Relationship between Retention Factors & Organizational Commitment: A Review Based Study

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Abstract: Employee Retention has emerged as a critical issue for organizations across the globe. Service-led economy has rendered human resource as a source of sustainable competitive advantage. However, ease of movement and available alternatives made employee turnover an inevitable reality. Organizations have acknowledged that higher the commitment level of the employees, lower will be the turnover rate. This acknowledgement is the basis for the present study that attempts to crystallize the research studies that have explored the relationship between organizational commitment and retention factors. The study will also explore specific retention factors that have significantly enhanced the organizational commitment of the employees. Therefore the study presents a strong basis for the HR personnel of the organizations for retention oriented investments and measures.

Keywords: Organizational Commitment, Retention, Compensation, Supervisor Support, Training, Work Life

1.1 Introduction

Managing Human resources including critical functions such as hiring, motivating, retaining, and keeping them aligned with the mission and vision of the organization. Employees look forward to not only competitive pay patterns but also expect career advancement options, retirement benefits, challenging job, development opportunities etc. if any of the above components are found, organizations are bound to lose out the talent.

Organizational commitment is a bond which linking its employees to the company or organization. In United States employees are less committed to organizations than in Japan or elsewhere in Asia. It is common that some employees shows much commitment and acceptance to the goals and values of the company and they also shows a strong desire to maintain the membership in the organization.

1.2 Overview of the Constructs

1.2.1 Employee Retention & Retention Factors

There is significant economic impact when an organization loses any of its critical employees, especially given the knowledge that is lost with the employee’s departure. Most of the time when these employees move, the movement is mostly to the competing organizations. It is not only the movement of the employee, but also of the knowledge and trade secrets acquired from their
former employers that is a cause of concern (Abassi and Hollman, 2000).

It will become significantly more important in the years ahead to recognize the commitment of individuals to an organization, as well as the organization’s need to create an environment in which one would be willing to stay (Harris, 2000).

Retention is a voluntary move by an organisation for creating an environment which engages employees for long term (Chaminade, 2007). The major objective of retention is the prevention of loss of competent employees from the organisation as it adversely affects productivity and service delivery. This phenomenon is especially true in light of current economic uncertainty and following corporate downsizings when the impact of losing critical employees increases exponentially (Caplan and Teese, 1997).

Both Public and private sector managers admit that one of the most difficult aspects of their jobs is the retention of key employees in their organizations (Litheko, 2008). While functional turnover i.e. bad performers leave and good performers stay, can help reduce suboptimal organizational performance (Stovel and Bontis, 2002), high turnover can adversely affect organization’s productivity. This can result in the loss of business patronage and relationships, and can even undermine the realization of organizational goals. On the other hand, Abassi and Hollman (2000) argue that dysfunctional turnover i.e. good performers leave and bad performers stay, damages the organisation through decreased innovation, delayed services, improper implementation of new programmes and degenerated productivity. Such activities have radical effect on the ability of organizations to prosper in today’s competitive economy, leaving even the most ambitious organizations unable to succeed due to their inability to retain the right employees (Stovel and Bontis, 2002).

Existing literature (Abassi and Hollman, 2000; Hewitts Associates, 2006; Sherman et al. 2006) highlight reasons for employee turnover in the organisations: hiring practices; managerial style; lack of recognition; lack of competitive compensation system; toxic workplace environments. Others include lack of interesting work; lack of job security; lack of promotion and inadequate training and development opportunities, amongst others.

Retention Factors & Their Impact

Osteraker (1999) considered satisfaction of the employee and retention of the leaves are the pillars of success of any organization. The Retention factor can be divided into three broad dimensions, i.e., social, mental and physical. The mental dimension of retention consist of work characteristics, employees always prefer flexible work tasks where they can use their knowledge and see the results of their efforts which, in turn, helps in retaining the valuable resources. The social dimension consists of the contacts that the employees have with other people, both internal and external. The physical dimension consists of working conditions and pay.

Glen (2006), describes another framework manager can use when communicating with its employees to know that the cause of retention consist of nine different predictors; organizational processes, role challenge, values, work, life balance, information, stake/leverage/recognition, management, work environment and product or service.
Walker (2001) identified seven factors that can enhance employee retention: (i) compensation and appreciation of the performed work, (ii) provision of challenging work, (iii) chances to be promoted and to learn, (iv) invitational atmosphere within the organization, (v) positive relations with colleagues, (vi) a healthy balance between the professional and personal life, and (viii) good communications.

Kehr (2004) divided the retention factors into three variables: power, achievement and affiliation. Dominance and social control represents power. When personal performance exceeds the set standards, it represents achievement and affiliation refers to social relationships which are established and intensified.

Hytter (2007) found that factors such as personal premises of loyalty, trust, commitment, and identification and attachment with the organization have a direct influence on employee retention. She also explained that workplace factors such as rewards, leadership style, career opportunities, the training and development of skills, physical working conditions, and the balance between professional and personal life have an indirect influence.

Pritchard (2007) was of the opinion that training and development is one of the important retention programmes incorporated in an effort to retain their employees. Ghapanchi and Aurum (2011) retention factors include remuneration and benefits, training opportunities, fair and equal treatment, organizational culture. While Allen and Shanock (2013) stressed on relationship with colleague socialization, Andrews and Wan (2009) emphasized on management style and leadership to increase an organization retention capability.

Christeen (2014) identified eight retention factors: management, conducive environment, social support and development opportunities, autonomy, compensation, crafted workload, and work-life balance.

A group of researchers led by Loan-Clarke (2010) noted autonomy, work-schedule flexibility and social support help organization to keep their employees for a longer period of time. Dockel (2003, 2006) studied the effect of six major retention factors on Information Technology professionals, namely compensation and pay, training and development, supervisor support, career development, work and life balance.

1.2.2 Organizational Commitment

Earlier Researches
The section will present a comprehensive review of the development of ‘Organizational Commitment’

Commitment was viewed as “propensity to engage in consistent line of activity and exchanges”. Side Bet Theory by H.S. Becker (1960) examined how side bets and prior choices commit the individual to future actions that are consistent with these prior choices. Side-bet is a process through which an individual while choosing a particular line of activity stakes other line of activity upon continuing with the chosen line of activity. Therefore, commitments comes into the picture when an individual by making a side-bet links extraneous interests with a consistent line of activity.

Keisler (1971) took a psychological perspective based on attitude and attitude change literatures and defined Commitment as a pledge or binding the individual to behavioral acts. (Keisler & Sakamura, 1996)
Kanter (1968) provided a typology of bases of commitment which were interrelated. Continuance, Cohesion and Control commitment which binds personality systems to areas of social systems linking cathetic, cognitive and evaluative orientations to roles, relationships and norms respectively.

**Attitudinal Perspective of Organizational Commitment**

The most significant development was the emergence of attitudinal perspective (how individuals identify or relate to the commitment target) of commitment, which further formed the basis of subsequent research on commitment.

Porter, Steers, Mowday and Boulian (1974) conducted a longitudinal study related to organizational commitment and job satisfaction on 60 recently joined psychiatric technician trainees and came out a conclusion Job Satisfaction and Organizational Commitment are separate and Organizational commitment is a better predictor of employee turnover in the organization.

Steers (1977) proposed a preliminary model of antecedents and consequences of Organizational Commitment and tested it using a cross-validational framework. He used two samples of 382 hospital employees and 119 scientists and engineers. Antecedents proposed were Personal Characteristics (Need for achievement, age and education), Job Characteristics (Task Identity, Optional Interaction and Feedback), and Work Experiences (Group attitude, personal importance and organizational dependability). Results of the study revealed that all the categories of the antecedents had significant influence over commitment, with work experience having the highest.

![Figure 1: Hypothesized Antecedents & Consequences of Commitment](http://www.irjmst.com)

Multiple Bases of Organizational Commitment

O’Reilly and Chatman (1986) work on defining the multiple bases of organizational commitment is one of the significant work done in the area. Three psychological bases of commitment namely, Identification, Compliance and Internalization.

Another breakthrough in this era was the typology of three commitment mindsets (affective, normative and continuance) resulting from multiple bases of commitment, by Meyer and Allen (1991). Their model was based on the underlying assumption that commitment is caused by antecedent variable and results in subsequent behaviors. Moreover it was also stated that an individual can experience varying degrees of commitment and the three mindsets can interact with each other to influence behavior.

Recent Researches

The recent researches focused more on the integrative models and construct clarification. Meyer & Herscovitch (2001) in their integrative model clarified not only the definitions of the constructs, but also tried to explain the multidimensionality of Organizational Commitment i.e. differences in mind-sets that play an important role in determining how commitment related behavior is enacted.

Linkages between organizational Commitment and other related constructs have also been studied extensively. Riketta (2005) presented a comprehensive meta-analysis whose results indicated correlational patterns of Organizational Identification (OI) with various work related attitudes, behaviors and variables. However empirical distinction was clearly made between OI and AOC (affective Organizational Commitment) and NOC & COC (Normative and Continuance) & OI presented altogether different results.

Meyer, Becker and Van Dick (2006) differentiated between two aspects of attachment, social identity and commitment. Social identity, as stated by Riketta (2005), is the inclusion of group membership as a part of one's own self-concept or seeing oneself as a part of a larger whole.

Meyer, Stanley, Herscovitch & Topolnytsky (2002) conducted meta-analyses to assess the difference between three forms of commitment and the relationship between variables identified as their antecedents and consequences.

Cooper-hakim & Viswesvaran (2005) studies the cumulative correlations among different dimensions of the work commitment through meta-analysis taking 997 articles with 26 keywords pertaining to the organizational literature.

McElroy, Morrow and Laczniaik (2001) studied a new construct of External Organizational Commitment (EOC) defining an employee’s identification and involvement with other organization. Its antecedents and consequences were also studied giving important insights for the HR practitioners.

Liden, Wayne, Kraimer & Sparrowe (2003) studied commitment from the perspective of
contingent workforce observing an increasing of contingent workforce hiring. They stated that such workforce is observed to have two sets of commitments one with client organization and other with the agency. The second purpose of the study was to see how managers observe and relate these dual commitments with their commitments to the organization.

Cohen (2007) reviewed the existing literature on Organizational Commitment, the usual construct redundancy limitations and came up with reconceptualized model of Organizational Commitment stating that the OC can be categorized into four type taking the timing and bases of commitment as the two dimensions of commitment. Two of these types of commitment (Instrumental Commitment Propensity and Normative Commitment Propensity) develop before the entry in the organization and two develop after the entry in the organization (Instrumental Commitment and Affective Commitment).

**Future Relevance & Scope**

Cohen (2007) argues that most of the approaches to OC developed so far have the potential to contribute to a better understanding of OC and thus cannot be ignored in any re-conceptualization of commitment. Given the criticism (O'Reilly & Chatman, 1986) that has been leveled at commitment typologies that have incorporated references to outcomes of commitment in their definitions and scales, a proposed conceptualization of commitment should remain purely attitudinal to avoid such overlap. Adherence to attitudinal issues will prevent possible negative effects on the construct validity of commitment definitions. As far as the outcomes of commitment, the benefits of commitment should go beyond turnover, as already suggested by O'Reilly and Chatman (1986). The strong relationship found between commitment and organizational citizenship behavior (Meyer et al., 2002) supports the usefulness of commitment in explaining other valuable outcomes in the workplace.

The role of normative commitment and continuance commitment should be reexamined in commitment conceptualizations. The high correlations between normative and affective commitment also found in meta-analysis (Meyer et al., 2002), and the bi-dimensionality of continuance commitment suggest the need for modifications of these dimensions (Ko et al., 1997).

**1.3 Research Framework**

A committed employee is an asset for any organization and Employee Retention is one area which is so far not getting the desired attention in the industry. On the other hand, in spite of being an employee intensive industry, retention proves out a consistent problem. No formal study in the Indian context so far has been reported studying retention factors and organizational orientation towards utilizing the same to enhance employee commitment. (Mahal, 2012)

Therefore, the present study aims at understanding the effect of retention factors on organizational commitment and therefore dealing effectively with the problem of low employee retention. Meyer et al., (1991, 1997 & 2002) proposed a three component model of organizational commitment which shows the hypothesized antecedents, correlates and consequences and their relationship with the three components namely, affective, normative and continuance
commitment. Present study involves studying the relationship of retention factors on the three components of the organizational commitment (Meyer & Allen, 1991). The research framework for the present study can be finalized as: 
Figure 2: Research Framework

1.4 Literature Review of Relationship between Organizational Commitment & Retention Factors

Commitment is positively associated with motivation and involvement (Farreil & Rusbult, 1981; Stumpf & Hartman, 1984), expressions of positive affect and loyalty (Kanter, 1968; O'Reilly & Caldwell, 1980), some aspects of job performance (Angle & Perry, 1981; Mowday, Porter & Diibin, 1974; Steers, 1977), and pro-social behaviour (O'Reilly & Chatman, 1986; Organ, 1988). Given that such positive outcomes apparently emerge from having committed members, it is surprising that relatively fewer studies have actually investigated what organizations can do to enhance such commitment. (Caldwell, Chatman & O'Reilley, 1990)

Figure 3: Relationships among Human Resource Management Practices, Employee Commitment, and Outcome Measures

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<th>Intervening Variables</th>
<th>Outcome Measures</th>
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Organizational commitment has been conceptualized as an individual’s identification with and involvement in a particular organization. Typically an individual’s organizational commitment comprises a belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a desire to maintain membership with the organization (Mowday et al., 1982; Dunham et al., 1994; Bishop et al., 2000). Importantly, organizational commitment is a strong predictor of intent to remain in the organization (Cohen, 1993; Bishop et al., 2002). Low organizational commitment is associated with increased turnover (Mathieu and Zajac, 1990).

The review of the studies establishing the relationship between various retention factors and organizational commitment is as follows:

### a. Training & Development:
Barlett (2001) in his study on registered nurses from five hospitals in U.S. concluded that organizational commitment is related to participation in training. However, perceived access to training appears to result in a stronger relationship than number of training events attended or the number of hours spent in training during the past year. It was also found that organizational commitment is also related to perceived support for training from senior staff and colleagues, personal motivation to learn, and the perceived benefits of training. However, the strongest relationships are with the affective form of organizational commitment.

Bulut and Culha (2010) studied the effect of organizational training on organizational commitment on the employees working in five-star hotels in the city of Izmir, Turkey. For the study purposes, Organizational training was assessed within a multidimensional structure comprising (1) support for training, (2) motivation to training, (3) access to training and (4) benefits from training. All four dimensions were found to be positively related with organizational commitment, i.e. higher is the support, access, motivation and benefits from the training, higher is the organizational commitment of the employees.

Tannenbaum et al., (1991) studied that training fulfilment i.e., the extent to which the training fulfils the expectations and desires of the trainees was positively related to the development of post training commitment, self efficacy and motivation. Barling et al., (1996) also in their study in five leading banks in Canada showed that training resulted in significant effects on not only on their own commitment levels but also on leader’s transformational leadership.

### b. Compensation:
Lum et al., (1998) stated that pay satisfaction has both a direct and indirect effect upon nurses’ turnover intent. Although pay satisfaction was significantly associated with reducing intended turnover, its indirect effect upon turnover intent, mediated through job satisfaction and organizational commitment, was weaker.

Roberts et al., (1999) through their study on sales force indicated that facets of both internal and external equity were significant factors in explaining organizational commitment and intent to turnover. And, distributive justice was more important to organizational commitment and intent to turnover than procedural justice.
Paik et al., (2007) in their study on perceived gaps in the compensation of expatriates and the resulting effect on organizational commitment concluded that the positive treatment is experienced through employees’ exchange relationship with the management in the form of compensation. However, if a significant perception gap exists between the employees who receive experiences and the expatriates who provide them, it is unlikely that Host Country Workforce regard their work environment positively. Accordingly, if Host Country Workforce have more negative experiences because of the perceived gaps, they are less likely to be affectively committed to the organization.

**C. Supervisor Support:** Stinglhamber and Vandenberghe (2003) identified a process by which affective commitment to the supervisor is likely to develop. Among job conditions, only the favorableness of intrinsically satisfying job conditions strengthened the feeling of being cared about and valued by one’s supervisor, with such perceived supervisor support reinforcing in turn affective commitment to the supervisor.

Kinicki and Vecchio (1994) stated that one would predict that subordinates who are members of a supervisor’s ‘in-group’ would report higher levels of organizational commitment. This prediction is consistent with results that indicated that high-quality supervisor-subordinate relations were associated with positive climate perceptions (Kozlowski and Doherty, 1989).

**d. Work Life Balance:** Allen (2001) indicated that employees who perceived that the organization was less family-supportive experienced more work–family conflict, less job satisfaction, less organizational commitment, and greater turnover intentions than did employees who perceived that the organization was more family-supportive.

Scandura and Lankau (1997) revealed that flexible work hour programs were significantly related to the organizational commitment and job satisfaction of the female managers.

Eaton (2003) coined ‘perceived usability’ and stated that usage of flexible work-family policies is important to employees, more so than either the presence of formal or informal policies alone, for the desired outcomes of commitment and productivity.

Grover and Crooker (1995) empirically tested the effects of work and family benefits on organisational commitment. These benefits include parental leave, flexible schedules, childcare assistance and childcare information. Employees who had access to work/life policies showed significantly greater organisational commitment and expressed significantly lower intention to quit their jobs.

**e. Career Opportunities:** Career-related aspects of the organizational factors, have been recognized as influencing the level of organizational commitment of employees; when employees perceive an organization’s adherence to career-oriented employment practices, their psychological attachment to the organization increases (Gaertner & Nollen, 1989).

Chang (1999) found that individuals become affectively committed to the organization when they perceive that the company is pursuing internal promotion, that the company provides proper training, and that supervisors do a good job in providing information and advice concerning their careers. Employees’ continuance commitment, on the other hand, is increased when they believe that the company is doing its best to prevent layoffs.
Allen and Meyer (1993) stated that affective and normative commitment increase across employee age, while continuance commitment increases as organizational and positional tenure increase. Cohen (1991) supported the proposition that career stage moderate the relationship between organizational commitment and outcomes. The relationship between commitment and turnover is stronger in case of early career stages as compared to mid and late career stages.

1.5 Findings & Conclusion

1. It has been observed by the researcher that overall very less attention has been paid to retention factors in the organizations. No standard retention framework had been found by the researcher in the review presented which is applicable to organizations across industries. Even the availability of vast literature on employee turnover, which identifies factors that cause employees to quit (Griffeth, Hom & Gaertner, 2000), much less is known and studied about the factors that compel employees to stay. Maertz & Campion (1998) noted “relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what determines this attachment...retention processes should be studied along with quitting processes”.

2. In most of the studies reviewed, retention factors have been studied with reference to constructs like job satisfaction, organizational commitment and talent management. Therefore, the researcher’s attempt to further study the effect of retention factors on Organizational Commitment is in line with the previous researches.

3. Out of all the retention factors mentioned in the studies reviewed above, following retention factors have been studied the most and seems to have significant relationship with the organizational commitment:
   - Compensation
   - Training & Development
   - Supervisor Support
   - Work Life Balance
   - Career Opportunities

   However, intrinsic factors like sense of belonging to the organization, work autonomy, job security and freedom for innovative thinking except supervisor support were found to be less studied as compared to extrinsic factors like compensation, training & development and career opportunities.

   The above study presents a review model of the relationship between organizational commitment and retentions factors and therefore strongly presents the future possibility of empirically testing the significance of the above relationship in the context of various employees working in different industries at different levels.
References


