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# Table of Contents

BOARD LEADERSHIP STRUCTURE UNDER FIRE:  
CEO DUALITY IN THE POST-RESTRUCTURING  
PERIOD ..... 1  
Luke Cashen, Nicholls State University

UNDERSTANDING, FINDING, AND APPLYING CORE  
COMPETENCIES: A FRAMEWORK, GUIDE,  
AND DESCRIPTION ..... 2  
William B. Edgar, Missouri State University  
Chris A. Lockwood, Northern Arizona University

LAW OF CONSERVATION OF INTENSIVITY ..... 3  
Andrei G. Aleinikov, International Academy of Genius  
David A. Smarsh, International Academy of Genius

A STUDY OF THE EFFECTIVENESS OF ERP  
IMPLEMENTATION IN THE US ..... 4  
Lillian Y. Fok, University of New Orleans  
Sandra J. Hartman, University of New Orleans  
Wing Fok, Loyola University New Orleans  
Jing Li, Loyola University New Orleans

TEAM PERFORMANCE STUDY: DETERMINING  
THE FACTORS THAT INFLUENCE HIGH  
PERFORMANCE IN TEAMS ..... 8  
David S. Hoyte, Castle Harlan Partners  
Regina A. Greenwood, Nova Southeastern University  
Baiyun Gong, Nova Southeastern University

CONCEPTUAL REVIEW ON RETENTION  
STRATEGIES – A PRACTICAL APPROACH ..... 15  
R. Ganesan, King Saud University  
Tanvir Farooq Khan, King Saud University

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QUALITY MANAGEMENT IN KENTUCKY 2009 ..... 27  
Maurice Reid, Eastern Kentucky University  
Steve Brown, Eastern Kentucky University  
F. Mark Case, Eastern Kentucky University  
Kambiz Tabibzadeh, Eastern Kentucky University  
Norb Elbert, Eastern Kentucky University

ACCOUNTING CONTROL SYSTEMS IN  
ORGANIZATION DESIGN: EFFECT ON GROUP  
DECISION MAKING ..... 30  
Nelson U. Alino, Quinnipiac University  
Gary P. Schneider, Quinnipiac University

REFORMULATING THE FRAMEWORK FOR  
STRATEGIC DECEPTION ..... 35  
Isaac Wanasika, University of Northern Colorado

# **BOARD LEADERSHIP STRUCTURE UNDER FIRE: CEO DUALITY IN THE POST-RESTRUCTURING PERIOD**

**Luke Cashen, Nicholls State University**

## **ABSTRACT**

*An empirical examination is offered by investigating the impact of board leadership structure following a portfolio restructuring. This paper draws upon the literature which suggests that portfolio restructuring results from poor performance, which in turn is driven by inadequate oversight of the firm. As such, it is common for the governance structures of restructuring firms to automatically be labeled as weak and inadequate. Research has not proven that governance is weak in the pre-restructuring period, yet this philosophy has become institutionalized. This paper incorporates institutional arguments by suggesting that firms will adjust governance structures to reflect socially valid indicators of governance – non-duality structures.*

# **UNDERSTANDING, FINDING, AND APPLYING CORE COMPETENCIES: A FRAMEWORK, GUIDE, AND DESCRIPTION**

**William B. Edgar, Missouri State University**  
**Chris A. Lockwood, Northern Arizona University**

## **ABSTRACT**

*In recent years, managerial interest in corporate core competencies as competitive tools has risen greatly. Corporate managers and professionals often have three questions regarding them. First, what are corporate core competencies? Second, how can the ones held by a particular firm be identified? Third, how do core competencies integrate with other kinds of corporate knowledge to produce particular products and services? This paper answers the first question by presenting a framework describing the internal dynamic and elements of core competencies. It answers the second by providing a usable guide to discovering them within a firm. It answers the third by describing core competencies' place within the structure of organizational knowledge held by corporations. The authors hope that this framework, guide, and description will prove useful to corporate managers and research professionals interested in strengthening their core competencies and applying them more effectively.*

# LAW OF CONSERVATION OF INTENSIVITY

**Andrei G. Aleinikov, International Academy of Genius**  
**David A. Smarsh, International Academy of Genius**

## ABSTRACT

*The Law of Conservation of Intensity was first introduced in Aleinikov, 2007. This article further defines the Law of Conservation of Intensity that expands the Bartini/Kuznetsov LT system of interpretation of laws of physics (Bartini, 1963, 1965, 2005; Kuznetsov, 2000) and builds on the laws introduced by Aleinikov and Smarsh, 2006 – 2007 Aleinikov and Smarsh, 2008, 2009).*

*The previously discovered conservation laws introduced the concepts of Extencia (extension, or linear displacement of power) and Expancia (expansion, or area spread of power), i.e., the one-dimensional and two-dimensional power spread. By continuing the same logic in three-dimensions in the vertical, Volupower was defined as the potential volumetric spread of the system. Further, Maneuverability was defined as the rate of expansion of power and the law of conservation of Maneuverability was formulated. Finally, Operability was defined as the rate of the volumetric spread of power. The next new law of conservation introduced was the Law of Conservation of Intensity.*

*Moreover, since late 1980s (Aleinikov, 1988) we share the Sedov's point of view that moving matter has only two characteristics: the intensity (loosely including speed, velocity, rate, etc.) of movement and the organization of movement (Sedov, 1977). Following this binary logic, we offered two new sciences: Organizology – the science of organization of movement (Aleinikov, 2004) and Intensiology – the science of intensity of movement (Aleinikov & Gera, 2006). The new science Intensiology is the science of intensity of matter movement. The Law of Conservation of Intensity lies in the core of major laws.*

*Intensity is the rate of Maneuverability, or the speed of Mobility. Knowing the characteristics of each, one can predict the Intensity that will (as all other phenomena) conserve at a certain point of time and space, a certain quantity. The Law of Conservation of Intensity states that under ideal/unchanging conditions, at a certain moment of time and space, the rate of Maneuverability remains constant. This statement is expressed by the formula  $Int = Mnv : T = L^7 T^{-7} = const$  (where *Int* is Intensity, *Mnv* is Maneuverability, *L* is Distance, *T* is Time. The new unit to measure Intensity is called Andral. Its relation to the other units is the following:  $1Andral = 1Grig : 1s = 1Bart * 1m : 1s$ . Time and place of discovery: August 21, 2007, Monterey, California.*

*This law is applicable to such complex systems as transportation, communication, construction, management and military operations. It also applies to many other physical as well as economic systems and will become a foundation for numerous calculations in strategic management.*

# **A STUDY OF THE EFFECTIVENESS OF ERP IMPLEMENTATION IN THE US**

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**Sandra J. Hartman, University of New Orleans**  
**Wing Fok, Loyola University New Orleans**  
**Jing Li, Loyola University New Orleans**

## **INTRODUCTION**

As U.S. companies strive to remain competitive in the global economy, two important elements remain the center of discussion in many literatures: strategic positioning and operational effectiveness. It has been long stressed that both are necessary for organizational success, in light of increasing competition from home and abroad. In turn, many companies tried, with different degrees of success, various means to improve one or both of these elements. In many US and European companies, Enterprise Resource Planning (ERP) Systems have been being implemented at record-breaking rates in order to gain operational effectiveness (Ifinedo & Nahar, 2006; Stedman, 1999c; Zviran, Pliskin & Levin, 2005). These systems are viewed as a means to integrate the different functions within the organizations so the speed of response to the market can be increased. It is commonly known that implementation of such systems have not all been successes. Many reported implementations have encountered huge cost overruns, and some of them even consumed so much resource from the organizations that the promised benefits of these systems never materialized. In extreme cases, companies have gone bankrupt after implementation, because adhering to the system forced the companies to modify their existing ways of doing business, even when it may have been precisely that way of operating which had previously made the organizations successful (see especially commentary by Beatty & Williams, 2006; Lotta & Olli-Pekka, 2008; Osei-Bryson, Dong & Ngwenyama, 2008; Scarbrough, Robertson & Swan, 2008; Vilpola, Vaananen-Vanio-Mattila, 2006). Most of the past ERP implementation research, however, focused on companies in US and Europe that relatively large company. In addition, most prior research focused on more strategic and competitive issues. Our study, on the other hand, has managers from a wide variety of companies as its subject and is intended to shed light on ERP implementation tactics for managers.

## **RESEARCH QUESTIONS**

Research Question 1: Organizational context, such as market pressure, QM Maturity, and organizational culture, will affect perceptions of ERP complexity.

Research Question 2: Organizational context, such as market pressure, QM Maturity, and organizational culture, will affect perceptions of the ERP implementation experience.



Research Question 3: The complexity of the ERP systems will affect perceptions of End-User Computing Success.

Research Question 4: The complexity of the ERP systems will affect the perceptions of operational and strategic benefits of ERP systems.

Research Question 5: The ERP implementation experience will affect perceptions of End-User Computing Success.

Research Question 6: The ERP implementation experience will affect perceptions of the operational and strategic benefits of ERP systems.

## **METHOD**

The sample included 250 middle level managers taken with the help of a major university in a large Southern city in the U.S. The subjects were 70% male and 30% female with an average age of 41 with 19 years of working experience and 12 years in management position. In the sample, 18% of the companies were in Manufacturing, 14% in Education, 10% in Utility, and the rest in various service industries. 57% of these companies employed more than 500 employees and 28% of them had annual revenue over 1000 million dollars.

## **RESULTS**

Our research questions examined the implementation experiences and the impacts of ERP systems. Research Questions 1 and 2 held that organizational context, such as the amount of market pressure faced by organizations, the QM Maturity, and the organizational culture, would be related to the complexity of the ERP systems and the system implementation experience. The results show two pairs of significant relationship between the organizational contextual variables and ERP complexity and implementation experience (Table 5). As American companies use higher levels of basic TQM tools, they are found to use higher number of ERP vendors. Additionally, when they use higher levels of advance TQM tools, they show more experience in using ERP systems. The results provide some support for these two research questions.

Research Questions 3 to 6 suggested that the complexity of the ERP systems and the ERP system implementation experience would be related to the two measures for ERP success: End-User Computing Satisfaction (EUCS) and Organizational Success. There are two significant pairs of relationship. When the companies increase the number of ERP modules implemented, the systems are found to have higher levels of strategic benefits to the company. For the companies that use higher number of ERP vendor, they also show higher levels of strategic benefits to the organization. The results show some support for Research Questions 3 and 4.

When examining the relationship between ERP implementation experience and ERP success measure, . the results show no support for Research Questions 5 and 6.

## DISCUSSION AND CONCLUSIONS

In this paper, we have reported the results of exploratory research into a series of proposed relationships between two important systems for enhancing organizational competitiveness: ERP systems and Quality Management (QM) programs. We proposed that where QM is implemented in a high-quality manner, there should be impacts which resonate throughout the organization. Specifically, the organization's culture will be aligned to fit the requirements of QM for an empowered, participative work force, and workers should feel that the organization is more effective. Moreover, the concern for quality should extend to ERP use and should show that ERP, too, is used effectively, extensively, and in a quality manner. Finally, more extensive and effective use of ERP should lead to beliefs that the organization's service quality is better.

Our results from this exploratory study offer considerable support for the sorts of relationships we have suggested. We looked for consistencies in the impacts of QM and ERP upon organizational culture, perceptions about organizational performance, and service quality. We generally interpret the pattern of relationships we discovered as offering general support for the idea that increasing QM Maturity has impacts throughout the organization. In general, higher levels of QM Maturity were associated with impacts upon organizational culture, improved organizational performance, more extensive and effective ERP use, and, for ERP extensiveness and effectiveness, to better service quality.

Note, however, that in considering our findings, it is important to recognize that this research is, in fact, exploratory. We were attempting to get a preliminary "handle" on whether the constructs involved could be related and how they operated. In effect, we asked a sample of managers for their perceptions and beliefs about the constructs, asking, for example, how extensively the managers believed that the programs were used, how well the organization was performing, and what the culture was like.

Moreover, reliance on respondent perceptions in any setting can potentially introduce single source measurement bias, and as a next step it will be important to attempt to confirm our findings with more independent and observable measures. Thus, this study should be regarded *simply* as exploratory work which suggests that it may be worthwhile to examine our proposed relationships in a more sophisticated manner.

Moreover, the correlation analysis which we used in this study to search for consistencies is, of course, inadequate to reveal issues of causation. Did organizations which *first* became QM Mature *then* go on to establish more extensive and effective IT systems? Does QM Maturity and adoption of high quality ERP *lead to* high organizational outcomes, or are high-performing organizations simply more capable of implementing virtually any program in a high-quality manner? Clearly considerable additional, and probably longitudinal, study will be needed to tease out the directionality of the possible relationships.

From our perspective, what is notable is that ERP and QM Maturity are potentially important ideas for organizations searching for ways to improve their effectiveness. This research suggests an intriguing series of relationships between the two constructs and, we believe, indicates that further study could lead to an understanding of the mutual impacts affecting them which could be helpful to managers seeking competitiveness and researchers hoping to learn more about

organizations competitiveness and implementation of quality management programs or IS programs.

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Available upon request.

# **TEAM PERFORMANCE STUDY: DETERMINING THE FACTORS THAT INFLUENCE HIGH PERFORMANCE IN TEAMS**

**David S. Hoyte, Castle Harlan Partners**  
**Regina A. Greenwood, Nova Southeastern University**  
**Baiyun Gong, Nova Southeastern University**

## **ABSTRACT**

*The purpose of this paper is to describe a study, in the initial stages, which will attempt to determine the factors that differentiate high performance work teams from teams whose performance is good, but not exceptional. The teams in the study are in the U. S. supplier network of a large global automotive manufacturer. The researchers will use surveys, interviews, and observations to test models that, based on the literature, suggest factors that influence team performance, including innovation as a measure of performance. Multiple perspectives will be employed, including: the strategic lens (structure/ambidexterity), the temporal lens (entrainment) and the organization behavior lens (mental models and ambidexterity). In Phase 1, the research team will visit several supplier plants to determine the factors to be examined. In Phase 2, the researchers will conduct in-depth studies in some workplaces followed by tests of findings in different workplace environments. The goal of our study of work teams is not only to advance the literature of team performance, but also to provide important implications to managers of all team-based organizations.*

## **INTRODUCTION**

The importance of teams in the workplace cannot be overestimated. Teams have become an important, even essential, workplace structure to get work done; they exist at all levels of organizations and fulfill a wide range of purposes (Katzenbach & Smith, 2003). Teams have become an important topic for academic researchers who have produced a large number of studies concerning the factors that make teams effective and the factors that influence team dynamics (Harrison, Mohammed, McGrath, Florey, & Vanderstoep, 2003). Despite the widespread use of teams, the importance of teams, and the abundance of research on teams, we could find no empirical research that determines the factors that differentiate good teams from high performing teams. We propose to fill that research void.

Our research team, consisting of practitioners and academic researchers, shares an interest in team performance with a large, global automotive company. (In this work the company will be referred to as Company A to preserve confidentiality.) Such is the interest of Company A that the research team has been granted permission to conduct our research in their extensive US supplier network. The researchers will study teams in various supplier plants to determine causal factors which distinguish high performance teams from teams that merely perform well. The researchers

will use surveys, interviews, and observations to test models that, based on the literature, suggest factors that influence team performance, including innovation as a measure of performance.

Work teams are the basic units of Company A's operations. Performance of work teams is essential to the quality of its products and its global reputation for quality. We chose the work teams of Company A suppliers as the subjects of our investigation because of their exemplary efficiency and effectiveness, which contributed to Company A's superior performance and development in the past decades. There are no poorly performing teams, only good to excellent teams. Our study on these work teams will not only advance the literature of team performance, but also provide important implications to managers of all team-based organizations.

Ancona, Goodman, Lawrence and Tushman suggest that "Focusing multiple lenses on a given phenomenon highlights different aspects of that phenomenon...each lens suggest a different set of practices and solutions to managers" (2001:645). For our research we will examine the issue of team performance through multiple lenses: the strategic lens (structure/ambidexterity), the temporal lens (entrainment) and the organization behavior lens (mental models and ambidexterity).

### **TEAMS AND AMBIDEXTERITY**

When examining organizational performance through a strategic lens, the role of structure requires particular attention. Alfred Chandler (1962) suggested that successful organizations adapt their structure to fit their strategic needs. Later, Duncan (1976) suggested that firms meet the competing demands of aligning with the needs of the business to ensure efficiency and adapting to the changing needs of the environment in order to take advantage of opportunity, by creating dual structures within their organization. Such structures focus on either alignment or adaptation; the presence of both insure overall organizational ambidexterity. More recently, Gibson and Birkinshaw (2004) refined the concept of ambidexterity, suggesting that two types of ambidexterity can exist: structural ambidexterity, creating dual structures within an organization to deal with the inherent conflicts of alignment and adaptation, and contextual ambidexterity, "the behavioral capacity to simultaneously demonstrate alignment and adaptability across an entire business unit" (209). Under such situations, organizations create the capacity in individuals to deal with the conflicting demands of adaptation and alignment, thus insuring overall organizational ambidexterity.

In observing the number and nature of teams in pilot visits, we were struck by the different charter given to different teams on the supplier plants. Some teams were production focused; some were problem solving focused; some were improvement focused. We propose that business units can achieve ambidexterity through the development of teams dedicated to either adaptation or alignment, thus creating ambidextrous organizations. These teams act as bridges between structural ambidexterity and contextual ambidexterity in that firms create the teams to serve different purposes and, in many situations, individuals can volunteer to participate in them. Thus, individuals are presented with an organizational structure within which they can serve adaptation needs and the day-to-day alignment demands. Such action mitigates the tension related to whether ambidexterity exists as an organizational or individual function (Raisch, Birkinshaw, Probst & Tushman, 2009)

In summary, we suggest that the following propositions be tested in our study:

*P1: Stable work teams focus on alignment thereby improving organizational performance.*

*P2: Ad Hoc and cross functional teams, populated through choice, focus on adaptation thereby improving organizational performance..*

## **TEAMS AND TIME**

In introducing the Academy of Management Review issue devoted to the temporal perspective, Ancona, Goodman, Lawrence and Tushman refer to time as the “new lens” (2003, p. 645). In support of their view, they cite only a few articles focused on time, most of which are recent to that date; the oldest related to organizations/management was in 1985 (Clark). Despite the lack of long term interest in the temporal dimension displayed by management academic researchers, practitioners are keenly aware of time: manufacturing shifts, project deadlines, business cycles, new model cycles, quarterly results and much more significantly affect management practice. Even the roots of management as a profession and discipline lie in time study through Scientific Management (Taylor, 1911). Thus we propose to examine the impact of time on team work to determine if the capacity of some teams to relate better to temporal factors enables them to perform at higher levels than other teams. In particular, the concept of entrainment appears fundamentally related to the function of teams.

Entrainment is a concept first developed in physics and later expanded in biology (Perez-Nordtvedt, Payne, Short, & Kedia, 2008); it refers to the synchronization of the tempo of activities. In an organization it can be the response of one activity to another, such as, a business cycle, a demand pattern, work shifts, and many other recurring events. Perez-Nordtvedt, Payne, Short, and Kedia (2008) define organizational entrainment as “the process by which organizations cope with temporal change by synchronizing (i.e. tempo matching and/or phase aligning) their endogenous cyclic activities to those of the external environment” (p. 788).

Therefore, we propose the following research questions:

*Research Question 1: How does entrainment among team members affect team performance?*

*Research Question 2: How does entrainment among interconnected teams affect team performance?*

*Research Question 3: How does entrainment among teams affect organizational performance?*

## **TEAMS AND MENTAL MODELS**

Shared mental models are defined as “The extent to which individual team members’ mental models overlap – the extent to which team members shared the same understanding of the task and the team (Blickensderfer, Cannon-Bowers, & Salas, 1997: 252). As they coordinate with each other,

team members share their understanding of the task, work environment, interactive patterns, procedure timing, location of expertise, and technology. Although the literature consistently demonstrates the positive effects of shared mental models on team performance (Espinosa, Slaughter, Kraut, & Herbsleb, 2007; Mathieu, Heffner, Goodwin, Salas, & Cannon-Bowers, 2000; Reagans, Argote, & Brooks, 2005), few studies investigate the interrelationship of various types of shared mental models.

Despite the prediction that various types of shared mental models compliment with one another, empirical research shows mixed results. Mathieu et al. (2000) studied ad hoc teams and concluded that shared task mental models and shared team mental models improve team processes and performance in a complimentary manner. On the other hand, Espinosa et al. (2007) examined team familiarity and task familiarity and found that the two types of shared team knowledge substitute, rather than complementary to, one another in their impact on performance.

To explain the inconsistent findings in the relationship between various types of shared mental models, it is suggest that there is a diminishing return on team innovation and performance from the increase of shared mental models. This relationship is plausible because (1) in many situations, solutions can be identified with the combinative use of a few shared mental models so not all shared knowledge is necessary, and (2) team capacity is limited so that only limited shared mental models can be simultaneously employed to solve a problem. Further, too many shared mental models are likely to restrict team flexibility. In fact, similar phenomenon has been demonstrated in team learning research. Berman, Down, and Hill (2002) show that the NBA team performance was first increasing and became decreasing as the team level tacit knowledge accumulated.

Suppose that the proposed diminishing return of shared mental models is valid, then why do many successful organizations continue to nurture multiple mental models? It is proposed that multiple shared mental models back up each other in a changing environment and sustain team performance. This is because (1) a changing environment is likely to block the access to certain shared mental models, and (2) a changing environment imposes stress on teams which reduces the effectiveness of shared mental models. Ellis (2006) shows that acute stress reduces the viability and quality of shared mental models, which lead to impeded performance. Task complexity and individual experience (time on task or number of products produced) will be considered control variables in the study.

In summary, we suggest that the following propositions be tested in our study:

*P3: There is a curvilinear relationship between the strength and number of shared mental models and team innovation and performance..*

*P4: The effect of shared mental models on team innovation and performance is moderated by environmental turbulence.*

## METHODOLOGY

### Research Design

Our study design consists of two phases: (1) plant visits to several Company A supplier firms and (2) a survey study based on the questionnaire developed after soliciting expert opinions in the first phase. In Phase 1, the researchers will conduct exploratory plant visits and interviews to (a) observe and understand relevant plant operations and processes, (b) collect expert opinions on the survey instrument, (c) identify any factors that may cause high team performance (control variables), and (c) secure access to further data collection. These plant visits will require observations of operation, review of training and orientation programs, interviews with managers and team members, understanding how team performance is measured, understanding employee recognition programs, communication, suggestion programs, CI teams, etc.

In Phase 2, the researchers will conduct in-depth studies in some workplaces followed by tests of findings in different workplace environments. A number of supplier network firms have already volunteered for the different phases of the project.

### Data Analysis

The statistic software application SPSS will be used to analyze the data. First, descriptive analysis will be performed. Non-respondent bias will be analyzed according to Fowler's (1993) book on survey research. Appropriate data transformation will be conducted to cope with skewness and kurtosis of the data distribution. Then factor analysis will be performed to load single item on corresponding constructs. The data will then be analyzed using multiple regression models. Possible data problems such as collinearity will be carefully treated. The hypotheses will specify the relationship between variables so they are testable with multiple regression models. Control variables will be entered into the baseline model. Then, the hypothesized independent variables will be entered in the models. Qualitative data collected from the field trips and follow-up investigations will be coded and analyzed according to Yin (2009), Eisenhardt (1989), and Eisenhardt and Graebner (2007). Significant results will be described in future publications with discussion on how the findings support the hypotheses and contribute to the literature as well as the business world.

## CONCLUDING REMARKS

The current status of the study considers two parallel tracks. First, developing the literature review, model crystallization (reduce the list of shared mental models, etc.), and measurement development.

Second, completing more pilot plant visits to ascertain the validity of our approach and the availability of information. Our study of work teams will not only advance the literature of team performance, but also provide important implications to managers of all team-based organizations.



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# **CONCEPTUAL REVIEW ON RETENTION STRATEGIES – A PRACTICAL APPROACH**

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## **INTRODUCTION**

Employee retention refers to efforts by employers to retain current employees in their workforce. The underlying aim is to curtail employee turnover and associated costs: recruitment (hiring and training) expenses; productivity loss; lost customers; diminished business; and damaged morale among remaining members of the workforce. The cost of replacing lost talent is far greater than the cost of retaining talent. In wake of the ongoing economic turmoil that seemingly manifested globally, and with the onset of its initial jolts the erstwhile generally accepted practices and associated ethical issues were shunned, definitions were dramatically changed policies remade. Private sector witnessed worst retrenchment drives thereby increasing employee turnover, resulting in enterprises losing irreplaceable talent and creating an environment of uncertainty in those who were left. Soon this phase will pass and we are bound to realize another jolt in terms of talent deficit in our workforce and loss of employee loyalty. We certainly will revisit old textbooks and HR manuals, might as well change overall organizational culture to make room for best employment practices, career growth, employee loyalty. Retention, thus, becomes an irrefutable fact that needs to be studied in depth.

The study of retention will prove incomplete without studying its flipside-attrition. In a non-management context it seems to be trivial but the actual tenacity of attrition becomes inevitable and unavoidable with the global changes in adherence to innovation and advancements in technicalities. Retaining human workforce becomes enormously challenging job in the wake of advancements made in telecommunication field, the ever increasing demands and availability of surplus employment. High employee turnover as such exists in every sector these days but the instances are more discernible in case of IT & ITES sectors and education sector, as both sectors' end product is a direct result of human intellect not of an assembly line (where main thrust is on a sophisticated array of machines with minimum input of human beings), which requires an instant recognition of capabilities, intelligence, efforts etc. This in turn results in career growth and stability also high employee turnover which is found in these sectors can be attributed to remunerative and appraisal measures practiced being faulty or single dimensional (monetary) only. Human intellect craves for recognition and as such if one has to retain employees beyond monetary expectations that is only by providing value-centric ambience by which the human resource quotient is sustained. However, attrition with respect to change of place is unavoidable and becomes uncontrollable in the gamut of professionalism and employment. Hence, retention strategies have to be devised diligently to retain the talented and valuable workforces. In this context, this paper has made an attempt to a conceptual review and possible framework (model) towards retention strategies to overcome attritional-professional confluences within organizations / corporate / social enterprises.

## LITERATURE REVIEW

Research on organizational retention strategies is a direct result of seminal work carried out by (Porter & Steers, 1973; Mobley et al., 1979 and Price, 1977). Extant literature has so far overwhelmingly proved the importance of valuable workforce or functional workforce for the survival of an organization. Recruitment of skillful workforce is a costly affair, and with advancements made in telecommunications in general and growth of internet in particular, coupled with increasing globalization, changes in labor market in one nation have its effect across borders. With effective distances shrinking, what erstwhile seemed to be containable within geographic borders of a nation now suddenly became global.

Retention activities simply put may be defined as a sum of all those activities aimed at increasing organizational commitment of employees, giving them an overall ambitious and myriad of opportunities where they can grow by outperforming others. Thereby organizations try to provide their workforce benefits and a holistic motive to stick with the current organization and making their decision to leave the organization difficult and pointless. Retention is essential to sustain business operations, but it can be very well prove as a competitive advantage for an organization in the long run. In today's economic conditions, intellectual capital and knowledge management are significant indicators of success (Bogdanowicz & Bailey, 2002), and businesses need to retain employees with the right skills and abilities, in order to maintain their competitive advantage. Turnover besides causing a talent deficit in an organization, it also ends up in the valuable talent been moving to competing entities (Stovel & Bontis, 2002).

The Harvard Business Essentials (2002) defined retention as the converse of turnover-turnover being voluntary and involuntary separations between an employee and his or her employer. Retention can be further categorized as functional or dysfunctional (Johnson, Griffeth & Griffen, 2000). When non-performers leave and performers stay, it is identified as functional, and can in fact assist organizations to increase optimal performance (Johnson et al, 2000). On the contrary, when non-performers stay and performers leave, retention is highly dysfunctional, and damages organizational innovation and performance (Abbasi & Hollman, 2000). When it comes to leadership retaining individuals in positions of leaderships becomes all the more important, as it is the top performers who rise to the places of leadership (Stovel & Bontis, 2002). It is further stated by them that retention of these individuals is critical to sustaining business operations and actualization of organizational growth and strategy. Retention and employee turnover are the two faces of the same coin. Both the concepts are inseparable and each from research's point of view is impractical to study in isolation or independently. In wake of bloom in private sectors which stands by far as the major job providing sector compared to Government sector, and the opportunities it provide for better growth and income results in external labor market conditions becoming complicated. With the advent of internet and mushrooming of social networking sites, such as facebook, myspace, orkut, twitter etc. ordinary individuals are simultaneously part of so many different networks and people have access to loads of relevant and real time information. Employee turnover hauntingly established itself as a daunting reality in organizational life (Kransdorff, 1996). Employees typically switch employers quite frequently and the frequency is rising over the past few decades. Unnecessary employee turnover costs organization needless expenses (Buck & Watson, 2002). Replacements and training expenses have a direct impact on organizational costs, productivity and

performance, and as such, an increasing number of organizations are now recognizing employee retention as a key strategic issue (Glen, 2006).

Researchers like, (Tutuncu & Kozak, 2007; Robinson & Baron, 2007 and Carbery et al., 2003) have established consistently that employee turnover has a direct correlation with job satisfaction and organizational commitment. Other dimensions have also been stated to effect turnover. For example, career expectations, managerial competencies and the psychological attributes help in deciding to leave an organization (Carbery et al., 2003).

The factors like, deskilling and standardization have also been stated as reasons that lead to lack of job satisfaction and then turnover (Robinson & Baron, 2007; Tutuncu & Kozak, 2007). Many of these studies use the job descriptive index (JDI) by (Smith et al., 1969), in which the work itself, the pay and supervision can lead to job dissatisfaction and turnover. Research confirms the role that low pay, and opportunities for better pay, plays in the decision to leave an organization (Gustafson, 2002). Moreover, the role that mentoring and training play in new employees' decision to leave an organization have also been highlighted (Lam et al., 2002).

Management practices prevalent in organizations studied has an interesting story to reveal. While examining the usual causes cited for leaving an organization by both employees and their managers there exists a considerable differences. In terms of differences, none of the employees cited a lack of skill or a lack of motivation as a cause, whereas, managers cited these as important influences on the decision to leave an organization. Furthermore, managers did not cite integrity or the ethics as causes, as did the employees (Stalcup & Pearson, 2001).

### **NEED FOR THE STUDY**

Society and enterprise are the two important institutions that guarantees living with economic balance and harmony. Society crafts the pattern of living while enterprise enables the economic prosperity of living amongst masses. Enterprise is a well-known notion in today's scenario, as many corporate, private and self-financing institutions / colleges / academia / non-governmental agencies & organizations do fall under this term. An Enterprise in turn can be further grouped, based on the nature of business, either in a profit or a non-profit entity. In actuality all these corporate enterprises are functioning based on the developmental aspects through capital generated from profit or developmental fund, obtained from main area of business (proceeds from sales of product (s) or service (s)). All these activities are very much viable, when the corporate or social enterprises are into industrial and educational avenues which need quality-centric potentially vibrant workforce to publicize and market the organization or institution at all point of time through their august presence and quality performance. The above mentioned realities are highly in terms of remuneration in par with their professional employment and in case of academia the faculties in the self-financing colleges are under social enterprises are very much facing the problems due to these consequences / imperfections of employment modalities. Due to these imperfections within the system management practices like job security (threat of questioning their employment) are much vibrant but it has never been under the limelight to get to know the exact happenings and realities under the banner of professionalism and human resource values. These are the major factors which effects or cause an obstacle under any corporate or social enterprise resulting in undue and unwanted attritions affecting the product (s) / service (s) as workforces within the management system. Hence, there is

a sheer necessity to expedite the actualities and be aware of those management practices that are acting as obstacles for talented people to groom and grow in an organization causing attrition at various Corporate and Social Enterprises into production / manufacturing / services (product / consultancy / educational services).

### **SCOPE OF THE STUDY**

The realities and actualities has been conceptually reviewed through the individual (employee or faculty) experiences and exposures will provide a platform which is pivotal to understand the functioning of Corporate and Social Enterprises into Manufacturing or Production or Institutional Services such as Consultancy / Educational Sectors. This review carried out by self-experiences on the workforces which will direct and caution such corporate or social enterprises and their corresponding leaders (social entrepreneurs / nominees to such social enterprises) to ensure corporate / social enterprises venting into start-up of organizations / institutions in general / particular towards smooth functioning and providing an obstacle-free ambiance. This will also intuit them in understanding the sustained quality-centrism for their longevity, prosperity, integrity and sustainability with undue competition. Moreover, this study will provide all the possibilities to culminate and inculcate remedial measures / retention strategies, which in turn directly or indirectly benefit the corporate / self-financing teaching community / employees and or faculties in terms of treatment, salary benefits etc.

### **OBJECTIVE OF THE STUDY**

- ◆ To discuss the realities and human resource practices of organizations / institutions / academia towards enhancing retention
- ◆ To conceptually review the individual's (workforce) experiences and exposures causing such attrition within corporate or social enterprises

### **ATTRITIONAL FACTORS**

Attrition is very much prevalent in sectors having high employee turnover which are characterized by three main factors that can be stated as the fundamental causes for attrition, they are as follows: Firstly, the values (professional-organizational values & personal-social values) which an organization or an institution fail to establish in its workforce (human resource) at the initial and interim instances ( values enhances the sense of belongingness and commitment amongst the employed human workforces with definite proportion). Secondly, the mix of professional-personal responsibilities with values within organizational structuring, very often creates organizational imbalances. Thirdly the remuneration has to be in par with job design (supporting personality-job fit specifications) creating an ambiance or provision of ideal environment to articulate and excel. Hence value-centrism, professional-personal differentiation, remuneration are equally important to counter attrition and enhance retention. Nowadays, the organizations seem to underestimate the fact that each and every employee is very much aware of the better job

opportunities through e-tech & media services. Moreover, employees are willing to take more risk within their ambit of job hunt and in persuasion of their ambitions and placing themselves at a higher rung within a bigger start-up remunerative package. Increasing globalization and resulting confluence of cultures is yet another cause for attrition.

### **ATTRITIONAL DETERMINANTS**

There are many determinants associated in triggering an organizational attrition process. They can be segmented into two categories:

- 1) Organizational Practices.
- 2) Job Design cum Execution Practices.

The organizational practices includes YM<sup>2</sup> (Yes-Men-Management Practices) & Delayed Promotions; Biased & Unstructured Performance Appraisals & Ratings; Improper Recognition; Pseudo-Organizational Culture & Polity; Ineffective Change & Stress Management Practices; Job Nepotism; Work Allocation (1M: 4W (1 Man: 4 Work)); Collision Management Practices - CMP (management principles through multiple directions from very many corners within a structure carried out on a single individual); Name-Sake Start-ups; Improper Decorum (Ganesan 2007 & Ganesan and Raghuraman 2009). The job design cum execution practices comprises of In-harmonious Approaches Towards Issues; Harassments; Gender Bias & Orientation; Community Oriented Colleges (Approaches on Appointments towards Top Brass Positions); Consolidated Salary Payments; Inadequate Work-Salary Structure & Pay Slabs; Grievance Handling Procedures (which applies more so with educational institutions and colleges). These are the major discrepancies in case of academic institutions (attrition rate due to knowledge / talent suppression in case of competent member within the institution or college) existing with so called impractical norms and disastrous systems practiced within the boundaries of the organizations and institutions/colleges.

### **ATTRITIONAL OCCURENCES**

Since problem solving process begins with successful identification and recognition of the problem. Hence, an in-depth analysis of the problem brings onto surface those aspects which otherwise remain latent. In many cases it is due to the least concerted efforts on part of top management to connect themselves with employees in order to understand their expectations and nature of such expectations, which results in designing adequate employment and remuneration procedures. The visionaries or founders or directors of any organization must educate themselves to sensitize and realize in full, the nature of the jobs and its features before hiring personnel to their organization and must have adequate planning towards the nature of work assignments. As a matter of fact with respect to attrition, most of the times job specification emerge as a major factor for occurrence of attrition. The reason being specification of work is improper due to the lack of knowledge about the design and the responsibilities associated with it. Another reason for attrition may be stated as the misuse of authority by individuals at the higher or middle level creating chaos in overall work culture and conflict between organizational objectives and individual objectives.

This is because of an inability on part of such superiors to understand the overall organizational objectives and failure to understand the importance of aligning one's leadership style and group management skills with organizational objectives. Also it is because of their tenacity towards curtailing the talents of human workforce (assertiveness, inquisitiveness, aggressiveness, energetic, intellectual and sportive) thereby causing attrition. Moreover, the tendency of an incompetent superior to suppress the growth and freedom of people more enthusiastic, ambitious, resourceful etc. than the superior, resulting in such people getting de-motivated and finally dissociated from teamwork which leads to a stage where such individuals feel being let down by the organization and dissatisfaction from the job crops up, resulting in attrition.

### **ATTRITIONAL ISSUES**

The top management's attitude of being only focused towards short-term financial growth rather than an overall value driven long term sustainable growth affects performance level of an organization. Other factors which contribute towards attrition include poor infrastructure facilities, inadequate structuring, vision-mission-compassion mismatch and non-complacent practices followed within an organizational framework. In addition to these factors, prevalence of discriminatory mentality in management in terms of race, region, caste, creed color, sex, etc. sets into motion all the negative forces that become instrumental in breaking team spirits throughout the organization resulting in poor performance and downfall of value systems.. Some intellectually incompetent groups provide a baseless and impractical consultancy by highlighting the training for alternative human resources within the organizational structure as a strategy for curbing attrition. We find it very unrealistic and un-pragmatic solution to the problem and it can act only as a tentative arrangement, alternatively it would be more useful and practical to address the grievances, plug the loopholes in the system and infuse reliance on value based work culture in the organization. Once the need-expectation mismatch creeps in the system, it starts showing up in their operational levels, following natural disposition individuals strive to move upward in the industrial arena in terms of remuneration, recognition and reputation. The optimum strategy to counter the menace of attrition is employing strong retention strategies.

### **ATTRITIONAL FRAMEWORK**

The current paper is a conceptual review of attrition and issues associated with attrition, which is based on the practical experiences of the researchers themselves which is transcended in this research. The paper aimed to highlight this issue and bring out the necessary retention strategies (Refer Figure – II) to counter attrition. The nuances which the researchers observed and found as an academic practitioners in human resource management practices in different academic institutions & service industries, organizations has been exhibited in the form of a framework (Refer Figure – I). The findings are totally observatory in nature based on which the arguments and reasons for attrition such as, career stability, homely requirements and compulsions are forwarded. At the outset one will lose his / her own image and self whilst performing their duties and responsibilities compulsorily and often victimized who in turn start harassing the human resources entering their respective institutions or organizations. As they added themselves on to the group of incompetent



people over a period of time and desirous for retaining their chairs, which in turn trigger the attrition amongst the corresponding workforces under their jurisdiction and command.

### **REAL TIME STRATEGIES FOR RETENTION SUSTENANCE**

The real time strategies for retention sustenance includes empowering the human resources (employees / workforces) with remuneration, adequate job positioning, acknowledging human values (professional and personal) & aligning with institutional / organizational values, unbiased ideal work environment with culture & regularity, practical system management practices, investment planning, objective organizational planning. Besides, some strategies for organizational introspection include conducting of periodical research on talent appreciation & acknowledgement, talent identification, talent enrichment, value education, social sensation, effective stress management practices, and experience education through effective training modules and methodologies desirous according to the workforce domain within an institution or organization. These strategies implemented, provide some remedial measures helpful in curtailing attrition. We do suggest the venture capitalists / major investors / entrepreneurs / intrapreneurs / educationists to variegate and accept the competency regardless of age and provide employees better and befitting incentives and rewards without any polity cum community bias which will enhance the motivation and drive their passion to stick on with the organization. Moreover, it would be wise to explore the pertinence of role performances on attrition in an organization. The advisory role could be given to the seniors and super seniors within the organization without directive cum authoritative responsibilities at the functional levels as when given it drives on an age-old ego-centrism rather than participatory benevolence which in turn increase the de-motivation amongst the human resources and reduce the pace of operation, which is an expectation on human resources hired into MNCs or Institutions.

### **LIMITATIONS**

- ◆ All the conceptual review on attrition represented in this paper are based on individual authors' experiences whilst their tenure as organizational / faculty member at their respective corporate / academic social enterprise (s) and true to the best of their knowledge and belief.
- ◆ The paper has not conducted any full-fledged longitudinal empirical research on workforces' existent hitherto and validated the projected system model with adequate research methods and statistical instruments due to time constraint, hence, the paper is a review cum conceptual one in nature.
- ◆ The arguments presented in this paper are totally self-explanatory cum pragmatic experiences and exposures whilst the time of authors' services with their respective corporate and / or academic social enterprises. However, changes in terms of operational styles, functional aspects, management attitude may be possible but whichever corporate and / or academic social enterprise that has been indicated recent or latest exhibits the actualities and realities.

## SUGGESTIONS

- ◆ Separate non-political statutory independent body without any political or bureaucratic interventions or interferences, linkages of affiliating and / or accrediting agencies / academia has to be constituted to regulate and monitor the functioning of corporate and social enterprises into educational avenues.
- ◆ Frequent feed-back has to be reviewed by the statutory body about the corporate or social enterprise into its corresponding activity / avenues at least on a quarterly basis ensuring HR policies' compatibility with workforce's expectations. Any discrepancies found should be taken note of and acted upon promptly to ensure fare play. This will surely check main factors causing attrition.
- ◆ Politically backed enterprises are to be ratified in-depth regarding the cause of monetary flow, entrepreneur's background and this has to be carried out well before the approvals for affiliation or much before at the application level.
- ◆ Individuals having a professional vision and self-realization along with values and irrefutable corporate / academic background are to be motivated and welcomed to start up corporate and social enterprises to provide quality services.
- ◆ Workforces have to project the realities in written form (record) without any hidden agenda or benefits or binding factors (personal or professional).
- ◆ Frequent workshops / training programs on sharpening management avenues viz. entrepreneurship development, enterprise management, NGO management, corporate leadership, management etiquettes, managerial behavior, managerial practices, professional leadership, human resource management, strategic human resource management etc. have to be attended at national and international levels by the management team or managing individual or nominee (s) / trustee (s) of all such corporate or social enterprises. This has to be made mandatory and monitored and cross-checked by the statutory bodies into professional / academic affiliations and accreditations.
- ◆ Corporate or Social Enterprise into business may consider leveraging rewards to retain value-centric workforces, offering training and development as a development tool towards developing vibrant future managers

## CONCLUSIONS

World is wheeling on the era of youngsters to determine the future ways and means of sustaining global economy, wherein they have to be sharpened, motivated, groomed and chanced for their organizational / institutional / academic strength according to industrial (service & technical) requirements. Any industrialist or a social entrepreneur has to keep in mind that improper remuneration practices, an approach of shying away from infrastructural investments and undue cost-cutting management practices would not enrich or ensure a substantial growth in the long run. (Refer Figure – I).

This paper signifies the realms of corporate and social enterprises with respect to conceptual exhibits of authors. However, there are more and more aspects which are essential but, remained untouched due to time constraint. A thorough research with respect to extant attritional causes

witnessed in the business arena in the future is strongly advised. Only a thorough and rigorous research on these enterprises will fetch fruitful and astounding results, which could substantiate a conceptual system model for curbing attrition within organizations / corporate / academia. It is our sincere hope that all organizational, corporate and academic visionaries will revamp and restructure the improper system management practices and emancipate and enrich their organizational values through core system management practices in order to meet the ever changing change interventions to relish with growth and sustenance and relinquish attrition in the wake of economic growth and nation building. Configuring corporate or social enterprise is very much indispensable and need for the hour as their contribution is tremendous in imparting quality services in terms of products or education, which in turn produces potential workforces to act as socio-economic pillars for any nation to attain sustainable socio-economic development.

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FIGURE - I  
ATTRITIONAL OCCURRENCES MODEL

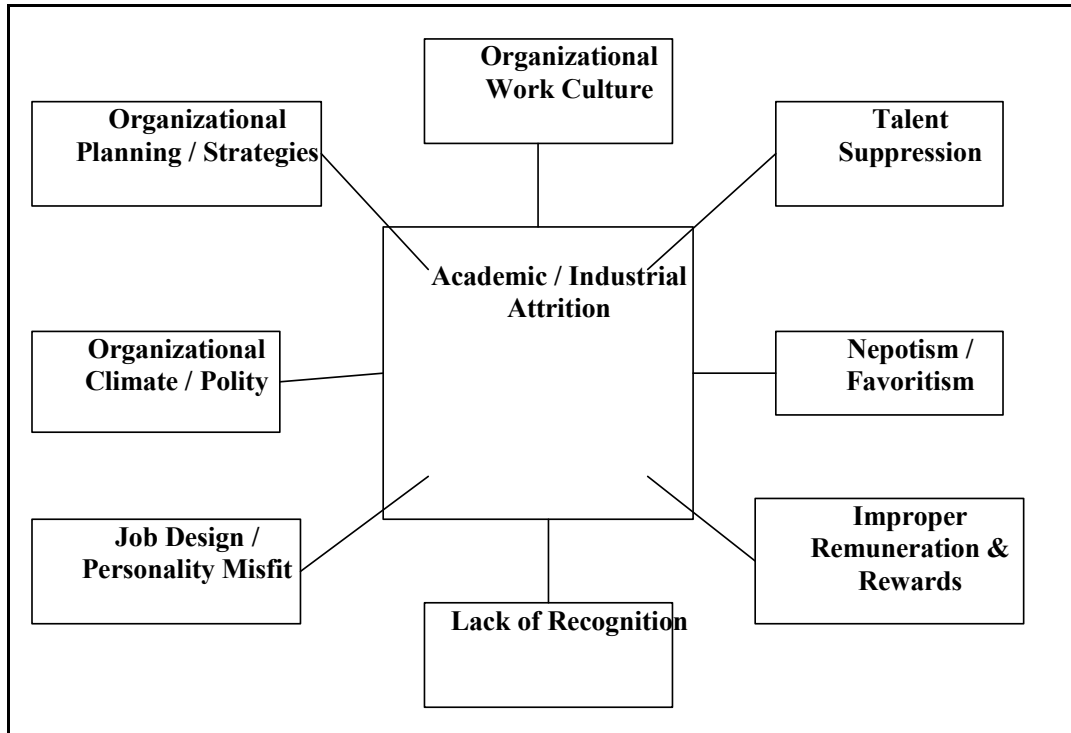
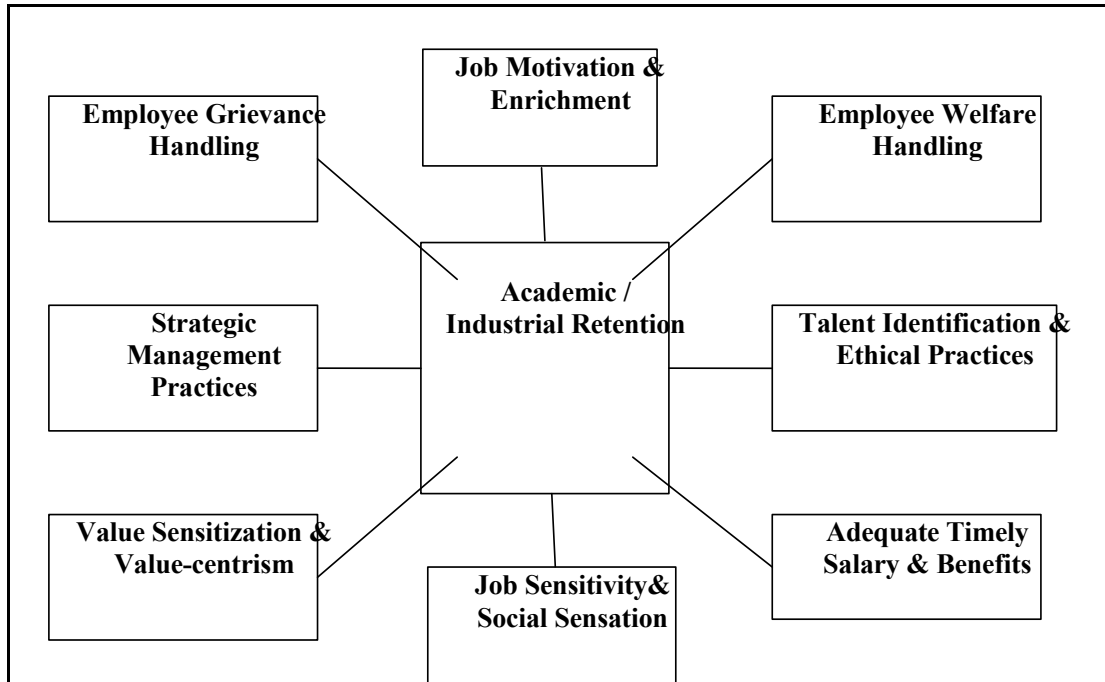


FIGURE - II  
RETENTION STRATEGIES MODEL



## QUALITY MANAGEMENT IN KENTUCKY 2009

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### ABSTRACT

*In early 2000 research was conducted using manufacturers with Kentucky operations to determine how they used the popular quality practices of the day, particularly Total Quality Management (TQM). In 2003 Davig, Brown, Friel and Tabibzadeh determined that Kentucky manufacturing firms had launched many new quality programs but did not embrace the core concepts of TQM. Davig et al. specifically concluded that there was minimal emphasis on employee training, process measurement, the quality of customer service or process control. In this survey we revisit the “emphasis” that Kentucky manufactures place on quality practices and compare them to the current definition of TQM. The importance of quality to the Commonwealth of Kentucky is exemplified by the fact that in 2007, the Commonwealth ranked 17<sup>th</sup> in the nation based on the value of its manufacturing exports. Our objective was to answer the question: Have Kentucky manufactures shifted their focus to a true Total Quality Management perspective?*

### INTRODUCTION

In the next section we describe the current data collected to inform on the practices in use today by Kentucky manufacturers. With an understanding of how the more recent data was collected, we make comparisons with the older sample to identify what differences exist between the samples. This discussion is followed with the implications of the comparison and suggestions for future research.

The survey was developed through an iterative process, designed to deal directly with the seven dimensions of Malcolm Baldrige Quality Award Criteria; leadership, strategic planning, customer & market focus, measurement & analysis, human resource, results, process management and a category created to capture demographic information about the respondent called “other.” The final test instrument utilized a mix of ordinal scale questions and questions using a seven-point Likert scale. The survey was pre-tested with graduate students and practicing professionals, resulting in 86 questions, 69 of which measure aspects of Baldrige criteria. To make a fair comparison of the Davig, et al. 2003 study, the data were analyzed using descriptive statistics and frequency distributions, as those were the techniques employed in the previous study.

Data used for this analysis was collected in a survey that was sent to 1,683 businesses registered in the Commonwealth of Kentucky in 2008. Participants were invited to complete a questionnaire online at [www.myviewofquality.org](http://www.myviewofquality.org) and responses were collected and administered

by an independent database manager. Three rounds of invitations were sent to the businesses followed by calls to 250 randomly selected businesses from the list to solicit their participation. Ultimately 114 usable responses were collected, resulting in a response rate of 6.8%.

The survey shows a significant increase in the awareness and attention given to process variables in Kentucky manufacturers, yet the population has yet to embrace the full definition of Total Quality Management. The gains realized since the 2003 study are significant and meaningful, but when the 2009 data is taken by itself there is still a lack of implementation of the critical factors of TQM. The segments of leadership, strategic planning, customer focus, measurement analysis and knowledge management, workforce focus and results identified in the quality literature and operationalized in the Malcolm Baldrige Framework are not a substantial part of the way businesses here deliver their products to the market, which is an opportunity for organizations to improve so that they can enjoy some of the benefits that organizations with above average quality have the opportunity to enjoy.

Interestingly, the survey responses did suggest that Kentucky organizations put a great deal of importance on their supply chain. Overwhelming numbers reported selecting suppliers primarily on the basis of their quality. Our results make sense if a company’s suppliers are fully engaged in TQM, perhaps even adopting quality strategies recommended by their customers. Toyota, in Georgetown, Kentucky insists that their suppliers meet rigorous TQM criteria, in fact, the same TQM process that is in-place in Georgetown. General Electric’s Appliance Park in Louisville “encourages” their suppliers to demonstrate Six Sigma Quality as well. More support can be found in the large number of respondents reporting on the importance of building long term relationships with suppliers. Further arguments that quality suppliers are of major importance might be found in the low numbers of respondents (approximately 45%) that rely on a minimum amount (less than 20%) of incoming inspection, review and checks (see Figure 1). One of two conclusions could explain this finding. These respondent companies may have implemented sophisticated small sampling processes, thus can effectively identify a “defective” batch of incoming components. Or, they trust their suppliers, perhaps for the reasons previously outlined.

Amount of Incoming Inspection, Review or Checking

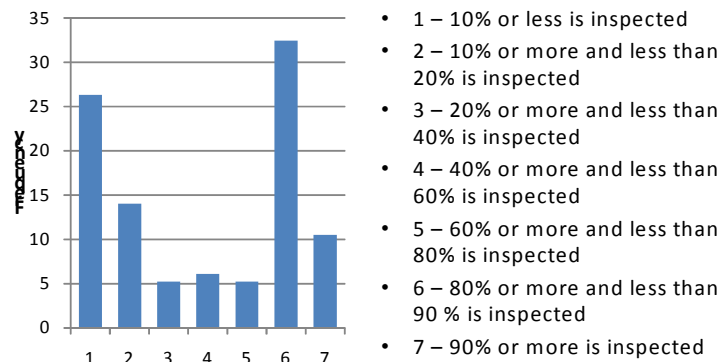


Figure 1



Overall, the 2009 findings clearly suggest that process control measures are more widely found across a broad spectrum of industries than in 2003 within the Commonwealth of Kentucky. Seventy percent of respondents have quality processes certified by independent organizations, which is not surprising given that some top export markets for Kentucky companies are in Europe which requires ISO certification in order to enter. Other arguments that quality is more important in 2009 include a doubling of time devoted to quality training from 10 hours to 20 hours, and an increase in process documentation suggesting the availability of more timely feedback for taking corrective actions.

As described earlier, TQM is a comprehensive approach to improving product quality and thereby customer satisfaction. The results we reported suggested that TQM is more pervasive among Kentucky firms than reported in 2003. We found a strong orientation towards customers both internal and external. Furthermore, there appears to be more involvement throughout companies rather than the responsibility of a single person or department which was the case in 2003. Although it might be a bit of a stretch, our interpretation of the results would suggest that walls that separate activities and functions of work have been reduced and an increasing number of Kentucky firms are operating in a more team-oriented manner. The Toyota model, for example, is becoming more common.

Follow-up surveys, such as this study, provide a useful source of information for measuring progress in quality improvement and customer satisfaction. Over the time between the two surveys there has been substantial change in the way firms in Kentucky implement process changes to improve product quality. There is recognition that managing quality is required to acquire and keep customers, and earn profits. A next step in this stream of research is to benchmark what Kentucky businesses are doing to businesses nationally and identify where Kentucky business should be focusing their managerial effort.

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# ACCOUNTING CONTROL SYSTEMS IN ORGANIZATION DESIGN: EFFECT ON GROUP DECISION MAKING

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## ABSTRACT

*This paper proposes that budgets and control systems implemented as part of an organization can reduce conflict in decision making by small groups. The paper reviews the existing literature on topics relevant to this research question and concludes that a productive line of empirical work can be generated from this proposal.*

## ORGANIZATIONAL STRUCTURE AND DECISION-MAKING GROUPS

Organizations often form decision-making groups that draw persons with a wide range of experience and expertise to help the organization achieve specific strategic objectives (Cohen and Bailey 1997; van Knippenberg et al. 2004). Some researchers have argued that heterogeneity in these groups is more advantageous for complex decision-making tasks than homogeneity (Harrison et al. 2002; Jackson et al. 2003; Lau and Murnighan 2005; Williams and O'Reilly 1998). When people from different backgrounds come together in a heterogeneous group, they tend to be attracted to those who appear to be most like themselves (Byrne 1971). The things members tend to notice when they first encounter each other are superficial and obvious attributes such as gender, nationality, ethnicity, and profession. Later, members find similarities and differences related to deeper characteristics such as ideologies and backgrounds, function, and educational background.

One could argue that heterogeneity should help in problem solving and decision making through the collaborative exchange of knowledge and ideas across individuals having different backgrounds and expertise. Existing research in psychology and management, however, shows that heterogeneity often has negative effects on group decision processes and outcomes because intra-group conflicts interfere with the smooth functioning of the group (Ancona and Caldwell 1992; Jehn 1995; Lau and Murnighan 1998; 2005; Thatcher et al. 2003; van Knippenberg and Schippers 2007; Williams and O'Reilly 1998).

Conflict arises in groups because of incompatible or discrepant views between group members. Two types of conflict that have received attention in past research are task conflict and relationship conflict (Jehn 1995; O'Reilly et al. 1998). Task conflict relates to task issues such as goal clarification. Relationship conflict refers to conflict about interpersonal issues. Simmons and Peterson (2000, 102) define task or cognitive conflict as involving "differences in viewpoints, ideas, and opinions," and contrast relationship or emotional conflict as involving "tension, annoyance, and animosity among group members."

Although some researchers find task conflict to improve group decision-making outcomes, other researchers find it to be detrimental to those outcomes (for a comprehensive review, see De Dreu & Weingart 2003). On the one hand, research suggests that task conflict can promote information sharing, which can improve individual understanding of the task. On the other hand, research suggests that task conflict may distract members from the task, thus creating dissatisfaction and lack of consensus on decision outcomes. Research shows that one potential reason for the negative effects of task conflict is its high correlation with relationship conflict (De Dreu & Weingart, 2003). De Dreu & Weingart (2003) found that relationship conflict negatively affects team outcomes.

Similarly, Cronin and Bezrukova (2006) found that relationship conflict was positively associated with negative emotions and irritation, two types of affect that can, in turn, reduce group members' ability to process information. In a study of the effect of demographic diversity on group performance, O'Reilly et al. (1989) find a very strong correlation ( $r = 0.88$ ) between task and relationship conflict. Thus, they conclude that task conflict and relationship conflict are often indistinguishable from each other.

### **CONFLICT IN GROUP DECISION MAKING**

Since conflict reduces the effectiveness of group decision making processes and outcomes, it becomes useful to identify organizational designs that can minimize these negative outcomes by minimizing the negative effects of conflict on group decision making processes. Faultline theory, as proposed by Lau and Murnighan (1998), provides one theoretical frame that identifies how conflict develops in decision-making groups. Faultlines are potential dividing lines that, when activated by a trigger, split a single heterogeneous group into two or more homogeneous subgroups (Lau and Murnighan 1998).

The theoretical argument for the existence of faultlines is consistent with social identity and self-categorization theories (Tajfel and Turner 1986) and similarity-attraction theory (Byrne 1971). Tajfel and Turner (1986) assert that individuals classify themselves and others into social categories based on a limited number of salient attributes, of which demographic characteristics such as gender, tenure, race, and functional background are typical. Furthermore, people classify themselves in this manner to reinforce their ego or personal beliefs. Some researchers argue that the classification of group members by their attributes can negatively affect group processes and outcomes (Jehn 1995; Tajfel and Turner, 1986). A logical conclusion is that dissimilarity among members of a group may lead to dislike and perceptions of in-group and out-group (Xu and Tuttle 2005). When this happens, faultlines develop within the group that may remain dormant, or become activated depending on the dynamics of the internal and external group environment as explained next. Heterogeneity alone is necessary but not sufficient for the activation of a faultline (Lau and Murnighan 2005). For the overall group to split into subgroups depends on whether the task or context contains faultline-relevant elements that stress the salience of within-subgroup similarities and between-subgroup differences.

When activated, faultlines tend to produce conflict between the subgroups they create (Jehn 1995; Lau and Murnighan 1998; 2005; van Knippenberg et al. 2004). Although substantive disagreement among individuals working together in groups can sometimes lead to higher quality

decisions, the conflicts triggered by activated faultlines are usually associated with lower member satisfaction with the decision made and with lower perceived decision quality (Jehn 1995; Lau and Murnighan 1998; 2005; van Knippenberg et al. 2007). In summary, faultline-generated conflict affects group processes and outcomes by accentuating subgroup boundaries, and increasing biases. These processes reduce communication and lead to frustration, discomfort, hostility, and anxiety.

## **BUDGETS AND ACCOUNTING CONTROL SYSTEMS AS CONFLICT TRIGGERS**

Lau and Murnighan (1998) suggest that in business decision-making contexts, budget limitations can be an important trigger for faultlines when groups consist of members that work in different (especially competing) business units. The management accounting literature asserts that the purpose of budgets and accounting control systems is to provide information to facilitate managerial decision-making consistent with an organization's strategic goals (Anthony and Govindarajan 2001; Cheng et al. 2003; Chong and Eggleton 2003).

Research shows that budgets and accounting control systems affect the quality of decisions in organizations by providing and organizing information in ways that can facilitate decision making (Sprinkle 2003). Budgets and accounting control systems can provide information to help identify alternative actions, predict the possible consequences of alternative actions, and choose the most preferred alternative based on perceptions of what outcomes are fair for all parties to the decision. Budgets provide information that helps managers structure the decision task. Accounting control systems provide information that is useful to managers in justifying their decision. Overall, these considerations suggest that budgets and accounting control systems could affect group outcomes in substantial ways.

In summary, this paper argues that budgets and accounting control systems can provide needed information and a framework that can help groups work through conflict. Because conflict resolution is central to many group processes, extensions of our knowledge about how these accounting systems contribute to decision-making processes in a group context is important.

## **SUMMARY AND CONCLUSION**

This paper outlines an important area of academic inquiry into how organization design, including elements of the accounting control system, affects the level of conflict that can occur in a group decision-making process and the quality of the outcomes of such a process. It synthesizes ideas from the management accounting literature and the organization design literature. Specifically, it proposes that budgets and control systems implemented as part of the management accounting structure of an organization can reduce conflict in decision making by small groups.

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# REFORMULATING THE FRAMEWORK FOR STRATEGIC DECEPTION

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## ABSTRACT

*The concept of strategic deception is not new in strategy and can be traced to early writings by Sun Tzu, Machiavelli and Aristotle, among others. Over time, classic stratagems with military origins found their way into corporate strategy. This paper explains the rationale for strategic deception from strategic leadership and transaction cost perspectives. Oliver Williamson's behavioral assumptions for transaction costs provide ideal conditions and context for strategic deception. CEOs are responsible for strategic decisions within their firms, including strategic deception. Opportunism and bounded rationality provide a rationale for CEO behavior. Opportunism creates an incentive for deceptive options. Bounded rationality provides space for target firms to be led up the garden path. Uncertainty, asymmetric information and information compactedness provide a framework for strategic deception. Strategic deception is often justified as an alternative strategic option aimed at sustaining competitive advantage. Whereas this may apply in many situations, strategic deception has unintended consequences for competitive rivals, customers and suppliers. Further, extreme acts of strategic deception raise fundamental ethical concerns that have often been ignored. Ethical issues and effects on respective stakeholders are examined.*

