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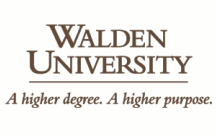

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Management Strategies for Reducing Voluntary Employee Turnover in Small Professional Service Firms

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Walden University

College of Management and Technology

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David Bruce Morgan

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Walden University
2019

Abstract

Management Strategies for Reducing Voluntary Employee Turnover in Small Professional Service Firms

by

David Bruce Morgan

MBA, University of Dayton, 2008

BSET, University of Dayton, 2003

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

April 2019

Abstract

Replacing an employee can cost a firm as much as 200% of that employee's annual salary, and small business owners may be especially sensitive to voluntary employee turnover due to their limited resources. The purpose of this multiple case study was to explore the strategies that some owners of small professional services businesses in the midwestern region of the United States used to reduce voluntary employee turnover in their firms. The conceptual framework for this doctoral study was Barney's resource-based theory. Data were collected from 4 participants whose firms were at least 5 years old and had experienced lower turnover than the average as reported by the Bureau of Labor Statistics, using semistructured interviews and a review of company policies and procedures found in employee handbooks, as well as publicly available information on company websites. Data were analyzed by compiling all the data, using coding to organize the data, identifying themes that emerged, and then making observations about those themes as they pertained to the research. Member checking, along with the review of company documents, served as methodological triangulation for reliability and validity of the research. The 3 major themes that surfaced were how voluntary employee turnover impacts small professional services firms, how hiring reduced voluntary employee turnover, and how corporate culture and employee engagement reduced voluntary employee turnover. Data about strategies for reducing voluntary employee turnover may bring about positive social change in local economies by helping to ensure stability in local commerce and national economies by supporting the success of small businesses that account for many businesses in the United States.

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Dedication

This doctoral study is dedicated first to everyone in my family, including my parents Rev. Bruce and Nancy Morgan, my sister Beth O'Rourke and my niece Morgan, my wife, Stelisa Morgan, and my sons Garrett Ellis and Cameron David. Second, I'd like to dedicate this to the alcoholic and addict who still suffers, may they be as fortunate as I to find their way back to life and see what is truly possible.

Acknowledgments

I would like to thank everyone who provided support during this long journey, including family, friends, bosses, and colleagues, all of whom were sometimes acutely aware of the momentous task I'd set before myself. I would also like to acknowledge the many fellow students that I had the pleasure of working with, and from whom I learned so much. Both of these groups are far too large to name individually, but I could not have done it without you.

I would like to thank all of the Walden professors along the way that helped me to become a better scholar. I would like to particularly recognize my chair and mentor, Dr. Jill Murray, for her unwavering support, as well as my second committee member, Dr. Teresa Jepma, and my university research reviewer, Dr. Carol-Anne Faint.

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Section 1: Foundation of the Study

Owners and human resource (HR) managers of both large and small companies frequently claim that employees are their most valuable assets (Dineen & Allen, 2016; Perreira, Berta, & Herbert, 2018). The value that employees provide is even more significant in professional services firms (PSFs), where the employees' knowledge and experience make up most of the long-term profitability of PSFs (Olsen, Sverdrup, Nesheim, & Kalleberg, 2016). Therefore, most companies, and especially PSFs, are concerned with employee turnover, especially voluntary employee turnover, because of the potential for disruptions in service and associated costs. These costs may be especially burdensome for small PSFs with limited recruiting and training budgets (Beynon, Jones, Pickernell, & Packham, 2015). Therefore, it may be useful for owners of small PSFs to understand what HR management strategies other organizations have used successfully to reduce voluntary employee turnover.

Background of the Problem

Small business owners face challenges to growing and maintaining a competitive advantage with limited resources (Greer, Carr, & Hipp, 2016). Many small business owners enter markets with no startup capital at all, others may use their family savings or other personal assets, and others use credit cards or secure financing from banks or credit unions (Small Business Administration [SBA] Office of Advocacy, 2018). Small business owners often rely heavily on leveraging human capital for competitive advantage (Lonial & Carter, 2015). Small business owners often have no formal HR management (HRM) strategy (Krishnan & Scullion, 2017). In small businesses with low

employee satisfaction, the introduction of formal HRM has a positive effect on employee satisfaction (Fu et al., 2017). There is a relationship between HRM and customer service in the form of relational capital, or the value created when a service provider establishes a relationship with a client or customer (Holtom & Burch, 2016). However, there may be a gap in the research about the application of successful HRM for small business (Lai, Saridakis, & Johnstone, 2016). Researchers found an example of this gap in a study of high-performance work systems (HPWS) in small businesses, in which they asserted that the application of HRM principles might differ depending on ways in which the firm leverages human, social, and organizational capital (Coder, Peake, & Spiller, 2017).

Problem Statement

Small business owners experience employee turnover because they do not use strategic practices for HRM (Greer et al., 2016). The number of *voluntary quits* for employees of businesses providing professional services in the United States increased from an annual rate of 29.2% in 2008 to 37.7% at the end of 2017, an increase of 29.1% (Bureau of Labor Statistics, 2018b). The cost of recruiting, hiring, and training a new employee can cost as much as 200% of one year's salary (Lee, Hom, Eberly, & Li, 2018). Considering the potential costs of turnover, there are significant impacts to the success of small businesses because of limited resources (Krishnan & Scullion, 2017). The general business problem is that some small business owners have limited HRM resources to address employee turnover. The specific business problem is that some small PSF leaders lack successful HRM strategies to reduce voluntary employee turnover.

Purpose Statement

The purpose of this qualitative multiple case study was to explore strategies that small PSF leaders have used successfully to reduce voluntary employee turnover. Participants included owners of four small PSFs from the midwestern region of the United States that have been operating for at least 5 years and were successful in reducing voluntary employee turnover using HRM strategies. The data from this study might inform small business owners and HR managers on ways to reduce voluntary employee turnover and improve their firms' profits. Small business profitability enables businesses to contribute to social impact as society relies on small businesses for continued overall economic health.

Nature of the Study

I used a qualitative research methodology for this study. Qualitative research is appropriate when the goal of a study is to describe what, why, and how phenomena occur and then explore the meaning of the phenomena (Barnham, 2015). Quantitative research typically involves measuring the relationships between or differences among variables and conducting analyses of the significance of these relationships or differences (Landrum & Garza, 2015). Therefore, quantitative research was not appropriate for this study. Mixed methods research includes both quantitative and qualitative methods to make use of the strengths of both methods (Halcomb & Hickman, 2015). Mixed methods research is an integration of both quantitative and qualitative research; therefore, it was not the best fit for a descriptive case study. A qualitative method was most appropriate for addressing my study's purpose.

I used a multiple case study design for this study. Yin (2018) described case study research as being appropriate when the goal of the researcher is to gain an in-depth understanding of phenomena in one or more specific and bounded environments. I expected to find similarities among the participants that would substantiate findings. Therefore, a multiple case study was the appropriate design for this study. Phenomenology, another type of qualitative research design, is the study of lived experiences of a particular phenomenon or phenomena in a group (Sohn, Greenberg, Thomas, & Pollio, 2017). The goal for this research was to explore HRM strategies for reducing voluntary employee turnover in specific small businesses, not to study a particular lived experience in a group. Therefore, phenomenology was not appropriate for this study. Ethnography is the study of how people and groups experience life via social contexts (Morgan-Trimmer & Wood, 2016). While the social aspects of small business may be of interest, the goal of this study did not include these social interactions. Therefore, ethnography was also not appropriate for this study.

Research Question

Qualitative research begins with a well-developed central research question (Yin, 2018). For multiple case study research, one of the essential elements is a central research question in which a researcher explores a phenomenon by asking questions of *what*, *how*, or *why* (Yin, 2018). For this study, the central research question was: What HRM strategies do small business owners in the professional services industry use to reduce voluntary employee turnover?

Interview Questions

1. What challenges did your firm face concerning employee turnover?
2. How did you address those challenges for addressing voluntary employee turnover?
3. How would you characterize your current HRM strategy for addressing voluntary turnover?
4. How is your HRM strategy for addressing voluntary employee turnover aligned with your overall business strategy?
5. What steps did you take to execute your HRM strategy for reducing voluntary turnover?
6. What steps for implementing your strategies for reducing turnover have been most challenging?
7. How were you successful in addressing the key challenges to implementing your organization's strategies for reducing voluntary employee turnover?
8. What additional information would you like to share on voluntary employee turnover?

Conceptual Framework

The conceptual framework I used to ground the research was RBT. Barney (1991) stated that a firm might be able to maintain a sustainable competitive advantage if the firm's resources (a) create value, (b) are not commonly available to competing firms, (c) are not easily replicable, and (d) have no equivalent resources available elsewhere. RBT is based on the assumptions that firms within any industry possess diverse strategic

resources, and that these resources are not readily portable (Barney, 1991). Some researchers used RBT as the basis of strategic HR management (SHRM) and HWPS (Davis & Simpson, 2017; Fu et al., 2017). RBT applied to this study because employees' specific skills and knowledge are vital firm resources that create value, are commonly available to competing firms, are not easily replicable, and have no equivalent resources available elsewhere.

Operational Definitions

Firm-specific human capital: Individual traits, talents, motivations, and skills that may be of limited use to employees upon leaving the firm (Coff & Raffiee, 2015).

High-performance work systems (HPWS): Systems comprised of bundles of HR management practices for optimizing employee performance (Heffernan & Dundon, 2016) .

Human capital: Individual traits, talents, motivations, and skills which employees possess and a firm uses for economic value (Boon, Eckardt, Lepak, & Boselie, 2018).

Small business: An independent business having fewer than 500 employees (SBA Office of Advocacy, 2018).

Small to medium-sized enterprise (SME): The definition of a SME varies by country and by the researcher, based mainly on the number of employees. In the United States, the generally-accepted definition is the SBA definition of small business, which is fewer than 500 employees (Krishnan & Scullion, 2017).

Strategic human resource management (SHRM): The systematic application of HRM to achieve organizational strategic objectives, including investment in human assets (Boon et al., 2018).

Talent management (TM): Management practices that focus on high-potential or high-performing employees for competitive advantage (Cascio & Boudreau, 2016).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are assertions that are taken for granted or implied to be fact without evidence (Jansson, 2013). First, I assumed the participants would answer questions openly and honestly. Second, I assumed that my interviews would take 1 hour or less. Third, I assumed that the data I collected would inform the overarching research question.

Limitations

Limitations are specific conditions of the research beyond the researcher's control that may influence the validity of the research results (Mariotto, Zanni, & de Moraes, 2014). One limitation to the research was the willingness of the participants to share what they may have perceived to be proprietary or sensitive information about their company's strategies. Another limitation was that findings from this qualitative case study may not be generalizable to small PSFs in other regions. A further limitation was that all participants were federal government contractors, providing technical and consulting services; the study did not include other types of commercial, private sector professional services such as accounting or legal.

Delimitations

Delimitations are planned boundaries set by the researcher which serve to frame the study (Sampson et al., 2014). The first delimitation to this study of small businesses was that there are multiple valid definitions for what a small business is. The SBA Office of Advocacy defines a small business as any business interest with fewer than 500 employees (SBA Office of Advocacy, 2018). For purposes of this study, I used the SBA Office of Advocacy definition. Another delimitation was that I conducted the research in the midwestern region of the United States. A third delimitation was that I only interviewed owners from four small PSFs.

Significance of the Study

A case study researcher informs individual, group, social, political, and other similar phenomena (Yin, 2018). Findings from this study may inform industry on ways in which small businesses can leverage HRM for sustainable competitive advantage. Conclusions and recommendations from this study could address ways in which HRM for sustainable small business may effect social change by contributing to the economic health of communities in which they operate.

Contribution to Business Practice

Results from this study may be of value to small business owners who are trying to reduce the costs associated with employee turnover, or who wish to maintain a competitive position in their markets. The monetary and nonmonetary costs associated with employee turnover include: recruiting, training, morale among remaining employees, and a loss of important social and professional relationships (Ma, Mayfield,

& Mayfield, 2018). Additionally, this study's findings may be valuable to any small business owners who wish to use HRM strategies to enhance or improve employee performance.

Implications for Social Change

One possible benefit from conducting the study to society is in the potential improvements in the overall happiness of employees and their families. Researchers demonstrated a significant relationship between employees' work context and their family relationships (Yang, Zhang, Kwan, & Chen, 2018). Campbell and Park (2017) noted that small businesses have important ties to the local community beyond making a profit. Successful creation and management of small businesses benefit society because society can benefit from supplanting destructive or nonproductive ventures with productive enterprises (Acs, Boardman, & McNeely, 2013). Therefore, the findings, conclusions, and recommendations resulting from conducting this study may enable existing and new small business owners to contribute to their communities.

A Review of the Professional and Academic Literature

The intent of this qualitative multiple case study is to identify HRM strategies that small business owners in the professional services industry use to reduce voluntary employee turnover. Researchers of HRM topics refer to the RBT in their studies because of the importance of focusing on internal firm resources (Boon et al., 2018; de Brito & de Oliveira, 2016; Fu et al., 2017). The following research question guided the study: What HRM strategies do small business owners in the professional services industry use to reduce voluntary employee turnover?

I conducted a review of the literature on HRM strategies, including peer-reviewed journals and other scholarly articles, books, dissertations, and government websites and reports. The search strategy included keyword searches of databases in the Walden University Library, including Business Source Complete, ABI/INFORM Complete, SAGE Premier, and ProQuest. Specific keywords in the searches included: *resource-based view, resource-based theory, HRM strategies, HRM strategies for small businesses, strategic human resource management, human capital, physical capital, organizational capital, employee retention and turnover, employee retention and turnover in small businesses, talent management, professional services industry, small professional service firms,* and *intangible assets*. I also researched government sites such as the United States SBA and the United States Department of Labor's Bureau of Labor Statistics (BLS) for statistical figures and trends. The literature review heading has 93 distinct reference citations; these reference citations include 91 journals, 82 (88%) of which were published between 2015-2019, one government website, and one scholarly, seminal book. Among the 93 references, 86 (92%) were peer-reviewed. The total number of references in this doctoral study is 145, 125 (86%) published between 2015-2019, and 131 (90%) peer-reviewed.

I will begin with the general strategy I used to search for relevant literature, followed by a more extensive discussion of RBT as a conceptual framework for the study, including the importance of human capital. A diagram of the literature review topics and their sequencing is shown in Figure 1. The remainder of this heading will include a thorough review of the professional and academic literature on the research

topic of HR strategies for employee retention in small PSFs. Finally, I will provide a summary and transition to Section 2 of the study.

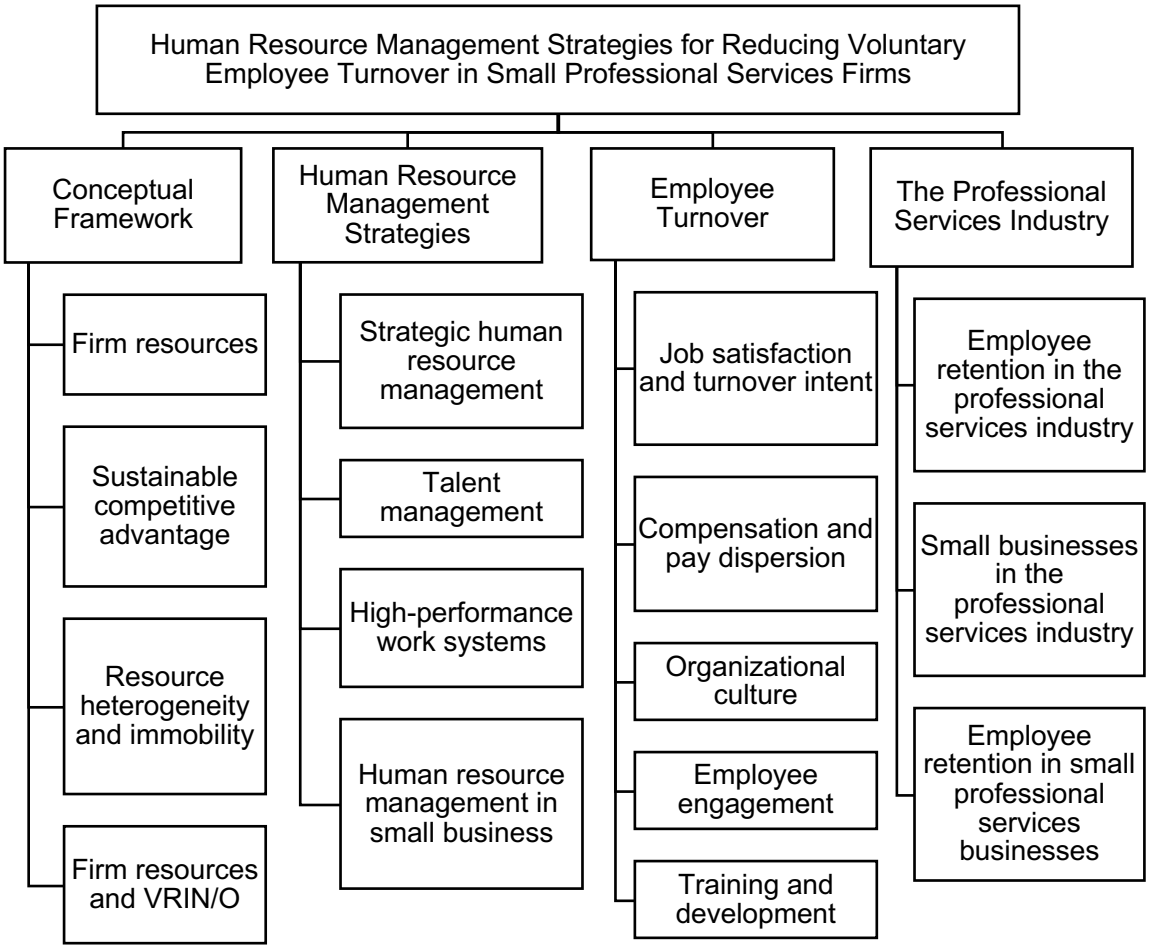

Figure 1. Literature review sources.

Conceptual Framework

Barney's (1991) RBT will be the conceptual framework included in the review of the literature. RBT is a perspective in which business owners consider specific physical, organizational, and human resources to create a sustainable competitive advantage (Lonial & Carter, 2015). Bromiley and Rau (2016) objected to the use of theory, favoring continued use of RBV, due to the difficulty in applying an experimental model and

performing quantitative, predictive testing. However, because of continued research which has refined the original seminal work, and for clarity, I will refer to Barney's work on RBV as RBT. During the period from 1960 to the 1980, there were several conflicting theories among business strategy researchers (Barney, 1991). Porter (1979) popularized research regarding *sustainable competitive advantage* (SCA) and focused on a firm's ability to exploit external opportunities or fend off external threats. Penrose (2009) and Wernerfelt (1984) researched leveraging an organization's internal strengths or addressing its weaknesses.

The proponents of the external focus assumed that internal capabilities must either be the same or equivalent across all firms in any industry and that any firm-specific resources were wholly mobile and could not be a source of advantage (Barney, 1991). Researchers who focused on internal capabilities claimed that some firms had unique conditions which not only provided a sustainable advantage but were not necessarily mobile from one firm to another (Barney, 1991). This latter perspective is what was known as RBV (Barney, 1991).

Firm resources. The three types of firm resources are (a) physical capital, (b) organizational capital, and (c) human capital (Barney, 1991). Physical capital resources include real estate, infrastructure, equipment, and inventory (Weil, 2015). Organizational capital resources include the collective knowledge, external relationships, and reputation that an organization possesses and uses for competitive advantage (Rehbein & Schuler, 2015). Human capital resources include skills and training that a manager or employee possesses that are unique and not readily transferable to a competitor and are a source of

SCA (Kryscynski & Ulrich, 2015). Human capital is the value that employees provide to the organization in the form of knowledge, skills, and abilities that may or may not be specific to a firm (Coff & Raffiee, 2015). Barney (1991) based RBT on the premise that for a resource to provide a sustainable competitive advantage, that resource must be valuable, rare, imperfectly inimitable, and nonsubstitutable.

Human capital losses in the form of employee turnover can result in both nonfinancial and financial impacts to the firm (Ma et al., 2018). Nonfinancial impacts include stress of additional workload on other employees, loss of productivity, and the loss of corporate knowledge that the departing employee may take to a competitor (Haider et al., 2015). The financial impact of replacing an employee can range from 100% to 200% of an employee's annual salary (Lee et al., 2018; Ma et al., 2018). The financial and nonfinancial costs of employee turnover can be even higher in PSFs because they rely almost exclusively on their human capital resources to gain or maintain a sustainable competitive advantage (Fu, Ma, Bosak, & Flood, 2015; Momparler, Carmona, & Lassala, 2015).

Sustainable competitive advantage. Barney (1991) distinguished SCA from a competitive advantage. A firm has a competitive advantage when it uses rare resources to provide a valuable product or service. But, within RBT, for that business to have a sustainable competitive advantage, those resources must be very difficult to duplicate or substitute (Hitt, Xu, & Carnes, 2016). Bromiley and Rau (2016) questioned RBT and its application for operations due to a lack of ability to measure the relative rareness or inimitability of a resource, and the difficulty in prescribing solutions for practitioners.

Bromiley and Rau cautioned that the RBT appeared to be time sensitive as a static, rather than dynamic, view of a resource or group of resources. Hitt et al. (2016) responded by asserting that ongoing RBT research implied the development of resources over time and conceded that measurement was difficult but not impossible.

For companies offering professional services, HRM practices are critical for optimal performance and for staying competitive (Fasci, Valdez, & Park, 2015). An SCA in PSFs is typically a product of a stable employee base that consistently provides value to customers through service innovation (Kim, Song, & Triche, 2015). Barney (1991) claimed that a sustainable competitive advantage meets certain criteria or characteristics: resource heterogeneity and immobility; and valuable, rare, inimitable, and nonsubstitutable. The following headings contain discussions of these criteria and their characteristics.

Resource heterogeneity and immobility. If perfect mobility and homogeneity of resources existed, then it would be impossible for any firm to have SCA (Barney, 1991). Lieberman and Montgomery (1988) claimed that a company might be able to obtain and sustain an advantage by being the first entrant in a market. Barney (1991) argued that for an organization to be first in a market, they must have had unique resources that the other firms did not. Therefore, resource homogeneity among competitors could not have been possible. First movers rarely enjoy a sustainable advantage, often being overtaken by later entrants who benefit from less uncertainty and learning from the mistakes made by early entrants (Zachary, Gianiodis, Payne, & Markman, 2015). Porter (1979) claimed that there were certain barriers a company must overcome to enter a new industry, thereby

providing an SCA to incumbents. Barney countered that any barriers to entry or mobility in an industry must include unique firm resources that may be made immobile, thus rendering resource homogeneity and mobility impossible for achieving an SCA.

PSFs in knowledge-intensive firms may leverage human capital resources to amass firm-specific corporate knowledge and experience that provides an SCA (Eckardt, Skaggs, & Lepak, 2018). Resource heterogeneity and immobility make up the first significant assumption of RBT, referring to firm-specific resources that are unlikely to move quickly from one organization to another (Fasci et al., 2015). Another assumption of RBT deals with four specific characteristics of firm resources, which I will describe next.

Firm resources and value, rareness, inimitability, and nonsubstitutability (VRIN). Having established the requirement that resource heterogeneity and immobility are necessary for any firm to have SCA, the next step is to identify what those resources are or may be (Barney, 1991). In RBT, the test for determining such resources is that they must meet four criteria sometimes referred to as the VRIN model: (a) valuable, (b) rare, (c) imperfectly inimitable, and (d) nonsubstitutable (Barney, 1991). Barney (1995) replaced VRIN with VRIO, substituting organizational capabilities for nonsubstitutability. In the following paragraphs, I will elaborate on both Barney's seminal work and current research on each of these pillars of RBT, including both VRIN and VRIO.

Valuable. A company may have many types and quantities of resources, but only those resources that create value can be sources of SCA, regardless of whether those

resources meet the other three criteria (Barney, 1991). Some operations management researchers have applied RBT to supply chain management, operations strategy, performance management, and innovation, citing the need to position resources strategically to maximize value creation (Hitt et al., 2016). Not all resources in an organization may create value, but for a resource to be a source of SCA, that resource must be able to create value in the market (Barney, 1991). Human capital creates economic value for a firm if managed strategically, which means that HRM practices should be appropriately aligned with the overall business strategy (Boon et al., 2018). Human capital, like physical or organizational capital, is only a resource if it is valuable; if it is not valuable, then meeting the other three criteria cannot support it being an SCA (Barney, 1991). Coder et al. (2017) found that because of the difficulty in creating an SCA based on a product, managers must rely on strategic management of internal human capital for their firm's success and its ability to create value.

Rare. If resource heterogeneity is key to SCA, not all firms possess or have access to the same resources as all other firms; some resources must be relatively scarce for only some firms to have an advantage (Barney, 1991). Subject matter expertise in some disciplines of professional services such as consulting or medicine may be considered rare and generate value for the firm (Eckardt et al., 2018). In the field of service innovation, Kim, Song, and Triche (2015) described RBV as “organizational knowledge-based resources,” which are rare due to cultural specificity (p. 539).

Human capital may itself be rare, or, in combination with other firm resources, may be rare and a source of SCA (Barney, 1991). Some researchers observed that a

person's skills and experience set provides a strategic advantage, not the HRM practices themselves (Fu et al., 2017). Even among unskilled workers, the cost to replace an employee, including the necessary firm specific training, can be avoided with management intervention (Dhanpat, Madou, Lugisani, Mabojane, & Phiri, 2018). There may be a difference between what business owners and employees perceive as being specific to an organization, and the perception of this specificity may create a condition of rareness (Coff & Raffiee, 2015).

Imperfect imitability. While it may be possible for a company to obtain a competitive advantage using valuable and rare resources, the relative sustainability of the advantage is partly dependent upon the ability of other firms to imitate those resources (Barney, 1991). Customer relationships might be an example of an inimitable resource because the understanding of customers that an organization amasses over time would be very difficult to imitate (Suseno & Pinnington, 2017). Managers can leverage intellectual capital, made up of organizational capital, along with human and social capital, for a unique SCA that is difficult to imitate (Fu et al., 2017).

According to Barney (1991), an inimitable resource can be a source of SCA in three ways: (a) if the resource is rooted in unique historical conditions, (b) if it is difficult to ascertain how the resource links to the competitive advantage, or (c) there are complicated social aspects of the resource. An example of inimitable resources is the partnership of the founders of Apple, Inc. Jobs and Wozniak started Apple, Inc. with unique conditions. The partnership was a combination of strategic vision, technical expertise, and personalities that were very difficult to imitate and endured over time

(Chikhale & Mansouri, 2015). Krapfl and Kruja (2015) described Jobs as having a very awkward yet effective social presence often characteristic of technical intelligence that defied the typical descriptions of most leaders, yet most people would agree he was very successful.

Human capital may be imperfectly imitable due to the unique relationships between employees and clients, including learning from the clients and increasing the firm's collective knowledge (Suseno & Pinnington, 2017). Firms need to protect against imitation by utilizing isolating mechanisms, thereby reducing the likelihood of simply replicating knowledge, skills, abilities, and other characteristics (KSAOs) through training or attrition (Boon et al., 2018). Human capital may be a source of SCA if other firms cannot easily replicate the complex social structure, unique history, or other conditions specific to that firm (Barney, 1991).

Nonsubstitutability. The ability of an organization to substitute a resource or capability for another comes in two forms: either a resource that is similar or an entirely different type of resource that may provide the same or similar results (Barney, 1991). Substitutability refers to the ability of a competitor to find a different but equivalent alternative to a resource which may be rare and inimitable (Barney, 1991). The substitutability of human capital is dependent on the attention that HR managers pay to turnover intent, the associated indicators, and the ability to prevent turnover (Davis & Simpson, 2017). In order for a firm to obtain and maintain SCA from a nonsubstitutable resource, the firm must properly manage that resource (Hitt et al., 2016). However,

nonsubstitutability may just be another form of inimitability, and consequently VRIN gave way to VRIO (Kull, Mena, & Korschun, 2016).

Organization. In order to create SCA from an internal resource that is valuable, rare, and inimitable, a firm must be organized in such a way as to leverage those internal resources (Barney, 1995). The resources themselves only have the potential for SCA and cannot add value unless they are part of organizational capabilities (Davis & Simpson, 2017). Kull et al. (2016) integrated RBV with stakeholder theory, specifically referencing the relative embeddedness of various stakeholders in the organization as an immobile resource and therefore a source of SCA. The organization is also a source of innovation and firm-specific, cross-functional knowledge and information exchanges between employees that is very difficult to replicate (Kim et al., 2015)

The resource-based theory, using human capital resources as the specific firm assets that provide a sustainable competitive advantage, therefore forms the conceptual framework for my study. HRM strategies that reduce or prevent voluntary employee turnover are essential for PSFs (Stone & Deadrick, 2015). Small PSF owners may be even more concerned with turnover (Fasci et al., 2015). The next heading of this literature review is a discussion of some HRM strategies, including strategies for small businesses.

Human Resource Management Strategies

RBT helps connect business strategy with HRM by helping managers identify human capital resources, or how human capital can be leveraged for economic value (Boon et al., 2018; Molloy & Barney, 2015). One such union of RBT and business

strategy is SHRM, which emphasizes a direct link between specific HRM practices and strategic performance objectives (Michaelis, Wagner, & Schweizer, 2015). RBT also supports the study of talent management, which differs from SHRM in that the focus is on cultivating and retaining high-performing employees and managers, as opposed to overarching SHRM practices (Sparrow & Makram, 2015). Another related HRM approach is the study of high-performance work systems (HPWS) in which managers attempt to optimize employees' abilities and motivation via separate but related HR initiatives to improve overall firm performance (Coder et al., 2017; Fu et al., 2017). The following paragraphs in this section are intended to be a summary of current HRM practices related to RBT and are not intended to be all-inclusive.

Strategic human resource management. Scholars of SHRM claim that HRM is an integral part of business strategy and may be directly associated with firm performance as a strategic resource (Boon et al., 2018; Konrad, Yang, & Maurer, 2016). Lee et al. (2018) remarked that it is important to be mindful of the workforce itself, because traditional strategies may assume that employees will stay as long as employers keep doing the right things, but evidence suggests that the younger generation may be more mobile in general, despite any strategic efforts to retain them. A popular perspective of SHRM is the universalistic view, which is that some HRM practices have more positive impacts than others, regardless of other strategic organizational objectives regarding financial growth or increased market share (de Brito & de Oliveira, 2016).

A closely related approach to SHRM is human capital management, or strategic human capital management, in which researchers are more interested in the human

capital itself, and how best to leverage human capital for SCA, versus the methods and processes for managing human capital (Boon et al., 2018). Often, firms lose or acquire human capital resources through traditional business processes such as joint ventures or mergers and acquisitions (Eckardt et al., 2018). Human capital, combined with social and organizational capital as part of a construct called intellectual capital, can contribute directly to a firm's bottom line (Coder et al., 2017).

While SHRM and strategic human capital are intended to bridge the gap between theory and practice for business strategists and HR managers, academia and theoreticians may not provide tangible, actionable concepts to improve business performance (Kryscynski & Ulrich, 2015). Nyberg et al. (2018) commented that the study of human capital resources has become fragmented and debated between researchers studying behavioral, strategic, and HR based aspects of human capital. One shortcoming of SHRM is that it is difficult to measure, being a theoretical construct based on RBT and having the same lack of empirical substantiation in the literature (Michaelis et al., 2015). An example of the disparity between policy and execution is diversity management, how to implement it, and measurable ways in which it affects a company's performance (Konrad et al., 2016).

Talent management. Talent management is an emerging phenomenon not yet associated with a theory or model, and despite a dearth of scholarly research on the topic is of great interest to practitioners (Kontoghiorghes, 2016; Krishnan & Scullion, 2017). Downs (2015) defines talent as *high potential*, those employees who are promotable, flexible, and adaptable and distinguishes them from high performers. Managing talent

involves (a) making choices, (b) including considerations such as who is considered *talent*, (c) facing challenges such as shortages of talent or problems with motivation, (d) context, such as culture and firm structure, and (e) consequences at multiple levels (Schuler, 2015). One fundamental inconsistency among researchers is the degree of exclusivity or inclusivity of TM: whether management should focus on an elite few to cultivate or apply TM principles to all HR in the organization (Cascio & Boudreau, 2016).

A company's talent is its most valuable human capital asset (Downs, 2015). In global multinational organizations, TM presents unique challenges, specifically regarding recruitment and expatriation (Cascio & Boudreau, 2016; Khilji, Tarique, & Schuler, 2015). Organizations also have more to contend with regarding a multigenerational workforce, because members of different demographics such as millennials regard motivation and rewards very differently from their predecessors (Aruna & Anitha, 2015). Schuler (2015) cites behemoth companies like General Electric, Google, and Amazon as being leaders in TM and global TM. While TM for large organizations seems to be gaining traction in some academic circles, research on TM in small business remains elusive (Krishnan & Scullion, 2017). An alternative perspective on talent management is that talent management is dynamic, rather than static, and must be flexible with changes to the organization (Krishnan & Scullion, 2017).

High-performance work systems. HPWS, sometimes referred to as high-performance work practices (HPWP) may have a direct impact on organizational performance (Pascual Ivars & Comeche Martínez, 2015). High-performance work

systems are collections of innovative HRM practices that reinforce each other and result in synergistic results for the organization (Heffernan & Dundon, 2016). Practitioners of HPWS emphasize the fact that HPWS is a system of interrelated HRM practices versus single HRM policies or initiatives (Michaelis et al., 2015). Fu, Ma, Bosak, and Flood (2015) reported a relationship between HWPS and *organizational ambidexterity*, or management's ability to accurately balance a company's focus on both existing and new opportunities. An alternative perspective is that HPWS are the *strategically effective* use of HR, not just SHRM (Fu et al., 2017). One crucial aspect of HPWS or HPWP is that management must effectively communicate the efficacy and legitimacy of these practices for employees to realize the benefits of such practices (Dineen & Allen, 2016).

High-performance work systems may not always be productive, and in some cases, they may create higher levels of stress among employees, or negatively affect employees' positivity or overall well-being (Heffernan & Dundon, 2016). Organizational climate can have an impact on the success or failure of HPWS initiatives (Cafferkey & Dundon, 2015). In the professional services industry, HPWS can foster organizational ambidexterity, which is the ability to exploit existing knowledge while simultaneously expending resources on innovation (Fu et al., 2015). It is important for HR managers to bear in mind the unintended consequences of HRM policies and initiatives, and that there may be a disparity between what HR managers intend and ways that the line managers implement HR policies (Heffernan & Dundon, 2016).

Human resource management in small business. A common theme in the literature is the use of both formal and informal management processes and controls in

small businesses (Lai et al., 2016; Mallett & Wapshott, 2017; Stirpe & Zárraga-Oberty, 2017). Formal HRM practices may result in quantifiable benefits to small firms in the form of lower turnover intent and higher productivity; a principal limitation to any study of this relationship is that there may be other factors such as organizational culture that limit the efficacy of formal HRM (Lai et al., 2016). Talent management, for example, may be a practice that managers from both large and small businesses use, but there are differences in applications, and there may not be enough research yet on TM in the small business environment (Krishnan & Scullion, 2017). Coder et al. (2017) made a similar observation about HPWS, noting that there may be opportunities for HWPS in small firms but that there is insufficient research to support any conclusions for practice yet.

Ajayi (2017) observed that decentralization and organic HRM in small businesses, versus formal HRM, may improve organizational ambidexterity. Despite any perceived relationship between formal HRM and firm performance, many small business owners must often adopt less formal HRM practices because they need to maintain centralized cost controls or cannot afford to hire HR managers (Krishnan & Scullion, 2017). Coder (2017) claimed that even firms with limited resources can leverage human, social, and organizational capital without formal HRM to improve firm performance.

Business owners, especially those in the professional services industry, should use HRM policies and practices that ensure a sustainable competitive advantage (Yalabik, van Rossenberg, Kinnie, & Swart, 2015). Managing human capital for maximum productivity is only as useful as the firm's ability to retain the assets that add value; in PSFs, human capital assets provide nearly all the value (Olsen et al., 2016). Therefore,

minimizing employee turnover in PSFs is critical (Holtom & Burch, 2016). The following section includes a summary discussion of employee turnover, factors that may lead to employee turnover, and possible ways to manage turnover.

Employee Turnover

The BLS (2016) defines employee turnover as "separation of an employee from an establishment (voluntary, involuntary, or other)" (Glossary, turnover definition). Employee turnover is costly and disruptive to business owners (Lee et al., 2018; Ma et al., 2018; Perreira et al., 2018). Employees' aggregated knowledge and skills are usually not easily imitated and are a source of competitive advantage (Kim et al., 2015). One problem with regarding human capital regarding RBT is that business owners do not own human capital and cannot control it; therefore, the only way to prevent loss of valuable human capital is to make it difficult (or not advantageous) for employees to leave (Coff & Raffiee, 2015). Business owners should make every attempt to retain their employees in order to gain and maintain a competitive advantage (Dhanpat et al., 2018). Cohen, Blake, and Goodman (2015) found that there may be a disparity between employees' intent to leave and the actual turnover rate at an organization. However, turnover intent has specific indicators, such as overall job satisfaction, compensation and pay dispersion, organizational culture, employee engagement, and training and development that managers have some control over (Cohen et al., 2015; Dhanpat et al., 2018; Fletcher, Alfes, & Robinson, 2018; Lee et al., 2018; Perreira et al., 2018; Wang, Zhao, & Thornhill, 2015). The following paragraphs include an examination of current research on these indicators.

Job satisfaction and turnover intent. Lee, et al. (2018) claimed that job satisfaction was the most likely indicator of turnover intent. Some factors related to overall job satisfaction include the fit between the employee and the organization and the networks that employees form in the workplace (Ma et al., 2018). Job satisfaction may also be related to other factors, such as organizational commitment and a sense of belonging, in both small and large organizations (Mathieu, Fabi, Lacoursière, & Raymond, 2016). Job satisfaction is also a function of the employees' motivations, whether they are driven by intrinsic or extrinsic needs, and what they are willing to do to achieve their goals (De Sousa Sabbagha, Ledimo, & Martins, 2018). Work-life balance may also have a significant impact on overall job satisfaction and intent to stay or leave (Deery & Jago, 2015).

Turnover intent is multidimensional and involves a variety of job satisfaction elements that managers may have significant control over, such as compensation, training, performance appraisals, career opportunities, and overall employee relations management (Dhanpat et al., 2018). However, in knowledge-based professional services firms, employees may be more committed to their profession or to the client than to the firm, which may be difficult to manage (Yalabik, Swart, Kinnie, & van Rossenberg, 2017). Burnout resulting from workplace ostracism, poor health, and lack of future orientation regarding employees' careers may lead to turnover intent (Qian, Yang, Wang, Huang, & Song, 2017). In service organizations, flexible work arrangements such as telework, flexible scheduling, and family leave influence job satisfaction (Kotey, 2017). However, turnover intent, as reported in employee surveys, is not always a good indicator

of actual turnover, because there are factors beyond overall job satisfaction that affect employees' intent to leave (Cohen et al., 2015).

Compensation and pay dispersion. Compensation is important in recruiting and retaining employees (De Sousa Sabbagha et al., 2018; Dhanpat et al., 2018; Syahreza, Lumbanraja, Dalimunthe, & Absah, 2017). Employees may have transferable skills that contribute to turnover intent, but if they have a higher proportion of firm-specific skills, then their turnover intent could be lessened (Coff & Raffiee, 2015). In addition to actual compensation, employees' perceptions of their wages as compared to what they believe their peers' wages are may be an important component of turnover intent (Hollenbeck & Jamieson, 2015). Wang et al. (2015) found a relationship between pay dispersion and innovation as a possible indicator of employee dissatisfaction or turnover intent. Vertical pay dispersion may conflict with team-oriented HPWS due to the competitive nature of stratified compensation which can cause friction between employees (Messersmith, Kim, & Patel, 2018). Employees who are *embedded* are those who experience a good fit, have strong links with the various networks they have formed among coworkers and their community, and that must consider the sacrifices, especially concerning their compensation, that they may have to make if they chose to leave (Ma et al., 2018).

Small businesses cannot compete with large businesses in compensation, and frequently use ad hoc methods that are inconsistent and difficult to replicate (Pascual Ivars & Comeche Martínez, 2015). A lack of formal HRM processes may result in favorable pay and nonpay benefits for employees that might not be possible in larger firms with formal HRM policies and procedures (Lai et al., 2016). The nature of the

industry may also influence the role of compensation; service sector firms with more customer-facing employees often have to offer different compensation packages than manufacturing firms (Khalid & Nawab, 2018). Researchers in one study revealed that compensation is the biggest factor in turnover intent, and managers need to take the high costs of turnover into account when considering salaries (Dhanpat et al., 2018).

Organizational Culture. Krapfl and Kruja (2015) described organizational culture as "the way we do things around here" (p. 36). Organizational culture may be a key link between employees' perception of HRM practices and the actual outcomes of those practices (Cafferkey & Dundon, 2015). According to Dineen and Allen (2016), some companies take advantage of third-party employment branding, such as *Best Places to Work,* to reinforce a positive image and reduce turnover intent. Kontoghiorghes (2016) suggested that rather than focusing on employee retention initiatives, business owners should focus on creating the right culture first because the right culture not only improves productivity and innovation but also attracts and retains talent. For example, companies like Apple, Google, and Marriott not only have brand recognition among consumers for their products and services but also have reputations among employees and prospective employees as having unique and desirable corporate cultures (Schuler, 2015). Therefore, managers should pay close attention to a candidate's potential for thriving in the given culture, in addition to skills, education, and other qualifications, in the recruiting and hiring practices (Krapfl & Kruja, 2015).

An important facet of organizational culture is the firm's policies and practices with regard to diversity and equal opportunity (Konrad et al., 2016; Ying Liao, Soltani,

Wang, & Iqbal, 2017). Koutroumanis, Alexakis, and Dastoor (2015) found that *clan culture* when combined with commitment on the part of the employees, reduced turnover intent in the restaurant industry. The compatibility between the individual employee's values and the organization's values is called *fit*, and suggests that employee engagement is a factor in turnover intent (Ma et al., 2018). Researchers studying effects of corporate culture on small firms' growth found that there was a relationship between a culture which fostered learning and features of its employees' entrepreneurial outlook such as creative thinking and risk-taking (Wolff, Pett, & Ring, 2015). Koutroumanis, Alexakis, and Dastoor (2015) found that *clan culture* when combined with a commitment on the part of the employees, reduced turnover intent in the restaurant industry. The next section is a review of the literature regarding employee engagement in the context of voluntary employee turnover.

Employee engagement. Employee engagement is the level of involvement and commitment that an employee has, and the alignment of values between employees and their organization (Anitha, 2014). Engaged employees derive energy from work, and are interested in continuing to contribute to as well as focus on work (Yalabik et al., 2015). The commitment that professionals have to their profession, their employers, and to their teams may heighten employee engagement (Yalabik et al., 2017) Pay dispersion may also influence employee engagement; pay dispersion may incentivize and motivate employees, but too vast a disparity may reduce participation and increase turnover intent (Wang et al., 2015). Müceldili and Erdil (2016) argued that fun in the workplace improved engagement and increased the likelihood that employees would be motivated to

make positive changes in the workplace. Decentralized management, delegation of authority and decision-making, and a less formal structure can significantly increase employee engagement in small businesses (Ajayi et al., 2017).

Employee engagement serves multiple roles, including improving quality and productivity, fostering creativity and innovation, and helping to reduce voluntary turnover (Ajayi et al., 2017; Karanges, Johnston, Beatson, & Lings, 2015; Wang et al., 2015). Some researchers reported that employees who get emotional or affective support tend to be more engaged, and less likely to leave (Buers, Karpinska, & Schippers, 2018; Kundu & Lata, 2017). One way to keep employees engaged is through conscious efforts to provide them with ongoing training and development (Fletcher et al., 2018).

Training and development. Having access to training and development opportunities may decrease the likelihood that an employee will signal their intent to leave an organization (Fletcher et al., 2018; Veth, Korzilius, Van der Heijden, Emans, & De Lange, 2017). In the foodservice industry, notorious for extremely high turnover, employees are more likely to stay interested when an organization offers training and career development (Koutroumanis et al., 2015). One challenge that owners and managers face is identifying high-potential employees who they should further develop, and the communications with the rest of the organization who they may not identify for development (Downs, 2015). Despite financial challenges in small businesses, training and development remains an important investment that should not be sacrificed in the interest of cost reductions (Fu et al., 2017). Beynon et al. (2015) examined the multiple modalities that small businesses with limited resources may have with which to train, and

how any retention associated with training may be dependent on the manner in which the firm deploys the training. Employee turnover is an important topic for any business owner to understand and actively manage (Ajayi et al., 2017). PSF owners should be especially interested in preventing employee turnover because their human capital assets are the primary source of competitive advantage (Momparler et al., 2015).

The Professional Services Industry

The economy has been shifting from a focus on manufacturing toward a focus on knowledge-based services (Stone & Deadrick, 2015). PSFs often provide skills from disciplines such as consulting, accounting, technical, and legal (Fu et al., 2015). PSFs rely on the knowledge and expertise of their workers to be able to compete (Momparler et al., 2015). This knowledge and expertise can be a source of SCA for a firm if the knowledge and expertise are inexorably linked to the organization rather than to the individuals alone (Natti, Ulkuniemi, & Pekkarinen, 2017). Clients benefit from the intellectual capital that knowledge-based PSFs provide, including human, social, and organizational capital resources (Fu et al., 2017). Owners and managers of knowledge-based PSFs should identify specific employees with critical roles as having strategic significance (Eckardt et al., 2018). It is essential, for HR managers of PSFs to attract and retain knowledge workers that not only bring their knowledge and experience but are capable of continuous learning and innovation (Stone & Deadrick, 2015). Increasingly, PSFs continue to rely on this capacity for learning and innovation to be able to stay competitive (Kim et al., 2015).

A unique challenge for PSF owners, particularly in knowledge-intensive professional services, is managing employees who tend to be more professionally oriented and may not respond to traditional or bureaucratic HRM strategies (Bevort & Poulfelt, 2015; Suseno & Pinnington, 2017). Another factor that is critical to services is that clients personally interact with and respond to the knowledge worker; this suggests that an employee with the requisite knowledge and experience may still not satisfy the needs of a client due to personality conflicts or communication problems (Momparler et al., 2015). Professional services may also provide more to clients than just knowledge workers; sometimes the PSF brings credibility and confidence to decisions or may serve as a tiebreaker to help senior leaders choose a path (Back, Praveen Parboteeah, & Nam, 2014). There is a need for continued research into management approaches and best practices for PSF owners (Stewart, Castrogiovanni, & Hudson, 2016; van Rooij & Merkebu, 2015). There is even less in the literature about small PSFs (Lejárraga & Oberhofer, 2015).

Employee retention in the professional services industry. Employee retention is a high priority for PSFs because the employees' knowledge and expertise are providing a competitive advantage (Momparler et al., 2015). Traditional HRM practices with industry and manufacturing, historically are not likely to be effective in the knowledge market and meeting knowledge workers' needs (Stone & Deadrick, 2015). The firm providing the specialized services runs the risk of the transfer (loss) of knowledge if the employee leaves, as well as the likelihood that a competitor will gain some advantage by obtaining that employee (Ahmad, Bosua, & Scheepers, 2014).

Employee retention is critical to owners of PSFs due to nonsubstitutability of the skills and expertise of their employees (Stone & Deadrick, 2015). As in all businesses, the price can become a final deciding factor in retaining professional services, so owners must balance costs against billable rates to stay competitive; however, certain clients are willing to pay a premium for what they perceive as valuable services (Momparler et al., 2015). The perceived value that some PSFs may provide is an intangible asset, and intangible assets are rapidly becoming recognized as a significant source of competitive advantage (Arrighetti, Landini, & Lasagni, 2014). Intangible assets may fall into one of two types: internal intangible assets, such as those created with internal research and development, and external (or acquired) intangible assets (Denicolai, Ramirez, & Tidd, 2016). Internal intangible assets include nonmaterial assets such as brand name, software, research and development, and human capital assets (Bryan, Rafferty, & Wigan, 2017). External intangible assets include those assets that are obtained either through commercial practices (such as licenses or copyrights) or are transferred to the organization from outside consultants via the knowledge and expertise they bring (Arrighetti et al., 2014).

The immediate concern to any business owner might be that such knowledge transfer by consultants might constitute a *leakage* of knowledge, policies, processes, or procedures which the source firm may consider to be a critical resource for competitive advantage (Ahmad et al., 2014). Despite the potential risk of knowledge transfer in using professional services such as consultants, many companies seek to fill innovation gaps in their organization using outside subject matter experts (Momparler et al., 2015). To be

competitive, PSFs must develop credibility and legitimacy via the knowledge or expertise they may offer (Back et al., 2014). Firms may develop this advantage through functional and organizational knowledge resources (Kim et al., 2015). Functional knowledge resources are those associated with specific knowledge areas such as accounting or engineering, and organizational knowledge resources are those who have to do with social networking and other formal and informal communications which occur in all organizations (Kim et al., 2015).

Small businesses in the professional services industry. PSFs rely primarily on human capital assets rather than physical capital such as machinery or real estate; therefore, leadership and management of HR is critical for success (Fasci et al., 2015). Entrepreneurs who found small PSFs possess skills suitable to their profession and face challenges of business ownership and development (Stewart et al., 2016). Scholars continue to study the economic dynamics of the professional services industry, which to date is predominantly made up of small firms competing in international markets (Lejárraga & Oberhofer, 2015). There is comparatively little research on small business leadership, but even less research devoted to managing small PSFs (Stam, 2015). PSFs usually employ well-educated, trained personnel; therefore, owners and managers may not need to devote as much time monitoring and controlling their work and may be able to rely on collaborative vision (Jing, Avery, & Bergsteiner, 2014). If owners may rely on the initiative and professionalism of their staffs, then they may be able to focus more on strategic growth and less on day-to-day operation (Fasci et al., 2015).

Employee retention in small PSFs. Turnover in small PSFs can be particularly damaging because such firms rely on the employee's knowledge and experience for competitive advantage (Ahmad et al., 2014). Small PSFs that may have limited resources, especially during an economic downturn, should be cautious about reducing investments in their personnel because it may jeopardize the firm's strategic position (Fu et al., 2017). One factor that may have a direct impact on turnover in small PSFs is a lack of trust; in larger firms, the employee may be able to find a better or more trusting relationship with another manager (Stam, 2015). Employee retention may be enhanced by a well-communicated, shared vision between the employees and owners or managers in PSFs, as well as shared experiences of peers (Jing et al., 2014). This phenomenon of shared knowledge and experience via professional and personal networks is particularly noticeable in the services industry, where employees may contribute to the firm's social capital that provides the PSF with a competitive advantage (Suseno & Pinnington, 2017).

Transition

Section 1 of this study included information on HRM strategies that small business owners in the professional services industry use to reduce voluntary employee turnover. The section began with the background of the problem, followed by problem and purpose statements, the nature of the study, the research and interview questions, conceptual framework, operational definitions, assumptions, limitations, delimitations, and significance of the study. I provided a review of the academic and professional literature starting with the conceptual framework of the study, Barney's (1991) RBT, and a review of literature on HRM strategies, employee turnover, and PSFs, including small

business concerns for each heading. Section 2 includes the purpose statement, the role of the researcher, the participants, the research method and design, population and sampling, ethical research, data collection instruments and technique, data analysis, and processes for assuring the reliability and validity of my study's findings. Section 3 includes a presentation of the findings, applications to professional practice, implications for social change, recommendations for action, recommendations for further research, reflections, and a conclusion.

Section 2: The Project

The purpose of this qualitative exploratory multiple case study was to explore the strategies small PSF owners used to reduce voluntary turnover. I attempted to gain a better understanding of strategies for reducing voluntary turnover by interviewing owners of four local small PSFs as well as examining nonidentifying company records and making personal observations. In Section 2, I will address the role of the researcher, participants, research method, research design, population sampling, data collection and technique, data organization methods, data analysis, and the reliability and validity of the study.

Purpose Statement

The purpose of this qualitative multiple case study was to explore strategies that small PSF leaders have used successfully to reduce voluntary employee turnover. Participants included owners of four small PSFs from the midwestern region of the United States that have been operating for at least 5 years and were successful in reducing voluntary employee turnover using HRM strategies. The data from this study might inform small business owners and HR managers on ways to reduce voluntary employee turnover and improve their firms' profits. Small business profitability enables the businesses to contribute to social impact as society relies on small businesses for continued overall economic health.

Role of the Researcher

The role of the researcher in a qualitative study is to collect data by hearing participants' stories and developing meaningful insights while understanding the

knowledge and influence that the researcher may bring to the study through their own personal lens (Fusch & Ness, 2015; Moon, 2015). My role in this study was to make personal observations, conduct interviews with participants, examine data and documents, and then to analyze the combined data. I have had previous experience working for small businesses, including sales and manufacturing. I have also had previous experience in acquiring and managing professional services contracts, from small businesses, on behalf of the United States Air Force. The Belmont Report established protocols to ensure ethical conduct in research; I observed those protocols in this study, and I have completed the National Institute of Health online training course Protecting Human Research Participants (see U.S. Department of Health and Human Services, 1979).

In quantitative studies, there are accepted norms and best practices to ensure confidence in the conclusions, using well-known statistical tests and other methods, such as randomization, to mitigate bias (Roulston & Shelton, 2015). Qualitative studies are sometimes criticized as being too subjective and susceptible to researcher bias; therefore, qualitative studies require the researcher to develop a plan for mitigating bias (Morse, 2015). One method of mitigating bias is including all research findings that are at odds with the researcher's findings or beliefs (Yin, 2018). Another method is reflexivity, the ability of the researchers to acknowledge the fact that their own experiences and feelings may bias research results; maintaining a record of reflections and decisions may be a way to provide support against claims of bias or emotional subjectivity (Noble & Smith, 2015). I mitigated bias and avoided viewing the data through a personal lens as much as

possible in this study by ensuring that (a) I did not discuss my personal experience or history with research participants, (b) I included contrary or opposing findings, and (c) I monitored my emotional states and facial expressions during the research.

The interview is one of the most significant sources of data in case study research (Yin, 2018). Researchers frequently use semistructured interviews to collect primary data in qualitative studies (McIntosh & Morse, 2015). It is essential to use an interview protocol to ensure quality, objectivity, and validity of the research, as well as to protect the participants (Castillo-Montoya, 2016; Kallio, Pietilä, Johnson, & Kangasniemi, 2016; Yin, 2018). I used semistructured interviews to collect data from research participants, and I used an interview protocol with standard interview questions to develop credible findings (see Appendix A).

Participants

It is important to carefully select study participants to ensure that the researcher can collect meaningful data for analysis (Yin, 2018). The primary eligibility criteria for participants in my study was that they had successful experience in developing and executing strategies for mitigating voluntary employee turnover in PSFs. Additional eligibility criteria were (a) participants were either owners or full-time HR managers employed for at least 1 year, and (b) the PSF must have experienced lower annual voluntary turnover than the national average for businesses providing professional services.

I gained access to these participants by leveraging professional networks, such as members of professional societies to which I currently belong or was still in contact with.

I began by sending emails and making telephone calls to members of local chapters of professional organizations that I was involved with. I determined if the interview candidates met the criteria, and when they expressed willingness to participate, I re-established a working relationship by following strict communication and an interviewing protocol to ensure ethical and objective research. By planning and adhering to an interview protocol, researchers have a better chance of getting quality data and protecting the research participants (Yin, 2018).

Research Method and Design

Research Method

There are three types of research methodologies: qualitative, quantitative, and mixed. This study involved a qualitative methodology because researchers can conduct qualitative studies to explore human experiences in significant depth and to attempt to assign meaning to those phenomena (see Barnham, 2015; Yin, 2018). Qualitative research is a way for researchers to join in scholarly conversations regarding ideas that others may be discussing or debating (Roulston & Shelton, 2015). A distinction of qualitative research is that the researchers are often the data collection instruments and interpret their observations according to their own knowledge and experience, despite attempts to remain as neutral as possible (Fletcher, Massis, & Nordqvist, 2016). Qualitative research involves asking questions about how a phenomenon occurs and what that phenomenon may mean in a specific context (Barnham, 2015). Qualitative research was the most appropriate methodology for this study because I intended to gain insights

into how small business owners and/or HR managers overcome employee turnover and what strategies the owners used to retain employees.

Researchers use quantitative studies to examine statistical trends and compare and analyze data numerically (Landrum & Garza, 2015). Quantitative researchers objectively examine the relationships among variables and attempt to establish statistical significance in those relationships to make claims of correlation or causation (Ingham-Broomfield, 2015). Quantitative researchers are interested in the incidence of events, and objectivity, rather than conducting an in depth exploration of phenomena as described by those that experience it (Barnham, 2015). A quantitative methodology was not appropriate for this research because a quantitative study would only have provided insights into relationships or differences among variables and would not have provided the human experience of how turnover affects small businesses or why owners chose some steps over others to address the issue.

Mixed method researchers use both qualitative and quantitative methods in combination to collect detailed data about phenomena and benefit from strengths of both and is more than just a combination of the two (Halcomb & Hickman, 2015). The primary rationale for selecting mixed methods instead of qualitative or quantitative methods is that neither method would provide enough insight on their own (Mayoh & Onwuegbuzie, 2015). Mixed methods research is useful for researchers who may be trying to integrate depth of information from participants and numerical and statistical analysis of data from participants and other sources, rather than studying or presenting qualitative and quantitative findings separately (Archibald, Radil, Zhang, & Hanson,

2015). The integrated nature of mixed methods research was not appropriate for this study because I intended to explore the qualitative elements the strategies for reducing voluntary employee turnover and did not intend to generalize results to a larger population.

Research Design

Four commonly used types of qualitative research inquiry are phenomenological, ethnography, grounded theory, and case study (Percy, Kostere, & Kostere, 2015). Scholars use phenomenological designs when they wish to understand the meanings of participants' lived experiences, but the intent is to identify the meanings of a particular shared phenomenon among many participants rather than to explore one or several specific cases in depth (Gentles, Charles, Ploeg, & McKibbon, 2015; Percy et al., 2015). Ethnography is another qualitative research design concerned with lived experiences of individuals, but its focus is the long-term social and cultural aspects of groups' phenomena (Morgan-Trimmer & Wood, 2016; Ying Liao et al., 2017). Grounded theory is qualitative research for developing a theory for how and why things work, based on the perspective of those who experienced phenomena (Corley, 2015). None of these three research designs, phenomenology, ethnography, or grounded theory, was suited for addressing my study's purpose.

This doctoral study research was a multiple case study. Case study research is for studying complex social phenomena to understand better what, how or why such phenomena occur (Dasgupta, 2015; Harrison, Birks, Franklin, & Mills, 2017; Yin, 2018). Some important distinguishing features of a case study are that the researcher seeks to

describe phenomena in detail, and through the role of the researcher and the interactions between the researcher and the participants (Cronin, 2014). Using multiple case studies allows the researcher to find commonalities among multiple cases, and may provide more academically convincing results, but are not necessarily better or more appropriate than single-case studies (Yin, 2018). The objective of case study research is to collect rich data for analysis and to reach saturation; therefore, the goal is not necessarily the number of participants but the depth of the data that matters most (Fusch & Ness, 2015). I selected multiple case study research because I wished to provide and compare rich, detailed descriptions of the experiences of the participants in the contexts of their businesses and I expected to find some commonalities in the responses.

Population and Sampling

The population consisted of owners of four small PSFs in the midwestern region of the United States. According to the SBA, about half of small businesses may survive longer than 5 years; the BLS data for average monthly voluntary quits for the 12 months leading up to data collection was 3.3% (BLS, 2018b; SBA Office of Advocacy, 2018). The business owners or HR managers must have demonstrated a reasonable measure of success in their markets as well as success in managing voluntary employee turnover. Therefore, each of the organizations will have been in business for at least 5 years, and owners and/or HR managers must have experienced less monthly voluntary employee turnover in 1 year than 3.3%. Data saturation is the point at which another researcher can replicate the study and that no new information is uncovered (Fusch & Ness, 2015). Data saturation was reached after sampling four PSFs meeting the criteria.

Convenience sampling is sampling from readily available sources of qualified participants (Gentles et al., 2015). I began with a convenience sample of businesses that met the criteria based on participation in local chapters of professional organizations such as the National Contract Management Association and Project Management Institute. I identified four businesses and their owners via my professional network and the owners of these four businesses were the participants of this study.

Ethical Research

Ethical considerations are a requirement for most scholarly research, and the process of gaining approval from an Institutional Review Board (IRB) ensures that researchers adhere to ethical standards for conducting research and protecting the rights of participants (Gordon, Culp, & Wolinetz, 2017; Wallace & Sheldon, 2015). By Walden University policy, I did not conduct any research until I obtained IRB approval. The Walden IRB approval number for this research is 08-07-18-0521805. I followed protocols from the Belmont Report that require participants to fully understand the nature of their participation in research (see U.S. Department of Health and Human Services, 1979). The study was completely voluntary in nature, and participants were given the option to end their involvement at any time either verbally (in person or by telephone) or in writing (via email or letter). I described potential risks of participation, such as fatigue and stress, as well as benefits to the larger community such as economic stability. I provided my contact information, including my personal mobile telephone number and Walden University email address, and invited participants to raise questions and concerns at any time during the process. To guard against the perception of unethical research,

there were no incentives to stimulate interest from potential participants, but I instead provided letters of gratitude for their contributions.

Ethical research must include procedures to protect participants' privacy (Sparks, Collins, & Kearns, 2016). To maintain ethical standards and protect the private or sensitive data provided by participants, I used pseudonyms for the names of interviewees such as P1, P2, P3, and P4. I will store all data in a locked safe in my home for 5 years. After the 5-year period, I will securely destroy all identifying materials such as working notes or correspondence by shredding and will destroy the external drive containing electronic data and information. I will offer a copy of the final study to all participants.

Data Collection Instruments

In qualitative case study research, the researcher is the primary instrument for data collection via interviews and personal observations (Fletcher et al., 2016; Noble & Smith, 2015). As the researcher, I was the primary data collection instrument in this study. Researchers use semistructured interviews to get subjective responses from participants regarding a particular phenomenon (McIntosh & Morse, 2015). Researchers demonstrate credibility and reliability of the findings using semistructured interviews (Kallio et al., 2016; Morse, 2015). Therefore, the second data collection instrument was semistructured interviews (see Appendix B) in face-to-face meetings. I used an interview protocol (see Appendix A) to ensure consistency. I began by capturing participants' verbal agreement to participate voluntarily along with a reminder that they may elect to stop at any time using an informed consent form. I provided participants with an opportunity to ask any questions before I began the interview. During the interviews, and

with participants' permission, I used a digital voice recorder to record the interview and took handwritten notes during the meeting. Finally, I requested follow-up interviews and member checking. Following the meeting, I transcribed the recorded interviews. I used NVivo for Mac ® to help me to identify themes. Methodological triangulation is another way for researchers to ensure objectivity and validity of findings (Drouin, Stewart, & Van Gorder, 2015; Joslin & Müller, 2016). One way that researchers triangulate data is to request access to other data and information, such as company documents and reports (Lodhi, 2016). Therefore, the third data collection instrument was HR documentation such as employee manuals, reports, and other procedural documents for data triangulation.

Assuring the reliability and validity of the data collection instruments is important for qualitative case study research (Morse, 2015). I addressed the instruments' reliability and validity by conducting member checking with all participants. Member checking is a practice in which the researcher sends a summary of the interview to the participants and solicits feedback to ensure that the researcher's records of the interview were accurate (Birt, Scott, Cavers, Campbell, & Walter, 2016). One concern about member checking is that sharing interview summaries or analyses with participants can be problematic for the researcher because participants may revise their original statements or attempt to conduct their analyses rather than limiting their remarks to the interview responses (Morse, 2015). I mitigated this by attempting to limit the member-checking interviews or correspondence to clarifications on responses during the original interview. I continued the process of member checking until all participants were satisfied with the transcripts. Data saturation

occurs when no new information can be gathered from further research (Fusch & Ness, 2015; Gentles et al., 2015). Therefore, I continued interviewing, member checking, and data and document review until findings from the interviews reflected data saturation.

Data Collection Technique

Before conducting any research, I obtained approval from the Walden University IRB, and I required all participants to sign a consent form. My primary data collection technique was be face-to-face, semistructured interviews at a location of the participant's choosing. Advantages of semistructured interviews are that they (a) lend themselves to more academic rigor, (b) aid the researcher in facilitating coding of emerging themes, and (c) allow for dialogue and elaboration (McIntosh & Morse, 2015; Morse, 2015; Wilson, 2016). Disadvantages of semistructured interviews include the possibility that the interviewee may feel uncomfortable discussing sensitive issues face-to-face, and that the researcher's physical appearance may be intimidating or distracting (McIntosh & Morse, 2015).

I contacted potential participants via email and telephone and collected necessary qualifying information from them to ensure they met the requirements of the research. Once I selected the participants, I allowed them to select a suitable place to conduct the interview, with a request that it be in a quiet place where there would not be disruptions, especially if the interview was at the participant's place of work. I asked each interviewee to verbally confirm that they consented to participate in the research. I provided a verbal description of how I will protect their identities and the data that I obtained during the research. Then I asked if the participant had any questions or concerns, and then

requested that the participant sign two copies of the informed consent form and I provided them with one signed copy. Once I established consent, I commenced with the interview questions (see Appendix B). I recorded the interviews using a digital audio recorder and transcribed the interviews for analysis. Following the interviews, I conducted member checking with interviewees; this included follow-up emails to review interview transcripts, in order to confirm findings and data saturation. A detailed interview protocol, which contains the requirement to include the scripts for all exchanges with participants, is included in Appendix A.

Data Organization Technique

Robust data organization is an important part of research to demonstrate sound processes for scientific inquiry as well as for providing support for analysis (Josselson, 2014; Yin, 2018). I will securely store any data that I collected during this research both physically and electronically. Specific documents and data include signed consent forms, interview recording (audio file) and printed transcripts. I will keep all handwritten notes and hard copies of data, correspondence, and any other printed, sensitive materials locked in a safe in my home. I used NVivo for Mac® to facilitate managing data from the multiple sources and to aid in analysis. Electronic data will be stored securely on an encrypted, password-protected thumb drive. I will destroy all data that I have collected after a 5-year period following the study as required by Walden University policy by shredding all documents and artifacts and physically destroying the thumb drive containing electronic data.

Data Analysis

I used company records and observations in addition to semistructured interviews; therefore, I used methodological triangulation for this research. Triangulation refers to a researchers' use of multiple sources and types of data in support of their findings or assertions (Lodhi, 2016). In qualitative studies, researchers may use one of four types of triangulation to strengthen the validity of their studies: (a) data triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) methodological triangulation (Joslin & Müller, 2016). A key feature of methodological triangulation is that the researcher uses multiple types of data and considers each independently for unique perspectives, and then present the findings from the analysis in aggregate for a comprehensive view of the phenomena (Drouin et al., 2015). Methodological triangulation includes data from sources such as interviews, analysis of documents, surveys, researcher observations, etc. (Lodhi, 2016). I used my own observations, interviews with participants, and analysis of documents to triangulate findings from data for this research.

To help ensure quality, researchers should have a well-constructed strategy for achieving data saturation and ensuring validity planned in advance of collecting any data (Fusch & Ness, 2015; Lodhi, 2016). According to Yin (2018), there are three basic steps to the use of computer-aided data handling: (a) compiling the data, (b) disassembling the data, or the identification of emerging themes and codes, and (c) reassembling the data using the themes to arrive at meaningful and valid observations. I began by analyzing data from the literature review to discover possible themes among recent, relevant

research. Following the interviews, I analyzed transcriptions and compared the themes I discovered from the literature review to those I found from the interviews. Finally, I searched for any research regarding my study topic or conceptual framework published since the writing the proposal for further analysis and comparison with themes that emerged during analysis of literature review and interviews.

Reliability and Validity

To demonstrate adequate methodological rigor, qualitative researchers must provide evidence of reliability and validity of their studies (Morse, 2015). Quantitative researchers use statistical processes to demonstrate reliability and validity, and qualitative researchers must provide equivalent methodological proof of credibility (Noble & Smith, 2015). In qualitative research, the analogue for quantitative reliability refers to the dependability of the research, and validity refers to credibility, transferability, confirmability, and data saturation (Fusch & Ness, 2015).

Reliability

Reliability is the degree of dependability of research (Morse, 2015). Qualitative researchers can strengthen the dependability of findings by ensuring process transparency and the ability of other researchers to replicate the research (Noble & Smith, 2015). For this study, I used a predetermined interview protocol (see Appendix A) to aid in replicability, thereby making it possible for other researchers to repeat the process for similar studies. Member-checking, transcript reviews, triangulation, peer review, and enabling external audits are sufficient tools for establishing dependability (Birt et al., 2016; Fusch & Ness, 2015; Morse, 2015). I incorporated member-checking in the

research, and I used company archival documents and reports to triangulate the data and thereby assure the study's dependability.

Validity

Qualitative research results are more readily validated if they address credibility, transferability, and confirmability (Elo et al., 2014). Researchers can strengthen the credibility, or trustworthiness, of their findings by using processes such as member checking which help to mitigate any potential researcher bias (Birt et al., 2016). I used member checking with research participants to assure the credibility of my research. According to Noble and Smith (2015), transferability is the ability to generalize or apply findings to different contexts or groups. In qualitative research, achieving data saturation helps to ensure transferability because the researcher has demonstrated that no new insights are gained from additional research (Elo et al., 2014; Fusch & Ness, 2015; Robinson, 2014). I used member checking and follow-on email correspondence until I reached saturation when no new information about the study topic emerged. Confirmability is the ability for other researchers to validate the process and evaluate the quality of the research (Kallio et al., 2016). I adhered to a strict interview protocol (see Appendix A) to aid in demonstrating the confirmability of the findings.

Transition and Summary

In Section 2, I (a) described the role of the researcher, (b) identified study participants, (c) provided research method and design, (d) discussed population and sampling method, (e) described the need for ethical research, (f) specified data collection, analysis, and organization techniques, and (g) provided strategies for assuring reliability

and validity. In Section 3, I will (a) present my findings, (b) discuss the application to professional practice, (c) express implications for social change, (d) provide recommendations for action, (e) propose recommendations for further research, (f) offer my reflections, and (g) close with a conclusion. I intend for my research to illuminate strategies for solving a problem in business practice by identifying and exploring effective practices for reducing voluntary employee turnover in small PSFs.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative multiple case study is to explore strategies that small PSFs leaders have used successfully to reduce voluntary employee turnover. I conducted face-to-face interviews with four owners of small PSFs that had successfully managed voluntary turnover in a 12-month period that was less than the average reported by the BLS for the same 12-month period. Other sources of data included reports, charts, tables, employee handbook, benefits summaries, company emails with announcements related to corporate culture and employee engagement, and publicly accessible company websites. Following data analysis, I identified three themes: the impacts of voluntary employee turnover in small PSFs, how good hiring reduced voluntary employee turnover, and how corporate culture and employee engagement reduced voluntary employee turnover.

Presentation of the Findings

The overarching research question for this qualitative multiple case study was: What HRM strategies do small business owners in the professional services industry use to reduce voluntary employee turnover? To address this overarching research question, I conducted interviews with four owners of small PSFs in the midwestern region of the United States. Participants were eligible to participate in the research if they met the following criteria:

- The firm must be considered a small business, with fewer than 500 employees
- The firm must have been established at least 5 years ago

- The participant must be an owner or a top-ranking HR manager
- The firm must have had an average monthly voluntary turnover (VTO) rate over the 12-month period from September of 2017 to August of 2018 which was less than the average monthly turnover of 3.3% as reported by the BLS for the same 12-month period (BLS, 2018b).

Table 1 summarizes the participation criteria for each participant.

Table 1

Eligibility for Participation

	P1	P2	P3	P4
Number of employees	<50	<50	<500	<50
Age of Firm (years)	>10	>5	>10	>10
Role of participant	Owner	Owner	Owner	Owner
Average monthly VTO	0.60%	0.00%	0.88%	0.00%

Three themes surfaced from the data analysis: (a) the impacts of voluntary employee turnover in small PSFs, (b) how effective hiring practices reduced voluntary employee turnover, and (c) how corporate culture and employee engagement had a positive impact on voluntary employee turnover.

Theme 1: The Impacts of Voluntary Employee Turnover in Small PSFs

The first theme that emerged from data analysis was the unique nature of professional services and its reliance on employee retention. Firms that provide professional services such as accounting, engineering, consulting, and legal rely on the knowledge and expertise of their employees to create economic value to their clients (Eckardt et al., 2018; Suseno & Pinnington, 2017). Upon analysis of semistructured

interviews and triangulation data from employee manuals and public websites, and in the context of the literature review and conceptual framework, I discovered three subthemes: (a) people are the business, (b) demand for specialized skills, and (c) managing customer expectations.

People are the business. Firms providing professional services face unique challenges regarding HR management because of the collective knowledge of their employees (Natti et al., 2017). Using NVivo for Mac ®, I performed a simple word search for frequency, eliminating irrelevant or superfluous words. Table 2 shows the resulting top five most frequently used words. The words and variants of *people*, *employees*, and *person* combined made up 4.78% of the responses from all four participants. In general, people (employees) are the focal point for all participants' business strategies.

Table 2

Overall Word Frequency for All Interviews

	Count	Weighted Percentage	Similar Words
People	175	2.44%	none
Employees	104	1.45%	employee, employees'
Hire	81	1.13%	hired, hires, hiring
Person	64	0.89%	personal, personalities, personally
Benefits	58	0.83%	benefit

P1 remarked that their business is "all about people," and that "putting them in the right seat" makes the company successful. P2 similarly said that "we want to provide exceptional services; and to provide exceptional services, you need to be able to retain – hire and retain – the quality of people to provide those services." P3 commented that their

strategy depended upon having to balance a "razor's edge" of cost control and investing in top-notch professionals. P4 referred to themselves as "employee-centric," especially due to the highly specialized and technical services that they provide that relies on skilled personnel for their competitive advantage.

Demand for specialized skills. Professional services require skills and subject matter expertise for sustained competitive advantage (Suseno & Pinnington, 2017). P1 founded and operates a firm that specializes in providing information technology services to government and commercial customers, focusing on quality and innovation. P1 uses subject matter experts (SMEs) that not only specialize in specific technologies but also actively participate in recruitment and hiring for their areas of expertise. P2 cofounded and manages operations for a company that develops custom software and process improvement for the federal government as well as nongovernmental organizations. P2's organization custom designs software solutions by working directly with the end user to optimize business processes. Having defined the requirement with the end user, P2 develops an appropriate solution to meet the customer's needs.

The collective value that employees bring to a firm is sometimes referred to as KSAOs and are what differentiate human capital from other value-producing types of capital (Coder et al., 2017; Nyberg et al., 2018). P3 founded and operates a firm that provides specialized professional and engineering services to the federal government. P3's firm provides a large array of skills and technical capabilities; their ability to capture business is partially reliant on their ability to submit high quality proposals in response to government solicitations, and they rely on their SMEs to help win contracts. P4

cofounded and manages a company that provides unique analytical and software development services for sensor technologies to the federal government. They operate in a very specific technology niche that takes up to 5 years' experience to become fully proficient in, beyond what a formal college education in a technical discipline would require.

Managing customer expectations. Because P1's firm has both commercial and government contracts, employees must be mindful of the different environments, particularly when considering having an employee switch from one type of customer to another. Employees must operate in a variety of constructs: technical community (such as the information technology industry), organizational community (the firm employing the employee), and the customer environment in which they work (the client). Olsen et al., (2016) referred to this phenomenon as *multiple foci of commitment* in which the employees belong to multiple groups with varying degrees of compatibility.

P1 also remarked that because of known delays and bureaucracy in the government, employees often have innovative solutions that their commercial customers are demanding, while the government is not ready to adopt those innovations. Mergel (2016) discussed the challenges inherent in trying to implement commercially popular Agile development processes in government contracts that are burdened with antiquated and arcane acquisition rules. P2 mentioned that their government customers frequently levy a requirement for the company to demonstrate a plan for employee retention in order to win contracts. Government customers may also have other requirements for employee

benefits that will be discussed in a later section. In both cases, if the firm cannot demonstrate an ability to retain staff, they are not likely to be awarded contracts.

P3 reported similar experience with government contracts as P2, in that different contracts often have different requirements, and some have very specific requirements for retention plans and benefits for employees. However, P3 also commented that most of their customers tended to form powerful bonds with the people (that worked for P3) on the contracts. In some cases, when the time came for a new competition, if the incumbent did not win the new contract, there was an expectation for the winning bidder to hire some or all of the employees from the incumbent firm that lost the competition. This process of hiring employees from the former contractor, called *incumbent capture,* can present a significant challenge to voluntary turnover for small PSFs, but the gaining organization benefits from the collective knowledge they acquire as a result of cluster hiring (Eckardt et al., 2018). Incumbent capture is more likely to emerge in service contracts where the employee is collocated or embedded with the government team, acting in a consultative capacity, as opposed to providing services such as software development, where the employee primarily works at the contractor's facilities.

P4 commented that performance on their contracts, whether at the customer's site or at their own facility, usually requires a security clearance which can vary from *secret* to *top secret* or beyond. To perform on contracts or to perform certain specific duties on contracts with a secret clearance can be accomplished relatively quickly, if the employee can be granted an interim clearance while the investigation continues. However, to perform any work involving a higher classification requires the appropriate clearance

which is adjudicated and granted by the government and is a process that can take nearly 2 years to accomplish (Kyzer, 2017). P4 also observed that the government's general expectation for proficiency, in the particular type of technical work they do, can be as much as 5 years of experience, not counting any specialized education or training. Specifically, P4 said:

> Employee retention [is] very important because if our government customer thinks that it takes 5 years for you to be good at this, we don't want to lose you in six, because we just spent 5 years making you good at it and now you're leaving.

P4 emphasized that bad hiring decisions, especially as a result of hiring under pressure, can have lasting negative impacts to the firm, including voluntary turnover.

One unique feature of competing for contracts in the federal marketplace is the type of competition being conducted. One paradigm that was very popular for a time is called *Lowest Price, Technically Acceptable*, or LPTA, a method in which the government evaluation team determines first if the technical portion of the proposals demonstrate the firm's ability to perform the contract requirements, then selects the lowest-priced offer from among those that met technical requirements (Baker, Bono, & DeVoe, 2016). P3 remarked of some firms that won contracts under LPTA that "they couldn't execute. They couldn't recruit, they couldn't retain, couldn't get the right people, had little or no oversight or overhead because their rate was so low, and the government then just had all kinds of problems." P2 and P4 both remarked that they chose not to compete for LPTA contracts, which may have impacted their revenue; however, to have won those contracts would have meant either not paying people what

they are worth, or not providing the quality of service that is part of their business model. P4 said “we don’t put butts in seats,” in reference to LPTA contracts that by their nature do not incentivize high quality but instead focus on low price. P3 said that they had to reduce most of their strategy to a simple numbers formula to determine if they could profit from such a contract or not, rather than focusing on matching skills to positions as they prefer. P2, P3, and P4 all commented that as the government has begun to move away from the LPTA competitions and begun to place more value on quality of service, it has become easier to hire high-quality employees and thereby be able to win more contracts with better profits.

Links to the literature. SHRM involves using HR to achieve strategic goals, such as improved organizational performance (Lai et al., 2016; Michaelis et al., 2015). Data analysis from the four participating firms suggested that SHRM reduced voluntary turnover, based upon the fact that each participant met the criteria for success by having been in business for at least 5 years and therefore leveraged HR strategically. All four participants’ organizations rely on human capital for their existence and sustained competitive advantage, and therefore take a strategic approach to hiring and retaining personnel. All participants had evolved to the point where they had hired or consulted with HR professionals, suggesting that they recognized the need for strategic management of human capital. However, there may still be gaps in the research concerning what specific SHRM processes lead to performance gains for the firm, particularly in small businesses (Greer et al., 2016).

Links to the conceptual framework. Barney's (1991) RBT posited that a firm could maintain a sustainable competitive advantage if the firm's resources create value, are rare, are inimitable, and nonsubstitutable. During data analysis, I discovered that P1, P2, and P4 each had more firm-specific human capital because of the specialized nature of the services they provided such as custom software development, while P3 provided a broader array of services, such as project management or systems engineering consulting, in addition to specialized services. Molloy and Barney (2015) discussed the differences between general human capital, which does not create a competitive advantage because of the imitability or substitutability of KSAOs, and firm-specific human capital, which is human capital that has more value to the current employer than to a potential employer. Data analysis suggested that participants from firms that provide the more specialized services tended to rely more on firm-specific human capital for sustainable competitive advantage. However, there may be a gap between theory and practice regarding what constitutes firm-specific human capital, how to identify it, and how it creates value (Kryscynski & Ulrich, 2015). P4 especially relied on rare expertise and skills for their advantage. Data collected from all four participants suggested that human capital resources created value for their firms.

Theme 2: How Effective Hiring Processes Reduced Voluntary Employee Turnover

The next theme that emerged from data analysis was the role of recruitment and hiring to reduce voluntary employee turnover. Good recruitment and hiring practices can reduce the likelihood of voluntary turnover during the early stages of employment when turnover risks are greatest (Lee et al., 2018). As shown in Table 2, the word *hire* and its

variants was ranked third on the list of top five most frequent words in the interviews. Table 3 shows the frequency of *hiring* and its variants. P4's 52 references to hiring skewed the results somewhat, but all four participants provided insights into ways that hiring practices, including competitive compensation offerings, helped reduce or prevent voluntary employee turnover. Semistructured interviews and an examination of company documents such as employee handbooks and benefits brochures, in addition to research findings from the literature review and the conceptual framework, yielded three subthemes: (a) general hiring practices, (b) recruiting interns, and (c) competitive compensation.

Table 3

Frequency of the Words Hire, Hired, Hires, and Hiring

Participant	Count	Coverage
P1	13	0.23%
P2	13	0.34%
P3	3	0.07%
P4	52	0.71%

General hiring practices. Small firms have fewer financial resources and often rely on human capital resources for their competitive advantage; therefore, staffing may be a key strategic activity for them (Greer et al., 2016). Professional service entrepreneurs often face challenges due to being both technically proficient and new business owners (Stewart et al., 2016). P1 described the changes in hiring practices that have taken place since the firm's inception 12 years ago. P1 characterized this as going from a strategy of hiring friends and acquaintances and then trying to match those individuals to a business need or contract requirement, to a very deliberate process of screening and interviewing

candidates, saying “nobody is allowed to hire anybody until we have the requirements for the position, where it fits in the organization, and if it’s for a project, what it is.” This process changed from P1 hiring people based on existing relationships to including other management in the process, including SMEs, to first carefully define the requirement. Then, during the interview process, all candidates must complete a technical examination to evaluate their technical competence. Candidates are also evaluated for personality fit. By evaluating the candidates for personality fit, including feedback from SMEs, as well as ensuring technical capability, this reduced voluntary turnover.

P2 observed that over the nearly 10 years they have been operating, their general approach to recruitment and hiring has not changed significantly. While P2 remarked that an advantage of being a small business is the ability to make exceptions to salary and benefits offerings, depending on the individual, they also remarked that they generally do not like to do so, particularly with salary. P2 determined, with time and experience as well as government expectations, what the appropriate salary range is, and they prefer not to exceed the established range, saying “We ask the person what they expect. Because if their expectation is significantly higher, um, we usually will not hire them.”

Cluster hiring is one process by which a PSF can increase its human capital by bringing a group of highly skilled employees in from competitors (Eckardt et al., 2018). P3 said, that in general terms, recruitment is often in one of two situations:

> One is sometimes you have to find people that are not necessarily already gainfully employed, or have some reason to hitch their wagon to your company, and individuals leaving a perfectly good, solid job…sometimes it really doesn’t

> make a lot of logical sense, so you have to come up with strategies that are game-changing for them.

P3 claimed that they rely on networking and general market intelligence to understand and identify the leaders in certain business areas or technical disciplines. P3 went on to say that if they can capture those leaders, it is more likely that those leaders will reach out to others that might also consider leaving their current positions.

P4 began in a similar fashion to P1, by hiring friends and former colleagues that were already part of their active personal and professional networks. Managers of PSFs frequently leverage their own professional networks to accompany firm resources for competitive advantage (Rogan & Mors, 2016). Having exhausted most of those networks, P4 discussed their more deliberate recruitment efforts by speaking with recruiters, becoming familiar with professional networking websites and attending career fairs at universities. P4 described their firm as being "employee-centric," and that they tell candidates that they want this to be their last job; they do not hire people just to fulfill contract obligations, they are intentional about investing in the right people that will hopefully consider spending a career there. One challenge for P4's firm is that they cannot afford to have employees that are not billable to a contract, so it is not feasible to have extra employees available to backfill others if any should leave the firm. P4 recruits new college graduates and they have found that they must make offers as far as 8 to 9 months in advance of graduation to get the best and brightest new graduates.

Recruiting interns. Two participants made specific reference to hiring interns from universities. In both cases, the participants talked about the advantages of hiring

potential talent early, allowing both the firm and the employee an opportunity to determine if there is a good fit on a temporary basis. Greer, Carr, and Hipp (2016) found that HR managers from small firms who imitated HRM practices of larger firms, such as employing interns, tended to enjoy greater levels of legitimacy among candidates. Table 4 displays the frequency of *co-ops* and *interns* in the interviews. Henceforth, for simplicity, I refer to both as *interns*.

Table 4

Frequency of the Words Intern, Interns, Co-op, and Co-ops

Participant	Count	Coverage
P1	4	0.10%
P2	0	0.00%
P3	0	0.00%
P4	24	0.39%

P1 described how they currently employ interns as a means for establishing a positive working relationship prior to offering a full-time position. P1 commented that there are always interns on staff; individuals in at least their sophomore year of college that they hope to offer full-time jobs to upon graduation. In certain cases, P1 will offer tuition reimbursement to seniors if they are planning to make them an offer upon graduation. In order to get the interns acclimated to their work and environment, P1 has established case studies of previous projects that they present to the interns and ask them to work on; in doing so, they can quickly gauge their technical approach as well as how well they will relate to other team members. New interns are paired with a mentor for guidance and feedback as well. According to P1, this has significantly reduced voluntary

turnover because it reduces the risk of a poor fit because both the intern and the company have had time to evaluate each other.

Molloy and Barney (2015) emphasized the importance of recognizing the specific labor markets in which the firm operates, and observed that one way a firm can exploit a labor market is to use interns. P4 also stated that their firm had used interns, but that it had been arbitrary and done by convenience, rather than strategically. P4 characterized their current co-op program as being much more intentional in nature because they cannot wait until the fall or spring to find quality interns; internship candidates with the most skills and in highest demand are often hired as far as 6 months in advance of a given semester. However, P4 revealed plans to keep a steady stream of interns for the same reasons that P1 provided: it provides both parties with a chance to see if it is a good fit.

Hiring interns also helps P4's firm to build the pipeline that they stated was their biggest challenge, because the interns can also get the interim clearances to begin lower-level work. Ideally the interns would be getting the necessary clearances at about the same time that they would be graduating from college and ready for full-time work, a year or two after beginning their internship. This arrangement would also allow P4 to get interns a head start on the 5-year learning curve associated with their specialized niche in the market. Just as in the case of P1, P4 expects this to continue to reduce voluntary turnover.

Competitive compensation. Compensation is often a key factor in employee retention strategies as well as firm performance (Dhanpat et al., 2018; Khalid & Nawab, 2018; Syahreza et al., 2017). Employees' human capital in the form of KSAOs provides

them with bargaining power (Boon et al., 2018). High compensation may keep an employee from leaving a firm, despite other factors causing dissatisfaction (Ma et al., 2018). Table 5 displays the relative frequency of the words *pay, paying,* or *salary* in the interviews.

Table 5

Frequency of the Words Pay, Paying, or Salary

Participant	Count	Coverage
P1	1	0.01%
P2	32	0.68%
P3	6	0.14%
P4	7	0.08%

After analyzing data from all four participants, I observed that P1 made almost no reference to compensation, while the other three participants spent a significant amount of time discussing pay and benefits as part of the hiring process. For those three that discussed compensation as a tool for reducing turnover, they believed that once compensation was established, unless pay was reduced or benefits taken away, voluntary employee turnover solely as a result of a better offer for salary was not likely to occur. The main topics that P2, P3, and P4 mentioned, in the context of compensation, were: (a) salary, (b) insurance benefits, and (c) time off and other benefits.

Salary. Adequate salary is a concern for all employees, and if their basic requirements are not met they may be less productive or leave for better opportunities (Syahreza et al., 2017). The frequency of the words relating to *pay* or *salary* indicated that P1 used one of those words once, and P2 used them almost three times as much as those words relating to other benefits. P3 and P4 both showed significantly more

references to benefits than to pay or salary. P1 used the word *pay* in the context of offering to pay tuition reimbursement, which is a benefit. P2 also used the word *pay* in the context of what the firm pays for benefits; out of 32 mentions of pay or salary, eight were in the context of what the firm pays for benefits, while only 24 were a reference to pay or salary. Of the instances that P3 and P4 used the words pay or salary, all were in the context of pay and salary and not references to benefits.

Small businesses may benefit from more competitive salary structures among employees; vertical pay dispersion might be an inexpensive substitute for formal HRM staff and infrastructure (Messersmith et al., 2018). P2 remarked that as a small business, their organization had more flexibility to offer higher salaries rather than being beholden to a corporate policy or approval process that larger firms use. P2 does not have any cap to salaries, except where not doing so impedes their ability to compete or make a profit. P4 had a similar approach with P2 in that there is no expectation for high-performing technical staff to move into project management roles in order to earn better salaries. P4's firm offers both technical and project management paths for employees, thereby ensuring that employees are doing the work they like and excel at.

Insurance benefits. Recall that in Table 2, the words *benefit* or *benefits* ranked fifth in frequency among all four participants' interviews. The United States Department of Labor (2018a) reported that roughly 70% of the total cost of employment was wages or salary, while the remaining 30% included the costs of nonwage benefits such as insurance and other fringe benefits. Table 6 displays the frequency of the words *benefit* or *benefits* among all four participants' interviews. Note that this frequency table does not

include other words that can be considered benefits, such as *leave*, *vacation*, *retirement*, or other types of employee benefits.

Table 6

Frequency of the Words Benefit or Benefits

Participant	Count	Coverage
P1	0	0.00%
P2	10	0.45%
P3	30	0.97%
P4	18	0.38%

P2, P3, and P4 all placed emphasis on the role of offering competitive wages and benefits in terms of a total compensation package. P1 did not remark on the role of benefits in the hiring process except a reference to *paying* tuition reimbursement. P1 made only one reference to compensation, a remark about offering to help pay tuition for interns. P2 used the words pay or salary more frequently than the words benefit or benefits, centering much of the discussion related to the recruitment and hiring processes. P2 remarked that pay and benefits must be competitive, describing candidates' expectations for pay as being an indicator of how likely they would voluntarily leave the company. P2's successful strategy for addressing any potential voluntary employee turnover as a result of being attracted to salary offers from competitors was to have a frank discussion with new hires to help educate them on the value of P2's total benefits package versus only considering their salary.

P2 offered that the reason some employees are attracted to offers of higher salaries is because they do not understand the value of the benefits being paid by the company. For example, if the employee does not understand the value of having no

medical insurance premiums to pay, or the amount of money out of pocket that they would be responsible for in various deductibles, then they would not understand that a higher salary may actually mean less money in their pocket. Another example that P2 presented was in a retirement benefit; in the case of a 401(k) plan, where the company matched up to a certain amount immediately, and made the employees fully vested upon hire rather than waiting for a 3- or 5-year waiting period. These considerations, and the explanation of benefits from the outset of the employment, has helped P2 to manage voluntary employee turnover.

P3 registered the highest number of references to benefits. When the company was a startup, P3 had to offer competitive benefits in order to attract talent. Since that time, as the company has grown, P3 has moved towards a benefits package more aligned with the rest of industry. For many years, trying to win contracts under the LPTA approach, P3 described their hiring and business capture in terms of a formulaic approach. If P3 is unable to offer an employee an attractive compensation package, they may not be able to compete for the work. The alternative is to cut pay or benefits in order to win a contract, almost certainly resulting in voluntary employee turnover.

Part of the equation in P3's making an offer to a candidate includes the total billable rate that the firm can charge their customer for services. The total billable rate is not salary alone, but also includes a *fringe rate*, which is the aggregate of the benefits that the company pays on behalf of the employee, such as healthcare premiums, 401(k) matching, etc. Then additional costs of *overhead* and *general and administrative* costs are included, to cover facilities, utilities, and other shared resources that P3 does not bill to a

specific contract. Finally, profit or fee for P3 is included for a final *wrap rate*, or the total hourly billing rate for each employee on a contract. It is within the *fringe rate*, or the cost of employee benefits, that P3 believes they can exercise the most cost control and balance that against the risk of voluntary turnover.

P4 commented early in the interview that salary, or salary ranges, are fairly well-established, and that there is little flexibility in negotiating salary, because their government customer has established labor categories with established pay rates. It is in the benefits that P4 was able to recruit and retain talent, in agreement with P3's remarks about having flexibility in the *fringe rate*. Also, similar with P3, P4 had to find a way to use attractive benefits to recruit and retain top talent. P4 also made the same observation that P2 made about the need to educate less experienced employees on the value of their total benefits package rather than being fixated on salary alone. P4 even goes as far as annually sending out a statement to each employee describing the total value of the compensation, including both salary and benefits.

Time off and other benefits. P2, P3, and P4 made frequent references to distinguishing themselves through their total compensation package, to include all nonpay benefits. Despite historical emphasis on longevity in the research, the millennial workforce may place greater emphasis on their life goals than their salaries or careers and may leave a firm if those goals are threatened (Lee et al., 2018). Word frequency did not indicate an emphasis on other specific benefits such as paid time off. However, P3 and P4 made specific references to how they have used paid time off or personal time off (PTO), or *leave*, as a negotiation tactic in the hiring process. A review of the benefits packages

provided to employees revealed some of the differences in benefits offerings that the participants referenced in the interviews. For example, while P1, P2, and P3 all offer ten paid federal holidays, with 3 weeks of paid leave (unless otherwise negotiated), P4 offers only five federal holidays, but offers 4 weeks of paid leave to compensate for the loss of five federal holidays, while conceding that the industry standard was ten. P4 explained that while this sometimes confuses employees, they have received positive feedback for providing flexibility of the extra week of PTO rather than offering the industry-standard 10 federal holidays.

Training and development can play an important role in preventing voluntary turnover (Fletcher et al., 2018). P1 and P4 both commented about the significance of training in their firms. P1 discussed training in the context of using interns and providing their training while also acclimating them to the firm's culture. P4 placed a high degree of value on training due to the highly technical and sensitive nature of work they do, as well as the significant training investment averaging 5 years for proficiency.

Other benefits varied across the participants and included tuition reimbursement, flexible work schedules, telework, employee referral bonuses, bonuses for publications (scientific papers), company retreats and activities, free soft drinks, and membership to shopping clubs. Millennials in the workforce sometimes place more value on quality of life than on compensation such as salary or benefits (Durocher, Bujaki, & Brouard, 2016). None of these were specifically mentioned in the interviews but were discovered during other data collection. A comparison of all participants' benefits, taken from

company documents such as employee handbooks and other new employee documents, is provided in Appendices C, D, and E.

Links to the literature. Schuler (2015) credits TM practices with success for such major companies as General Electric, Apple, and Google. Schuler also argues that talent management should be customized for each organization, is a complex process, and should be continuous throughout the life of the firm. However, what defines TM may be subjective and based on either the researcher's or the firm's interpretation of what TM is (Cascio & Boudreau, 2016). In the context of small PSFs, TM appears to take a similar form to HPWS in that both TM and HWPS have elements in common such as identifying talented individuals and ensuring the environment is conducive to their success. Downs (2015) regarded the difference between high performers and high potentials as key to managing talent; high performers could be counted upon to get the work done with minimal supervision, but high potentials are more interested in breadth than depth and seek out new challenges. The data from all four participants reflects elements of TM, particularly in identifying talent during the hiring process and the efforts to retain talent.

Links to the conceptual framework. Barney's (1991) seminal work on the RBV, which eventually became known as RBT, bears on recruitment and hiring as much as it bears on retention, because the ability for the gaining firm to attract and hire talent is related to the losing firm's ability to retain talent. In the context of VRIN/O and human capital, recruitment and hiring are paramount to success if human capital resources meet those criteria (Suseno & Pinnington, 2017). All participants, regardless of what specific markets they serve or services they provide, commented on specific strategies to not only

retain employees, but also how difficult it was to recruit talent. P1 spoke about ensuring proper *fit* during the hiring process, based on meeting a specific business need; this *fit* maps directly to the VRIN/O elements. In the case of P4 in particular, all those elements that align with VRIN/O, and therefore drive retention strategies, also make it difficult for them to recruit talent.

Theme 3: How Corporate Culture and Employee Engagement Had a Positive Impact on Voluntary Employee Turnover

While P2, P3, and P4 emphasized compensation, particularly benefits, P1 only mentioned compensation once, in the context of a tuition reimbursement benefit. However, a word frequency search for P1's interview revealed that, in the top five most frequent words, after *people* and *person* (already addressed in previous paragraphs), the next two most frequent were *fit* and *culture*. Table 7 displays the word frequency for P1.

Table 7

Overall Word Frequency for P1

	Count	Weighted Percentage	Similar Words
People	50	3.10%	None
Person	33	2.04%	Personally
Fit	28	1.73%	Fits, fitting
Culture	23	1.42%	Cultural, culturally, cultures
Skill	19	1.18%	Skills

The compatibility between an employee and their work environment is called *fit* or person-organization fit and is an important part of keeping employees engaged (Krishnan & Scullion, 2017; Ma et al., 2018; Suseno & Pinnington, 2017). P1 made a significant number of references to the *fit* between the employee and the organization and

attributed some of this fit to technical skill but also to the corporate culture at P1's firm. The skills fit was addressed in the earlier paragraph regarding the hiring process and the technical testing, as well as the mentoring and case studies for interns and new hires. With regard to culture, P1 made several observations about specific steps their firm took to improve corporate culture that reduced voluntary employee turnover. P4, despite not having the high frequency of the word *culture* as compared to P1, commented that corporate culture was the most important factor in preventing voluntary employee turnover, after attracting talent with good benefits. P2 did not specifically use the words *culture* or *engagement* but did make numerous references to communication and the value of the employer-employee relationship, which implies an emphasis on culture. P3 used the expression *engagement* 13 times and used it in the context that other participants called *culture* or *teambuilding*.

A document review from all four participants, including company emails and event flyers, show that all four firms expend resources on a positive working environment, despite the minimal mention of words like *culture* or *engagement*. Several subthemes emerged from the interviews, the document review, and the review of the literature and conceptual framework, that describe all participants' corporate cultures: (a) teambuilding and employee engagement, (b) transparency and communication, and (c) changes in culture resulting from firm growth.

Teambuilding and employee engagement. Yalabik et al. (2017) found that both organizational commitment and team commitment were both found to reduce employee turnover. P1 conscientiously made changes to the physical layout of their office to

facilitate collaboration and teamwork. They created collaborative spaces to replace cubicles and established more meeting spaces with state-of-the-art technology for teleconferencing; additional capital investments included sit-stand desks and dual monitors. P1 emphasized that their firm created a supportive structure within which employees could work as a team with minimal oversight from leadership. In terms of engagement, P1 made specific references to keeping technical people challenged with technical work rather than being mired in repetitive administrative duties, so standard templates and workflows were put in place to minimize tedious work and maximize challenging technical work. P1 also has internal research and development projects that serve both to keep technical personnel challenged but to stay current with technology. Organizational ambidexterity is the balance between exploring new opportunities while exploiting current capabilities (Ajayi et al., 2017). P1 has company-wide teambuilding and social events, as well as community outreach programs that all help produce team cohesion that reduces the dissatisfaction that may lead to voluntary employee turnover. Müceldili and Erdil (2016) emphasized the positive effects of workplace fun and the important role of social events.

P3 spoke specifically about employee engagement. They hold company-wide events and community outreach, which were, however, limited to save costs and be more competitive. P3 found that getting some of the senior employees and SMEs to help with the crucial process of writing proposals (during nonduty hours) has been a terrific way to keep people engaged at their firm, while also helping the firm win contracts. P3 observed that the business model, described in earlier paragraphs, demanded close examination of

the costs associated with culture and engagement. While acknowledging that these are important factors for preventing voluntary turnover, P3 commented that sacrifices to culture and engagement may mean more work for the firm, where everyone benefits, and instead elects to provide a stable, supportive environment. Kundu and Lata (2017) found that a supportive work environment is potentially more important than individual employee engagement events or initiatives.

P4 emphasized the importance of culture and engagement in terms of ensuring employees look forward to coming a fun place to work; they have a saying there: “we don’t have a lot of rules. Don’t make us have a lot of rules.” P4 also stated that regardless of pay or benefits, if people do not like coming to work, the firm will lose them. Tews, Michel, and Noe (2017) found that fun in the workplace promoted learning, in addition to creating a more desirable work environment for employees. P4 used activities like watching movies over the course of several days, video games, and other activities during lunches to create a fun atmosphere, commenting that the technical work could be very mentally taxing, and that people needed mental breaks to be able to perform better. In addition, P4 organizes periodic company outings for fellowship and recreation.

P4 further elucidated their position on culture by explaining that they choose not to micromanage and prefer to allow people the freedom to get their work done. P4 continued by saying that nontechnical business support staff have the role of removing obstacles for the technical staff so that they are free to do the work they enjoy and excel at. P4’s objective is to create a common vision for all employees and allow everyone to

build up the momentum as a team as they strive to achieve that vision without being prescriptive.

Transparency and communication. P1 emphasized transparency among peer teams as a positive factor in reducing voluntary turnover. In having transparency across the firm regarding team projects, peers are accountable to each other to get quality work done on time to meet P1's organizational goals. P1 commented that the leadership team communicates frequently about staff issues, and if they identify a potential problem with an employee, they swiftly bring the employee in to try to identify the problem and resolve it. P1 pointed out that while managing voluntary employee turnover is important, it is equally important to know when to sever a relationship that is not working.

Depending on the type of problem, P1 may place the employee on a performance improvement plan but is careful to make it positive and to clearly communicate to the employee what the potential problem is to give them a chance to change behavior or performance. The initial performance improvement expectation is 3 months; if some progress is made but the problem is not fully resolved, P1 provides another 3 months. If, after 6 months, the issue is not resolved, P1 believes it is best to terminate the employee because the negativity associated with a disgruntled employee can create bigger problems and distractions for the rest of the staff.

P2 remarked that good communication begins during hiring with the explanation of the benefits the new employee would be getting, because many of the less experienced candidates, particularly among the millennial generation, often lack professional experience to draw on to make meaningful comparisons with other firms. This open

communication continues throughout the employees' careers with P2's firm. P2 discussed the importance of having open and frank conversations with individuals about their personal and professional goals and then trying to help that person achieve those goals, even if it meant going to another firm. Durocher, Bujaki, and Brouard (2016) found that especially among the millennial generation, firm legitimacy in the form of meaningful work, ability to meet career aspirations, and work-life balance are important.

P2 keyed in on the advantage of the small firm, where they could foster not only a team environment, but a family, one that is built and cultivated through honest and open communication. In terms of voluntary employee turnover, P2 remarked that in most cases, they only experienced voluntary turnover when an employee had to move to a new region, and even then, P2 helped to facilitate the transition by allowing teleworking and other concessions until the departing employee was fully established in the new area. According to P2, the transparency of situations like the aforementioned helped prevent voluntary turnover because the perception among employees was that the firm was genuinely concerned about them. Kontoghiorghes (2016) found that open communication was a key element in attracting and retaining talent.

P3 also emphasized transparency and open communications as a part of managing voluntary turnover. In addition to regular emails and company events, P3 hosts an annual all-hands meeting and invites all questions about the future of the business in order to provide an open forum for discussion and to have employees wish to stay for their careers. P3, like P2, stressed the importance of inquiring about and caring for employees' needs and goals. P3 attributed the open communications at their firm to the addition of

bereavement leave benefits for all employees, as a result of feedback from staff. P3's firm emphasizes health and wellness through a monthly newsletter as a part of their regular communications to employees.

P4 remarked that communication was especially important when making changes to existing policies, particularly those regarding changes in benefits. For example, P4 conducted an analysis of how often employees were being granted leave for inclement weather and determined that it was not often enough to continue offering it, especially in light of having opened new offices in areas that may not be experiencing weather-related delays on the same days. When P4's employees began to show concern for having lost a benefit, P4 had to show some of them how often weather-related closures were occurring. P4 also learned that any changes in policies, particularly regarding benefits, should be proactively messaged to prevent the perception of reducing benefits.

Like the other three participants, P4 mentioned the need to communicate with employees to understand their professional goals. P4 commented that they have an open-door policy, and to prevent against the perception that having such a policy was not valuable to employees, they have frequently taken advice and suggestions from employees, which improves the likelihood of other employees coming to leadership with their concerns. For example, P4 cited one case in which a new employee felt that they had lost vision benefits, which were better under the previous employer. P4 took that back to the leadership team and upon investigation, found that their vision policy was not competitive and made changes to improve it. All four participants mentioned the need for

open communications and transparency to reduce the likelihood of voluntary employee turnover.

Changes in culture resulting from firm growth. P1, P3, and P4 all made reference to changes in corporate culture as they transitioned from being very small businesses of less than ten people to as large as, in P3's case, having hundreds of employees. P1 remarked that in the very beginning they hired people they knew but did not specifically pay much attention to creating and sustaining a corporate culture that was both challenging and fun; they had to take steps including infrastructure changes and policy changes in order to develop the culture that they had at the time of this study. Specifically, P1 commented on ways in which senior employees reacted as the company grew; this sometimes resulted in the perception that these senior employees had responsibilities taken away, when in fact the purpose was to allow people to become more focused on particular business or technical areas because of their valuable contributions. P1 had to assure those employees that they were very valuable and not being marginalized.

P3, while still considered a small business (having fewer than 500 employees), is considerably larger than the other three participants, and made multiple references to the changes in culture over time and with that growth. For example, during the early stages with fewer employees, P3 could be much more spontaneous about activities such as going out to lunch, or even going on teambuilding trips together. Now, with several hundred employees, it is much more difficult and resource-intensive for P3 to plan and hold social events and other teambuilding activities. P3 was emphatic that it was not that

such activities are not valuable because everyone wants a fun place to work, but that with the size of the firm and the need to continue sustainable growth, those activities are not scalable.

P4 described the changes of going from four employees to nearly 40 as requiring leadership to be much more intentional with their decisions and less spontaneous, mirroring what P3 said. And, as P3 also mentioned, they must consider the time and resources required to plan and organize events. For example, P3 has synchronized their (paid) morale activities with quarterly all-hands meetings. However, P4 has kept many of the same fun and recreation that they used when they were much smaller but leave it to employees to use at their discretion, such as video game consoles and lunchtime movies and encourage their use.

One challenge that P4 discovered was that before growing, the leadership was working side-by-side on projects with employees; since then, as the company has grown, the leadership has had to divest themselves of much of the technical work in favor of steering the company. While in the past an employee could just turn to an owner and casually ask a question about the company or the business, now an employee must go to a front office; while the leadership try to maintain and open-door policy, just the fact that they are in offices has distanced them from the employees so they have to take special measures to stay connected.

Links to the literature. HPWS are organizations that take a more transformational approach to HRM practices through targeted hiring processes and by fostering teamwork, participation, and development to maximize employees' potential

(Fu et al., 2017; Messersmith et al., 2018). P1, P2, and P4, as a function of their relative size to larger competitors, had relatively flat organizational structures and teaming cultures characteristic of firms that employ HPWS. P1, P2, and P4 also provided specialized technical services such as custom software solutions as their primary offerings. Small firms tend to benefit most from HWPS (Coder et al., 2017). P3, as the largest of the participating firms and significantly larger than the other three, had a more hierarchical organizational structure, and provided consulting services in addition to custom technical solutions, but still displayed the other characteristic elements of HWPS, such as targeted hiring and teamwork initiatives.

Links to the conceptual framework. Barney (1995) replaced VRIN with VRIO, replacing nonsubstitutability with organizational capabilities as a key element of a sustainable competitive advantage. This shift to organizational capabilities bears on the observations from this study related to corporate culture and employee engagement. All four participants emphasized culture and engagement as elements of their success strategies. P1 spoke to infrastructure changes to foster teamwork; P2 remarked about the importance of individualized communication and relationships; P3 observed the benefits of engaging employees in new business capture; and P4 said that their firm has continued to provide time and resources to employees for a fun work environment. Davis and Simpson (2017) observed that employees cannot individually create SCA for the firm, but that they add value when leveraged as an organization.

Applications to Professional Practice

The findings of this study highlighted ways that owners of small PSFs successfully managed voluntary employee turnover. Professional service firms rely on their human capital resources for their survival and their ability to compete with each other, particularly small PSFs with limited financial resources. Key to profitability for small PSFs is balancing financial expenditures on corporate culture and employee engagement against the need to stay cost-competitive. Total compensation must meet employees' expectations, and other benefits such as paid time off, paid training, and a fun and supportive culture all aid in securing and retaining high quality personnel and therefore help to ensure employees provide high quality professional services. This study illuminated some ways that owners of small PSFs reduced voluntary employee turnover in their companies by addressing recruitment and hiring practices, competitive compensation, and healthy corporate culture.

Implications for Social Change

Small businesses represent the largest proportion of American businesses. Small businesses that provide professional services rely on their human capital assets not only for their profitability, but for their survival. Business owners that recruit and hire individuals from universities or from other firms continue to provide opportunities for individual growth and development and improve the overall talent base to a region. One of the ways that firms can attract and retain talent is to create organizational cultures that foster high levels of communication and employee engagement, both of which add to overall employee satisfaction and stability for professionals and their families.

The findings of this study on strategies for reducing voluntary employee turnover may bring about positive social change as small professional services business owners work to reduce voluntary employee turnover. The implications to individual employees are that they may be more content in their current positions, less likely to leave, and thereby have more financial stability. The implications to small businesses are the stability of the firm and sustainability of their competitive positions, which in turn promotes stability to employees, and keeps local economies thriving.

Recommendations for Action

This study elucidated some ways that owners of small PSFs in the midwestern region of the United States reduced voluntary employee turnover in their firms through good hiring, competitive salary and benefits, and healthy corporate culture and engagement practices. Some specific recommendations for other small professional services businesses are: (a) approach recruiting and hiring strategically, (b) consider all nonsalary benefits, and (c) build a culture of transparency, teamwork, and communication.

Approach Recruiting and Hiring Strategically

Determine what the business case is for bringing someone new into the firm and what unmet need must be met by hiring them. This should include what the firm can afford, and at what rate the firm can charge for that person's work. While recruiting or hiring from personal networks alone may be less complicated, it may not be part of a sustainable business model.

Consider All Nonsalary Benefits

If salary ranges or billable rates for particular services are fairly well-established, make use of nonmonetary benefits such as time off, flexible working hours, or other benefits to compete for talent. Some members of the millennial generation may place more value on their quality of life than on salary or insurance benefits. Ensure that employees and potential hires fully understand the value of the benefits the firm is providing, particularly those that are new to the professional workforce.

Build a Culture of Transparency, Teamwork, and Communication

Keeping employees abreast of changes is important, particularly as a firm grows from being very small to a larger company. Establish a common vision and mission and ensure that all strategies logically map to those and that all employees know their roles. Be aware of the needs of employees for fun and the value of their social networks as these may improve your firm's reputation and ability to find talent.

Local business leaders, whether large or small, whether providing professional services or not, may benefit from the findings of this study on reducing voluntary employee turnover. Results of this study might be disseminated to local businesses to further strengthen the small business communities in which they operate, including other small PSFs.

Recommendations for Further Research

The intent of this qualitative multiple case study was to identify HRM strategies that small business owners in the professional services industry used to reduce voluntary employee turnover. The first theme that emerged was the overall importance of employee

turnover in small PSFs. While this study provided some steps that small PSF owners in the midwestern region of the United States used to reduce employee turnover, this study was limited to small PSFs that provide services to the federal government, such as software development and consulting services; future research should include other types of professional services such as accounting, legal, or medical, which are also considered professional services but may have their own unique conditions and challenges.

A second theme that emerged involved the recruitment and hiring practices for small PSFs; this study was limited to small firms, but large firms should also be examined as they may have much to offer in terms of strategies for reducing voluntary turnover. A third theme was how corporate culture and employee engagement positively impacted employee retention in small PSFs, but this was a qualitative study. A quantitative or mixed-methods research may reveal important relationships between employee turnover and variables such as compensation, benefits, work hours, or other factors. Finally, the study was limited to the midwestern region of the United States; future research should be conducted in other regions or in other countries because there may be different societal expectations or needs.

Reflections

The DBA Doctoral Study process afforded me a glimpse of scholarship and learning that I can only describe as intensely challenging but immensely rewarding. In addition to the knowledge I gained from extensive research, I learned about the writing, peer-review, and editing processes that are so important for communication and credibility in the age of vast amounts of information and sources of bias that exist. I had

to learn how to both offer and accept criticism gracefully and speak with a scholarly voice. Moreover, going through the process validated for me that I was capable of seeing a project of such magnitude through to its completion, despite personal and professional challenges that competed for my time and energies.

Having had some experience as a federal government customer of professional services firms and having worked side-by-side with many consultants that were provided by companies like those that I collected data from, I had to remain objective and not allow my previous experience to influence my research. One assumption I had going in was how much influence that salary had on retention. While salary was certainly a factor, I learned that salaries (in the limited research I conducted) were fairly well established among employers, employees, and customers. There are established rates that the government customer is willing to pay, and PSFs and their employees take those rates as a given, placing more emphasis on other benefits than salary. I gained a new understanding through this study process of the challenges that small PSFs are faced with and having the chance to hear directly from local business owners about ways that they managed employee turnover.

Conclusion

Managing voluntary employee turnover is important to all businesses due to the costs, both financial and nonfinancial, to those businesses. Voluntary turnover can be even more damaging to a small firm that has limited resources with which to recruit and train new employees. Small PSFs not only face the same challenges that most small businesses face, but because the services they provide require human capital assets to

provide these services, voluntary turnover in small PSFs may be critical to their profitability or even their survival.

The purpose of this qualitative multiple case study was to explore strategies that small PSF leaders have used successfully to reduce voluntary employee turnover. I collected data from four small professional services businesses in the midwestern region of the United States that had demonstrated successful business operations and less than average voluntary turnover to illuminate what strategies they used. I utilized NVivo 12 for Mac software to organize and analyze the data I collected from the four participants and discovered three major themes: (a) the impacts of voluntary employee turnover in small PSFs, (b) how good hiring reduced voluntary employee turnover, and (c) how corporate culture and employee engagement reduced voluntary employee turnover.

The findings of the data I collected were consistent with much of the current research about voluntary turnover, professional services, and HRM in small businesses. Potential professional applications from this study include (a) strategic recruiting and hiring, (b) examining total compensation, including those other than salary, and (c) creating and sustaining a transparent corporate culture with frequent communication. These strategies may help other small PSF owners to reduce voluntary employee turnover in their firms.

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Appendix A: Interview Protocol

The purpose of these interviews is to obtain data and insights regarding the phenomenon of voluntary employee turnover in small professional services businesses. The participants in this research include small professional services business owners or HR managers in the midwestern region of the United States. I will adhere to the following protocol to ensure consistency and quality:

1. I will begin by introducing myself as a Walden University doctoral student and provide a short narrative describing the purpose of the study and the estimated time of 1 hour, not to exceed 2 hours, for the interview session.
2. I will provide two copies of the consent form to the participant for their review and signature and offer them a chance to ask any questions they may have prior to signing. Once signed, I will give one of the two copies back to the participant.
3. I will ask permission to record the interview, with a reminder that the participant may terminate the interview at any time for any reason.
4. I will begin recording, noting the date and time, and request verbal permission from the participant to proceed with recording the interview.
5. I will commence with the interview questions from Appendix A, using the exact wording and order for each participant, to ensure quality and consistency.
6. After obtaining responses to all the interview questions, I will conclude the interview by thanking the participant and stopping the recording. I will remind

the participant of my responsibility to protect their identity and the identity of the organization they represent, and that I will be keeping all data for a period of 5 years in a safe for which only I have the key or combination.

7. I will request that the interviewee participate in transcription review and member checking via email, telephone, or in person, based on the transcription and synthesis I conduct in the data analysis phase of the research.

Appendix B: Interview Questions

1. How would you describe the evolution of HRM strategy in your firm?
2. How would you characterize your current HRM strategy?
3. How is your HRM strategy aligned with your overall business strategy?
4. What steps did you take to execute your HRM strategy for reducing turnover?
5. What steps taken to execute your HRM strategy for reducing turnover have been successful, and why?
6. What challenges did your firm face in terms of employee turnover?
7. How did you address those challenges?
8. What other information about HRM strategies that small business owners in the professional services industry use to reduce employee turnover would you like to share?

Appendix C: Comparison of Insurance Benefits of Participating Firms

Benefit	P1	P2	P3	P4
Medical Option 1*	HDHP/HSA	Company pays 100% of premiums, HDHP/HSA	HDHP/HSA	Company pays 100% of premiums, PPO
Medical Option 2*	"Buy up" PPO available	"Buy up" PPO available	"Buy up" HDHP/HSA available	Supplemental insurance available
Medical Option 3*	N/A	N/A	"Buy up" PPO available	N/A
Dental, Vision*	Available	Available	Available	Company pays 100% of premiums
Long-term disability (LTD), short-term disability (STD)*	LTD Available	Company pays 100% of premiums for both LTD/STD	LTD/STD available; critical illness benefits available	Company pays 100% of premiums for both LTD/STD
Basic Life, AD&D*	Company pays 100% of premiums	Company pays 100% of premiums	Company pays 100% of premiums	Company pays 100% of premiums
Supplemental Life*	Available	N/A	Available	N/A

*Unless otherwise stated, employee pays some portion of total premiums, typically 20%

Appendix D: Comparison of Leave Benefits of Participating Firms

Benefit	P1	P2	P3	P4
	Standard Leave			
PTO	3 weeks/year or as negotiated at hire; may not be carried over into new CY	3 weeks/year up to 3 years; 4 weeks/year after 3 years; may carry up to 5 weeks (200 hours) at a time	3 weeks/year or as negotiated at hire; may carry up to 5 weeks at a time	4 weeks per year up to 5 years; 5 weeks per year up to 10 years; 6 weeks per year after 10 years; may carry all leave over
Holidays	Ten paid federal holidays, two floating holidays	Ten paid federal holidays	Ten paid federal holidays	Five paid federal holidays
	Other Leave			
Bereavement	up to 2 days paid for immediate family member	Up to 10 days per year in aggregate for bereavement, military duty, and jury duty; certain conditions apply for each	up to 2 days paid for immediate family member	up to 3 days for immediate family, 1 day for non-immediate family
Military Duty	unpaid, remain on payroll		Paid military leave (subject to conditions)	N/A
Jury Duty	unpaid, remain on payroll		N/A	up to 5 days every 2 years
Family Leave	unpaid, remain on payroll, up to 4 weeks, after all paid leave has been used	Unpaid personal leave may exceed 30 days, subject to supervisor approval	Not addressed in benefits summary	Unpaid Leave of Absences available after 1250 hours worked in year of request

Appendix E: Comparison of Other Benefits of Participating Firms

Benefit	P1	P2	P3	P4
401(k)	matching up to 3%, after 500 hours and 3 months of employment	matching up to 4%, no waiting period, immediate 100% vesting	up to 3% contribution, 50% vesting after year 1, 100% vesting after year 2	100% matching on first 3% contribution, total match of 4%; immediate 100% vesting on first contribution
Training	Paid	Paid	Paid, including professional certifications	Paid
Tuition Reimbursement	Available	Unpaid educational leave available	Available up to $6,000 lifetime maximum	Available up to IRS limit of $5,250 per year, no lifetime limit
Other	Employee referral bonuses; flexible scheduling; free coffee/water	Employee referral bonuses; incentive bonuses for publications; free use of company-owned retreat center; flexible scheduling	Discounts on premiums for wellness or non-tobacco use; HSA/FSA available; flexible scheduling	flexible scheduling; shopping club membership, free soda/water/ coffee/tea