

Chain Model of Employee Loyalty Management*

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Abstract: The management of employee's loyalty to organization is important in the human resource practices. This article puts forward chain model of employee loyalty management. The model consists of four stages, recruitment, cultivation, incubation and retaining respectively. These four stages formed the organization life-span management of employee loyalty to organization, and each stage has its own critical management tasks. In the end, we gave the taxonomy of efforts to retain employees who want to turnover.

Keywords: Chain model; Loyalty to organization; Loyalty management; Organization life-span

1 Introduction

The loyalty to organization also called organizational commitment is one of the important research fields in the organization behavior. And it is also one of the most challengeable questions in the human resource practices. Loyalty to organization is defined as the attachment to the organization. It was characterized by three properties^[1]: (1) strongly believe organizational value; (2) desire to make large effort to achieve organizational goals; (3) thirsty for holding the organization membership. The employee loyalty is a kind of positive affection to the organization. A larger number of literatures have studied the consequences of loyalty to organization. A meta-analysis found that organizational commitment played a role in reducing the absenteeism and turnover, and enhancing the employee performance^[2]. The reasonable mobility of employees is beneficial to the organization, because it can bring the organization fresh air and activate the vitality for organizational development. But frequent mobility will result in the human resource cost increase and have negative effect on the employee morale. So the organization should have control over the employee mobility. As a rule, there are two ways to increase the control power. One way is called forced measures, such as detaining the employee's file. Another way is called flexible measures, such as giving a raise, promotion, good welfare and so on. In the long term, the above two ways do not good to the organization development. The forced measures will lead to deviant behaviors in the workplace. The flexible measures not only will add to human resource cost, but also impair the organization authority. Fortunately, as more and more achievements were reached by researchers in the organization commitment, we have found the third way to increase the organization's control over the employee mobility. That is the management of employee loyalty. According to the relevant research findings, we put forward a chain model of employee loyalty management. The model consisted of four stages: recruitment, cultivation, incubation and retaining. These four stages formed the organization life-span management of employee loyalty to organization. We think the chain model is ideal way to solve the problem of organizational control over employee mobility. Figure 1 illustrates the chain model of organization loyalty management.

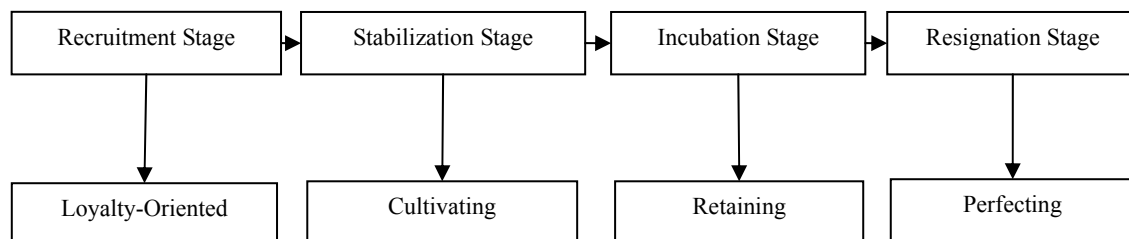


Figure 1 The chain model of organization loyalty management

2 Recruitment Stage: Loyalty-Oriented

Employee personality is one of major factors affecting loyalty to organization. Some people have

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larger tendency to turnover, but another people have larger stability. In order to reduce the difficulties of subsequent loyalty management, we must carry out the loyalty-oriented recruitment and exclude the applicants who have larger tendency to turnover. Some ways can help us to exclude the applicants inclined to frequent turnover.

2.1 Excluding the applicants who have tendency to turnover

Recruiters can get information on the employee's loyalty through two ways. One is the organization commitment questionnaire. Researchers have developed the valid instruments measuring employee loyalty to organization, such as 18-Item commitment Scale^[3]. This way is very effective and holds true. Another is to examine the applicant's resume. Generally speaking, the resume has the information on tenure, former experience and so on. Professional recruiters can use these information to penetrate the applicant's loyalty to organization and exclude those who have larger tendency to turnover.

2.2 Evaluating the applicant's value

A lot of studies focused on the value congruence between the individual and the organization. The researchers found that good value congruence could facilitate the employee loyalty to the organization. So in the recruitment stage, recruiters must pay attention to evaluate the applicant's value. Specifically, recruiters should evaluate the value congruence and the applicant's value stability. It is very difficult to change the applicant's value through the organization socialization, if the applicant's value is too stable.

2.3 Realistic job previews

Realistic job previews (RJPs) are devices used in the early stages of personnel selection to provide potential applicants with information on both positive and negative aspects of the job^[4]. The applicants formed the accurate and realistic cognitions about the job they will take on through the RJPs. The supporters of RJPs believe that applicants will have more possibility to stay the organization, when they have gotten comprehensive information on the job. In fact, many researches have found that the RJPs played positive role in enhancing employee's job satisfaction and decreasing the rate of turnover. Why can the RJPs cut down the rate of turnover? Because the RJPs work through such mechanisms as self-choice, free choice, minimizing unpleasant surprises and reducing worry. But it is critical that the recruiters balance the positive and negative information. Otherwise the efficacy of RJPs will be impaired.

3 Stabilization Stage: Cultivating Employee's Loyalty to the Organization

The loyalty-oriented recruitment is the first step of the organization life-span loyalty management. After employees took office, the company should take measures to cultivate the employee's commitment to organization. There are some effective measures to enhance the employee's loyalty to the organization.

3.1 Building organization culture

Organization culture is the system of shared meaning held by members that distinguishes the organization from other organizations. Organization culture has five functions which culture performs in an organization^[5]. These functions are: (1) to create distinction between one organization to others; (2) to convey sense of identity; (3) to facilitate the generations of commitment to something larger than one's individual self-interest; (4) to enhance social system stability ; (5) to guide and shapes the attitudes and behavior of the employees. There are many ways such as stories, ritual, socialization and so on, to maintain organization culture. When employees strongly identify the dominant organization culture, they will make strong psychological attachment to the organization. So they will have strong intentions to stay and be proud of the organization membership.

3.2 Establishing harmonious interpersonal relationships

Maslow's hierarchy of needs theory points out that everybody has needs of love, affection and belongingness. The harmonious relationships are the footstone of the harmonious organization. The harmonious relationships not only can improve the productivity, but also enhance the employee's loyalty to the organization, because employees experience the love, affection and belongingness in the harmonious interpersonal relationships. The organization can use teamwork and communication to establish harmonious interpersonal relationships.

3.3 Opportunities for training and career development

The training and development of employees is increasingly recognized as an important aspect of best HRM practices. Although conventional wisdom states that trained individuals become more marketable and consequently might leave the organization at the first instance, contemporary studies

have demonstrated that training and development affect job attitudes. For example, studies of employee commitment among hospital administrators, nurses, service workers, clerical workers, scientists and engineers revealed that organizations that were able to fulfill their employees' career aspirations had positively effect on organizational commitment. Consistent with this finding, in a study that involved a manufacturing plant, internal mobility and promotion from within, company sponsored training and development were important influencers of employee commitment. In addition, when the training and development needs of employees and employers are met, the more likely employees will stay in their organizations [6].

3.4 Opportunities to work on challenging assignments

An opportunity to work on challenging assignment has been shown to be positively related to organizational commitment and intention to stay. For example, studies involving technical workers have found that employees who are offered challenging, exciting and interesting work tend to be more involved and satisfied, and are in turn more committed to their organization and are less likely to leave their organization. One possibility why employees might hold such attitudes is that career management leads to a fulfillment of psychological contract. This belief is based on the social exchange theory, where as long as an organization is able to fulfill an employee's expectations of career development, the employee will reciprocate by showing greater commitment and lower turnover intention [7].

3.5 Enforcing the employee involvement programs

Employee involvement is a participative process that uses the input of employees to increase their commitment to the organization. By increasing worker autonomy and control over work lives, organizations can: (1) increase employee motivation; (2) gain greater organizational commitment; (3) experience greater worker productivity; (4) observe higher levels of job satisfaction. In the human resource practices, there are three popular and basic types of employee involvement programs. The first is participative management. Subordinates can share a significant degree of decision-making power their immediate superiors through participative management. The second is representative participation. The third is quality circle. Quality circle is defined as a work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions and take corrective actions.

4 Incubation Stage: Retain the Employee Loyalty

As the environment and needs of employee change, employees are going to take on intentions to leave. The employees having intentions to quit will have some symptoms such as absenteeism, overdue, absence of mind, leaving early and so on. Although intentions to leave are not behavior, the findings by the studies in organization behavior showed that intentions to leave were the good predictor of turnover. So organizations must take actions to retain the employee's loyalty, especially the core workers' loyalty to the organization. Whether it succeeded or failed is the important criteria to evaluate the effectiveness of previous works. How to retain the employee loyalty in the incubation stage? It is very important to categorize the efforts retaining the employees. We can categorize the efforts by two dimensions. These two dimensions are reasons of leaving (reasonable/unreasonable) and the types of workers (general workers/important workers/core workers). According to these two dimensions, we can get four kinds of efforts retaining the employees. They are: (1) must retain; (2) try to retain; (3) need not retain, and (4) permit leaving. Figure 2 illustrates the taxonomy of efforts retaining employee's loyalty to the organization.

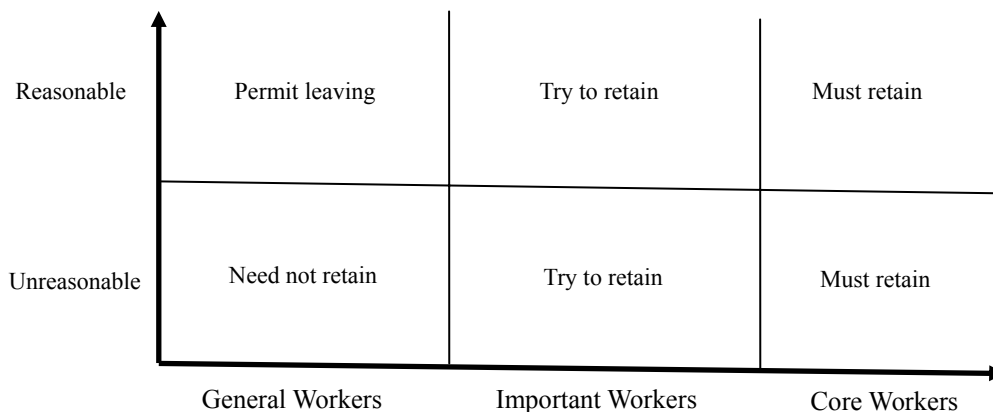


Figure 2 The taxonomy of efforts retaining employee's loyalty to the organization

5 Resignation Stage: Perfect the Employee Loyalty Management

When efforts to retain the employees failed, the employees go into the resignation stage. In this period, the company should do two things. One thing is to recruit the new employees. Another is exit interviews, which is very important for employees and the organization. But it is often neglected by many companies. An exit interview is an interview conducted by an employer of a departing employee. They are generally conducted by a relatively neutral party, such as a human resource staff members, so that the employees will be more inclined to be candid, as opposed to worrying about burning bridges. In the management of employee loyalty, the exit interviews can focus on the real reasons why the employees are going to leave the company. Also we can ask employees appraise on all levels of the company or assess their experience in the company. By exit interviews, the company can find the shortage of the employee loyalty management. Thus the company can get basis of the future management of employee loyalty to the organization.

Traditionally, exit interviews are conducted by in-person meetings. In order to get more true information, we can conduct exit interviews through paper and pencil forms, telephone interviews, or online exit interview management systems. It is also important to employ a third party to conduct the interviews and provide feedback.

6 Conclusions

In summary, the key to management of employee loyalty is organization life-span. The recruitment stage, stabilization stage, incubation stage and resignation stage together formed the chain model of employee loyalty management. The whole efficacy of the chain is decided by the weak stage. So the chain model can fulfill the power to enhance the employee loyalty to organization, only if all stages coordinately work.

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