

**THE CORRELATION OF EMPLOYEES INVOLVEMENT (EI)
AND TURNOVER**

by

Ricardo J. Vera C

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Jerry W. Coomer, Ph. D.
Research Advisor

The Graduate College
University of Wisconsin-Stout
May 2001

**The Graduate School
University of Wisconsin-Stout
Menomonie, WI 54751**

ABSTRACT

Vera	Ricardo	J.	
(Writer)	(Last Name)	(First)	(Initial)

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The purpose of this research project is to study the relationship between applying employee involvement and the retention of employees. The interest is driven primarily from the view that employee involvement (EI) has a *positive effect* on organizational performance. It is believed that a change of any element in organizational culture can have a significant impact on staff including less absenteeism, less turnover, better decision-making and better problem solving among others.

Thus, the above scenario supports the idea of determining if there is a correlation between the applications of certain organizational changes, specifically, employee involvement (EI) and employee turnover. Moreover, this research is important because data revealing the relationship between employee involvement and turnover was found.

The methodology applied in this study (review of literature and data collection) resulted in the identification of relevant literature that was finally listed in 12 cases. The variety of employee involvement forms was listed as follows: Formal Participative Decision Making (case 1), Quality Circles (case 2), Quality of Work Life (case 3), Gainsharing (case 4), Job Redesign or Job Enrichment (case 5), Self-Directed Work Teams (case 6), Employee Ownership (case 7), Representative Participation (case 8), and Managing by Objectives (case 9), in addition to the combination of some of them (case 10, 11, and 12).

As results, some forms of employee involvement are directly related with turnover (cases 2, 6, 9, 10, 11, and 12), and others are indirectly related (cases 1, 3, 4, 5, 7, 8). In addition, there was not enough specific data to determine the magnitude of the relationship between employee involvement and turnover.

Consequently, the results helped gauge the effectiveness of cultural changes geared toward increasing staff retention based on what is revealed.

Jerry,

What do you think?

Do "*Champions can get up even when they can't*"

or they can't do that?

Let me tell you that I have seen a teacher, a friend, and a mentor
that already did it.

It means, YES they can!

Good luck my friend...you have not finished the journey!

I'll see you in Venezuela

Dedicated to

El Doc y Noris, my two grandmothers, Carlos (*who inspires me with his vibrancy and energy!*), Mary and Charly Q, Mary J. Kuiters (*who supported me with her kindness and patient at the beginning of this research*) El “Loco” Oscar y La Pelusa, Mi Panilla Jose Pumar and all the people that supported me...

Gracias! Y que Dios los bendiga!

Specially dedicated to

Ma Patricia Tejera “La Negra”...
mi negra bella siempre te recordare con esa calida sonrisa con la que solias alumbrarme llenandome de felicidad.

Que Dios te tenga en la gloria!

**THE CORRELATION OF EMPLOYEES INVOLVEMENT (EI)
AND TURNOVER**

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CHAPTER I
INTRODUCTION

Introduction

Living in a world of organizational changes, companies are facing severe competitive pressures and rapidly changing markets. Most of these changes involve new trends and technologies, among other factors that make organizations seek ways to become more flexible, adaptive, and competitive.

To answer the question “What is the most effective way to design, organize, and manage work to face these current changes?” is almost impossible. There are many answers that can be adopted as solutions, which will differ according to the size of the company or the kind of culture in which the organization operates. In the midst of all these innovations, organizations are discovering -or rediscovering in some instances- that people really are their most important asset (Cotton, 1993). The interest is driven primarily from the view that employee involvement (EI) has a *positive effect* on organizational performance. Therefore, creating an organization in which members feel responsible for and involved in the success of the organization is an attractive and effective approach to management (Lawler, 1992). A change of any element in organizational culture can have a significant impact on staff including less absenteeism, less turnover, better decision-making and better problem solving among others.

The above scenario supports the purpose of this research project, which is to study the relationship between applying employee involvement and the retention of employees.

Statement of the Problem

The purpose of this study is to determine the correlation between the application of certain organizational changes, specifically, employee involvement (EI) and employee turnover.

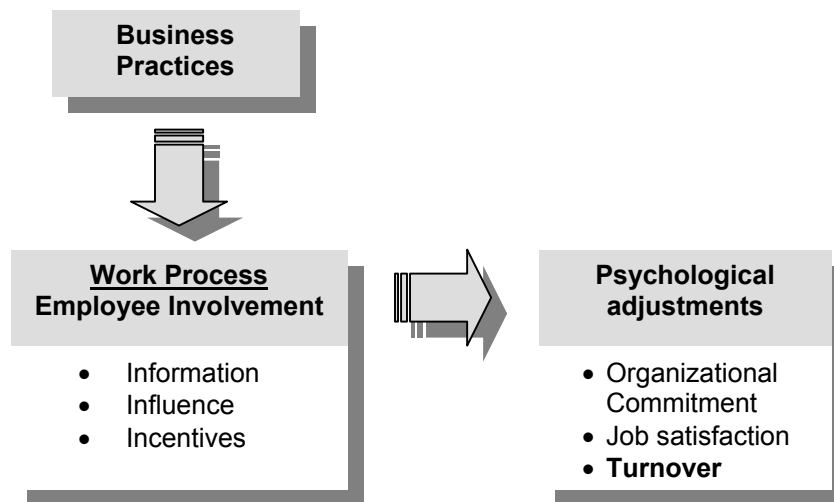


Figure 1: Conceptual model of the above statement.

Research Objectives

The value of answering the question expounded above has three parts:

1. To determine if there is any relationship between turnover and employee involvement.
2. To determine the magnitude of the relationship between employee involvement and turnover.
3. To review literature related to employee involvement and turnover.

Purpose/Importance of the Study

There are two reasons:

- First, this research is important because it is crucial to find out the data revealing the relationship between employee involvement and turnover.
- Consequently, the second objective of the research is to help gauge the effectiveness of cultural changes geared toward increasing staff retention based on what is revealed.

Methodology

The methodologies used in the study are literature review and data collection. It is important to notice that the data collection refers to information about each variable and past studies about the relationship between them. The idea is to proceed with literature and company data, following two methods: interpretive and quantitative.

- a. Interpretative: analyzing cultural changes and its application including employee involvement.
- b. Quantitative: citing results explained in case studies about employee involvement and/or turnover in past studies.

Limitations of the Study

The limitations of the study were:

1. There is more literature than company data in this research.
2. The researcher had a limited period of time.

Assumptions of the Study

Turnover is an important aspect of any company. It is assumed that the findings of this study, specifically the cases cited were truthful and correct at the time of writing. It is also assumed that the results of this study can be related to companies of different size, industries and regions.

CHAPTER II
REVIEW OF RELATED INFORMATION

The idea of this chapter is to compile and organize information about two variables -employee involvement and turnover- to better appreciate and understand them.

Employee Involvement

The reason for employee involvement. Back in the 19th century, a craftsman played all roles within the process of producing a good or service. This approach made beautiful products, but they were expensive and slow to manufacture. Thus, F. Taylor explained how from this point the “craft” organization evolved to the method of scientific management:

In the latter part of the 19th century and the beginning of the 20th, a number of factors began to change this process. First, there were large migrations of workers to cities in America- unskilled workers off of farms that no longer needed them, and workers from Eastern Europe who often spoke little or no English. In addition, the development of the internal combustion engine made it possible to deliver mechanical power easily to any factory that might need it. Finally, engineers and managers began to develop the ideas that eventually evolved into scientific management (Taylor, 1911) (p. 4).

Scientific Management is defined as a system engineering that: first, attempts to systematically analyze human behavior at work; second, attempts to

make organizations adjunct to machines-; third, looks at interaction of human characteristics, social environment, task, and physical environment, capacity, speed, durability, cost; and finally, reduces human variability (Taylor 1911). This approach appeared in the early part of the 20th century to develop ways for improving the efficiency of employees. It was successful in the first half of the century. After that, a number of factors suggest that scientific management lost its usefulness and began to diminish, specifically: the increased complexity of jobs and the technologies used in manufacturing and services were variables that forced changes (Cotton, 1993).

Changing conditions of the marketplace convinced some companies' owners and managers to adopt a new paradigm based on new values. For instance, speed was one of the values expressed by Dumaine (1989) "if we want to compete in the global marketplace, speed has become a necessity" (p. 54). However, speed is not the only value that a company can adopt in order to survive in the changing conditions of the marketplace. Also, flexibility is important. Manufacturing and service processes, labor forces, and management need to become more flexible. How do a company gain this greater flexibility? The flexibility can be gained through employee involvement (Cotton, 1993).

Its evolution. Changing organizational culture demands more than the decision to change. It involves understanding the current culture and its role, accepting the fact that culture changes do not occur in some preset period of time, and dealing with the subject in depth (Gaynor, 1991). Thus, adopting

employee involvement as part of an organizational culture has not been an easy task.

Employee involvement is an old idea constantly being revitalized by organizations and new generations of practitioners throughout the world. For instance, the oldest documented system of formal employee involvement is a document called “employee suggestion system”, established by Eastman Kodak in 1898.

However, employee involvement revolutionized when McGregor (1957) and Herzberg (1966), first started writing about the topic in their articles “*The Human Side of Enterprise*” and “*Work and the Nature of Man*”. In addition, Kurt Lewin –the father of social psychology and one of the contributors to the study of organizational behavior- focused on the individual as a member of a group or within a social environment (Lewin, 1948, 1951). Lewin took the individual out of the abstract and placed him or her into the everyday environment of social forces (Cotton, 1993). Lewin, rightly called the father of employee involvement, researched and studied the impact of involvement, but never in a business organization.

Consequently, authors started searching for: 1) how the group can influence the individual (Asch, 1956), 2) how non-physical entities such as norms could affect behavior (Festinger, Schachter, & Back, 1950), and 3) how groups behave (Janis, 1972).

Eric Trist and Fred Emery studied Lewin’s ideas and aimed them at improving organizations. Their major contributions were: first, that the two

systems known as social (interaction of people with each other) and technical (tools and techniques employed in the work) must operate synchronously to produce a positive-productive work; and second, the promotion of self-directed work teams, as well as the careful testing of these types of interventions, must be applied.

Over the last 30 years, Edward Lawler has been one of the most recognized researchers in the effort to explore and integrate employee involvement. He studied not only the effectiveness of involvement, concluding and accepting employee involvement as a philosophical necessity, but also, he concluded that additional changes that can serve and support the involvement process, need to be made to other systems in the organization (Mohrman, Resnick-West & Lawler, 1989).

What is employee involvement? To begin, employee Involvement is a term that has been used in the literature on organizations to refer to individuals' attachments to both organizations and their jobs (Ashkanasy, Wilderom, & Peterson 2000).

Lodahl and Kejner (1965) define job involvement as "the degree to which a person's work performance affects his self-esteem" (p. 25). They also argue, based on their research findings, that employees who are highly involved in their jobs are also high involved in their organizations (p. 32).

However, Etzioni (1975) proposed three different types of involvement: moral, calculative, and alienative. In his opinion, individuals are morally involved

if they accept and identify with organizational goals. Calculatively involved is when the individuals perceive an exchange agreement with the organization, and alienatively involved is when they have a negative feelings and attachments to their organizations, but are forced to remain due to a lack of alternatives or a behavioral compliance system that forces them to remain.

It is important to notice that Etzioni's concept of moral involvement includes identification processes. If individuals are morally involved and identify with organizational goals it will make them more liable to share ideas, values, and norms with others members of the group. Consequently, they would develop a culture.

Employee Involvement is a participative process that uses the entire capacity of workers and is designed to encourage employee commitment to organizational success (Lawler & Mohrman, 1989). Moreover, employee involvement is understood as a variety of techniques designed to achieve the objective of giving the employee some combination of information, influence and / or incentives (Cotton, 1993).

Peter B. Grazier (1989) provides a more descriptive definition of employee involvement:

It's a way of engaging employees at all levels in the thinking process of an organization. It's the recognition that many decisions made in an organization can be made better by soliciting the input of those who may be affected by the decision. It's an understanding that people at all levels of an organization possess

unique talents, skills, and creativity that can be significant value if allowed to be expressed (p. 8).

Employee involvement practices are defined by Lawler, Mohrman and Ledford, Jr. (1995) in their book "Creating High Performance Organizations." According to the authors, employee involvement can be characterized by the use of the following practices:

- *Sharing power.* It refers to the use of various practices, such as participative decision-making and job enrichment, which give employees a degree of control or say in decisions that affect their work.
- *Sharing information.* It refers to the practice of informing employees about company and work group goals as well as the sharing of performance feedback.
- *Rewards.* It refers to the use of performance-contingent reward systems that link compensation, promotions, and recognition to individual, group, and organizational performance.
- *Knowledge.* It refers to support for skill development through formal training as well as informal supervisory coaching including employees at all levels of the organizational hierarchy.

Dimensions or properties of employee involvement. Dachler and Wilpert (1978) outlined the properties of employee involvement on concerning

five different characteristics (dimensions) that are explained by Cotton (1993) in his book "Employee involvement":

(1) Formal - Informal. *Formal employee involvement* refers to a system of rules... imposed on or granted to the organization (p. 27). *Informal involvement*, in contrast, is a consensus that arises in a casual way. For example, a quality circle program or a gain-sharing program will be a formal form of employee involvement. When a supervisor casually allows his or her workers to make decisions about how their work is done would be an example of informal involvement (p. 28).

(2) Direct - Indirect. *Direct involvement* refers to immediate personal involvement of organizational members. This is typically face-to-face involvement where workers can have an immediate and personal impact (p.28). *Indirect involvement* incorporates some type of employee representation in which, rather than the employee interacting, his or her representative is involved. An example of direct involvement is quality circles; indirect involvement includes worker councils or an employee at the Board of Directors (p.28).

(3) Access to Decision. *Level of Access* refers to the amount of influence that organization members can exert when making a decision. The authors employed a continuum of access: first, no information is given to employees about a decision; second, employees are informed in advanced; third, employees can give

their opinion about a decision to be made; fourth, employee's opinions are taken into account; fifth, employees can negatively or positively veto a decision, and; sixth, the decision is completely in the hands of the employees (p. 28).

(4) Decision content, importance and complexity. Although most programs of employee involvement focus on issues and decision directly related to the individual's work, this is not always the case. For example, gain-sharing programs can focus on general improvements in productivity (p. 29).

(5) Social range. The social range dimension refers to who is involved: is everyone involved, only a certain level of employees, only certain locations or departments, or what? This dimension also can refer to whether the involvement is on an individual level or group level: do employees participate as part of the group (self-directed work teams) or as individuals (work redesign)? (p. 29).

Employee involvement models are numerous. In an effort to explain them the following authors were cited, because they presented "models" that summarize the magnitude of the scope about employee involvement and the different forms involved.

The following table was inspired by the John L. Cotton's table 2.2 (p. 30) presented as presented in his book "employee involvement" published in 1993.

Formal Involvement Programs: Direct Involvement

<u>Social range</u>			
<u>Influence / Access</u>	<i>Individual</i>	<i>Group / Department</i>	<i>Entire Organization</i>
Medium	Formal Participative Decision Making	Quality Circles	(QWL) Quality on Work Life Gainsharing
High	Job Redesign	Self-Directed Work-Teams	Employee Ownership

Formal Involvement Programs: Indirect Involvement

<u>Social range</u>			
<u>Influence / Access</u>	<i>Individual</i>	<i>Group / Department</i>	<i>Entire Organization</i>
Medium			Representative Participation

Informal Involvement Programs
Informal Participative Decision Making

Table 1: Examples of Employee Involvement using Dachler and Wilpert's dimensions

It is important to mention that Cotton (1993) didn't include all the techniques or forms, such as managing by objectives (MBO), because he believes that involvement is not the fundamental focus of those forms.

Another employee involvement approach is defined by Blake and Mouton (1981) in their book "Productivity: The Human Side". The idea for this author is that the more involved employees are in the challenges of production, or services, the more productive they will be. The four approaches of employee involvement that the authors emphasized (also called *employee participation*) are: 1) job redesign, 2) managing by objectives (MBO), 3) quality of work life (QWL), and 4) quality circles (Blake and Mouton, 1981).

Employee involvement forms are listed below. The different forms are a compilation of the examples used by Cotton (1993) and Blake & Mouton (1981). Even though each form has too much information to include in its entirety, the intention is to review every form providing no more than a definition of it.

- *Formal Participative Decision Making*. Decision-making is defined as the ability to weigh alternative approaches and make a commitment to, and carry through, a selected option (Thorley, 1992). More specifically, The Leadership Management Development Center, Inc. (1997) described in its Web page "Decision Making Styles" that the decision-making ability is a matter of style. Not the decision itself, but the style. Consequently, there are four types or styles: democratic, autocratic, collective-participative, and consensus. But, if the word participative is included in the definitions the style known as autocratic and collective-participative cannot be considered. Thus, "democratic decision-making is when the leader gives up ownership and control of

a decision and allows the group to vote. Majority vote will decide the action. Consensus decision-making is when the leader gives up total control of the decision. The complete group is totally involved in the decision. The leader is not individually responsible for the outcome. The complete organization or group is now responsible for the outcome". (Leadership Management Development Center, Inc. 1997). Finally, Participative decision-making is when the group as a whole proceeds through the entire decision making process. It is when the group defines the problem and performs all other functions as a group.

- *Quality Circles (QC)*. Recognized as one of the forms of employee involvement, the concept of quality circles (QC) has been discussed in a large number of articles. According to John Cotton (1993) this number can be estimated to be about "...500 articles published in the last five years" (p. 59). In whatever manner, the term "quality circles" has changed in how it is defined (Van Fleet & Griffin, 1989), simply, because it means different things to different people. There are definitions of Japanese QC because they developed the term in the early 1960s. By that time, the development of QCs was a strategy of the Japanese government to create a better country reputation within the quality arena (Munchus, 1983). For instance, Crocker, Chiu & Charney (1984) defined QC for the Japanese industry such as "they are problem-solving teams which use simple statistical methods to research and decide on solutions to workshop problems" (p. 5). On

the other hand, the definition in America is very similar. The difference is that in America the QC may emphasize a particular function, such as problem solving, team building or quality control (Crocker, Chiu & Charney, 1984). Another definition of QC provided by Donald L. Dewar (1980) says that QC is a way of capturing the creative and innovative power that lies within the force” (p. 2).

Nevertheless, no matter what definition is used, quality circles are a people-building, rather than people-using, approach (Crocker, Chiu & Charney, 1984).

QCs are very similar to self-directed work teams except for the dimension of influence. In other words, making suggestions for someone else to decide, the quality circles are different from self-directed teams. Self directed work teams make decisions and then act on those decisions (Cotton, 1993).

- *Quality of Work Life (QWL)*. The term "quality of work life" (QWL) was first introduced in 1972 during an international labor relation's conference (Hian and Einstein, 1990). QWL received more attention after United Auto Workers and General Motors initiated a QWL program for work reforms.

Robbins (1989) defined QWL as "a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work" (p. 207). QWL has been widely recognized as a multi-dimensional

construct and it may not be universal or eternal. The key concepts captured and discussed in the existing literature include job security, better reward systems, higher pay, opportunity for growth, participative groups, and increased organizational productivity, among others. Moreover, Walton (1973), and Nadler and Lawler (1983) are two examples of many people that agree with the fact that QWL is known as the most difficult employee involvement's form to define. QWL has too many meanings.

- *Gainsharing*. In Bernolak's (2000) words: "Gainsharing refers to a category of incentive systems that involves a group of employees in the productivity improvement efforts and shares the resulting gains with the group based on its overall performance improvement". The author implies that productivity and profitability gains can be created by a better use of inputs such as labor, capital, materials and energy. Thus, gainsharing plans use predetermined formulas to reflect the productivity or profitability improvement over historical levels.

Today, gainsharing has become a generic term, casually used to describe any number of incentive, bonus, or award programs, or other variable pay methods. Rather than the serious, formal, well thought out "pay for results" methodologies and culture originally designed and intended by the founding fathers of Gainsharing (Scanlon, Rucker, and Jackson), many years ago. Many actual gainsharing plans have evolved to be hybrids of these authors' work.

Another example of gainsharing definitions is defined by Bovino Consulting (2001) as "a complete improvement system that merges sound and proven approaches of effective leadership with a variable pay reward system". In general terms, gainsharing is:

- A method to improve business performance
- An overall system to increase organizational effectiveness. It focuses all employees on a few common, critical, performance objectives called Key Performance Indicators (KPIs)
- A process that significantly increases employee empowerment (participation and involvement)
- A method to measure real changes in productivity and quality
- A performance based, variable compensation reward system that ties pay to organization performance, rather than individual performance
- A commitment to continuous improvement

Ultimately, the "correct" gainsharing plan is the one that labor and management feel is fair, fosters a sense of identity with the organization, and improves the productivity and profitability of the organization (Bernolak, 2000).

- *Job Redesign.* At the beginning of the evolution of job redesign, employee involvement was not the main focus. It rather focused on job design. Nevertheless, it is important to mention that Herzberg's

motivation-hygiene theory, also called the two-factor theory, has to be considered as an important base of this topic (Cotton, 1993).

Enlargement, job enrichment or job redesign refers to the process of determining what tasks and work processes will comprise a given job or given group of interrelated jobs. Job enrichment has been defined by Boone (1999) as a "job design change that augments employees' authority in planning their work, deciding how it should be done, and learning new skills that help them grow" (p. 312). The idea is that a person that is involved in rethinking his or her job and what it contains is very likely, particularly with professional help, to want to increase the complexity of his or her job in both directions. "Once complexity is increased, the job requires more thought and involvement; therefore one person is contributing more output under the redesigned job than previously." (Blake and Mouton, 1981) (p. 5).

- *Self-Directed Work Teams (SDWT)*. It is "one of the more radical approaches to employee involvement, and one becoming increasingly popular in the last several years... (also called autonomous or semiautonomous work groups)" (Cotton, 1993) (p.173). It is about reorganizing the employees into teams. Loren Ankarlo (1992) defined SDWT as "a functional group of employees (typically eight to fifteen people) that shares responsibility for a particular unit (production or service) in which members are trained in all technical skills necessary to complete the task assigned. They have the authority to plan,

implement and control all work process, including scheduling, quality and costs, but those responsibilities have been clearly defined in advance.” (p. 4).

The issue about leadership and directions in this kind of EI form is that there is no single supervisor within the team; rather all team members share authority. The team makes decisions, not a single supervisor. However, outside of the team is a leader, who has little interaction with the team. It is the role of the external leader to act as a coach.

In some cases, SDWT gives the companies a chance to promote opportunities for the employees to use their ideas, to show their skills and talents, and to create innovations that generate outcomes. In fact, it is estimated that today 90% of all North American organizations have at least some self-directed work teams (Ankarlo, 1992).

- *Employee Ownership.* This a formal form of EI. Usually called work-owned firm, it is no more than an organization in which the workers themselves own and manage the business (Adams, F. & Hansen, G., 1992). In terms of employee involvement, these types of businesses are also known as an industrial cooperative, a work-owned cooperative, a labor-managed enterprise, or a cooperative labor-enterprise. In addition, Adams & Hansen (1992) explained that there are two fundamental principles of a work-owned enterprise. The first one says “that ownership and control of the enterprise are derived from

working in it, not just from capital investment; and the second one, the concept of labor-entrepreneurship is adopted” (p. 23).

Toscano (1983) gives another point of view in his article “Toward a Typology of Employee Ownership”. The author defined three general types of employee ownership: *direct ownership*, a typical company where employees individually own stock; *employee stock ownership plans* (ESOP), created when the company established a specific benefit in which employees acquire stocks as part of their benefits; and *worker cooperative*, defined as a group of individuals working in a company who own and personally operate the organization. Actually, ESOPs “are far and away the most popular form of employee ownership.” (Cotton 1993) (p.203).

- *Representative Participation (RP)*. It is one of the four forms of participation (Poutsma, 2000). This form of employee involvement relates to teams that include selected or elective representatives of all grades of staff in the departments, which will be affected by the implementation of a new system, policy, etc. In addition, RP involves worker participation in forums that address strategic issues rather than merely workplace or process issues (Modernising Public Service Group, 1999). It is known as the most widely legislated form of employee involvement around the world (Cotton, 1993). The different representatives "can come in the form of work council, worker

representatives on the board of directors, or some other format."
(Cotton, 1993) (p. 114).

- *Managing by Objectives (MBO)*. In this approach, the gist is setting objectives in which people become involved in demonstrating an ability to accomplish these objectives. Thus, the result is greater productivity (Blake and Mouton, 1981). Concerns and issues that many people have seen and experienced in management lead MBO definitions. For instance, related with “directing” as an issue, Peter Drucker (1954) says that MBO is “directing each job toward the objectives of the whole business” (p. 121). Related with “performance and development”, John W. Humble (1970) defined MBO as “a system that integrates the company’s goals of profit and growth with the manager’s needs to contribute and develop himself personally” (p. 21). Referring to “productivity” as another concern or issue, Paul Mali (1972) defines MBO as “a six-step interrelated and interdependent process-identify potential productivity areas, quantify productivity level desired, specify a measurable productivity objective, develop a plan for attaining objectives, control with time milestones of progress, and evaluate productivity reached” (p. 1). Finally, Charles W. Hughes (1965) defined MBO as it relates to “motivation”. In his opinion, "MBO makes company goals known to the employees and provides opportunities for employees to participate meaningfully in meeting these objectives. In a way that gives employees a chance for identifying personal goals,

the motivation to work that results will achieve company goals as well as personal goals” (p. 29).

A major weakness of the MBO process resides in the methodological area. In other words, achieving the basic goal of MBO through the process of pulling all the relevant parts together in a systematic way is not an easy thing to do. Sang M. Lee (1981) said “it has been more of a philosophy than a system.” (p. 4).

To close this sub-title, in which several forms of employee involvement have been mentioned, it is significantly important to highlight that there is too much literature on all the different forms to aggregate. However, no single approach to creating involvement has emerged as the definitive approach (Klein, Major, & Rails, 1998).

The present. Today, employee involvement is part of the culture in many organizations around the world. There is no single direction, but normally it is understood in four specialized branches (figure 2) as Cotton (1993) describes:

Human resources management professionals examine gainsharing and Employee Stock Ownership Plans (ESOP's) as approaches to compensation. *Organizational development* professionals study self-directed work teams and other socio-technical approaches as organizational interventions. *Industrial relations* authorities investigate quality of work life projects and representative

participations in Europe through codetermination. Finally, *organizational behavior* researchers examine quality circles and work enrichment (p.10).

All of these directions of employee involvement are related but we separate audiences. The commonality that they all share is that they all are applied by getting people involved.

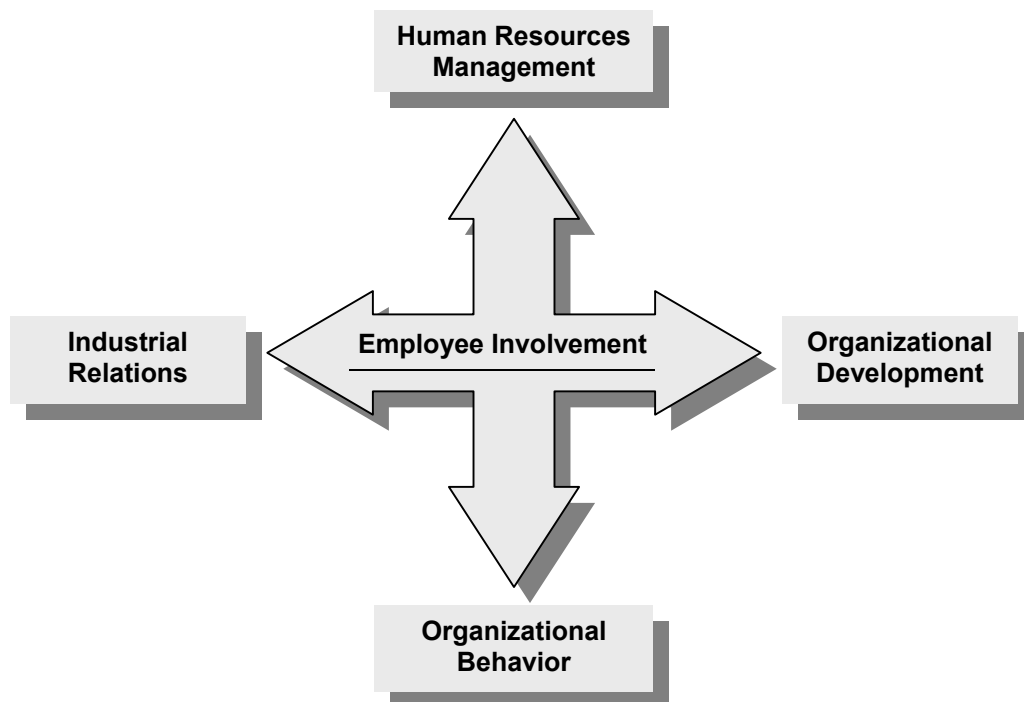


Figure 2: Branches of Employee Involvement

The employee involvement in the future seems to be bright, in the opinion of researchers that visualize and believe that it will be more popular at that time. The first reason is because high involvement work processes

positively influence organizational effectiveness. It appears that the attributes of employee involvement operate upon effectiveness by both promoting workforce motivation and facilitating the application of employee knowledge, skills, and abilities, directly onto organizational issues (Vanderberg, Richardson & Eastman, 1999). The second reason is that people, especially managers, feel confident about the ability of employee involvement to have an impact because American management has been involving employees more effectively in the last 5 years (Cotton, 1993), and this has helped improve productivity (Spiers, 1992). The third and last reason is that less than 20% of the U.S. workforce is in a true high involvement work environment (Lawler, 1999).

However, it is important to consider that employee involvement is not another managerial tool, but a significant agent of change within the culture of the company. Therefore, it is not an easy and quick change, and should be implemented with great care and attention (Lawler, 1999).

Turnover

The situation... is that turnover is present in any industry. Unfortunately, it is viewed as a problem because it seems to be uncontrollable and too high throughout businesses. Turnover is mainly the result of either a management failure to provide an appropriate working environment, or the wrong person being hired in the first place. To avoid this situation, the company must

find the right people and keep them. On the other hand, having some amount of turnover within the organization is normal and is sometimes beneficial for the company. The reason behind the last statement is that new people, prepared in new technologies and bringing new ideas, will help the organization to keep its flow. The goal of a successful retention program is not zero turnover (Marvin, 1994). Excessive turnover, however, creates instability in the workforce, raises personnel costs, and diminishes organizational performance.

The definition of turnover. The Newbury House Dictionary of American English (1996) defined turnover as “the rate at which employees leave a job or company” (p. 929).

More explicitly, involuntary turnover is understood as a separation initiated by the organization (such as discharge). And voluntary turnover is often when the firm prefers that the individual remain on the job. Examples include resignation, transfer, and, in some cases, retirement (Hom, P. and Griffeth, R. 1995).

But the typical industry definition of turnover is the number of people on the payroll over the year (the number of W-2 forms issued) divided by the average number of people on the staff (Marvin, 1994).

The particular objection concerning this concept is that people have to leave the company someday. Therefore, the following definition will be referred to in an effort to design a statistic that more truly represents the retention climate

of the operation. Turnover means losing people you did not want to lose when you did not expect to lose them (Marvin, 1994).

The causes of turnover are numerous. After reviewing the work of three different authors- Peskin (1973), Grotsky (1989), and Marvin (1994)- the researcher found that a complex mix of reasons within and outside the organization can cause turnover. These reasons include:

- Lack of recognition or reward
- Lack of motivation
- Lack of team-work or Inability to get along with co-workers
- Incompatible management style
- On-going conflicts
- Quality of life issues
- Lack of control
- Stress
- Politics
- Pay versus effort
- Poor communication
- Poor recruiting
- Lack of orientation
- Lack of training
- Ineffective supervision
- Lack of leadership

- Job inequities
- Lack of management understanding
- Boredom
- Lack of job security (employee perceptions of job security)
- General economic and labor market conditions
- Personal mobility or willingness of employees to relocate
- No opportunities for advancement
- Not enough hours
- Lack of benefits
- High turnover
- Lack of standards
- Demographics of the employee population
- Lack of respect
- Lack of feedback
- Sexual harassment
- Family and other responsibilities (personal reasons)
- Incompetence
- Racism
- Dishonesty / lying
- Negative attitude

These numerous causes listed above have been appropriately researched and documented, and it is clear that improvements must be made to reduce turnover rate.

Cost of turnover is hard to measure; however, using the direct and indirect components is a way to compute the amount of money that the turnover of an employee represents. As William Marvin (1994) explains in his book *"From Turnover to Teamwork."* the following two definitions set the cost of turnover into perspective:

- "The direct costs are those expenses that arise solely because a worker quits or is terminated. They can be calculated on a per-person basis" (pp. viii-ix). Examples of direct cost are recruiting costs (newspapers, ads, and materials), Staff times for the present Staff, and Payroll expense/Employee benefits (Interviewing, orientation, training, counseling, etc). This also includes, Employee benefits (increase in premiums, administration fees for benefits sign-up), and Overtime (allowance of additional hours while the position is vacant).
- "Indirect costs arise as a result of the impact that the staff change has on the ongoing operation. They are harder to quantify because they show up as increased costs for the entire operation." (p. viii). For instance, sales are lower, operating expenses are higher, and labor costs are higher.

Joan Brannick, President of Human Resource Connections, concludes in her article "Decreasing The Staggering Costs Of Turnover In Your Organization" that employee turnover is very costly to an organization and, ultimately, takes its toll on organizational performance, productivity, and profit (1999).

Case Studies

This part of the research provides a brief overview of the practical underpinning of the proposed research. It also attempts to justify the use of these particular forms of employee involvement for this particular research. Thus, the following is a number of selected case studies that (as it was mentioned at the introduction) reveal some form of employee involvement. The studies were numbered and titled following the same order of the subtitle *Employee involvement forms* in order to be consistent. The selected case studies are:

CASE 1 – Formal Participative Decision-Making - Carney (1998) believes that cultivating a sense of common purpose and trust among your employees as the key factor if you want to be a step ahead in a booming economy. In order to reinforce her idea the article refers to Brenda Wilbur, Chief Operating Officer of CompuWorks a four-time Inc. 500 computer-systems-integration company based in Pittsfield, Mass. Brenda said, our people want to

feel as if they're a vital piece of something larger; moreover, they want to feel as if their peers rely on them to do their best, day in and day out.

The company has an advisory board of 20 people that get together every other month to address pressing business issues. Those Board members are paid \$50 per meeting. Roughly one-third of the participants are employees elected by their department members. In other words, every one of them has the opportunity to participate in those meetings. The community-involvement group manages charitable-giving efforts and the annual "fun" budget, which covers everything from nights out at the movies to the annual family retreat. "This level of involvement gives people a real say in what's happening," notes Wilbur.

For CompuWorks, effort to reduce employee turnover has been successful. Specifically, the annual turnover has never exceeded 5%. Considering that such intense loyalty in any workplace isn't easy, it is to be noticed that there are a few easy-to-adopt tips but involving employees in decision-making is one of the most important.

CASE 2 – Quality Circles (QC) – As Buch (1992) explained, the article's final goal is to probe a new theoretical approach to quality circles (QCs) and reports the results of a cross-organizational test of that theory. The study included 675 employees that were considered as participants. Those employees were from five diverse organizations: a bank, a utility, a manufacturing plant, a hospital, and a university.

In these cases quality circles had a positive effect on turnover. In the bank, only 1 of the 10 employees leaving during the post-implementation year was a QC member. In the factory, the turnover rate across QC departments before QC implementation was 5%; by the next year, this rate had dropped to .97%. Average plant-wide turnover rates for these periods were 1.07% and .55%, respectively. The hospital data compared QC member turnover with the organization-wide turnover rate in the year immediately following the intervention; the organization-wide rate was 17.6%, whereas the rate for QC members was 9.4%. Finally, in the university, 12 employees in the sample were terminated during the post-implementation year; of these, 5 were QC members. It is shown that in four of four cases, turnover was less, or at least was reduced, under the QC intervention.

The author found that the results supported the hypotheses, in that turnover was reduced following the circle interventions and absenteeism for circle members remained stable, whereas it rose substantially for non-circle employees.

CASE 3 – Quality on Work Life (QWL) - Auto Industry Case Studies -

Cotton (1993) explained how the problems started with the poor performance of the auto companies in the late 1960s and early 1970s. In addition, the oil crisis of 1973, and the growing absenteeism and dissatisfaction of employees over working conditions (the "Lordstown syndrome") combined to force the auto industry into making some needed changes such as joint ventures.

General Motors is an excellent example of QWL and how companies applied this form of employee involvement. In 1973, General Motors negotiated with the United Auto Workers (UAW). The cooperation was based on a letter that established QWL as a national strategy within General Motors. Thus, the 1973 memorandum promoted local projects with guidance and monitoring from the national level. As a result, in 1979, Ford and the UAW signed a letter of agreement. In this letter, the idea was to cooperate jointly in an effort to increase the involvement of employees.

The assembly plant in Tarrytown, New York was the home of the first QWL program implemented by GM. The plant had a terrible reputation in terms of labor relations and productivity during the late 1960s and early 1970s. The program initially involved joint training in team building, understanding problems, problem solving strategies, testing, implementing, and evaluating solutions in two departments. In 1974, voluntary joint problem-solving teams were set up. Three years later, the program was extended throughout all the plant. Consequently, relations between the union and management improved dramatically. Grievances and absenteeism went down sharply, and the overall quality (in comparison with other GM plants) improved.

Another good example and one of the best-known QWL projects was implemented at a plant of Harman International Industries in Bolivar, Tennessee. It started in 1972. The program itself involved a network of more than 30 shop floor committees by which employees could influence decisions in the plant. Researchers found that employees were treated in a more personal way and that

the jobs involved higher skills and greater job security. On the other hand, negative results were also found; greater physical and psychological stress and less satisfaction with pay and pay equity are two of these results. In general, the program was successful. Saturn, a division of General Motors, has been a laboratory to further develop of QWL methods. It works as an independent entity. Thus, Saturn has its own contract with the UAW. For instance, a council that includes one UAW representative sets policy, and workers are paid on a salary plus performance basis. In addition, the differences between workers and managers are minimized daily. Labor-management relations appear to be very positive, and quality is high; however, productivity is lower than expected.

As the author said, "The case studies from the automobile industry are the best-known examples of QWL". After reviewing these cases, it is important to notice that the results are generally positive. For instance, employees in the Saturn division volunteered to join that plant. It would not be surprising if these employees produced high quality; however, there is no evidence on the relation of these programs with high quality in this study.

CASE 4 – Gainsharing - The study founded on a survey of 427 Midwestern plant managers located in six Great Lake states: Illinois, Wisconsin, Pennsylvania, Ohio, Michigan and Indiana. All of them have worked to cut turnover using different methods to encourage employees to stay. During the research, 10 major methods to retain employees were found and categorized by Imberman (2000).

In general, the methods showed varying degrees of success. Managers rewarded employees for staying, but it was noticeable that only a few managers have worked on the identification of the reasons related with turnover. As a result, around 75% of all plant managers use monetary rewards, and it seems the most effective method found. General wage boosts, gainsharing bonuses, lump-sum bonuses and merit-raise programs were the findings in this category of monetary rewards.

It explains that employers cannot retain employees unless managers know what upsets and frustrates them, and causes them to move along to the next factory. Thus, it is important to identify the early signs, such as low productivity, high scrap rate, and poor on time delivery record, because those are indications that employees do not care, and do not think their employer does either.

Particularly, gainsharing bonuses seem to be the most cost-effective, but still do not halt all turnover. However, it does affect turnover partially and positively. With the exception of gainsharing bonuses, all the other monetary reward systems - including base-wage boosts and merit-raise programs - increase fixed employment costs, and (plant managers report) are soon viewed as entitlements by all employees. Also, the article refers to employee audits - with feedback - as a tool to find out what employees want.

CASE 5 - AT&T - Job Enrichment – In the late 1960s, management at AT&T decided to follow the ideas of Frederick Herzberg because they were

worried about the high turnover among their personnel (Cotton, 1993). Thus, a group of researchers changed the way many workers at AT&T experienced their jobs. The researchers enriched dozens of different jobs increasing the autonomy, responsibility, and feedback for thousands of workers. They found that the job enrichment produced a variety of positive outcomes.

The question is what did management do to the jobs? The jobs were changed in a number of ways. For example, the work of more experienced workers was reviewed less frequently than before by the supervisor. In addition, all workers were told that they would be held fully accountable for the quality of their work. Later, some individuals were recognized as "experts" on certain subjects and were available for others to consult about their area of expertise.

Consequently, the impact of these changes showed that after an initial drop (for 2 months), customer satisfaction increased significantly and remained above previous levels. Moreover, both turnover and absenteeism dropped. In addition, substantial cost savings was achieved.

In short, managers at AT&T experimented with these changes in job enrichment and the results were positive. Indeed, some experiments were spread to additional jobs because they were very successful. The results was that hundreds of additional projects were practiced involving thousands more enriched jobs.

CASE 6 - Self-Directed Work Teams (SWDT) – There are different case studies examining the impact of self-directed work teams. Authors like

Cummings, Malloy, and Glen presented in the journal "Human Relations" (1977) a review of 58 work experiments. The experiments were methodologically criticized because they involved a variety of job changes. Some of them included employee participation, greater autonomy on the part of the employees, an increase in task variety (e.g., job rotation), and the establishment of team meetings.

The authors found that nine of the studies measuring productivity showed increases, while others showed a decrease. Five of the six studies that examined costs found decreased costs (one study had no change). Of the eight studies that surveyed employee attitudes, five found improved attitudes, one found lower attitudes, and two found that some attitudes improved though others worsened. Four studies examined turnover; three found lower turnover, while one found higher turnover after moving to self-directed work teams. Three studies examined quality and found that this variable improved in two and decreased in one.

In 1982, J. M. Nicholas presented his work called "The Comparative Impact of Organization Development Interventions on Hard Criteria Measures" in the Academy of Management Review. This academic work, analyzed the effects of job design approaches on "hard" outcomes (e.g., productivity, absenteeism, turnover) in 15 studies concluding that: first, the socio-technical studies influenced 50% or more of the measures, including measures of costs, productivity, and quality; and second, the socio-technical interventions

were more successful than the job enrichment efforts across every group of outcomes.

The same year (1982) The journal "Human Resources" published the work of Pasmore, Francis, and Haldeman. The authors reviewed 134 studies. The report showed that 71 of the studies described the use of self-directed work teams. In other words, 53% of them used this form of employee involvement. All the studies (100%) measured employee attitudes, safety, and quality. Improvements were found in each one of them. The studies also reported considerable success in terms of other variables. Of those studies that examined productivity, costs, absenteeism, and turnover, 89% found improved productivity, 85% showed decreased costs, 86% found decreased absenteeism, and 81% demonstrated decreased turnover.

Also, Pasmore et al. noted that although self-directed work teams were employed by a majority of the studies, many characteristics of these teams were not incorporated. For example, feedback on performance, providing interaction with customers, providing managerial information to team members, allowing team members to choose their peers, and allowing team members to supply themselves were mentioned as features in fewer than 10% of the studies. It appears, then, that many of the self-directed teams may not have experienced extensive autonomy.

CASE 7 - Employee Ownership - Worker Cooperatives - In 1981, S. Rhodes and R. Steers studied the impact of employee ownership on

absenteeism. These two authors hypothesized that ownership should lead to stronger perceptions of participation and equity, which would lead to greater commitment and to lower absenteeism, tardiness, turnover, and grievances. Comparing a cooperative to a conventional facility, the authors found those workers at the employee-owned firm perceived greater influence and pay equity, as well as greater organizational commitment. In addition, turnover and grievances were lower at the employee-owned facility; however, absenteeism and tardiness were higher. The authors explained the last differences as due to a control system in the conventional plant (threatening dismissal), while the employee-owned facility had no such system.

CASE 8 - Representative Participation - Great Britain - In 1991, the journal *Industrial and Labor Relations Review* published a work written by Wilson and Peel titled "The Impact of Employee Participation on Absenteeism and Turnover Among British Firms". As part of their participation variables the study included the presence or absence of a works council. The authors predicted that the presence of a works council was negatively related to absenteeism. Their prediction was assertive.

Nevertheless, the presence of a works council was positively related to the rate of turnover, and to other measures of employee participation. The authors did not explain this pattern of effects.

CASE 9 – Managing by Objectives (MBO) – The Balanced Scorecard is the name of the version of measure developed by White Lodging Services, which manages primarily Marriott-brand limited-service properties. This managerial tool has helped the effectiveness of hotel operations. Explicitly, the tool is conformed by a number of objectives in which people become involved in demonstrating an ability to accomplish these objectives. Thus, it can be considered a version of managing by objective because in this case the balanced scorecard takes into account the objectives of both owners and managers in assessing a hotel's success.

The scorecard measures organizational performance across four balanced perspectives: financial, customers, internal business processes, and learning and growth. The last perspective (learning and growth) is directly related to employee involvement. It works by identifying needed developments, such as employee capabilities, satisfaction, productivity, and empowerment, and information systems to provide the infrastructure for future growth. It is arguably the most critical of the perspectives for addressing the future needs of an organization. It is also the most difficult to measure.

Nevertheless, White Lodging Services considered the following possible measurements: associate retention, empowerment, training levels and cycle times, and access to strategic information, among others. Thus, with a median associate-turnover rate of 88.3 percent in 1995, they experienced many personnel issues. That turnover level meant the company was constantly replacing workers, and spending time and energy on training. Consequently, that

category was considered important and an objective was set. The company started to work on this issue and it made considerable progress in reducing associate turnover from 85.4% (1996) to 61.3% (1998).

In short, subsequent to implementing its balanced scorecard in 1997, White Lodging Services recorded financial results stronger than those of its competitive set, and the firm was able to reduce turnover and dramatically increase adherence to internal processes and best practices.

CASE 10 - Employee Involvement (EI) – HIWP - The authors examined the impact of High Involvement Work Processes upon organizational effectiveness. The study used a second-order latent variable approach with 3,570 participants across 49 organizations. Mainly, the analyses supported a model in which a collection of organizational practices positively influenced high involvement work processes. Thus, the high involvement processes influenced organizational effectiveness (defined through return on equity and turnover).

The gist of the study was to examine the perspective on employee involvement advanced by Lawler and his colleagues. The authors worked with four attributes: power, information, reward, and knowledge. Besides that, the condition of the study claims that the attributes are spread throughout the organization and are not only the privilege of a few individuals. Consequently, a greater organizational effectiveness is expected.

Finally, the authors found that the four attributes could be meaningfully measured at the individual level. Furthermore, the notion that the high

involvement attributes can reinforce business practices indicated that high involvement work processes positively influence organizational effectiveness. Moreover, the study shows that there are differences in financial performance and in costly personnel issues such as turnover. In other words, from an organizational turnover perspective, the processes of incentive practices and training possessed significant influences. Training opportunities were associated with lower levels of turnover.

CASE 11 - Employee Involvement – Work/life initiatives take a lot of time and effort to be developed and it is important to be certain that they all produce good results (Author unknown, 2001). This article suggests one-way to do so. Employee involvement in the design process is no more than holding a Job. Satisfaction and better business performance are two results that have been proven as part of what is called an improved *employee*.

In this case, a report is cited. This report surveyed companies that have made work/life more than just a program, incorporating it into their culture and making changes, each designed to achieve specific results. For instance, Ernst & Young (the consulting company) lowers turnover and improves client satisfaction. The result of its "life balance" program has saved \$14 million to \$17 million in turnover costs. The question is, how does it work? The employees and the managers negotiate life-balance agreements every six months. The idea is to cover related issues such as days of traveling. Travel requirements are accommodated through solution teams that redesign the overall travel schedule

to allow employees more time at home. In addition, utilization committees meet regularly to oversee workloads and ensure that they' re distributed evenly.

CASE 12 – Employee involvement - A.C. Humko A.C. Humko is a food processing company with 14 plants with headquarters in Memphis, Tennessee. During the winter of 1999, A.C. Humko initiated a project in its plant located in Boyceville, Wisconsin, to start employee involvement. The plant removes moisture from food such as cranberries, honey, vinegar and other specialty foods.

The employee involvement project was implemented in the form of Self-Directed Work Teams (SWDT). The project started with the planning. It was carried out for about six months via a representative group that called themselves the “steering team”. Then, the inclusion of all eighty-five employees took place during the fall of 1999. Supervisors created work teams and began team meetings just after the training was completed. As part of their actions, the work teams developed various continuous improvement projects and in less than a year more than a hundred of them were completed.

In summer of 2000, a gainsharing plan was initiated. The first payout of \$25 per person came monthly early that fall that same year. Thereafter, the amounts increased as teams began to see themselves rewarded for good performance. For instance, by the end of Winter 2001, the payout was almost \$300 per person. Productivity and on-time delivery have been the two variables

being used in the gainsharing formula and these two measures had improved impressively.

Of the 14 plants of A.C. Humko, only the plant at Boyceville, WI has been reaching its profit target set by corporate management. Moreover, all the plants have been falling short of this goal while laboring under the traditional form of management.

It is noticeable that improvement (a reduction) of labor turnover was not an objective of this project. However, access to the company files in late winter 2001 shows the turnover record during that same time period (year 2000):

- January 2000 = .05%
- February 2000 = .04%
- March 2000 = .05%
- April 2000 = .05%
- May 2000 = .05%
- June 2000 = .04% (gainsharing started)
- July 2000 = .04%
- August 2000 = .05%
- September 2000 = .05%
- October 2000 = .04%
- November 2000 = .02%
- December 2000 = .03%

Thus, turnover has dramatically decreased since the Gainsharing program started to pay.

CHAPTER III
METHODOLOGY

To determine if there was a correlation between the application of employee involvement (EI) and employee turnover, the methodology used in this study was review of literature and data collection.

The literature review was done on an extensive survey of published literature on employee involvement, and/or turnover. The cases were located primarily with electronic databases. Furthermore, extensive research was conducted, the result of which was to create a list of 11 cases related with the topic over several references.

In regard to data collection, it is important to notice that this methodology refers to one company's data only (case 12). A.C. Humko, the food processing company, was the only company that allowed access to the files of the turnover record during the time of this research.

The application of the two methodologies resulted in the identification of relevant literature that was finally listed in 12 cases. Each one of the cases, from case 1 to case 12, was analyzed in two ways: interpretive and quantitative. Mainly, the interpretation consisted of identifying employee involvement practices and analyzing cultural changes and their applications. On the other hand, quantitative analysis was made on the cited results that explained what was found in the literature about employee involvement and/or turnover in past studies.

Above all, it is significant to highlight that there is too much literature on all the different employee involvement forms to aggregate. The variety of forms, such as Formal Participative Decision Making (case 1), Quality Circles (case 2),

Quality of Work Life (case 3), Gainsharing (case 4), Job Redesign or Job Enrichment (case 5), Self-Directed Work Teams (case 6), Employee Ownership (case 7), Representative Participation (case 8), and Managing by Objectives (case 9), in addition to the combination of some of them (case 10, 11, and 12) are limitless in literature and applications. The reasoning behind the statement of Klein, Major, & Rails (1998) (of no single approach to creating involvement has emerged as the definitive approach) was cited before in the review of related information.

Hence, the selection of studies with different application and/or implementation of the employee involvement forms and the way those were managed afterwards are not parts of this research. It is irrelevant to the results of the applications of those employee involvement forms. The information collected is only literature that is publicly available to anyone who wants to learn and support an idea. In other words, the cases in this research were found coincidentally in different books, journals, articles and magazines.

CHAPTER IV
RESULTS

The literature review of the forms cited in chapter II (significantly the cases) not only indicated considerable variances in each one of the forms of employee involvement but also significant differences among the outcomes (relation and impact on turnover). Thus, the idea is to simplify what has been found and make it easier to visualize and compare.

The following table (table 2) was created to summarize the results of this research.

CASE	EI FORM APPLIED	DATA / OUTCOME
1	Formal Participative Decision Making	<ul style="list-style-type: none"> • One-third of the participants are employees elected by their department members • Effort to reduce employee turnover has been successful • It has never exceeded 5%
2	Quality Circles (QC)	<ul style="list-style-type: none"> • 675 employees from diverse organizations: a bank, a utility, a manufacturing plant, a hospital, and a university. • Quality circles had a positive effect on turnover • In the bank, 1 of the 10 employees leaving during the post-implementation year • In the factory, the turnover rate was 5% a year after the rate dropped to .97%. Average plant-wide turnover rates for these periods were 1.07% and .55%, respectively • In the hospital, the organization-wide rate was 17.6% whereas the rate for QC members was 9.4% • Finally, in the university, 12 employees in the sample terminated during the post-implementation year; of these, 5 were QC members

3	Quality on Work Life (QWL)	<ul style="list-style-type: none"> • In 1973, General Motors negotiated with the United Auto Workers (UAW). • The cooperation was based on a letter that established QWL as a national strategy within General Motors. • In 1979, Ford and the UAW signed a letter of agreement. In this letter, the idea was to cooperate jointly in an effort to increase the involvement of employees. • Consequently, relations between the union and management improved dramatically. Grievances and absenteeism went down sharply, and the overall quality (in comparison with other GM plants) improved • Employees were treated in a more personal way and that the jobs involved higher skills and greater job security. On the other hand, negative results were also found; greater physical and psychological stress and less satisfaction with pay and pay equity are two of these results
4	Gainsharing	<ul style="list-style-type: none"> • The study was based on a survey of 427 Midwestern plant managers located in six Great Lake states • All of the managers have worked to cut turnover using different methods to encourage employees to stay • In general, the methods showed varying degrees of success • Around 75% of all plant managers use monetary rewards, and it seems the most effective method found • Gainsharing bonuses seem to be the most cost-effective, but still do not halt all turnover
5	Job Enrichment or Job Redesign	<ul style="list-style-type: none"> • In the late 1960s, management at AT&T decided to follow the ideas of Frederick Herzberg • The researchers enriched dozens of different jobs increasing the autonomy, responsibility, and feedback for thousands of workers • They found that the job enrichment produced a variety of positive outcomes • The impact of these changes showed that after an initial drop (for 2 months), customer satisfaction increased significantly and remained above previous levels • Moreover, both turnover and absenteeism dropped

6	Self-Directed Work-Teams (SDWT)	<ul style="list-style-type: none"> • Cummings, Malloy, and Glen presented a review of 58 work experiments • Some of them included employee participation, greater autonomy on the part of the employees, an increase in task variety (e.g., job rotation), and the establishment of team meetings. • Nine of the studies measuring productivity showed increases, while others showed a decrease • Five of the six studies that examined costs found decreased costs (one study had no change) • Of the eight studies that surveyed employee attitudes, five found improved attitudes, one found lower attitudes, and two found that some attitudes improved though others worsened • Four studies examined turnover; three found lower turnover, while one found higher turnover after moving to self-directed work teams. Three studies examined quality and found that this variable improved in two and decreased in one • Pasmore, Francis, and Haldeman reviewed 134 studies and the report showed that 71 of the studies described the use of self-directed work teams • In other words, 53% of them used this form of employee involvement • 89% found improved productivity • 85% showed decreased costs • 86% found decreased absenteeism • 81% demonstrated decreased turnover
7	Employee Ownership	<ul style="list-style-type: none"> • Rhodes and R. Steers studied the impact of employee ownership on absenteeism • Turnover and grievances were lower at the employee-owned facility; however, absenteeism and tardiness were higher
8	Representative Participation	<ul style="list-style-type: none"> • Wilson and Peel studied "The Impact of Employee Participation on Absenteeism and Turnover Among British Firms" • The presence of a works council was positively related to the rate of turnover, and to other measures of employee participation
9	Managing by Objective (MBO)	<ul style="list-style-type: none"> • White Lodging Services considered the used of Balanced Scorecard • It can be considered a version of managing by objective because in this case the balanced scorecard takes into account the objectives of both owners and managers in assessing a hotel's success • Associate turnover changed from 85.4% (1996) to 61.3% (1998)

10	Employee Involvement (HIWP)	<ul style="list-style-type: none"> • The study used a second-order latent variable approach with 3,570 participants across 49 organizations • The high involvement work processes influenced organizational effectiveness (defined through return on equity and turnover) • From a turnover perspective, the processes of incentive practices and training possessed significant influences • Training opportunities were associated with lower levels of turnover
11	Employee Involvement (Work/Life initiatives)	<ul style="list-style-type: none"> • This report surveyed companies that have made work/life more than just a program, incorporating it into their culture and making changes, each designed to achieve specific results • Ernst & Young (the consulting company) lowers turnover and improves client satisfaction • The result of its "life balance" program has saved \$14 million to \$17 million in turnover costs
12	Employee Involvement (SDWT and Gainsharing)	<ul style="list-style-type: none"> • In 1999, A.C. Humko initiated a project in its plant located in Boyceville, Wisconsin, to start employee involvement • Representative group that called themselves the "steering team" • In summer of 2000, a gainsharing plan was initiated • Productivity and on-time delivery have been the two variables being used in the gainsharing formula and these two measures had improved impressively • Turnover decreased from .05% (January 2000) to .03% (December 2000)

Table 2: Results of Employee Involvement forms (Cases 1 to 12)

CHAPTER V
CONCLUSIONS

This final chapter concludes with two of the major points that came out of this review of literature on employee involvement and turnover.

The first conclusion is that some forms of employee involvement are directly related with turnover (cases 2, 6, 9, 10, 11, and 12), and others are indirectly related (cases 1, 3, 4, 5, 7, 8). However, both directly and indirectly related cases have positive impacts. On the other hand, employee involvement is not always successful. For example, in case 6 (SDWT) only 81% of the 71 studies reviewed by Pasmore, Francis, and Haldeman (1982) demonstrated decreased turnover. It means that 19% of them did not demonstrate that kind of result. In other words, there are not guarantees with employee involvement affecting positively the rate of turnover within a company.

The second conclusion is that there was not enough specific data to determine the magnitude of the relationship between employee involvement and turnover. Considerable research (cases) examines the content of the employee involvement interventions, but the results did not allow concluding with a specific and accurate correlated number.

The forms of employee involvement cited in this study vary in terms of their impact on productivity and employee attitudes. Consequently, it can be infer that the impact depends on the process of implementation because all these employee involvement forms require management commitment, as well as education for employees and management (variables that were not studied in this research).

The relation between productivity and employee involvement has been studied significantly and there is a huge source of information in comparison to the research done between turnover and employee involvement. Thus, the suggestion for future research supports implementing forms of employee involvement, keeping track of every action and change implemented, while recording turnover rates.

Finally, there is a need to expand employee involvement into new settings other than productivity. More integration of variables affected in the process of organizational change can provide an interesting, and possibly new, way to manage organizations.

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