Research Prospectus

The relationship between employer-supported continuing education programs for full-time U.S. Hewlett-Packard personnel and employee retention, and job satisfaction

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Introduction to Research
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Introduction

The average turnover for all U.S. industries was nearly 15% in 2000. Four high turnover industries- specialty retail (97%), call centers (31%), high tech (25%) and fast food (123%) spend an estimated $75 billion to replace 6.5 million employees yearly ("Employ turnover", 2000). "Stamford, Conn. based Meta Group found IT recruiting costs, interview and training investments, lost salaries, benefits and tax payments can easily cost a company US$100,000 per senior IT employee who leaves within 180 days of joining the company" (Brown, J., 2000). Other negative consequences of turnover include: operational disruption, skill shortages, downward morale spiral, increased pressure on stayers, lower productivity, less innovation, and reduced capacity for business growth (Bevan, S., Barber, L., Robinson, D., 1997).

Changes in the workplace have forced workers and employers to adapt to an increasingly shifting environment. Workers now need to assume primary responsibility for their career development (Brown B., 1998). Employers are now looking at making their organizations more attractive to workers. Many want a reputation as an employer of choice (Stamps, 1998). With a U.S. Bureau of Labor Statistics report showing the average number of years employees stay at a job for 3.6 years in 1998 (Dobbs, 1999), some organizations are ironically "cutting a career development deal with employees" (Griffith, 1998) to increase loyalty and retention. Also, as organizations 'right-size' and become leaner, many employers are concerned with unwanted losses of key people.

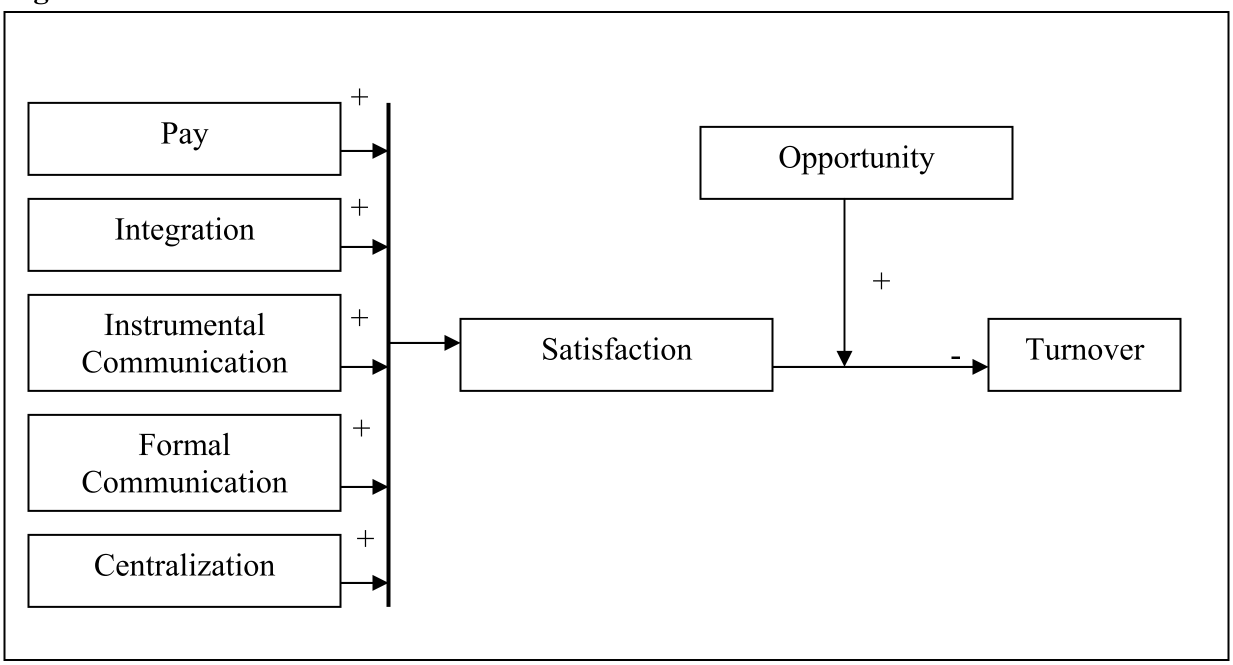
To fight this unwanted turnover and its associated costs it is important to understand what factors affect employee retention.

Literature Review

Turnover is commonly defined as voluntary separation from an organization, by an individual who receives compensation from that organization (Mobley, 1982). Put more simply, if an employee decides to quit, it is 'turnover' and if he or she decides to stay, it is 'retention'.

James Price's research on turnover (1977) identified pay, integration, instrumental communication, formal communication and centralization as determinants of turnover, and satisfaction and opportunity as intervening variables of turnover, **Fig. 1**.

Fig. 1



Later, William Mobley (1982) divided the causes and correlates of turnover into four categories: external economy (unemployment levels, inflation, etc.), organizational variables (size, reward system, job design, centralization, etc.), individual non-work variables (non-work values, spouses career, family responsibility, etc.) and individual work-related variables (values, expectations, satisfaction, commitment, abilities, intentions, etc.). An interpretive summary of research on causes and correlates of turnover (Mobley, 1982) **Fig. 2**, shows a variety of consistent, moderate and inconclusive causes and correlates of turnover.

Fig. 2

	Consistent	Moderate	Inconclusive
Labor market	Level of unemployment		Inflation
Organizational variables	Pay levels	Supervisory style Work-unit size Routinization, task repetitiveness Autonomy and responsibility Centralization Integration Communication	Type of industry Organization size
Individual variables	Age Tenure Satisfaction with job content	Source of referral Family responsibility Interests Aptitude and ability Satisfaction-pay Satisfaction-promotion Satisfaction-coworkers Satisfaction-supervisor Satisfaction-conditions of work Expectancy of finding an alternative	Personality Sex Education Professionalism Performance Career expectations Absenteeism
Integrative variables	Overall satisfaction Behavioral intentions to quit Organizational commitment		Stress

"Most theories of turnover view it as the result of employee job dissatisfaction (e.g., Bluedorn, 1982; Mobley, Griffeth, Hand, & Meglino, 1979)" (Spector, 1997).

To combat turnover organizations are continually looking for ways to retain their employees. Some work related ideas include; giving realistic job previews, protecting the workspace against over stimulation (Griffeth, 1995), sharing information, being a company of inclusion, encouraging ongoing education (Bledsoe, 2001), teaching managers to be flexible, holding managers accountable by tying their compensation to retention (Dobbs, 2001) and probably most commonly, training.

According to Seminerio (2001) employers offering skills training as an incentive for top-performing employees to stay, increased from 62% in 1999 to 68% in 2000. In a 1994 Bureau of Labor Statistics survey of organizations with 50 or more employees, an average of $300 was spent on training per employee, per year. In addition, the Bureau's findings generally support the inverse relationship between training and turnover, **Fig. 3** (Frazis, H., Gittleman, M., Horrigan, M., and Joyce, M. (1998).

Fig. 3

Incidence and intensity of training, by employee turnover (Bureau of Labor Statistics)		
Turnover	**Percent of employees who received formal training in the last 12 months**	**Percent of total training hours spent in formal training per employee in May-October 1995**
Low	78.0%	58.9%
Medium	74.7%	33.8%
High	60.7%	18.2%

Closely related to training are job-related educational benefits. Sixty-seven percent of employees in medium and large private establishments were offered Job-related educational assistance in 1997. In 1995, 65% of employees of medium and large establishments participated in job-related educational assistance ("Employee benefits", 1999). Although not much research could be found on company-sponsored education and retention, several recent journals articles on the topic were found. AMD's has a Career Partnership Center that houses a library, an eight-station multimedia lab, and an MBA program offered on-site through a partnership with San Jose Sate University (Griffith, 1998). TRW has had the University of Phoenix bring an on-site MBA program at its auto airbag factory in Mesa, AZ for engineers and technical workers (Stamps, 1998). Hewlett-Packard not only pays for its employers to earn engineering degrees it also pays their full salaries while they study and work part time (Dobbs, 1999). Is there a relationship between that commitment to employees and its ‘single digit’ turnover rate?

Purpose

The purpose of this study is to look at the relationship between employer-supported continuing education programs for full-time U.S. Hewlett-Packard personnel and employee retention, and job satisfaction. In this study continuing education is defined as any program that offers college credit or college equivalency credit. Because job satisfaction has such a strong causal relationship with turnover, it was added as the second dependent variable to include the correlation between employer-supported continuing education and job satisfaction. This study is unique because not much research has focused on employee-supported continuing education programs and their relationship to retention and job satisfaction. The results of the study will give Hewlett-Packard independent data on their continuing education programs. The study could easily be repeated at other companies in different industries to test its reliability.

Research Methodology

The study will examine the relationship between participation in employer-supported continuing education programs (independent variable, X) and employee attitudes on staying with the company (dependant variable, Y_1), and level of job satisfaction (dependant variable, Y_2).

A stratified sample of 1206 full-time U.S. Hewlett-Packard personnel will be chosen based on level of participation in Hewlett-Packard sponsored continuing education programs and organizational level in the company. They will be separated as follows:

- Participating in continuing education (402)
    - Line staff (134)

  - Lower level management (134)
  - Mid level management (134)
- Not participating in continuing education (402)
  - Line staff (134)
  - Lower level management (134)
  - Mid level management (134)
- Not currently participating, but participated in the past (402)
  - Line staff (134)
  - Lower level management (134)
  - Mid level management (134)

A questionnaire along with a cover letter, instruction sheet, pre-addressed stamped return envelope and a gift certificate for a free movie rental from Blockbuster (provided to the researcher by Hewlett-Packard before the mailing). The questionnaire will consist of 45 Likert Scale questions-for data analysis of the relationship between the independent variable and the dependant variables, and 5 open-ended question-to gain additional information Likert questions don't allow for. Follow-ups will occur after 2 weeks (card), 3 weeks (letter, additional copy of questionnaire with stamped envelope), and 6 weeks (same as second follow-up).

The data will be analyzed using MANOVA to determine the extent of the relationship between the independent variable and the dependent variables.

Assumptions and Limitations

It is assumed that a sample size of 1206 is attainable. If sample size needs to be reduced, validity could suffer. Another limitation that might affect the study is not having enough personnel that fit into the sub-categories of the stratified sample. If sub-categories need to be combined or eliminated validity could suffer. By eliminating cultural attitudes on staying with a company and job satisfaction, and using only U.S. citizens the validity of the sample as a representation of Hewlett-Packard's total workforce is decreased. Finally it is assumed that the questionnaire will be checked for bias and suitability (increasing validity) before being mailed to participants.

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