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## A Conceptual Model On The Relationship Between Human Resource Strategy and Turnover

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## **A Conceptual Model On The Relationship Between Human Resource Strategy and Turnover**

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***Abstract:** This paper proposes a conceptual model, explaining the effects of certain reactive or proactive human resource management strategies on an organization's ability to acquire resources. The purpose of this model is to demonstrate how, in response to dysfunctional turnover, reactive human resource strategies moderate an organization's ability to acquire resources, while proactive human resource strategies mediate the organization's ability to acquire resources. The model proposes a moderating effect due to the ineffective strategies of an organization, such as increasing employee work effort in order to compensate for dysfunctional turnover. On the other hand, the model proposes that implementing proactive strategies, such as team work, will mediate the organization's capacity to acquire resources.*

### **INTRODUCTION**

The purpose of this paper is to create a conceptual model which depicts the challenges faced by an organization as a result of exercising reactive human resource (HR) strategies. Organizations may find this model useful in their preparations to reduce the effects of reactive HR strategies, which are due to a dysfunctional turnover event. Current literature does not adequately address the effects of HR strategies due to dysfunctional turnover on organizational performance (Kondrasuk, 2004). Dysfunctional turnover includes all forms of turnover not controlled by the employer. In addition, the effects of reactive HR strategies on organizational operations are explored relative to an organization's ability to acquire resources necessary for operation. Finally, this model includes the mediating role of proactive HR management strategies on the firm's operations relative to dysfunctional turnover.

### **REVIEW OF THE LITERATURE**

According to Glebbeek & Bax (2004), it is not sufficient in building theory to describe the antecedent turnover; researchers must also measure the variance caused by the independent variable, turnover, on the dependent variable, organizational operations. Thus, to address the call for additional research, a study was formulated to determine whether employees perceived an association between dysfunctional turnover events and HR strategies employed to counter the effects of dysfunctional turnover.

Hisey (2012) found that, as a result of dysfunctional turnover, employees associated customer complaints with certain HR strategies, such as increased level of rework and increased time spent training on customer service. Additionally, as a result of dysfunctional turnover, employees perceived that the level of customer complaints was associated with the HR strategies of increased level of effort to produce the organization's output, increased work schedule alterations, and increased time spent on employee performance training.

Moreover, employees perceived that, as a result of dysfunctional turnover, change in the number of clients served, rate at which the organization gained or lost customers, and change in the quality of the organization's output were all associated with increasing team efforts within the organization (Hisey 2012). Findings regarding the association of training and team work on organizational performance are

consistent with extant literature (Cantarello, Filippini, & Nosella, 2012; Reed et al., 2006; Schein, 1990; Sirmon & Hitt, 2003; Vermeeren et al., 2014; Yaacob & Abas, 2011).

According to Hisey (2012), employees perceived that, as result of dysfunctional turnover, employee satisfaction in the work environment was associated with the HR strategy of increasing team efforts. Once again, these responses are consistent with past literature on the effects of turnover on organizational operations (Evans, 2006; Morrow & McElroy, 2007; Steers & Rhodes, 1978).

Finally, employees perceived that, due to dysfunctional turnover, the number of late deliveries was associated with HR strategies, such as increasing the level of rework and increasing the time spent on training employees for customer satisfaction (Hisey 2012). The number of late deliveries was also associated with the HR strategies of increased work effort, additional work schedule alterations, and an increase in the time spent on employee performance training, and employees perceived that, during a dysfunctional turnover event, change in the level of output was associated with the HR strategy increase in team efforts.

In conclusion, employees perceive that, as a result of dysfunctional turnover, an organization will employ strategies of additional rework, increased training, increased level of effort, additional work schedule alterations, and increased team efforts in order to counter the effects of dysfunctional turnover. All of these strategies are additional costs to the organization, affecting the organization's ability to acquire resources necessary for operation. While all of the aforementioned strategies are associated with dysfunctional turnover, not all of the strategies were perceived to be positively correlated with the firm's performance. As such, not all strategies mediate an organization's ability to acquire the resources requisite to effectively compete in the market place. Both moderating and mediating effects due to HR strategies are presented in the conceptual model.

## CONCEPTUAL MODEL

Figure 1 depicts the conceptual model for this study. Employers monitor their resources to maintain the correct resource mix to serve their markets. The resource mix is comprised of human resources, hard assets—such as financial capital, equipment and buildings—and finally, information or knowledge.

The collection of resources used by the firm to create and distribute the firm's output is a function of the processes inherent in the firm. The input mix and the management of the inputs affect the firm's operational efficiency, and determine the long-term viability of the firm (Conner & Prahalad, 1996). In addition, how quickly and efficiently the firm can adapt to the loss of an employee also affects the long-term viability of the firm (Sirmon & Hitt, 2003). Strategies are employed to alter the input mix and the processes that produce the firm's output. Examples of HR strategies employed by organizations to counter the effects of dysfunctional turnover include additional rework, increased training, increased level of effort, additional work schedule alterations, and increased team efforts.

A firm's capacity to obtain resources is a function of the supply and demand for resources, coupled with the firm's capacity to attract resources. The firm's capacity to attract resources is a function of the strategies it employs to compete against other firms for scarce resources, as shown in the conceptual model. Finally, dysfunctional turnover moderates the firm's ability to acquire resources (Penrose, 1955 & 1959).

Turnover is subdivided into functional and dysfunctional turnover (Dalton, Todor, & Krackhardt, 1982). Functional turnover may benefit an organization, and typically represents a planned event. Dysfunctional turnover may be defined as resignations or any turnover event that is not planned. Dysfunctional turnover fluctuates with the vagaries of supply and demand for labor on a macro-economic scale (Hackman & Lee, 1979). From an organizational perspective, fluctuations in dysfunctional turnover are based on the local

job market and employee motivation to remain with or leave their current employer. All functional turnover described thus far falls within the optimum rate of labor stability typically managed by the firm's human resource strategies (Abelson & Baysinger, 1984). Thus, a firm will establish strategies leading to policies and guidelines to manage the loss and acquisition of all assets, including human assets (Lee, Hsu, & Lien, 2006).

The conceptual model is divided into six primary components. These components are represented in the following:

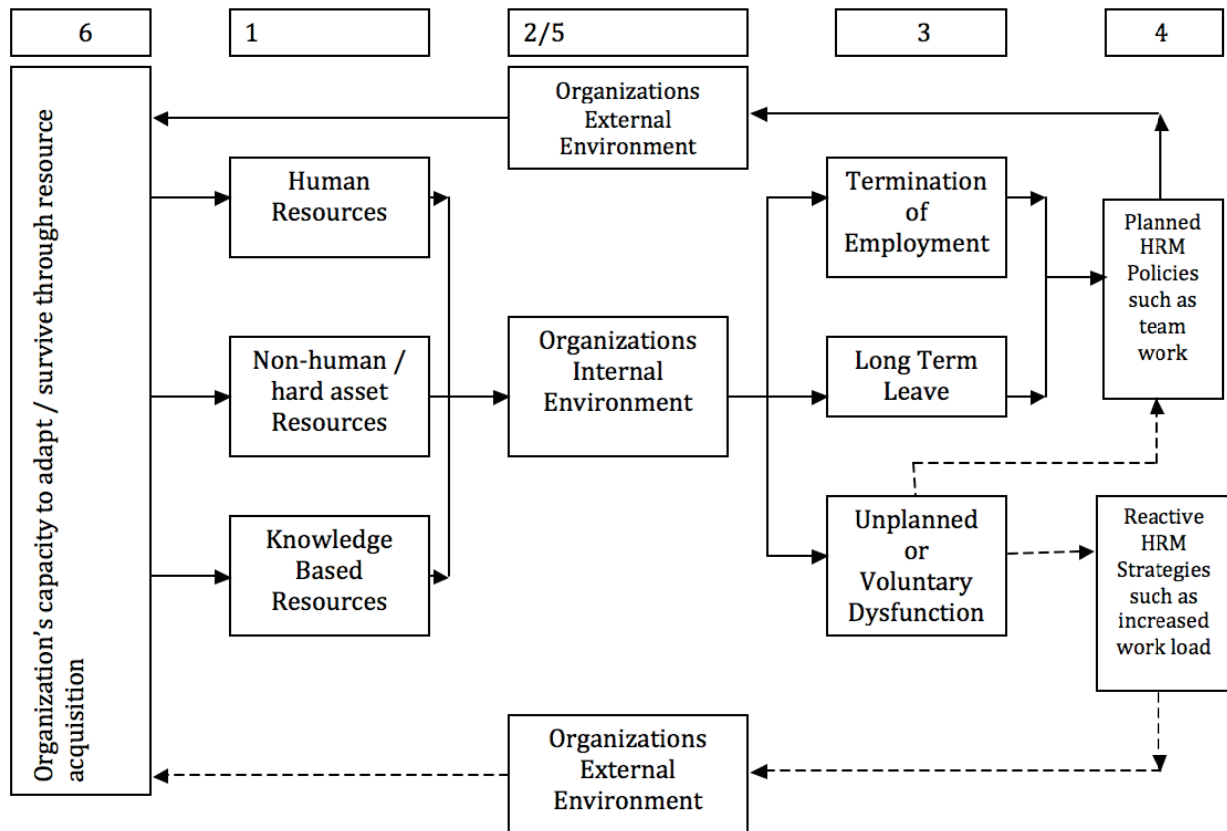
1. Resources are subdivided into human, non-human (hard assets), and knowledge (Barney, 1991).
2. Organizational environment includes the firm's internal environment; and the external environment in which the firm competes (Denison, 1996).
3. Type of turnover is subdivided into long-term leaves of absence, termination of employment, and dysfunctional turnover.
4. Proactive HR strategies mediate the organization's ability to acquire resources. Reactive strategies, as a result of dysfunctional turnover, moderate the organization's ability to acquire resources. Mediating effects on the organization's capacity to acquire resources are denoted by solid lines, while moderating effects are denoted by dashed lines.
5. Organizational environment includes the firm's internal and the external environment in which the firm competes (Denison, 1996).
6. Finally, the organization's capacity to acquire resources and to remain competitive is the result of efficient operations within the constraints of the firm's external environment, as denoted by the solid lines, beginning with the mediating effects of HR strategies to accommodate the effects of turnover on organizational performance, then to the effects of the firm's external environment, and culminating in resource acquisition. Conversely, dysfunctional turnover has a moderating effect on the firm's capacity to acquire resources due to reactive HR strategies employed to counter the effects of dysfunctional turnover, as denoted by the dashed lines at the bottom of Figure 1.

## DISCUSSION

Hisey (2016) found that, during a dysfunctional turnover event, respondent employees correlated team efforts (a proactive HR strategy) positively with the quality of the organization's output ( $t= 3.31, p \leq 0.005$ ). Conversely, during the same turnover event, respondent employees perceived a negative correlation between increased work effort (a reactive HR strategy) and the quality of the organization's output ( $t= -3.61, p \leq 0.005$ ).

These results indicate that a proactive HR strategy, such as team building, is perceived by the employees to have a positive effect on the quality of the organization's output; whereas a reactive HR strategy, such as increased work effort, is perceived by the employees to be negatively correlated with the quality of the organization's output. These findings are consistent with the conceptual model in this paper. The team based approach is perceived to mediate the quality of the organization's output. While increased work effort is perceived to moderate the quality of the organization's output.

**FIGURE 1: CONCEPTUAL MODEL**



Moreover, employees may also perceive that, in addition to quality, output has also increased. Hisey (2016) found that respondent employees perceived a positive correlation between level of output and the quality of the organization's output ( $t= 5.94, p \leq 0.005$ ). Finally, increased output, along with a perceived increase in quality, may increase the ability of the firm to improve its margin of profit, therefore enabling the firm to acquire additional resources with which to compete.

**CONCLUSION**

The conceptual model outlines the effects of reactive HR strategies due to dysfunctional turnover on the firm's operations with resource acquisition as the ultimate goal. Both the conceptual model and past studies have shown that a reactive HR strategy, such as increased work effort employed to counter the effects of dysfunctional turnover, may moderate the firm's ability to acquire resources. Conversely, the conceptual model indicates that proactive HR strategies such as team building may mediate the firm's ability to acquire resources.

**FUTURE STUDIES**

Future studies should explore the antecedents affecting the firm's decision to choose a particular HR strategy to improve the firm's performance. These antecedents should include the firm's level of performance before the turnover event, its capacity to acquire resources, the effects of the firm's internal environment on resource acquisition, and the effect that the employee's past performance had on the firm's operations. Incorporating these antecedents into a performance model will aid managers in

choosing a strategy that maximizes organizational efficiencies and reduces the effects of dysfunctional turnover on the firm's operations.

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