head, Rithica remembers a section of the restaurant operations manual





THE BIG PICTURE *Effective Organizations Retain their Best Employees While Helping People Who Are Not Productive Find Alternative Employment*

that provides guidance for dealing with problem employees. She read the manual when she began working as manager, and she vaguely remembers a series of steps that she should use to discipline problem employees. Perhaps the operations manual is more useful than she thought.

Rithica enters her small manager's office and begins searching for the manual. As she searches, she asks herself why personnel issues have to be so hard. Her life would be so much easier if she could get employees like Beth to stay and those like Grant to leave. She knows she will need a plan if she is going to survive the next two years.



WHAT DO YOU THINK?

Suppose you are listening to a conversation between Rithica and her boss, Ravi. Ravi makes the following statements. Which of the statements do you think are true?

- T OR F** Workers are less likely to quit when they feel the organization cares about their personal needs.
- T OR F** Decisions to quit often begin with a specific event that causes employees to evaluate their work situation.
- T OR F** It doesn't really matter how you fire people, as long as you make it clear that their employment is being terminated.
- T OR F** In order to defend against potential lawsuits, an organization should carefully document methods of disciplining problem employees.
- T OR F** Employees who see coworkers losing their jobs become more committed to staying with the organization.

LEARNING OBJECTIVES

After reading this chapter you should be able to:

- LEARNING OBJECTIVE 1** Explain how employee retention and separation align with overall HR strategy.
- LEARNING OBJECTIVE 2** Explain the employee turnover process and describe methods that an organization can use to reduce undesirable turnover.
- LEARNING OBJECTIVE 3** Discuss the potential benefits and problems associated with employee layoffs.
- LEARNING OBJECTIVE 4** Describe effective methods of employee discipline, including the principles of due process and the actions of progressive discipline.
- LEARNING OBJECTIVE 5** Describe effective methods for dismissing employees from an organization.

How Can Strategic Employee Retention and Separation Make an Organization Effective?

Employees are a primary asset of almost every organization, but identifying, hiring, and training good employees can be costly. Replacing an employee who quits costs an organization between one and two times the annual salary of the position.¹ This means, for example, that replacing an accountant with an annual salary of \$75,000 costs the firm between \$75,000 and \$150,000. The company loses money not only from the costs associated with hiring a replacement but also from lower productivity and decreased customer satisfaction.² For example, one study found that Burger King restaurants with higher employee turnover have longer wait times that translate into decreased customer satisfaction.³ Employee turnover, then, is very expensive for organizations. Good employees leaving to work for competitors can also be a problem in that it increases the effectiveness of a rival.⁴ The expense and negative consequences of replacing workers requires most organizations to focus effort on **employee retention**, a set of actions designed to keep good employees once they have been hired.

Employee retention

The act of keeping employees; retaining good workers is particularly important.

Whereas retaining good employees is beneficial, organizations lose money when they retain poor employees. Ensuring that nonproductive employees don't continue with the organization is often just as important as retaining productive workers. Furthermore, changes in economic conditions and product demand sometimes force organizations to reduce the size of their workforce. **Employee separation** is the process of efficiently and fairly terminating workers.

Employee separation

The act of terminating the employment of workers.

SAS Institute, Inc., is a successful organization that benefits from concerted efforts to retain productive workers. CEO Jim Goodnight summarizes his views about employee retention when he says, "My chief assets drive out the gate every day. My job is to make sure they come back."⁵

SAS is the world's largest privately owned software company, with revenues exceeding \$2.3 billion each year. Organizations such as American Express, Chrysler, Pfizer, and the U.S. Department of Defense use SAS products to help them gather and analyze large amounts of information. Many college students also use SAS products to conduct statistical analyses for class projects.⁶

An important key to success for SAS is high customer satisfaction: Its customer retention rate is above 98 percent. One reason for this success is a relentless drive to create innovative products. SAS reinvests 30 percent of its revenue in research and development each year. Another reason for success is its emphasis on building long-term relationships with clients. Each year, the company conducts a survey to determine how well customer needs are being met. Rather than spend money on marketing and advertising, SAS spends money satisfying customer needs.

Having a stable workforce made up of highly intelligent knowledge workers is critical for providing outstanding customer service.⁷ Jim Goodnight sums up the human resource philosophy he has practiced over the years by stating, "I think our history has shown that taking care of employees has made the difference in how employees take care of our customers."⁸ The average tenure at SAS is 10 years, and 300 employees have worked there for at least 25 years, which is unusual in the software industry. SAS develops long-term relationships with employees, who in turn build long-term relationships with customers. Employees treat customers with the same respect and care that they receive from SAS.⁹

A good indication of successful human resource practices is the low percentage of employees who leave SAS each year. The annual turnover rate at SAS has never been higher than 5 percent, a rate that is much lower than that at competing software firms. Even in the down economy, SAS had no layoffs but hired 264 new employees in 2009.¹⁰ The lower turnover saves SAS up to \$80 million each year.¹¹

What does SAS do to keep employee turnover so low? One answer is that it has created a great work environment. The great environment was recognized by *Fortune* magazine, which named SAS the best place to work in 2010. Its work sites, located in beautiful areas where people want to live, have a campus atmosphere.¹² SAS employs a resident artist who coordinates sculptures and art decorations.¹³ In addition, all professional workers have private offices.¹⁴ Perhaps the most important aspect of the work environment is the expectation that employees leave the office between 5 and 6 o'clock each evening. The corporate philosophy is that working too many hours in a day leads to decreased productivity for creative workers. Employees are encouraged to spend dinnertime at home with their families.¹⁵

Another reason SAS excels at employee retention is its exceptional benefits. Back in its startup days, SAS faced the possibility of losing some key personnel who were going on maternity leave and unlikely to return to work. Goodnight and other leaders solved the problem by creating an onsite daycare center. In the ensuing 25 years, SAS has become a leader in offering family-friendly benefits. Employees are often seen in the cafeteria eating lunch with their young children who attend onsite daycare. Vacation and sick leave policies are generous, and most workers have the option of flexible scheduling.¹⁶ The company also has excellent fitness facilities, which even launder gym clothes.¹⁷ Pay is rarely more than what is offered by other software firms, but SAS does offer competitive compensation packages that include profit sharing.

SAS is also good at identifying and retaining employees who are compatible with its organizational culture. People who fit with the family-friendly environment are recruited across industries and not just from the software sector. Not being located in Silicon Valley helps SAS recruit workers who are less likely to move to other companies. SAS also takes advantage of poor economic conditions by hiring the best workers who have been laid off from

competitors.¹⁸ For each open position, the company receives up to 200 applications.¹⁹ To retain good employees who want to pursue different jobs, the company works hard to facilitate internal transfers.²⁰ Those who are hired but don't fit the organizational culture are encouraged to leave SAS and find other employment.²¹



Building Strength Through HR

SAS INSTITUTE, INC.

SAS Institute, Inc. is a software developer that employs over 10,000 people. Human resource management at SAS builds competitive strength by

- Providing a great work atmosphere that encourages employees to stay with the company.
- Offering family-friendly benefits such as onsite daycare and flexible scheduling.
- Hiring high-performing employees who are motivated not only to make money but also to balance work life with outside interests.



LEARNING OBJECTIVE 1

How Are Employee Retention and Separation Strategic?

The SAS Institute example shows how an organization can benefit from placing a strong emphasis on retaining workers. As we have seen with other human resource practices, however, an emphasis on retaining workers may not be as beneficial for other organizations. Strategies for retaining employees are most effective when they fit with an organization's strategy. Figure 7.1 illustrates how employee retention and separation fit with competitive business strategy and overall HR strategy.

STRATEGIC EMPHASIS ON EMPLOYEE RETENTION

Retaining good employees is the very essence of an internal labor orientation. The competitive advantage here comes from developing a loyal workforce that consistently excels at satisfying customer demands. For organizations that use the Loyal Soldier HR strategy, retaining employees reduces recruiting expenses and provides workers with a sense of security that persuades them to work for slightly lower wages than they might be able to earn at competing firms. For instance, people employed at a state government office might be

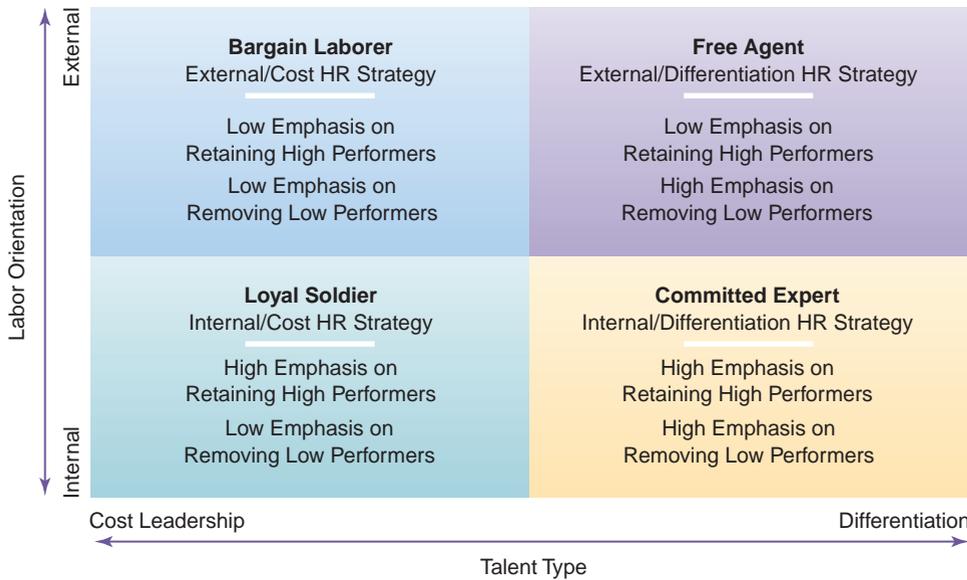


Figure 7.1 Strategic Retention and Separation of Employees.

able to earn more money elsewhere but prefer to continue working as public servants because government agencies are less likely to replace workers.

With the Committed Expert HR strategy, employee retention helps build a workforce with unique skills that employees of other organizations do not have. These skills are critical for producing exceptional products and services that cannot be easily duplicated by competitors. SAS Institute uses a Committed Expert strategy of this kind. Employees with specialized skills develop long-term relationships with customers, who continue to purchase SAS products because of the excellent service they receive.

Employee retention is not as critical for organizations with an external labor orientation. Employees are expected to leave the organization to pursue other opportunities. For organizations pursuing a Bargain Laborer HR strategy, separations are seen as a necessary consequence of combining entry-level work with relatively low wages. Indeed, a moderate amount of employee turnover has been found to be beneficial with the Bargain Laborer HR strategy.²² For organizations with a Free Agent HR strategy, some employee turnover is desirable, since those who leave can often be replaced by individuals with more up-to-date knowledge and skills.

STRATEGIC EMPHASIS ON EMPLOYEE SEPARATION

In some cases, employee separation can be just as important as employee retention. Employee separations are an important part of a differentiation strategy. Organizations pursuing differentiation rely on highly skilled employees who have specialized knowledge and ability. An employee who is not capable of providing skilled inputs does not contribute, making termination of nonperforming employees critical for organizations that seek to produce premium goods and services.

Organizations pursuing a Committed Expert HR strategy focus on terminating the employment of low performers soon after they are hired. Quickly

identifying individuals who do not fit the organizational culture, or who appear unable to develop needed skill and motivation, reduces the cost of bad hiring decisions. A law firm engages in such practice when it denies promotion to a junior-level attorney who is not performing at the level necessary for making partner.

Organizations with a Free Agent HR strategy benefit from frequently replacing employees with others who bring new skills and a fresh perspective. Employee separation is a common occurrence in such organizations, and ongoing efforts are needed to ensure that disruptions from frequent turnover are minimized as much as possible.²³ For example, an organization might create incentives that encourage employees working on a major project not to leave until the project is completed.

Managing employee separation is not as important for organizations that have cost-reduction strategies. An organization pursuing a Loyal Soldier HR strategy seeks to prevent employee separation. The primary goal is to hire young employees who stay with the organization for long careers. Having high performers is not as critical in these cost-focused organizations, which means that termination of employment is only necessary when a worker clearly fails to meet minimum expectations. People who are not performing well in a specific job are frequently transferred to a different position. The overall focus on stability also makes employee layoffs an uncommon occurrence. Organizations with Loyal Soldier HR strategies thus expend little effort on developing employee separation practices.

Similarly, effective management of employee separation is not critical for an organization with a Bargain Laborer HR strategy. Because of their relatively low wage rates and repetitive jobs, such organizations expect many of their employees to move on. Furthermore, the basic nature of the work and the emphasis on close supervision mean that identifying and terminating low performers need not be a major focus. For example, most fast-food restaurants expect many employees to quit each year, and few have policies to actively identify and terminate low-performing workers. Employees are allowed to continue working as long as their performance meets minimum standards.



CONCEPT CHECK

1. Retaining good employees is most critical for which of the HR strategies?
2. Which of the HR strategies might encourage some employee separation?

LEARNING OBJECTIVE 2

How Can Undesirable Employee Turnover Be Reduced?

An employee's departure from an organization can have either positive or negative effects. From the organization's standpoint, the effect depends a great deal on whether the employee is a high or a low performer. Turnover tends to be greatest among high and low performers; employees whose performance is

in the middle range are most likely to stay.²⁴ Having low performers leave can be beneficial, but having high performers leave is undesirable.

From the employee’s point of view, much depends on whether we’re dealing with **voluntary turnover**, in which the employee makes the decision to leave, or **involuntary turnover**, in which the organization terminates the employment relationship. Not surprisingly, involuntary turnover has a much more negative effect on the employee.

Figure 7.2 combines two dimensions—the employee’s performance level and the employee’s choice to either leave the organization or stay—to arrive at four conditions:²⁵

- *Functional retention*, which occurs when high-performing employees remain employed, can benefit both the individual and the organization.
- *Functional turnover*, which occurs when low-performing employees voluntarily quit, can also benefit both parties.
- *Dysfunctional retention* occurs when low-performing employees remain with the organization. Later in the chapter, we deal with situations in which the organization must terminate low performers who do not leave voluntarily.
- **Dysfunctional turnover** occurs when an employee whose performance is at least adequate voluntarily quits. We focus on this situation in the remainder of this section.

When a good employee chooses to leave, the organization usually must identify and hire another worker to fill the position. This process can be highly disruptive. Just think of a basketball team with high turnover among players. Frequent personnel changes make it difficult for team members to coordinate their efforts. A lot of time and energy are spent on finding new players and teaching them the necessary skills. All this energy and time is wasted if the players leave just as they are becoming integrated into the team. The

Voluntary turnover

Employee separation that occurs because the employee chooses to leave.

Involuntary turnover

Employee separation that occurs because the employer chooses to terminate the employment relationship.

Dysfunctional turnover

Undesirable employee turnover that occurs when good employees quit.

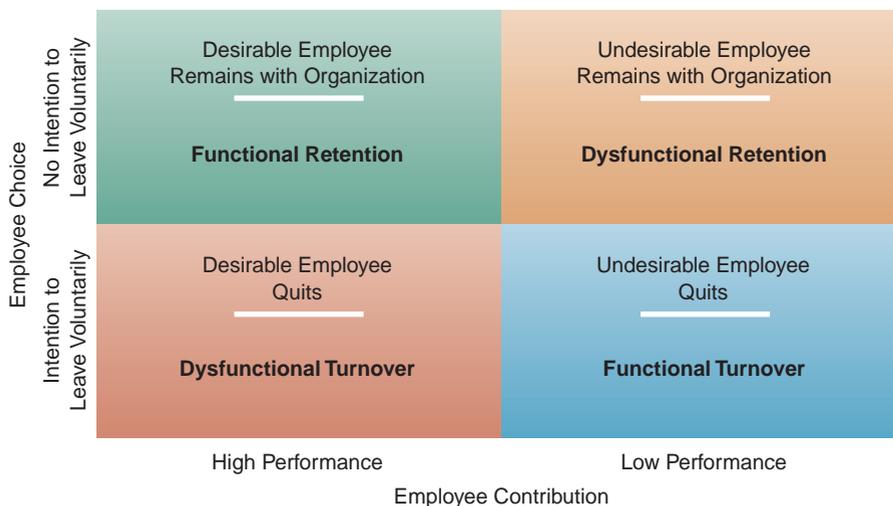


Figure 7.2 Types of Employee Turnover and Retention. *Source: Adapted from D. Dalton, W. Todor, and D. Krackhardt, “Turnover Overstated: The Functional Taxonomy,” Academy of Management Review 7 (1982): 118. Reprinted with permission of Academy of Management.*



Building Strength Through HR

CONVERGYS CORPORATION

Convergys Corporation, which provides various business services, is a global leader, with annual revenues of more than \$2.8 billion. The 74,000 employees at Convergys help companies manage customer and employee relationships through activities such as billing, customer inquiry management, and employee benefit management. Convergys uses an “early warning system” to help identify employees who might quit. Team leaders provide a weekly assessment of each employee’s probability of leaving the company. Employees unlikely to leave receive a green rating, and employees likely to leave receive a red rating. Organizational leaders meet with red-rated employees to encourage them to stay. These employees are offered alternative work schedules, and many are referred to health and benefit programs. These practices show employees that the organization cares about them. Employees stay with the organization, and



80 percent of managers are promoted from within. By emphasizing employee retention, Convergys has been consistently recognized by *Fortune* magazine as one of America’s most admired companies.

Sources: www.convergys.com/company_overview.html; Philip Quinn, “Colour Coding for Early Warning: Keeping Employees Is Becoming More Important in Today’s Tighter Labour Market,” *Ottawa Citizen*, October 7, 2006; http://money.cnn.com/_magazines/fortune/mostadmired.

same is true of work organizations. Frequently replacing employees consumes many resources and makes it difficult for organizations to develop a competitive advantage. In general, organizations are thus more effective when they have programs and practices that proactively work to reduce employee turnover. Convergys Corporation, which is highlighted in the “Building Strength Through HR” feature, illustrates how a company can proactively keep valuable employees.

RECOGNIZING PATHS TO VOLUNTARY TURNOVER

We’ve seen that dysfunctional turnover causes problems for organizations. What, then, can they do to prevent or reduce it? A starting point is to understand why employees choose to leave. Figure 7.3 illustrates four different paths that can lead to decisions to quit.²⁶ Observations of actual decisions suggest that these processes explain how turnover unfolds over time.²⁷ One difference among the paths is the amount of thought that goes into the decision. Since moving from one organization to another is a radical life change for most people, we might expect a person to put a great deal of thought into a decision to move. Yet sometimes people make hasty decisions without carefully thinking about the consequences. Another difference among paths concerns whether a single event can be identified as the beginning of the decision to leave an organization. Next, we examine each of the four paths in more detail.

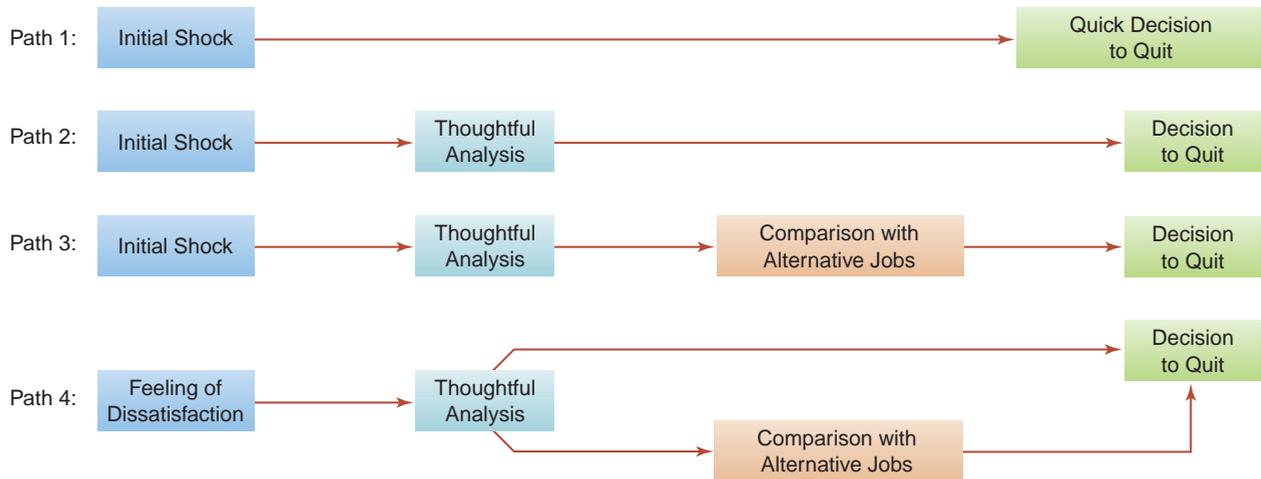


Figure 7.3 Paths to Decisions to Quit. *Source:* Information taken from Thomas W. Lee and Terence R. Mitchell, “An Alternative Approach: The Unfolding Model of Voluntary Employee Turnover,” *Academy of Management Review* 19 (1994); 51–90.

Quick Decision to Leave

The first path shown in Figure 7.3 is a quick decision to leave the organization. This path begins with some external event that causes an employee to rethink the employment relationship. The employee might be asked to engage in unethical behavior, for example, or might be denied a promotion. The event may not even be directly related to work. For instance, the employee might become pregnant or receive an inheritance. Regardless of what the event is, the result is a highly emotional reaction that leads the employee to quit without much thought.

Calculated Decision to Leave

Like the first path, the second path shown in the figure begins with an event that causes an individual to begin thinking about leaving the organization. Here, however, the individual does not make a quick decision. Alternatives are weighed, and the benefits of staying are compared with the benefits of leaving. For instance, an employee may learn that others in the organization are making more money even though they have less experience on the job. The employee who hears this news might carefully analyze the benefits and drawbacks associated with staying with the present employer. In the end, a decision to leave the organization occurs only after careful thought. Note, however, that the decision is not influenced by alternative job opportunities. The decision is simply whether to stay or leave.

Comparison with Other Alternatives

The third path in the figure involves a comparison between the current job and other alternatives. Once again, some external event initiates thoughts about leaving the organization. That event could be a job offer from another firm, which research has established as a critical event that often leads an employee to quit.²⁸ Once the event has occurred, the employee begins to look at alternative opportunities. The benefits of jobs with other organizations are carefully compared with the benefits of the current job. A decision to leave

becomes a conscious choice between the present job and specific alternatives. This path appears to be the most common course that leads an employee to leave an organization.

Sense of Dissatisfaction

In the final path shown in Figure 7.3, the employee develops a general sense of dissatisfaction with the job over time. This sense of dissatisfaction leads to either a calculated decision to leave or a search and comparison with other job opportunities. This path is different from the other paths in that no specific event can be identified as causing the employee to begin thinking about quitting.

UNDERSTANDING DECISIONS TO QUIT

An important part of each path to turnover is a lack of satisfaction with the current work situation. It is easy to see how a lack of satisfaction can lead to a decision to leave. Most of us can recall a time when we have been part of a team, club, or other organization that we wanted to leave as fast as possible. Perhaps it was a sports team where teammates fought among themselves and seldom won games. Maybe it was a student work team that included several individuals who didn't do their share of the work. Being stuck in such a team can have a negative impact on personal happiness. Working in an organization with an undesirable environment can also lead to feelings of dissatisfaction. Employees who are more dissatisfied are more likely to quit than are employees who experience a positive work environment.²⁹ In particular, environments that are plagued by constraints, hassles, dysfunctional politics, and uncertainty about what to do increase the likelihood that employees will be less satisfied and quit.³⁰

A basic model illustrating how lack of satisfaction leads to quitting is shown in Figure 7.4. The employee's decision to leave begins with a sense of low job satisfaction. Consistent with the paths described above, this sense may be created by a specific event or as part of a global feeling that builds over time. Individuals who are not satisfied with their work arrangements begin to withdraw from the organization and think about quitting. Thoughts translate into action as the individuals begin searching for alternative employment, which often leads to turnover.³¹ Other factors—such as the availability of other jobs and individual personality characteristics—also influence whether an individual actually acts on the dissatisfaction and leaves.

Low Job Satisfaction

Job satisfaction represents a person's emotional feelings about his or her work. When work is consistent with employees' values and needs, job satisfaction is likely to be high.³² Satisfaction increases when employees are able to pursue goals and activities that are truly important to them.³³ Employees are also happier when they are able to do work that fits with their interests and life plans.³⁴ For example, a high school mathematics teacher is likely to experience high job satisfaction when she perceives that she is helping others develop critical life skills.

Employees often make an overall assessment of their job satisfaction, but job satisfaction can also be divided into different dimensions, as shown in Table 7.1.³⁵ An employee who is satisfied with one aspect of the job may not

Job satisfaction

Employees' feelings and beliefs about the quality of their jobs.

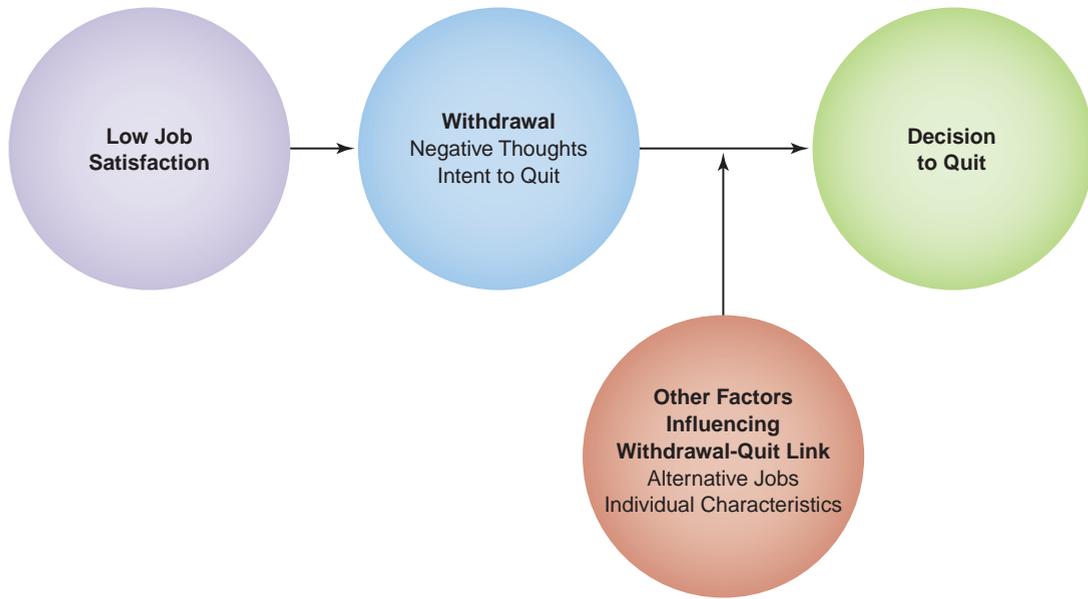


Figure 7.4 How Job Satisfaction Leads to Quitting. *Source: Adapted from Peter W. Hom, Fanny Caranikas-Walker, Gregory E. Prussia, and Rodger W. Griffeth, “A Meta-Analytical Structural Equations Analysis of a Model of Employee Turnover,” Journal of Applied Psychology 77 (1992): 905. Adapted with permission.*

be satisfied with others. Someone may have high satisfaction in the area of job fulfillment because he enjoys the work he does, for instance, but have little satisfaction with how much pay he receives. Also, not every aspect of job satisfaction is equally important to every employee. Some people may value empowerment more than security, whereas others will place greater value on security.³⁶ These different values and perceptions mean that job satisfaction represents a complicated mix of feelings. Nevertheless, satisfaction with

Table 7.1	Dimensions of Job Satisfaction
Dimension	Examples
Satisfaction with empowerment	<ul style="list-style-type: none"> • Involvement in decisions • Information from management
Satisfaction with job fulfillment	<ul style="list-style-type: none"> • Sense of personal accomplishment • Good use of skills and abilities
Satisfaction with pay	<ul style="list-style-type: none"> • Pay relative to others • Pay for type of job
Satisfaction with work group	<ul style="list-style-type: none"> • Quality of work done by group • Cooperation among people
Satisfaction with security	<ul style="list-style-type: none"> • Good job security • Good total benefits program
Satisfaction with work facilitation	<ul style="list-style-type: none"> • Company efforts to make competitive changes • Conditions for employees to be productive

Source: Information from Benjamin Schneider, Paul J. Hanges, D. Brent Smith, and Amy Nicole Salvaggio, “Which Comes First: Employee Attitudes or Organizational Financial and Market Performance?” *Journal of Applied Psychology* 88 (2003): 836–851.

compensation is often the dimension that is most strongly related to overall perceptions of job satisfaction.

Overall job satisfaction varies among organizations as well as among individuals. On average, some organizations have happier employees than other organizations. Those with happier employees tend to be more productive.³⁷ Yet even organizations with high overall levels of job satisfaction have individual employees who are not happy with their jobs.

Withdrawal from the Organization

Employees who are unhappy with their work tend to withdraw from the organization. **Withdrawal** occurs when employees put less effort into their work activities and become less committed to the organization. As their sense of attachment to the organization decreases, they feel less obligated to work toward ensuring the organization's success.

Withdrawal is a progressive process whereby an employee who is dissatisfied pulls away from the organization over time.³⁸ Early signs of withdrawal include increased lateness and absenteeism. Individuals who are less satisfied with work are more likely to be chronically late. As dissatisfaction escalates, absenteeism increases. In many cases, absenteeism turns into a decision to quit.³⁹ At the same time, dissatisfied employees begin to provide less input to the organization⁴⁰ and become less helpful toward coworkers.⁴¹ These changes in commitment and performance are also important indicators of whether an employee will leave.⁴²

Exit from the Organization

A number of employees who begin the withdrawal process enter into a job search that eventually leads to their separation from the organization. Yet many dissatisfied workers do not go on to the final step of the turnover process. Instead, they continue in their jobs. What explains why some dissatisfied workers leave while others stay?

As you might expect, one important factor that determines whether workers continue in undesirable jobs is the availability and desirability of alternative jobs. In spite of low job satisfaction, employees are likely to stay with an organization when they perceive that it will be difficult to find another job. People are also more likely to stay with their current jobs when they perceive that switching will have high economic and psychological costs. In essence, dissatisfied employees are more likely to leave when they expect it to be easy to find alternative work with pay that is equal to or higher than what they are receiving.⁴³

Substantial evidence suggests that some people are simply more likely than others to leave organizations. Part of the reason is that some people are predisposed toward either high or low levels of satisfaction regardless of the work environment.⁴⁴ A small number of employees are likely unsatisfied no matter how good a job is. Other people are happy working in even undesirable conditions. People with chronically low job satisfaction tend to experience negative moods in all aspects of their lives.⁴⁵ They also tend to have dysfunctional characteristics such as perfectionism that undermine their feelings of self-worth.⁴⁶ A lower level of general satisfaction makes these people likely to leave jobs, but moving to a new job may not increase their long-term satisfaction with life.

Evidence also suggests that people with certain characteristics are more likely to leave an organization regardless of their level of job satisfaction. Individuals who are low on agreeableness often leave a job because they like

Withdrawal

The process that occurs when employees begin to distance themselves from the organization by working less hard and planning to quit.

doing things their own way. Individuals who are highly open to experience tend to leave to seek out new adventures. In contrast, conscientious employees tend to feel a higher sense of obligation, which makes them less likely to quit.⁴⁷ Employees who are more averse to risk, as well as those who care less about what others think of them, are also less likely to actually quit.⁴⁸

ORGANIZATIONAL PRACTICES THAT REDUCE TURNOVER

We have already seen that organizations pursuing internal labor strategies would prefer to retain employees, especially high-performing ones. Once an employee has decided to quit, it is often too late to do anything to change that individual's mind about leaving. Thus, organizations that want to reduce turnover must work to ensure that employees' needs are being met continuously. Good human resource management practices related to staffing, career planning, training, compensation, and workforce governance can help. Table 7.2 provides an overview of practices in each area that have been identified as helping to reduce turnover.

Additional guidance for understanding how to meet employee needs comes from understanding individual decisions to quit. The general description of turnover paths in the preceding discussion can be helpful in this respect. In addition, effective organizations develop ongoing procedures to find out why individuals leave. Each employee who leaves has an **exit interview** in which the interviewer tries to determine why the employee decided to quit. Information gained during exit interviews is used to improve organizational procedures and reduce turnover of other employees. In the rest of this section, we explore organizational procedures that can help to decrease turnover.

Exit interview

Face-to-face discussion conducted by an organization to learn why an employee is quitting.

Assessing Employee Satisfaction

Organizations seeking to reduce employee turnover frequently measure their employees' job satisfaction. Such assessments are done through surveys that ask employees about various facets of their work experience. Generally, employees can fill out the surveys anonymously. A common survey is the Job

Table 7.2 Human Resource Practices That Reduce Turnover

HR Practice	Example of Effective Tactics
Staffing	<ul style="list-style-type: none"> • Use realistic job previews • Provide growth and promotion opportunities • Select employees who fit with the organization
Training and development	<ul style="list-style-type: none"> • Offer educational programs such as MBA • Provide sabbaticals and other learning opportunities
Career planning	<ul style="list-style-type: none"> • Specify clear career paths
Compensation	<ul style="list-style-type: none"> • Maintain competitive pay • Develop fair pay practices • Pay for learning new skills
Labor relations	<ul style="list-style-type: none"> • Establish quick and fair grievance procedures • Facilitate conflict resolution among employees

Source: Information from Thomas W. Lee and Steven D. Maurer, "The Retention of Knowledge Workers with the Unfolding Model of Voluntary Turnover," *Human Resource Management Review* 7 (1997): 247–275.

Descriptive Index, which assesses satisfaction with work tasks themselves, pay, promotions, coworkers, and supervision.⁴⁹ Research has shown this index to be an accurate indicator of employee perceptions.⁵⁰

Along with employees' responses, the organization collects general information about demographic characteristics, work positions, and locations. Results are then analyzed to determine average levels of satisfaction, as well as differences between departments and work sites. Analysis provides insight into areas of concern and helps organizations determine which facets of the work experience might need improvement. Business Development Bank of Canada, for example, conducts surveys to obtain assessments about employee benefits. As a result of employees' responses, the bank has offered monetary gifts, extra vacation days, and flexible work hours, increasing employee satisfaction and helping to reduce employee turnover.⁵¹

Job satisfaction surveys are best when they quickly engage employees by asking interesting questions. Topics expected to be most important to employees should be placed at the beginning of the survey. Routine questions such as length of time worked and department should be placed at the end.⁵² The value of employee surveys can also be increased by including items measuring how well the organization is meeting its strategic objectives. For example, the survey might ask employees how well they think customer needs are being met or whether they believe the company is truly providing differentiated products and services.⁵³

The organization's climate for diversity is something that can be particularly important to assess. People are more likely to leave groups when they perceive that they are very different than others.⁵⁴ Women and racial minorities thus tend to quit more frequently than White men.⁵⁵ However, retention of women and minorities is higher in organizations that value and support diversity.⁵⁶ But the benefits don't stop with retention; a supportive climate for diversity can also reduce absenteeism and increase performance.⁵⁷ Organizations thus benefit a great deal from measuring and improving their diversity climates.

Yet, one problem with job satisfaction surveys is that the least satisfied employees are not likely to respond to the survey. These employees have already started to withdraw from the organization, so they see little personal benefit in completing the survey. They see things as too negative to fix, and they no longer care about the work environment of the company they are planning to leave. Organizational leaders are thus wise to remember that job satisfaction results will likely make things appear more positive than they really are.⁵⁸

Socializing New Employees

Efforts to retain employees should begin when they are hired, as there is a tendency for new employees to feel a lack of support within a few months of joining an organization.⁵⁹ An important process for new employees is **socialization**, the process of acquiring the knowledge and behaviors needed to be a member of an organization.⁶⁰ Effective socialization occurs when employees are given critical information that helps them understand the organization. Finding out things such as how to process travel reimbursements and whom to ask for guidance helps to make employees feel welcome in the organization. As employees acquire information during the socialization process, their feelings of fit with the organization increase,⁶¹ and employees who perceive that they fit are more likely to stay with an organization.⁶²

Socialization

The process in which a new employee learns about an organization and develops social relationships with other organizational members.

A key to effective socialization is the opportunity for new employees to develop social relationships by interacting with coworkers and leaders. Orientation meetings, mentoring programs, and social events are thus important tools for reducing employee turnover.⁶³ As explained in the “Technology in HR” feature, much of the benefit of these programs comes from interactions with others that build a sense of social support.

Building Perceptions of Organizational Support

Another factor that influences employee turnover is **perceived organizational support**—employees’ beliefs about the extent to which an organization values their contribution and cares about their well-being. Employees who feel

Perceived organizational support

Employees’ beliefs about how much their employer values their contributions and cares about their personal well-being.



Technology in HR

COMPUTERIZED ORIENTATION PROGRAMS

Orientation training is often used to help newcomers adjust to an organization. Because this training can be costly, many organizations have explored alternative methods for delivering orientation training. One alternative is self-paced computerized training. An interesting question is whether computerized orientation training is as effective as face-to-face meetings.

A study by Michael Wesson and Celile Gogus compared a traditional newcomer orientation program with a computer-based program. A technology-based consulting firm had been using an orientation program that involved flying all new employees to a central location and providing a week of orientation training. The training included videos, question-and-answer sessions, and team-building activities. In order to reduce costs and make it easier to deliver the training, the company developed a multimedia orientation program that was computer-based. The computer-based training took two to three days to complete and included the same information as the face-to-face training.

The computer-based orientation was similar to face-to-face orientation in terms of teaching the language (such as acronyms and abbreviations) and traditions of the organization and giving instruction on how to efficiently complete work tasks. However, the computer-based training was not as effective for conveying information about the organization’s goals, politics, and people. The end result was that employees who received the



computer-based orientation were found later to have lower job satisfaction and organizational commitment than employees who received face-to-face training.

It seems that although computer-based orientation training can be helpful in some areas, interacting with a computer does not help new employees to develop important social relationships or understand other social aspects of the organization. Effective human resource management thus requires that orientation training include the human touch.

Source: Information from Michael J. Wesson and Celile Itir Gogus, “Shaking Hands with a Computer: An Examination of Two Methods of Organizational Newcomer Orientation,” *Journal of Applied Psychology* 90 (2005): 1018–1026.

supported by the organization reciprocate with a feeling of obligation toward the organization.⁶⁴ Employees who perceive greater support are more committed to sticking with the organization and feel a stronger desire to help the organization succeed.⁶⁵ This sense of obligation reduces absenteeism and turnover.⁶⁶ For instance, Fraser's Hospitality, a hotel organization located in Singapore, has achieved below-average turnover by creating a work culture that encourages a sense of personal worth and dignity. Treating service workers such as housekeepers and technicians with respect, as well as spending substantial amounts of money on training and development, has helped Fraser's generate higher profits by increasing occupancy at its hotels.⁶⁷

A number of organizational characteristics and practices increase perceptions of organizational support. Actions of organizational leaders are particularly important. Employees feel greater support from the organization and are less likely to quit when they feel that their supervisor cares about them and values their contributions.⁶⁸ Better compensation practices, better-designed jobs, fairness of procedures, and absence of politics are also critical for building perceptions of organizational support.⁶⁹ In the end, businesses that employees view as having fairer human resource practices have higher employee commitment and lower rates of employee turnover.⁷⁰ Organizations can therefore improve employee retention through effective human resource practices related to leadership, work design, compensation, and performance appraisal.

Selecting Employees Who Are Likely to Stay One way to reduce employee turnover is to avoid hiring people who are likely to quit. An example of a company that does this effectively is FreshDirect, which is profiled in the accompanying “Building Strength Through HR” section. Recognizing and selecting employees who are likely to stay is critical for organizations. Realistic job previews, which we discussed in Chapter 5, offer one method of screening out people who are likely to quit. Realistic previews provide job applicants with both positive and negative information about the position. A clearer understanding of the job and the organization can help employees better determine whether the position is right for them. Employees who have more realistic expectations about the job are less likely to quit.

Another method of reducing turnover is to directly assess individual differences related to turnover. We have already seen that some people have characteristics that make them more likely to quit than others. People who spent less time in their last job are more likely to quit, for example. Specific scales that directly ask how long an applicant plans to stay with the organization or that assess certain specific characteristics have also been found to predict who quits.⁷¹ A good example of using selection practices to reduce employee turnover is Via Christi Senior Services, which operates a number of health centers for older people in Kansas and Oklahoma. Via Christi uses an online screening tool that assesses individual characteristics, such as personality. Use of the screening tool helps Via Christi reduce employee turnover and save approximately \$250,000 each year.⁷²

Promoting Employee Embeddedness

The paths to turnover shown in Figure 7.3 suggest that an employee's decision to quit is often set in motion by an initial shock. Organizations can thus reduce dysfunctional turnover by insulating employees against such shocks. One method of insulating against shocks is to encourage **embeddedness**,

Embeddedness

The extent to which an employee is tied to an organization and to the surrounding community.



Building Strength Through HR

FRESHDIRECT

FreshDirect, an online grocer in the New York City area, delivers food daily to homes and businesses. A source of competitive advantage is purchasing food directly from farms, dairies, and fisheries. Delivering rather than stocking food in a store also reduces costs and improves freshness because each type of food can be kept in its optimal climate.

Each day's orders are assembled between 11 P.M. and 11 A.M. The company sells \$200 million worth of food and ships about 2 million orders of 60 million items per year. In 2004, FreshDirect, which employs over 1,500 people, realized that it was experiencing turnover rates of over 200 percent. Since then, it has reduced turnover to 75 percent, with a goal of 50 percent. Specific methods that have helped reduce turnover include the following:

- Focusing recruitment efforts in neighborhoods that allow easy commutes.
- Providing support to new employees who are adjusting to working at night and in the cold.
- Offering better benefits, such as an upgraded break room, better meals, and improved medical coverage.
- Tying a portion of managers' pay to turnover rates in each department.



Sources: Chana Schoenberger, "Will Work with Food," *Forbes.com*, September 18, 2006; Laura Demars, "Finders Keepers," *CFO* 22, no. 3 (2006): 8–9.

which represents the web of factors that ties the individual to the organization. Not surprisingly, organizations with Loyal Soldier and Committed Expert HR strategies tend to have employees who are more embedded.⁷³ People are more embedded when they have strong connections to others, when they have values and goals that fit with their environment, and when they feel that leaving would result in monetary or psychological losses.⁷⁴ People become embedded not only in organizations but also in the communities where they live. People are less likely to leave when they are embedded in either the specific organization or the surrounding community.⁷⁵

Some organizations are better than others at promoting embeddedness. Doing things to embed the entire workforce is important. To promote embeddedness, organizations can provide enjoyable work, desirable work schedules, strong promotional opportunities, and good benefits, as well as encouraging employees to build positive social relationships with coworkers. Organizations use a number of specific approaches to increase embeddedness. Encouraging employees to work in teams helps develop strong social relationships within



How Do We Know?

ARE COWORKERS CONTAGIOUS?

Are employees affected by the attitudes and behaviors of their coworkers? In the specific case of employee turnover, the question is whether having embedded coworkers makes it more likely that somebody is embedded. And whether working with people who are looking for other jobs is contagious in that it influences an employee to also look for a new job. Will Felps, Terence Mitchell, David Hekman, Thomas Lee, Brooks Holtom, and Wendy Harman conducted two studies to answer these questions.

In the first study they obtained data from 8,663 employees working at 1,037 different golf clubs, country clubs, and resorts. They measured the job embeddedness of each employee, and then assessed whether the embeddedness of others working at the club was correlated with an individual voluntarily quitting. They found that an individual employee was less likely to quit if his coworkers were embedded in their jobs. This effect was independent of the employee's own embeddedness, job satisfaction, and commitment to the organization.

In a second study the authors obtained data from 486 employees working in 45 branches of a retail bank. In addition to measures of embeddedness,

they measured the job search behaviors of coworkers. Their results found that coworkers who were less embedded were more active in searching for other jobs. Having coworkers search for alternative jobs in turn resulted in a greater likelihood that an employee would quit. This suggests that the effect of coworker embeddedness on employee quitting operates through coworker job searching. Less embedded coworkers spend more time searching for a different job, which in turn makes it more likely that an employee will quit.

Bottom Line. Coworkers' attitudes and behaviors are indeed contagious. Working with people who are not embedded in their jobs and therefore looking for alternative work increases the chance that an employee will quit. Professor Felps and his colleagues thus conclude that organizations should actively strive to increase the embeddedness of all employees.

Source: Will Felps, Terence R. Mitchell, David R. Hekman, Thomas W. Lee, Brooks C. Holtom, and Wendy S. Harman, "Turnover Contagion: How Coworkers' Job Embeddedness and Job Search Behaviors Influence Quitting," *Academy of Management Journal* 52(2009): 545–561.

the organization. Company-sponsored service projects and athletic teams build similar relationships in the community. To increase the sacrifice associated with leaving, compensation packages can reward employees for continuing with the organization for several years. Providing desirable perks such as tickets to athletic events and company vehicles can also reduce turnover by increasing embeddedness.⁷⁶ As explained in the "How Do We Know?" feature, an individual is also less likely to quit when coworkers are embedded.

Helping employees balance their work and family responsibilities is a particularly strong method of increasing embeddedness. Employees with family roles that conflict with work roles experience less job satisfaction.⁷⁷ In addition, job satisfaction and general life satisfaction are related, so conflict between work and family roles reduces happiness both on and off the job.⁷⁸ Indeed, mental health concerns are greater for people who experience conflict between work and family responsibilities.⁷⁹ Organizational policies and programs such as onsite daycare and flexible work scheduling thus increase embeddedness by reducing conflict between work and other aspects of life.



CONCEPT CHECK

1. *What are four common paths to voluntary employee turnover?*
2. *What perceptions and choices explain the process whereby low job satisfaction translates into a specific action of quitting?*
3. *What can an organization do to reduce voluntary employee turnover?*

LEARNING OBJECTIVE 3

How Do Layoffs Affect Individuals and Organizations?

The economic downturn that began in 2008 made it difficult for many organizations to stay in business. To do so, many organizations had to eliminate jobs. These large-scale terminations of employment, which are not simply a response to individual employees performing poorly, are known as **layoffs**.

Unfortunately, layoffs happen fairly frequently. Almost everyone has a friend or family member who has lost a job in a layoff, and newspaper stories about companies laying off employees have been common over the past few years. This section discusses the effects of layoffs on both organizations and workers. It also describes steps that organizations can take to reduce the negative consequences of layoffs.

Layoffs

Large-scale terminations of employment that are unrelated to job performance.

THE EFFECT OF LAYOFFS ON ORGANIZATIONS

Many organizations lay off employees as part of an overall change effort. In some cases, the need for change comes from shifting demand for products and services. People no longer want to buy as much of what the organization produces. In other cases, competition from rival organizations forces the organization to develop more efficient processes. When an organization engages in widespread layoffs intended to permanently reduce the size of its workforce, it is said to be **downsizing**.

Downsizing has been promoted as a practice that can help an organization shift direction and reorient itself in relation to its customers. An important question, then, is whether downsizing and the associated employee layoffs are actually helpful for organizations. What happens to organizations that lay off workers? Do they really change for the better? Does downsizing help the organization become more efficient and more profitable?

The fact is, the effects of downsizing on organizations are not altogether clear. An organization's reputation is usually harmed by downsizing.⁸⁰ Yet, research suggests that the financial performance of organizations that have downsized is similar to the performance of organizations that have not downsized. This finding both supports and challenges the effectiveness of downsizing. Firms are usually not performing well when they pursue downsizing, so finding that their performance is similar to that of competitors after downsizing suggests that layoffs may initially improve profitability. Yet, firms that use

Downsizing

Widespread layoffs with the objective of permanently reducing the number of employees.

downsizing do not have higher performance in subsequent years. This suggests that downsizing may not help an organization become more efficient and increase long-term productivity.⁸¹

Furthermore, the effect of downsizing is not the same for all organizations. Some organizations appear to benefit more than others. About half the firms that downsize report some benefit, whereas half report no improvement in profits or quality.⁸² Downsizing is most harmful to organizations with long-term employment relationships; those pursuing Loyal Soldier and Committed Expert HR strategies.⁸³ Downsizing also seems to present the most problems when an organization reduces its workforce by more than 10 percent and makes numerous announcements of additional layoffs.⁸⁴ Moreover, reasons behind downsizing also seem critical. Firms that downsize as part of a larger strategy to change before problems become serious are generally valued more by investors than firms that downsize after problems have already occurred.⁸⁵ In the end, then, downsizing alone is not as effective as downsizing combined with other efforts to change.⁸⁶ For example, downsizing that eliminates supervisory positions and reduces hierarchy seems to be particularly beneficial.⁸⁷

THE EFFECTS OF LAYOFFS ON INDIVIDUALS

Being laid off from a job is a traumatic experience. Work provides not only an income but also a sense of security and identity, which are critical for psychological health. But the impact of downsizing goes beyond those who lose their jobs. Widespread layoffs can also have a negative effect on employees who remain with the organization.

Consequences for Layoff Victims

Layoff victims—the individuals who actually lose their jobs—experience a number of problems. Job loss begins a chain of negative feelings and events, including worry, uncertainty, and financial difficulties. Layoff victims are likely to suffer declines in mental health and psychological well-being, as well as physical health. They also experience less satisfaction with other aspects of life, such as marriage and family life.⁸⁸

As we might expect, people who spend more effort on finding a new job are more likely to be reemployed quickly.⁸⁹ Unfortunately, those who work the hardest to find a new job often suffer the most negative consequences to their physical and mental well-being, as efforts to obtain a new job often result in rejection and frustration.

Figure 7.5 illustrates how individuals cope with job loss:

- Individuals with high **work-role centrality**, which is the extent to which work is a central aspect of life, derive much of their life satisfaction from having a good job. These individuals suffer more from job loss than do individuals for whom work is less important.
- Individuals who have more resources cope better. Common resources include financial savings and support from close friends and family members.
- Mental perceptions are also critical. Individuals who have positive perceptions of their abilities to obtain a new job, and who perceive that the job loss did not result from something they did wrong, cope better than others.⁹⁰

Layoff victims

Individuals whose employment is terminated in a layoff.

Work-role centrality

The degree to which a person's life revolves around his or her job.

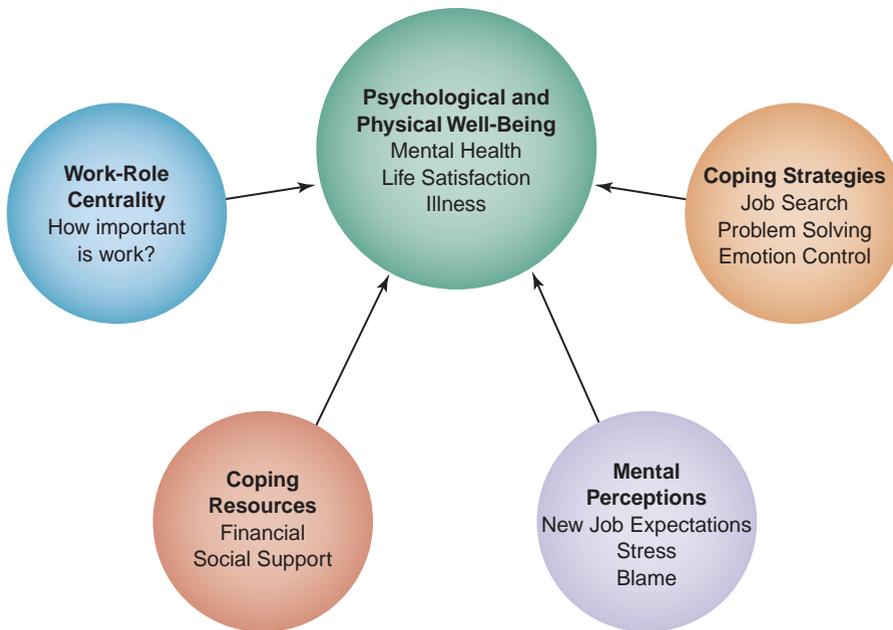


Figure 7.5 Coping with Job Loss and Unemployment. *Source:* Adapted from Frances M. McKee Ryan, Zhaoli Song, Connie Wanberg, and Angelo J. Kinicki, “Psychological and Physical Well-Being During Unemployment: A Meta-Analytic Study,” *Journal of Applied Psychology* 90 (2005): 56. Adapted with permission.

- Strategies for coping with the job loss can also affect individual well-being. People who focus their efforts on solving problems and who deal constructively with their emotions have fewer health problems. People who feel that they can control the situation and obtain a new job are less harmed than those who perceive that they have little personal control.⁹¹ Setting goals, proactively managing emotions, and being committed to getting back to work also facilitate reemployment.⁹²

The quality of the job the victim finds to replace the one lost is another important factor in determining the long-term consequences of a layoff. Individuals who find new jobs that they enjoy, and that pay well, are less traumatized by the experience of job loss.⁹³ Perceptions of fairness surrounding the layoff process also have a critical impact on how victims experience a layoff.⁹⁴ Organizations should thus strive for fairness during the layoff process.

Consequences for Layoff Survivors

Layoff survivors are employees who continue to work for the downsizing organization. It seems better to be a survivor than a victim. However, even those whose jobs are not eliminated often react negatively to downsizing.

In many ways survivors’ reactions are similar to victims’ reactions. Like victims, survivors can have negative reactions, including anger at the loss experienced by coworkers and insecurity concerning the future of their own jobs. Survivors may also experience some positive emotions, however. They might feel relief that their own jobs were spared. These feelings result in a number of possible outcomes related to job satisfaction, commitment to the organization, and work performance.⁹⁵

One possible reaction of employees who survive a layoff is increased motivation and performance. In some cases, individuals who remain employed feel an obligation to work harder to show that their contributions are indeed more valuable than the workers who were let go.⁹⁶ However, this effect does

Layoff survivors

Individuals who continue to work for an organization when their coworkers are laid off.

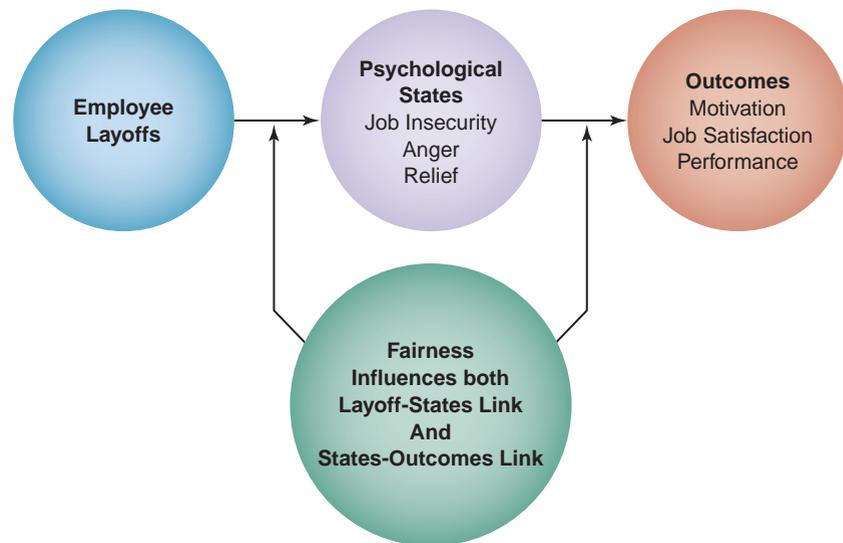


Figure 7.6 Responses of Layoff Survivors. *Source: Adapted from Joel Brockner, “The Effects of Work Layoffs on Survivors: Research, Theory, and Practice,” Research in Organizational Behavior 10 (1988): 221. © Copyright Elsevier 1988.*

not occur for all survivors. Effort increases the most for survivors who perceive a moderate threat to their own jobs. If people feel that their jobs are completely insulated from future layoffs, or if they believe it is only a matter of time before their own jobs are eliminated, they are unlikely to increase their efforts. Employees who are the primary wage earners in their households are also more likely to increase their efforts after observing coworker layoffs.⁹⁷ These effects on survivors are illustrated in Figure 7.6.

Even if they increase their performance, many survivors suffer in terms of psychological and emotional health. Anxiety, anger, and fear lead some individuals to withdraw from the organization. In addition, fewer workers mean greater work responsibilities for those who remain, resulting in greater stress among workers.⁹⁸ Many who were not laid off begin to search voluntarily for new jobs.⁹⁹

Similar to victims, an important factor in determining whether survivors will react positively or negatively is the fairness that they perceive in the layoff procedures. Survivors suffer less stress and fewer negative reactions when they believe the layoff procedure was fair.¹⁰⁰ Survivors also react more positively when they feel that victims received adequate compensation.¹⁰¹ Effective human resource management practices that assure fair treatment and provide surviving employees with opportunities for personal development are therefore critical for reducing the negative impact of downsizing.¹⁰²

REDUCING THE NEGATIVE IMPACT OF LAYOFFS

The best method for reducing the negative impact of layoffs is to avoid them. The value of avoiding layoffs was illustrated in the U.S. airline industry following the terrorist attacks of September 11, 2001. The attacks reduced demand for air travel and forced airlines to explore methods of reducing costs and increasing efficiency. Some airlines included downsizing as part of these efforts. Other airlines with financial reserves and good strategic plans did not

Table 7.3 *Alternatives to Layoffs*

Alternative	Description
Human resource planning	Long-term strategic planning to determine the number of workers that will be needed at various points in the future
Hiring freezes	Not replacing workers who quit or retire
Voluntary early retirement	Using financial incentives to induce employees near retirement age to retire early
Reduction of overtime	Eliminating the opportunity for workers to work more than the hours in a normal work week
Job sharing	Having employees share jobs so that neither works a full work week
Retention of contracted work	Having employees do work tasks that might have been outsourced to other firms

Source: Information from Peter Allan, "Minimizing Employee Layoffs While Downsizing: Employer Practices That Work," *International Journal of Manpower* 18 (1997): 576.

need to downsize. Those that did not downsize were more effective in the long run.¹⁰³ Having a clear plan and accurately forecasting labor needs can help reduce the need for layoffs.

Of course, avoiding layoffs isn't always possible. Table 7.3 presents a summary of alternatives to layoffs. When layoffs are unavoidable, laying off low performers is generally more effective than laying off employees across the board. Not hiring new workers when current employees voluntarily quit or are terminated for cause can effectively reduce the employee count. Many organizations also encourage early retirement. The natural process of not replacing people who leave is less painful than layoffs, but this strategy can take a long time if employees don't leave the organization very often.

Another solution is to reduce or eliminate overtime. Yet another is to ask employees to share jobs, so that each works fewer hours than a normal workweek. Although working fewer hours will reduce employees' pay, total job loss would reduce it much more. Employees might also be transferred to other parts of the organization that are experiencing growth. Such transfers often allow an organization to change while retaining quality workers. Finally, organizations can have their employees perform tasks that were previously contracted to outside firms.¹⁰⁴

When layoffs are necessary, effective communication of downsizing decisions and plans is particularly critical. Too often, organizations make the mistake of not involving employees in the decision process. Being honest and giving employees access to information can help alleviate many of the negative consequences of downsizing.¹⁰⁵ Table 7.4 provides specific guidelines for making announcements about layoffs.¹⁰⁶ Organizational leaders who carefully plan the announcement process are more likely to be perceived as fair and to retain the support of both layoff victims and survivors.

Understanding legal issues is also important for successful downsizing. Layoffs must be completed without discrimination. Analyses should be conducted to determine the impact of layoffs on women, members of minority groups, and older workers. As mentioned in Chapter 3, layoffs often have more impact on older workers. Replacing older workers with younger workers is illegal in many cases and in any event may open the organization to allegations of discrimination. Once again, the fairness with which employees are treated is an important predictor of legal actions. Layoff victims perceive less discrimination when their supervisors communicate with them honestly.¹⁰⁷

Table 7.4

Minimizing the Negative Effects of Layoffs

Action	Description
Develop a strategy	Plan the process for communicating information
Appraise level of controversy	Assess how employees are likely to react
Evaluate legal issues	Incorporate legal advice into plans for announcing layoffs
Evaluate organizational history	Determine how culture, climate, and rumors will affect the timing and content of the announcement
Recognize the grapevine	Understand rumors and seek to control informal information
Consider multiple announcements	Make different announcements to employees and outside interests such as the media and investors
Choose the right person to announce	Assess whether supervisors and managers can effectively make the announcement
Announce to employees first	Preserve trust and credibility by telling employees before the media
Choose an appropriate channel	Face-to-face communication is better when issues are complex and controversial
Evaluate message content	Share the information that is available but don't speculate

Source: Information from Larry R. Smeltzer and Marie F. Zener, "Minimizing the Negative Effects of Employee Layoffs Through Effective Announcements," *Employee Counseling Today* 6, no. 4 (1994): 3–9.



CONCEPT CHECK

1. How does downsizing affect organizations in the short term? in the long term?
2. What are the common reactions of downsizing victims?
3. How do employees who remain with an organization react when they see their coworkers being laid off?

LEARNING OBJECTIVE 4

What Are Common Steps in Disciplining Employees?

Unfortunately, sometimes employees fail to carry out their duties in an acceptable manner. We have already seen that retaining employees who do not perform at an adequate level is harmful to an organization, particularly when the organization is pursuing a differentiation strategy. Of course, it is usually wrong to terminate problem employees without giving them a chance to improve. The process whereby management takes steps to help an employee overcome problem behavior is known as **discipline**. In essence, discipline is instruction with the purpose of correcting misbehavior.

Discipline

Organizational efforts to correct improper behavior of employees.

The world of sports provides some high-profile examples of discipline. Almost every college football team has suspended players for violating team rules. Professional athletes are frequently suspended from practice and games for violating substance-abuse policies. Each instance of drug use results in a greater penalty, and players who continue to violate the rules may be expelled from the team and the league. Athletes, whether at the college or professional level, are representatives of their organizations who are expected to follow a certain code of conduct. Discipline is the corrective action that occurs when

the code is not followed. The ultimate goal of discipline is to change behavior and help the individual become a contributing member of the team.

Most organizations and workplace leaders face similar discipline problems with employees, although these problems are less public. Employees who are not meeting organizational expectations are disciplined as part of a process aimed at changing undesirable behavior. Organizations whose employees belong to labor unions generally work with union officials to administer discipline. We will discuss this process in Chapter 13. Most other organizations adopt formal discipline procedures based on the notion of providing due process.

PRINCIPLES OF DUE PROCESS

Due process represents a set of procedures carried out in accordance with established rules and principles. The underlying intent of due process is to make sure employees are treated fairly. A number of court cases and decisions by labor arbitrators have established a set of principles, summarized here, that organizations should follow to provide due process for employees.¹⁰⁸

Due process

A set of procedures carried out in accordance with established rules and principles and aimed at ensuring fairness.

1. Employees have a right to know what is expected of them and what will happen if they fail to meet expectations. It would be unfair to expel a college basketball player for allowing a team booster to give him gifts, for example, if the player didn't know it was wrong. Similarly, a production employee should not be punished for failing to clean a machine if she is not aware that the machine needs cleaning. Effective discipline requires that organizations communicate clear expectations for acceptable behavior.
2. Discipline must be based on facts. A college would not fire a football coach for providing money to recruits without gathering facts about what actually happened. Reducing a steel worker's pay for being consistently late to work is also improper unless evidence shows that he has actually been late a specific number of times. Disciplinary actions should be carried out only after a careful investigation of the facts and circumstances. Fair investigations involve obtaining testimonial evidence from witnesses and those involved. Documents and physical evidence can also provide key details to either support or refute allegations against employees.¹⁰⁹
3. Employees should also have a right to present their side of the story. A football player who is accused of punching a teammate should not be disciplined until he is allowed to describe his actions and the circumstances that led to those actions. In the same way, a sales representative accused of falsifying expense reports must be given a chance to explain his financial records. Employees should also have the right to appeal decisions. Providing the opportunity for another person to evaluate the facts of the case and the decision of the supervisor is important for ensuring fair and consistent treatment.
4. Any punishment should be consistent with the nature of the offense. A track team runner who is late for one meeting should not be removed from the team. Neither should an employee who becomes angry with a single customer be fired. In addition, the procedures used to investigate the alleged offense and the nature of the punishment should be consistent with common practices in the organization. Disciplining an individual for doing something that is routinely done by others who go unpunished can be evidence of discrimination against the person receiving the discipline.

THE PROCESS OF PROGRESSIVE DISCIPLINE

Some forms of misconduct are so serious that they result in immediate termination of an employee. For instance, it might be appropriate to fire an employee who physically attacks a client. Stealing from the company might also be grounds for immediate dismissal. In such cases, due process generally allows termination of employment once the facts have been discovered. However, most offenses are not serious enough to warrant immediate dismissal, and in these cases, due process requires the organization to allow employees to correct their misbehavior. In the interest of giving employees an opportunity for improvement, as well as clearly conveying expectations for behavior, most organizations have adopted a process of **progressive discipline**.

Progressive discipline

Discipline involving successively more severe consequences for employees who continue to engage in undesirable behavior.

In the progressive discipline process, management provides successively more severe punishment for each occurrence of negative behavior. A supervisor meets and discusses company policy with an employee the first time an unacceptable behavior occurs. No further action is taken if the misbehavior is not repeated. The employee is punished if the misbehavior is repeated. Subsequent instances of the misbehavior are met with harsher punishment that eventually results in termination of employment.

Although the number of steps and actions differ by organization, most progressive discipline systems include at least four steps.¹¹⁰ Figure 7.7 presents the four basic steps.

The first step is a *verbal warning*. The supervisor clearly communicates what the employee did wrong and informs the employee of what will happen if the behavior occurs again. If the behavior is repeated, the employee receives a *written warning*. This warning is usually placed in the employee's personnel file for a period of time. A repeat of the behavior after the written warning leads to *suspension*. The employee cannot come to work for a period of time and in most cases will not be paid. A suspension is usually accompanied by a final written warning that clearly states the employee will be dismissed if the behavior occurs again. The final step is *discharge* from the organization.

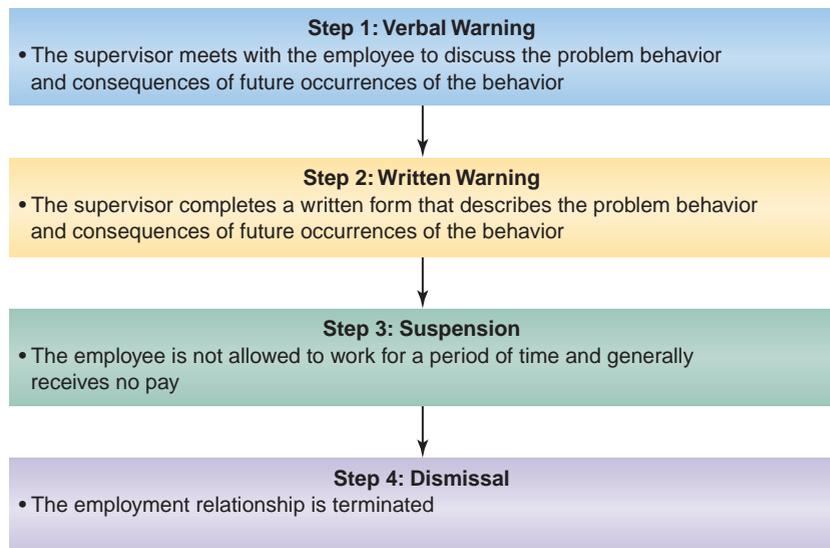


Figure 7.7 Steps for Progressive Discipline.



How Do We Know?

DO MANAGERS THINK DISCIPLINE IS FAIR?

Are discipline procedures fair? The answer might depend on whom you ask. Perhaps managers perceive discipline as fair, even when employees receiving the discipline think it is unfair. But are there times when managers also believe that discipline is unfair? Kenneth Butterfield, Linda Trevino, Kim Wade, and Gail Ball sought to find out. They asked 62 experienced human resource managers to report on instances of discipline and then rate the instances in terms of fairness.

The results suggested that managers perceive discipline as fair when they believe that the employee knew the offending behavior was wrong and expected to be punished for it. Ratings of fairness were also higher when the managers felt that the consequence was appropriate given the

seriousness of the misbehavior and when there was a clear link between the misbehavior and the consequence.

The Bottom Line. Discipline is perceived as fair when it follows the principles of due process. The authors conclude that perceptions of fairness are important to managers and that managers feel better about carrying out discipline when employees accept some blame for the misconduct.

Source: Information from Kenneth D. Butterfield, Linda Klebe Trevino, Kim J. Wade, and Gail A. Ball, “Organizational Punishment from the Manager’s Perspective: An Exploratory Study,” *Journal of Managerial Issues* 17 (2005): 363–382.

The concept of progressive discipline thus emphasizes the need for organizations to allow employees an opportunity to correct inappropriate behavior. This is a time when human resource professionals can help mediate potential conflicts if the employee does not respond to the manager’s requests for changes in behavior.

A common problem associated with progressive discipline is that supervisors are sometimes unwilling to take the first step in the process. Most supervisors, like the rest of us, seek to avoid conflict. As a result, they often ignore instances of misbehavior. (If you don’t believe this, just think of group projects you complete as part of your university classes. A low-performing group member is seldom confronted by teammates.) Managers are also reluctant to discipline employees when they perceive unfairness in the disciplinary process, as explained in the “How Do We Know?” feature. Developing fair procedures is thus critical. Managers are also more likely to discipline employees when they know they will be supported by leaders above them in the organization, when they have been trained to deliver discipline properly, and when there is a pattern of constructive discipline within the organization.¹¹¹



CONCEPT CHECK

1. What are the four principles of due process?
2. What are the steps for progressive discipline?

LEARNING OBJECTIVE 5

How Should Employee Dismissals Be Carried Out?

Having to dismiss employees is one of the most difficult tasks that a manager faces. Just think how much people's lives change when their employment is terminated. Suddenly, they don't have scheduled activities that fill their time; they no longer interact frequently with some of their closest social contacts; and of course, their source of financial security is gone. When employees are terminated, organizations often use outplacement services to help them both cope with emotional struggles and obtain new employment. Nevertheless, the actual dismissal of an employee will generally be up to the employee's manager.

OUTPLACEMENT SERVICES

Outplacement services

Professional assistance provided to help employees who have been dismissed to cope with job loss and find new positions.

Outplacement services provide employees who have been dismissed from an organization with assistance in finding new jobs. In many cases, outplacement services are provided by outside firms. An outside firm is often in a better position to work with dismissed employees, since these employees may feel some resentment toward the organization that dismissed them. Indeed, displaced workers who receive outplacement assistance from an outside source generally experience more positive reactions and are more likely to find a position that is comparable to the job that was lost.¹¹²

Outplacement services normally include testing and assessments to help displaced workers understand the type of work for which they are most qualified. Employment counselors provide guidance to improve job search skills in areas such as résumé preparation and interviewing. Many outplacement firms offer financial planning advice. Psychological counseling to deal with grief, anger, and anxiety is also frequently provided not only to displaced workers but also to their spouses. Finally, some outplacement firms provide actual job leads.

THE DISMISSAL MEETING

Outplacement services can help alleviate some of the anxiety associated with job loss. Nevertheless, the actual event in which a person is told that his or her employment is being terminated is highly stressful. Managing this event in the right way is critical if the organization is to show respect for employees and maintain a good reputation.

An example from Radio Shack a few years back illustrates how *not* to fire employees. One day, 400 employees opened their email accounts to learn that they had been dismissed from the company. The messages reportedly read, "The workforce reduction notification is currently in progress. Unfortunately, your position is one that has been eliminated." Sending such traumatic news via email is insensitive to the needs of employees and has been widely criticized.¹¹³

Because of the emotional nature of dismissal, face-to-face meetings are usually best. Most experts also agree that employees should not be dismissed on a Friday. A late-week dismissal leaves the terminated employee with two days of time before actions can be taken to recover from the bad news. Dismissals early in the week allow the individual an opportunity to get right to work at finding a new job and reduce the amount of time thinking about how bad things might get.

A few key principles should guide communication during the dismissal meeting.¹¹⁴ In most cases, it is best to have a third person present to serve as a witness. It is important to tell the employee directly that he or she is being dismissed. Although many managers find it difficult to convey the news, an effective dismissal requires a clear statement that the person's employment is being terminated. In addition, the meeting should be brief. If principles of due process have been followed, the employee should already know why he is being fired. The dismissal meeting is not a time for a lengthy discussion of how things might have been different.

Once the bad news has been delivered, the manager should listen to the employee who is being dismissed. There is no need for the manager to argue or to defend the action. This is an emotional moment, and some individuals will simply need to vent their frustration. Finally, it is usually best to present a written summary of the meeting to the employee being dismissed. The summary should include information like when the last day of employment will be, how to return company equipment such as keys and computers, and what will happen to health insurance and other benefits.

The dismissal meeting should include a discussion of severance compensation if it is being offered. **Severance compensation** provides money to help cover living expenses during the upcoming period of unemployment. In many cases, severance compensation is given only if the dismissed worker agrees in a contract not to pursue legal action against the company for discrimination or other reasons.

Severance compensation

Money provided to an employee as part of a dismissal package.

The safety of the supervisor and other workers has become an increasingly important consideration. When possible, security personnel should be alerted before a dismissal takes place. They can plan to provide assistance if the person becomes violent or makes threatening statements. The security personnel should be close at hand if past behavior suggests that the person being terminated will react in a violent manner. The dismissed employee may also need to be escorted from the work site if the organization works with highly sensitive information or if the employee is being terminated for offenses such as theft or violence with coworkers.



CONCEPT CHECK

1. *How can an outplacement firm help an organization manage employee dismissals?*
2. *What should a manager do and say when she tells an employee he is being fired?*

A MANAGER'S PERSPECTIVE REVISITED

IN THE MANAGER'S PERSPECTIVE THAT OPENED THE CHAPTER, RITHICA FELT CONCERN ABOUT AN EMPLOYEE WHO HAD JUST QUIT. SHE WAS ALSO THINKING ABOUT CONFRONTING AN EMPLOYEE WHOSE PERFORMANCE WAS UNACCEPTABLE. FOLLOWING ARE THE ANSWERS TO THE "WHAT DO YOU THINK?" QUIZ THAT FOLLOWED THE MANAGER'S PERSPECTIVE. WERE YOU ABLE TO CORRECTLY IDENTIFY THE TRUE STATEMENTS? CAN YOU DO BETTER NOW?

- Workers are less likely to quit when they feel the organization cares about their personal needs. **TRUE.** *Individuals who feel they receive support from the organization are more likely to remain with the organization, even if they have experiences that cause them to think about leaving.*
- Decisions to quit often begin with a specific event that causes employees to evaluate their work situation. **TRUE.** *In most cases, a specific event can be identified as the point where the employee begins to think about leaving the organization.*
- It doesn't really matter how you fire people, as long as you make it clear that their employment is being terminated. **FALSE.** *It is important for the person doing the firing to make it clear that the person is being dismissed, but a number of other issues should be addressed to minimize the trauma of firing someone.*

- In order to defend against potential lawsuits, an organization should carefully document methods of disciplining problem employees.

TRUE. *Principles of due process and progressive discipline suggest that employees should receive clear written warnings as part of the disciplinary process.*

- Employees who see coworkers losing their jobs become more committed to staying with the organization. **FALSE.** *In many cases, layoff survivors begin to look for jobs at other organizations.*

Rithica's frustration with employees who quit and employees who perform poorly is not uncommon. High employee turnover is costly. Rithica is therefore wise to consider ways to increase the chances of good employees staying with the restaurant. She is also being an effective leader when she takes actions to help low performers such as Grant improve. The principles of due process and the steps of progressive discipline can guide Rithica's efforts. These and other concepts in this chapter provide information about effective methods of retaining employees, as well as effective ways to discipline and dismiss employees whose performance is inadequate.



SUMMARY

LEARNING OBJECTIVE 1

How are employee retention and separation strategic?

Employee retention is critical for organizations pursuing internal labor strategies. Competitive advantage for an organization with a Committed Expert HR strategy comes from retaining employees who develop specialized skills that allow them to be more productive than employees working for

competitors. Organizations with a Loyal Soldier HR strategy save money by offering job security in place of high wages.

Effective employee separation is important for organizations with differentiation strategies. A Committed Expert HR strategy involves quickly identifying low performers and encouraging them to leave rather than pursue a career with the organization. For organizations with a Free Agent HR strategy, frequent turnover of employees is

expected and is often helpful for ensuring that employee skills are up-to-date.

LEARNING OBJECTIVE 2

How can undesirable employee turnover be reduced?

Employee turnover usually begins with a specific event that causes the individual to think about leaving the organization. Sometimes, however, employees develop a general sense of dissatisfaction that eventually causes them to leave. Low job satisfaction is strongly related to employee turnover. Employees who are not satisfied with their jobs begin to withdraw from the organization and may eventually quit. Organizations can reduce turnover by conducting satisfaction surveys to identify employee concerns and needs. Socialization processes help new employees become more comfortable with the organization and building perceptions of organizational support among employees increases their sense of commitment to the organization. Selection practices that identify individuals who are less likely to leave can reduce turnover, as can encouraging employees to build social relationships within the organization and the community.

LEARNING OBJECTIVE 3

How do layoffs affect individuals and organizations?

The organizational benefits of downsizing are unclear. Downsizing is most common in organizations struggling with profitability. There is, however, little evidence of long-term improvement in organizational performance after downsizing. Individuals who lose their jobs experience a number of negative effects, including decreased psychological and physical health. Some layoff survivors may increase their individual performance, but

most suffer negative psychological consequences. Organizations can reduce the negative consequences of downsizing by being fair and communicating honestly with both victims and survivors.

LEARNING OBJECTIVE 4

What are the common steps in disciplining employees?

Employee discipline is most effective when it follows principles of due process. Due process requires that employees be clearly informed about what is expected of them. Any punishment for misbehavior should follow careful examination of facts, and the offending employee should have an opportunity to defend himself. Punishment should also be consistent with the nature of the misbehavior. Progressive discipline procedures help ensure due process. Progressive discipline moves from verbal warning to written warning, to suspension, and finally to discharge.

LEARNING OBJECTIVE 5

How should employee dismissals be carried out?

Having to fire someone is a difficult part of the management job. Outplacement services alleviate some of the negative effects of dismissal by helping displaced employees improve their job skills, providing emotional support, and sometimes supplying information about alternative jobs. An employee dismissal meeting can be stressful, but following proper procedures helps preserve both the dignity of individuals and the reputation of the organization. Dismissal should take place in a brief face-to-face meeting. Important facts and information about the dismissal should be written down and presented to the person being dismissed. Planning should also address the safety of other employees and the manager conducting the dismissal meeting.

KEY TERMS

Discipline 272
 Downsizing 267
 Due process 273
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Employee retention 250
 Employee separation 250
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 Involuntary turnover 255
 Job satisfaction 258

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DISCUSSION QUESTIONS

1. How can SAS compete with other software firms when its employees appear to work less than the employees at competing firms?
2. Do you think a fast-food restaurant such as Arby's would benefit from reducing turnover of cooks and cashiers? What could the company reasonably do to encourage employees to stay? What problems might occur if employees stayed for longer periods of time?
3. Do you think the university you attend makes a concerted effort to dismiss low-performing workers? How does the university's approach to dismissing low performers affect overall services for students?
4. What are some specific events that might cause you to leave an organization without having found a different job?
5. Which dimensions of job satisfaction are most important to you? Would you accept less pay to work in a job with better coworkers? How important is doing work that you find enjoyable?
6. What things keep you embedded in your current situation? Are there personal and family factors that encourage you to keep your life as it is? Can you identify social relationships that might influence you to avoid moving to another university or a different job?
7. Why do you think organizations that lay off workers frequently fail to improve their long-term performance?
8. Some people who have been layoff victims look back on the experience as one of the best things in their lives. Why might a victim say such a thing several years after the layoff?
9. Can you identify a time when a low-performing individual has not been disciplined by a leader? How did the lack of discipline affect the poor performer? How did it affect other workers or team members?
10. As a manager, what would you say to a person whom you were firing?

EXAMPLE CASE

Apparel Inc.

To better understand the challenges that managers on the front lines of downsizing efforts face in delivering messages with dignity and respect, we conducted a study of a Fortune 500 company that we call Apparel Inc. (we disguised the corporation's real name to preserve confidentiality). Both line managers and HR managers at Apparel Inc. reported difficulty handling layoff conversations. For line managers, the experience was challenging for two reasons: their limited experience with dire personnel situations and their existing relationships with the affected employees. Many managers had genuine friendships with their direct reports and knew or had met their employees' families. Although HR managers tended to have more experience with terminations than line managers, they nonetheless found downsizing conversations to be difficult and emotionally unwieldy. An HR manager with years of experience handling layoff conversations made this point: "It's a pretty

horrific event, frankly. It's not easy and it's never easy to get used to." HR managers and line managers alike reported experiencing a range of negative emotions, often at a high level of intensity. Emotions ranged from anxiety and fear to sympathy and guilt—sometimes, even shame. One manager described the physical effects of anxiety both before and during the event:

Internally there is a nervous stomach, you feel on edge. Sometimes you get physically nauseous or headache. Very often the night before or after you have very bad dreams that are not necessarily related to the downsizing itself, but from the stress. There is a degree of nervousness that almost makes you have to step back and say, "I have to be calm, I can't show that I am nervous about delivering this message."

Alongside anxiety, managers conducting layoffs experience sympathy and sadness. One manager explained: "It is very difficult from an emotional standpoint knowing you are dealing with somebody's livelihood, dealing with somebody's ego, dealing with somebody's ability to provide for their family." Another manager concurred, emphasizing how distressing it can be to deliver the negative news:

If I am about to cry because this is upsetting me as much as it is upsetting the other individual, I am definitely going to try not to cry. But the emotion that I feel is genuine in terms of the unhappiness or the sorrow that I am feeling that I have to deliver this message to someone.

QUESTIONS

1. What are some ways that managers might cope with negative emotions when they are forced to lay off employees?
2. Why might someone argue that it is a good thing for managers to feel such negative emotions?
3. How do you think you would personally react to the task of laying off workers?

Source: Andrew Molinsky and Joshua Margolis, "The Emotional Tightrope of Downsizing: Hidden Challenges for Leaders and Their Organizations," *Organizational Dynamics* 35 (2006): 145–159. Copyright Elsevier 2006.

DISCUSSION CASE

County General Hospital

County General Hospital is a 200-bed facility located approximately 150 miles outside Chicago. It is a regional hospital that draws patients from surrounding farm communities. Like most hospitals, County General faces the difficult task of providing quality care at a reasonable cost.

One of the most difficult obstacles encountered by the hospital is finding and retaining qualified nurses. The annual turnover rate among nurses is nearly 100 percent. A few of the nurses are long-term employees who are either committed to County General or attached to the community. Employment patterns suggest that many of the nurses who are hired stay for only about six months. In fact, County General often appears to be a quick stop between graduation from college and a better job.

Many who leave acknowledge that they were contacted by another hospital that offered them more money. Exit interviews with nurses who are leaving similarly suggest that low pay is a concern. Another concern is the lack of

social atmosphere for young nurses. Nurses just finishing college, who are usually not married, complain that the community does not provide them enough opportunity to meet and socialize with others their age.

Hospital administrators are afraid that paying higher wages will cause financial disaster. Big insurance companies and Medicaid make it difficult for them to increase the amount they charge patients. However, the lack of stability in the nursing staff has caused some noticeable problems. Nurses sometimes appear to be ignorant of important hospital procedures. Doctors also complain that they spend a great deal of time training nurses to perform procedures, only to see those nurses take their new skills someplace else.

QUESTIONS

1. Turnover is high at almost every facility where nurses are employed. What aspects of nursing make turnover for nurses higher than for many other jobs?
2. What programs do you suggest County General might implement to decrease nurse turnover? Be specific.
3. How might County General work with other hospitals to reduce nurse turnover?

EXPERIENTIAL EXERCISE

Learning about Discipline Procedures

Examine the website for your university to locate information that guides the disciplinary actions of supervisors. If you can't locate this information for your university, visit a few websites for other universities. Examine the supervisor guidelines and answer the following questions:

1. What does the university do to ensure due process?
2. How many steps are in the university plan for progressive discipline? Are the steps similar to the four steps outlined in this chapter?
3. What involvement does the human resource department have in cases of employee discipline?
4. Does the site offer guidance for how to deal with specific instances of employee misbehavior?
5. What steps can an employee take to appeal a disciplinary action?
6. Are any unions involved in disciplinary procedures?
7. Based on your experiences with the university, do you think supervisors actually follow the steps of progressive discipline?

INTERACTIVE EXPERIENTIAL EXERCISE

Turnover: Dealing with the Good, the Bad, and the Ugly at Global Telecommunications
<http://www.wiley.com/college/sc/stewart>

Access the companion website to test your knowledge by completing a Global Telecommunications interactive role-playing exercise.

In this exercise you work with another client, Global Telecommunications. Global has adopted a Committed Expert HR strategy. Unfortunately, it has some potential turnover problems. In a few minutes, you will meet with a key

member of senior management who has posted her résumé online and is actively looking for a new job. How will you handle this discussion? Another problem concerns an employee who, in management's view, is a detriment to his department and truly needs to be fired. He can be very emotional and is viewed as having a bad temper. Before this person can be fired, you will need to make sure all appropriate steps have been taken. This will be a challenging assignment. As you begin reviewing his file, the senior management member arrives for her meeting with you. Good luck—she doesn't look happy to be here. •

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