

EMPLOYEE RETENTION. BUILDING ORGANIZATIONAL COMMITMENT. RECOMMENDATIONS FOR NONPROFIT ORGANIZATIONS

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Abstract

The paper provides recommendations on building commitment which can be used by the nonprofit agencies that experience high personnel turnover. The recommendations are based on the theories and research concerning retention and organizational commitment. The study focuses on the organizational actions needed to build commitment and to retain employees.



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Scope

Employees' retention is an important challenge in the nonprofit sector. The for-profit sector can use the money (high salaries, benefits and bonuses) as a tool to motivate and retain its employees, and the public sector can count on the job security and the benefits. Meanwhile, the nonprofit sector seems to have only one main tool to keep its employees and this is the mission that agencies fight for.

Nonprofit organizations, such as the one that the author of this paper works for, The Romanian Foundation for Children, Community and Family, might experience high personnel turnover, caused by different issues such as low salaries, job insecurity, increasing competition, or bad management. In this context, the mission does not seem to be enough to convince people to stay within the organization.

However, if retention is viewed as a process that maintains and strengthens the relationship between the employees and employers, there is another way through which the nonprofits can keep their staff. They have to create commitment and to focus on building relationships that last. This tool can help in employee retention, but its effect is still limited. Commitment can reduce the impact of other issues such as low salaries or job insecurity, but it cannot solve them.

Most of the researchers interested in this issue looked at organizational commitment in the for-profit sector, but there are some studies examining the public and nonprofit sector too. This paper's intention is to make recommendations on building commitment, which can be used by the nonprofit agencies that experience high personnel turnover. The recommendations are based on the theories and the researches concerning retention and organizational commitment. The paper will focus on the organizational actions needed to build commitment and retain employees.

In the first part of the paper, retention will be defined and general strategies of retention will be presented. The second part of the paper will look at the organizational commitment and its connection with the retention process. The third part will present the actions recommended by researchers to the organizations which want to build commitment and to retain their employees. The last part of the paper will provide recommendations for the nonprofit agencies which experience high personnel turnover.

Retention

The Harvard Business School Guide, *Motivating People for Improved Performance*, makes a clear distinction between motivation and retention, though most of the times these two issues are presented together as they partially overlap: "You've got motivated employees – so what will you do to keep them?" (*Motivating People for Improved Performance*, 2005, pp. 137). This paper will look at retention as a way to motivate people to stay within the organization, in contrast with motivation which is used as a way to make people perform better.

Another important point supported by this paper is that the organizations do not have to retain every single employee. They have to focus their attention and efforts on the most talented employees. The Harvard guide suggests that it is not helpful

to look at overall attrition and retention rates, and that it is better to focus only on the retention rate of the best people and the attrition rate of the low performers. In other words, the organizations should keep their best employees as long as they can, meanwhile the low performers should be managed just as aggressively, but in the opposite direction (Motivating People for Improved Performance, 2005, pp.141).

The strategies for retention always start with the process of hiring, and this is focused on getting new employees who are talented, and who perfectly fit within the organization (as members of the group, and as well as regarding their personal goals that should match the organizational goals). Then, the next step is finding out what employees want from the organization and for themselves. Taking into consideration these needs and wishes, the organization should adapt and build itself, so that it can respond to people's interests and to its own goals.

The Harvard Business School Guide recommends the following actions as part of a retention strategy:

- Hire for retention;
- Research what people want;
- Structure the organization to allow choices;
- Single out people for special programs (Motivating People for Improved Performance, 2005, pp.150-155).

As it can be observed, this strategy starts with the hiring process too, and then it recommends looking at people's needs. The next step is about designing the organization in such a way that it will allow employees to choose, for instance, different and personalized benefit plans or career paths. The last action refers to special opportunities (such as promotions, raises, trainings, internships, leaves) that should be tailored for individuals' needs, and which should not be provided as group programs that do not fit people's specific needs.

Carpenter, in his article from *The Nonprofit Times*, presents retention tools that can be used specifically by the managers of nonprofit agencies. The actions that managers should focus their attention in a retention strategy are:

- Talent selection (use the proper hiring procedures to hire the most suitable, highly talented employees);
- Achievement support (make clear the performance expectations and help the employees to reach them);
- Learning and professional growth (provide opportunities to grow within the organization);
- Ensuring recognition (use recognition tools, but adapt them to each individual's needs);
- Nurturing careers (provide opportunities to build a career in the organization);
- Team collaboration (supports the teams and helps the teams' members to work together) (Carpenter, 2001, pp.10).

In summary, the organizations should think strategically about retention and they should be careful in the selection of the tools of retention which should be adjusted to the organization and to the employees' needs.

Retention by building relationships that last

Retention means to motivate people to stay within the organization, to motivate employees to keep their relationships with employers. At the base of all the tools and strategies of retention is the relationships built between the employees and employers and among the employees themselves. If these relationships are not perfectly understood or are neglected, then no strategy can help to retain the employees. In other words, each strategy should be applied taking into consideration these relationships.

The most important part of a relationship's survival is to be committed to the relationship. Thus, organizational commitment is an important factor in the retention process. Both the employees and the employers should be committed to the relationships. They should feel connected and motivated to keep the connection established between them.

Commitment rebirth

Human resource research suggests that the relationships between employees and employers have changed significantly, especially in the last decade. Tsui and Wu summarize this change:

“The bond between employer and employee no longer is a long-term relationship, involving loyalty and commitment, but a contract like economic exchange” (Tsui and Wu, 2005, pp. 115).

The authors suggest that this new relationship is less attractive than the previous one, because it doesn't bring job security or commitment, and affects the overall performance of the organizations, and the employees' involvement (Tsui and Wu, 2005, pp.116). At the same time, they recommend a return to the traditional relationship, based on mutual investment, loyalty, trust, and in which both the employers and the employees are interested in long-term connections (Tsui and Wu, 2005, pp.121).

In this context, O'Malley talks about the “rebirth of an old-fashioned value – commitment” (O'Malley, 2000, pp.1), and he suggests that there are two reasons for this rebirth:

“First, commitment is perceived as a business necessity. Worker shortages are seen as a barrier to growth among fast-growing companies. (...) The second reason why commitment is back in style is because it is becoming very hard to replace workers – and not just because they are hard to find. Employees' knowledge and skill sets are more refined. Today, the work of organizations requires more intimate knowledge of the industry and of the specific company, as well as constant skill renewal and updating” (O'Malley, 2000, pp. 1-3).

Moreover, Mendes connects the American workplace crisis to the lack of commitment:

“an insidious crisis is infecting the American workplace, draining job performance, quality, and profitability. (...) The crisis arises from within the individual. It is the lack of commitment. (...) The blind loyalty that was part of the typical business trade-off (work hard for our company and we guarantee your job) is gone” (Mendes, 1996, pp. 1-11).

But Mendes is optimistic and suggests that a new type of loyalty can be created, if the managers dedicate time and resources to this process (Mendes, 1996, pp.11-12).

In summary, even if the relationship between employers and employees changed significantly, the employers still need the employees' commitment. So they have to create new methods to recapture this commitment.

Organizational Commitment

Liou and Nyhan summarize the theories of the organizational commitment, by presenting the two approaches that were used in defining it: 1) the attitudinal approach, and 2) the behavioral approach. The first approach "sees commitment as an attitude reflecting the nature and quality of linkage between an employee and an organization" (Liou and Nyhan, 1994, pp.100). From this perspective, a committed employee believes and accepts the organization's goals and values; he/she has a willingness to exert considerable effort on the behalf of the organization, and he/she has a desire to keep the relationship with the organization. The second approach is "concerned mainly with the process by which individuals develop a sense of attachment not to an organization but to their own actions" (Liou and Nyhan, 1994, pp.101). The same approach also talks about another dimension of the commitment, the normative one, which is reflected in "employee's feeling of obligation toward the organization" (Liou and Nyhan, 1994, pp.101). In conclusion, the theories speak about affective commitment (attachment to the organization), continuance commitment (attachment to their own actions), and normative commitment (no attachment, only obligation).

O'Malley proposes another definition for commitment, that combines the previous ones, but which responds better to the work-place reality, in which the employee's attachment and feelings are not so clearly separated. He suggests that commitment has five overlapping dimensions: acceptance (fit and belonging), esteem (status and identity), security (trust and reciprocity), growth (emotional reward), and sustenance (economic interdependence). These five components converge to form different species of commitment:

- Non-commitment (low on all commitment components);
- Consummate commitment (high on all commitment components);
- Affiliative commitment (high fit and belonging);
- Associative commitment (high status and identity);
- Moral commitment (high trust and reciprocity);
- Structural commitment (high economic interdependence)
- Affective commitment (high emotional reward) (O'Malley, 2000, pp. 37-39).

O'Malley's model, even if it seems more complicated than the previous ones, is better, because it can help the managers to be more precise when they look at their employees' commitment. It can also help them to understand better the employees, by taking into consideration individuals' needs (acceptance, esteem, security, growth and/or sustenance). Being more precise about employees' needs and about the type of commitment they express makes the selection of the managerial actions easier.

Commitment in the nonprofit sector

Goulet and Frank studied the organizational commitment across the three sectors: public, non-profit and for-profit. The results of their study revealed that for-profit workers are the most committed to their organization, followed by non-profit employees, and then by the public employees. "Employees of public and non-profit organizations were expected to exhibit the highest level of organizational commitment given their motivation by both extrinsic (e.g. salary, benefits) and intrinsic (e.g. job satisfaction) rewards. Surprisingly, the results of this research indicate precisely the opposite of what was expected" (Goulet and Frank, 2002, pp. 206).

The authors believe that the disparity in extrinsic rewards between the non-profit/public and private sector may, in part, explain the differences in the organizational commitment rates. In other words, the managers should understand that "while intrinsic motivators are important to non-profit and public sector workers, extrinsic motivators, such as pay and benefits, are critical" (Goulet and Frank, 2002, pp. 207). In other words, the nonprofit employees are strongly motivated to stay with the organization by the cause or the mission of the agency, for instance, but they are not completely committed if the compensation is not what they expected it to be.

In summary, the nonprofit managers should understand that their employees are not there only for the mission of the organization, and that compensation is really important to them. Then, their understanding of the importance of the salary should be reflected in the HR policies and in the compensation system which should provide the right price for the employees' work and performance, and which should be fair and avoid any discrimination or subjectivism.

Organization's actions

Commitment depends on the organization's characteristics and actions, on the individuals' characteristics and actions, and on the job's characteristics. In other words, an employee's commitment is determined by the organization, by his/her own predisposition to be committed, and by the fact that he/she likes or does not like the job.

This paper is interested in what organizations and managers should do in order to create commitment, and the relationships that last with their talented employees. In other words, the paper will look at the organizational characteristics, because they seem to be the most important factors in predicting employees' commitment and because managers can control these characteristics and bring change in the organization. Research on predictors of job satisfaction and organizational commitment in human service organizations documents the dominance of organizational characteristics in predicting commitment:

"The hierarchy of effects points clearly to the dominance of job characteristics in predicting satisfaction and the dominance of organizational characteristics in predicting commitment. Results also indicate that worker characteristics significantly predict commitment but play no role in predicting satisfaction" (Glisson and Durick, 1988, pp. 75).

Going back to the five dimensions of commitment, O'Malley offers concrete approaches to building commitment which can be used by managers (O'Malley, 2000, pp. 55-220). On the first dimension of "fit and belonging", the organization should self-disclose to employees or potential employees and make them feel they are part of the organization. This should be done through open, honest and clear communication of the organization's mission, goals, values, or policies and it should start with the process of hiring. By the time the employees start the job, they should already know a lot of things about the organization, so that they can feel like "insiders", and not "outsiders". On the second dimension of "status and identity", managers should work on creating an organizational group that employees are proud of. Then, they should make sure that every individual receives a status in this group, and that the group works perfectly for the organization's mission and for individuals' goals. Even if the group splits in more teams, the managers should pay attention to how these teams stay connected and interact with each other. The individuals should feel satisfied with the group they are in and with the role and the status they receive in the group.

Then managers can work on "trust and reciprocity" by always taking into consideration the needs and the interests of their employees before they make decisions which are in regard to them or the organization. This does not mean that they have to follow only the employees' interests. Sometimes, these interests conflict with the organization's interests, but the managers have to show at least their good intention and find solutions that can satisfy both sides. At the same time, the managers should prove that they value: individuals' growth, their health and safety, individuals' accommodation and work-personal integration. In other words, the organizations should support people to develop their skills, knowledge, and even advance in their career. Moreover, they should provide a safe and proper work place environment and health insurance, or access to health insurance. In addition to these, the organization should respond to the individual's needs, and not to the needs of a group.

On the dimension of "emotional reward", the organization has to work on job satisfaction, happiness and work-life satisfaction. The organization and the work should be interesting and satisfying, they should allow for fun, and they should allow people to live their non-work lives. This dimension cannot be covered if the managers do not know their employees very well and what makes them happy.

The last dimension of economic interdependence refers most of all to compensation. The rules are simple. First, the organization should provide the right price for the work done by its employees, at the market level. Second, it should be fair in compensating and rewarding its employees, by staying away from discrimination or subjectivism.

These actions are summarized in the Table 1.

Table 1. Organization's actions and commitment dimensions

COMMITMENT DIMENSIONS	ORGANIZATION'S ACTIONS
I FEEL fit & belonging	mutual self-disclosure (attraction, selection, hire, organizational entry)

I AM status & identity	create a group provide status
I SHOULD trust & reciprocity	consider the needs and the interests of "the other" value: growth, work-personal integration, individual accommodation, health and safety
I WANT emotional reward	provide: happiness, job satisfaction, work-life satisfaction
I MUST economic interdependence	provide: the right price and fairness

Besides these actions, there are two other things that the organization should think about: the style of leadership and the organizational culture.

Walumbwa (Walumbwa *et al.*, 2005, pp. 236) suggests that the style of leadership that enhances organizational commitment is the transformational one. The transformational leaders are those who "transform the values, needs, aspirations and priorities of followers and motivate them to perform beyond the expectation." They are visionary and mission-driven. The four components of transformational leadership are: charisma, inspirational motivation, intellectual stimulation, and individualized consideration. In other words, the leaders have charisma, they are able to inspire and stimulate the followers, and they treat them as individuals, and not as a group (Walumbwa *et al.*, 2005, pp. 238). Moreover, the same authors have documented that the transformational leadership can be used as an important managerial tool in order to enhance organizational commitment even across cultures, but this will be effective only if the unique local cultural complexity is taken into account (Walumbwa *et al.*, 2005, p. 251).

In addition, Odom, Boxx and Dun suggest that commitment can be built in organizational cultures that are people-oriented, encouraging, equitable, trusting, innovative, and allowing greater personal freedom. At the same time, the managers should remove bureaucratic structures and barriers, and become more supportive and closer to their employees (Odom, Boxx and Dun, 1990, pp.167-168).

Ito and Brotheridge looked at another factor that can influence the organizational commitment and that can be controlled in part by the organization and its managers. They were interested in the relationships between organizational commitment and career adaptability. Career adaptability is defined by the authors as HR practices that promote and create autonomy, high employee involvement in decision making, supervisor support, and career development (Ito and Brotheridge, 2005, pp. 5-6). As their study shows, all these practices are positively correlated with high commitment, and are recommended as good practices for building and increasing commitment. But the same study documents that the results of career adaptability can bring turnover, because the employees gain more knowledge, skills, and abilities that allow them to look for better jobs or better organizations (Ito and Brotheridge, 2005, pp. 14-15). In addition to that, it has to be mentioned that the employees' value on the labor market increases significantly and other organizations can "hunt" them. Even if these practices are risky, the authors recommend their implementation, and they suggest

that the organizations should focus on building the affective commitment which makes employees really attached to the organization, and less to their careers (Ito and Brotheridge, 2005, pp.16).

At the same time, organizations can use employees who are already committed, especially managers, to build commitment into the others. A study made by Buchanan provides two ideas in this respect. First, the study looks at the managers' commitment and it suggests that their commitment is essential to the organization and to the employees' commitment:

“The commitment of managers is essential for the survival and effectiveness of large work organizations because the fundamental responsibility of management is to maintain the organization in the state of health necessary to carry on its work” (Buchanan, 1974, pp. 533-534).

Second, the author found out that the social interaction with peers and superiors is related with high commitment to the organization (Buchanan, 1974, pp. 545).

All the research mentioned previously supports indirectly the idea that the commitment can be built and it can be managed, if the leaders of the organizations are aware of all commitment's implications and factors of prediction. But there are other authors who question the idea of managing commitment. This is probably because commitment depends on other factors, such as those related to individuals' characteristics or jobs' characteristics.

Iverson and Buttigieg ask in their research if the commitment can be actually managed by the organization. Their answer is not clear, but they suggest that the managers can at least control the organizational factors, and in this way they can minimize the other factors, such as personal traits or the other alternatives available to the employees on the labor market (Iverson and Buttigieg, 1999, pp. 227-228).

In summary, this paper supports the idea that organizational commitment can be built and managed by the organizations, as long as leaders invest time and resources in this process. At the same time, they have to know their employees and their organizations very well and have the proper knowledge about how to build the commitment and relationships that last. They have to go even deeper than that and look at their own style of leadership and change the organizations by changing themselves.

Recommendations for Nonprofits and Conclusions

The recommendations given to the nonprofit leaders can be split into three categories. The first is related to general knowledge and skills that they should have. The second is about the analyses that they should make in order to learn more about themselves, and about their employees and their organizations. And finally, the last one is about the actions that should be taken in order to build the organizational commitment.

General knowledge and skills needed by the nonprofit leaders include:

- The leaders should develop their knowledge and skills related to the organizational commitment and the retention and to the methods of working with these issues;

- They should be self-learners and they should also search for some professional help;
- They should accept the importance of long-term relationships with their employees in the organizational development;
- They should accept that they do not have to retain every single employee, and focus more on the most talented people who also fit the organization.

Analyses steps include:

- The leaders should “explore” themselves to understand and change (if necessary) their own style of leadership;
- They should “explore” their employees to understand what their needs, wishes, expectations and professional plans are;
- They should analyze the relationships and the groups existing in the organization and propose changes (if necessary) for these;
- They should analyze the hiring process, and the compensation system.

Actions for building commitment include:

- Apply the O’Malley model on building commitment, when developing plans, policies and procedures related to this issue;
- Encourage employees’ autonomy;
- Involve employees’ in the decision making process;
- Promote creativity;
- Promote peers and supervisors’ support;
- Provide career development programs;
- Build trust;
- Treat people as individuals, and not as a group when responding to their needs, wishes, expectations and professional plans;
- Be fair and promote fairness;
- Train managers about commitment and ways of building commitment;
- Allocate enough resources and time for these actions;
- Believe in the process and get the managers to buy-in.

In conclusion, these recommendations are general and represent the first steps that one organization should take in order to build relationships that last with its employees and reduce the turnover rate. Moreover, these should be adjusted to the organization’s context and its needs. The recommendations are also limited by the fact that they do not take into consideration the individual and job’s characteristics which can still have an important influence over employees’ commitment to the organization.

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