The Impact of Improved Organizational Citizenship on Employee Retention

Kimberley Gordon
University of Arkansas – Fort Smith, USA

INTRODUCTION

The stability – and conversely the instability – of a workforce go a long way in determining whether an organization will meet its strategic goals. When management achieves a workforce with little turnover, a number of things are expected: improved organizational citizenship which begets organizational loyalty which begets an organization more likely to achieve both the long-term and short-term goals of its directors and stakeholders. An approach that bolsters commitment through leadership development, therefore, is expected to have a positive impact on workforce stability thus reducing a variety of costs and ultimately delivering a positive return on investment. Thus organizational leaders bent on creating tangible value from training and development endeavors should consider a number of constructs when crafting and executing their employee development strategies.

Human capital management is evolving in the corporate world as a vital component for achieving desired levels of organizational performance (Momin & Mishra, 2015). Knowledge managers are concerned that organizations may experience losses in organizational effectiveness which subsequently creates loss of competitive advantage as the brain drain associated with retiring Baby Boomers gains momentum and human capital is diminished. The repackaging of personnel functions to the strategic role of human capital management is marked by the incorporation of human resource (HR) practices to fuel organizational effectiveness (Jackson, Schuler & Jiang, 2014; Wright, Dunford, & Snell, 2001). As it pertains to high-performance HR practices and the perception of employees, a positive relationship exists between organizational citizenship behavior, affective commitment, and employee retention (Kehoe & Wright, 2013). Further, as it pertains to this chapter's topic, Manchester (2008) proved the positive impact of employer-sponsored training programs on employee retention in support of organizational commitment.

According to Mahoney and Kor (2015) organizational advancement occurred when core competencies are enhanced through human capital investments. Rodriguez and Ordóñez de Pablos (2003) described human capital and knowledge management as the collection of skills, experiences and knowledge that an individual possesses and that these are of economic value to an organization. Weiss (2015) posited of human capital theory that the value of labor is directly impacted by the extent to which resources are invested in the training of the individual. Burke (2013) believed organizations that engage employees in internal or external developmental experiences reported were said to create value for the organization through employee satisfaction and a better understanding of the function of the components of the organization. Thus understanding how the employee is connected to organizational goals and objectives benefited the employee which in turn benefited the organization.

Instability of an organization's workforce often results in organizational failure. Thus interventions of all fashions are worth consideration by organizational leaders who strive to remain viable. One such endeavor embraced by organizational leaders to enhance organizational citizenship to reduce turnover and associated expenses is a renewed emphasis on the development of a loyal and stable workforce.

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Workforce stability is frequently expressed in two terms: turnover and retention. Turnover references both the voluntary and involuntary departure of an employee from an organization. Conversely, retention refers to the rate at which employees chose to stay employed by the organization. Organizational effectiveness is positively impacted by employee retention – and conversely negatively impacted by employee turnover – since a more experienced workforce would better know and understand organizational and customer goals (Conway & Briner, 2014).

Hausknecht and Trevor (2011, 360) observed that turnover as a whole produced "undesirable outcomes because it entails the loss of firm specific human and social capital, disrupts operations, and collective functions, saddles remaining member with newcomer socialization and training, and increases recruitment and selection costs." In their study, Hutchinson, Villalobos and Beruvides (1997) noted little research has been afforded to the study of primary motivation for turnover as well as its consequences on organizational performance. More recently Hancock, Allen, Bosco, McDaniel and Pierce (2013) observed evidence suggesting a "significant negative relationship between turnover and organizational performance" and that additional inquiry to methods for turnover reduction is warranted. Hancock et al. (2013) observed food and retail industries have low requirements when it comes to employee levels of education, knowledge requirements and skill development. Yet the dearth of evidence continues especially as it pertains to lower paying employment and to work environments that are less hospitable in said food and retail industries.

BACKGROUND

Retention and Turnover

Workforce stability is frequently expressed in two terms: turnover and retention. Turnover references both the voluntary and involuntary departure of employees from an organization. There is no differentiation between those who leave of their own accord nor those who have employment severed as a result of gross misconduct. The number is merely a representation of all combined employees who have exited the organization. Retention, on the other hand, refers to the rate at which employees chose to stay employed by the organization, the rate at which employees are retained. Regardless, organizations seek to reduce organizational costs by developing a loyal and stable workforce which experiences high retention and low turnover.

Studying Employee Persistence and Organizational Success

Framework for the study of turnover rates and the impact on organizational success is generally provided by three theoretical perspectives: cost-based (Kaplan & Atkinson, 2015), human capital (Wright, Coff, & Moliterno, 2014), and social capital (Li, Chen, Liu, & Peng, 2014). A handful of studies empirically support the assertion that organizations with high-performance HR practices succeed because such practices support individual attitudes and behaviors including job satisfaction, organizational commitment (Gong, Law, Change, & Xin, 2009; Takeuchi, Chen, & Lepak, 2009), retention and turnover (Sun, Aryee, & Law, 2007), and collaboration and social exchange (Takeuchi, Lepak, Wang, & Takeuchi, 2007).