

hr SPECTRUM

Cornell Center for Advanced Human Resource Studies

Research Highlight

Why Good Employees Quit and What You Can Do to Stop Them

Surprisingly little is known about why high-performing employees leave for other jobs. Insight into their decision is of great interest to companies targeting retention efforts at this desirable group. Cornell professor John Hausknecht and colleagues at the University of Wisconsin-Madison (Charlie O. Trevor) and Harrah's Entertainment (Michael Howard) surveyed some 2,500 hospitality employees—hourly, salaried, and managerial—to look for answers.

The researchers found that high-performing employees leave for different reasons than do low performers. Low performers are generally discontent with the job—typically the hours, the work load, and absenteeism policies—while high performers are attracted to opportunities elsewhere, both for advancement and the higher pay it brings, and to better use their skills. Higher pay is important for all employees, but it is more important to the high achievers, who are more

likely to expect to be rewarded well for their good work.

One surprising finding was that the supervisor is a major motivator for leaving, for both low- and high-performing employees. The researchers thought that high performers would be insulated from problems with a supervisor, but this effect was much weaker than expected. It was, indeed, the most important source of discontent for low achievers, but low employee performance apparently is not the only reason for conflict with a supervisor. The

supervisors themselves can be the problem—whether insensitive, incompetent, or just incompatible, the supervisor ranked just below insufficient pay, advancement opportunities, and skill utilization as the reason high achievers leave.

The team also tracked employees to see if their old performance was related to the degree of pay and advancement opportunities on the new job. For high performers, the shorter the time in the old job, the

...an investment in salary, advancement opportunities, and utilization of skills is an important area to emphasize in targeting retention efforts...

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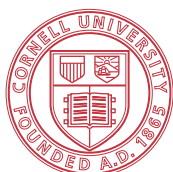
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more money they made in the new one. The researchers suggested that the hiring organization may view those who accomplish much in a shorter time as fast learners with greater natural ability and potential.

Findings held in the salaried and managerial job categories and for all gender and ethnic groups, with the exception that high-achieving non-whites did not attain comparable salary improvements. High-performing hourly workers did not differ from low performers in terms of salary and advancement improvements in the new job.

Not examined in the study was causality: whether factors such as long or difficult work schedules or high work load created low performance, or whether employees who cited these factors as a reason for leaving were less competent to begin with. Strict



Cornell University

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Up Close with ...

Mirian Graddick-Weir of Merck & Co., Inc.

Mirian Graddick-Weir joined Merck & Co. in 2006 as Senior Vice President of Human Resources. Mirian began her rise to executive HR leadership in corporate human resources at AT&T in 1981, serving in several different business units. When she left, she had attained the rank of executive vice president of HR and employee communications.



Mirian Graddick-Weir

She attributes aspects of that experience at AT&T to preparing her for senior leadership in the executive suite. “I spent over a year outside of human resources as chief of staff to one of the vice chairmen of the company. He reported to the CEO. I had to learn all aspects of the business,” says Mirian. During this assignment, AT&T was forming strategic business units, a departure from their traditional way of doing business.

“This role helped me see how structure, process, governance and culture all fit together. And most important, I learned how to navigate around the executive suite and to understand politics, egos and managing relationships...how to effectively interface and work with executives.”


That early work helping to realign and change the way AT&T operated was a foreshadowing of the efforts Mirian is leading today at Merck & Co. Merck & Co., Inc. is a global research-driven pharmaceutical company with 60,000 employees worldwide and sales of \$24B in 2007. Established in 1891, Merck discovers, develops, manufactures and markets vaccines and medicines to address unmet medical needs. “When you have a company that’s been extremely successful doing things the same way, but you know that way isn’t going to work going forward, you have to change culture,” Mirian says. She believes one of the toughest challenges

HR executives face is leading an organization through transformation, particularly when a company is trying to change its culture.

The challenge for a leader? “There is no mandate to change when you have been successful. It takes time, patience and support from the top,” she says. Mirian has seen this challenge in both her role at AT&T, which shifted from being a monopoly to operating in a very competitive environment, as well

as at Merck. “Merck has always operated in divisional silos, now we have to drive common processes across those silos.” She cites collaboration and customer focus as the new behaviors that are crucial for their success in the future.

What advice does Mirian have for aspiring HR execs? “Learn as much about the business as possible. Most HR people are skilled within their function. Where I have seen them derail or not be as effective as they could be is when they have not put equal time in learning their business. This business know-how helps you design tools and processes that create value.” She suggests that up-and-coming leaders take on assignments outside of HR early in their career.

In addition to her achievements in the business world, Mirian holds both a Ph.D. and M.S. in Industrial/Organizational Psychology from Penn State and a Bachelor’s in Psychology from Hampton University in Virginia. With a father in the Air Force, she was born in Illinois but traveled extensively following her father’s career. That experience of growing up on the move certainly helped her with the flexibility and change management skills she utilizes today as the top HR executive for one of the world’s foremost pharmaceutical companies. 

Merck & Co., Inc. joined CAHRS in 1990, the ‘Up Close with’ profiles feature interviews with leaders of CAHRS sponsors.

Faculty Profile

Professor Rosemary Batt, Alice H. Cook Professor of Women and Work

Professor Rosemary Batt, Alice H. Cook Professor of Women and Work, says her most recent project focuses on the globalization of service work. Along with colleagues in Germany and the UK, she has coordinated an international study of the emerging Call Center Sector. Call centers are technology-mediated service and sales operations that have become the major channel through which companies interact with their customers.

The industry has grown dramatically around the world as the result of advanced information technologies and the falling costs of telecommunications. “I started this project four years ago, and since then it has spread to include 45 researchers in 20 countries. That is because of the importance of this sector everywhere for firm competitiveness and job growth,” she states. The research results are detailed in “The Global Call Center Report: International Perspectives on Management and Employment” www.ilr.cornell.edu/globalcallcenter.

This study is unusual because it compares the simultaneous growth of an emerging sector in both developed and developing economies, with countries as different as Germany, South Africa, Canada, and India all viewing call center jobs as a solution to unemployment. Notably, in all countries these jobs are primarily filled by women.

“We started with a simple question,” says Batt, “How important are national institutions and business strategies in shaping the quality of jobs and service in this emerging sector? In this technology driven industry, are management practices converging towards one model of employment? Or do institutions and norms still matter in shaping divergent outcomes?”

To answer this question, each country team administered an identical national survey of management practices and employment outcomes, supplemented by extensive field research. This produced an international database of 2,500 work sites covering employment of nearly 500,000 workers.

The result? “Through our collaboration and three rounds of international conferences, we have produced insights that no single country team could have generated alone,” reports Batt. “For example, media accounts conger up images of call center jobs all flowing to India. In fact, these centers emerged in virtually every country at about the same time—since the mid to late 1990s. The sector is growing everywhere, not only in India.”

Other findings include the importance of national institutions in shaping management practices, including the




Rosemary Batt

role of education and training, employers associations, trade unions, and works councils. Managerial choice in business and HR strategies also matters. While call centers have a ‘sweat shop’ image, they vary dramatically in the quality of jobs, pay, and service, both within and across countries.

“Over the course of the next two years, we will be publishing a series of scholarly papers and books analyzing the global development and dynamics of this important source of employment around the world,” Batt notes. “It has been a fantastic experience to work with the researchers from around the world who come from very different disciplines and have distinct assumptions.”

“I believe that especially in today’s interconnected world, it is not sufficient to examine work and employment practices in one country,” Batt continues, “U.S. multinational corporations, and their counterparts based in Europe, Asia, Africa, and Latin America, are competing with each other around the globe; and it is important that we understand how and why they operate with different approaches to management and employment.”

Today’s labor markets are increasingly global. A bank teller who used to work in Philadelphia is now a call center worker in Phoenix, San Antonio, Ontario, Bangalore, Dublin, or Manila. Companies are able to shift work instantaneously, so there is a need to understand management and employment systems as they cut across networks of organizations and geographically dispersed communities.

International research is challenging and exciting, as the unit of analysis and the boundaries of organizations keep shifting. Professor Batt also emphasizes the value of working with the visiting fellows who come to the ILR School every semester. She sees it is an opportunity for everyone in the ILR community to broaden their understanding of management and employment around the world. Visiting fellows come with different assumptions, a different teaching style, and most importantly, a wealth of knowledge to share. “The ILR School has faculty expertise in Human Resource and Organization Studies and Labor Relations covering every region of the globe,” remarks Professor Batt. “Now, we are moving to the next level—institutionalizing our international work so that it is integrated into every aspect of teaching and research, even when the focal point is not international.” 

China Meeting 2008

CAHRS at the Forefront of Talent and Growth Issues

Multinational firms doing business in China used to rely on their clout and affluence to lure the most skilled local workers to their ranks. But today, with more foreign invested enterprises (FIEs) rushing to enter the market and China's private sector growth—competition for talent is reaching a fevered pitch. Most FIEs are quickly grasping the negative impact of this talent shortage on their aggressive Chinese growth plans. And of course, human resource leaders within those companies face pressure from both sides. They must build and upgrade their functional talent in China in order to meet the organization's new talent demands. CAHRS partner companies are no exception, and are proactively taking steps to understand and meet those challenges.

After an initial December 2006 meeting in China, CAHRS planned a second discussion meeting to address the strategic issues around building a sustainable human resource model for China. That meeting, held January 24, 2008, in Shanghai and hosted by Eaton Corporation, attracted sixty representatives from twenty-one CAHRS companies. They were joined by Patrick Wright, CAHRS director, Pamela Stepp, CAHRS executive director, and John Haggerty, managing director, ILR Executive Education. The agenda centered on the business context in China and HR's talent concerns, with roundtables to maximize discussion and sharing.

John Haggerty opened the meeting with a look back at 2006, where attendees agreed that China is a

challenging micro environment, but one in which the macro HR competencies (e.g. consulting, change management, coaching, talent assessment) still apply. Next, conference host Jim McGill, vice president, Asia/Pacific Region, Eaton Corporation, opened the floor by outlining his firm's business challenges in China. Like many other multinationals in China, Eaton has a long list of strategic HR imperatives impacting their talent and capabilities: rapid growth, building a strong employee brand, developing functional excellence, and improving talent acquisition, on-boarding, retention and development. McGill emphasized that excellence in human resource management is key to Eaton's success in China. Specifically, that success depends heavily on building a professional population to meet growth demands, developing quick-thinking, decisive Chinese leaders, aggressively developing top talent and upgrading middle management, and building an identifiable employee brand that resonates with the local market.

Following McGill, Heather Wang, HR director, Asia and China, General Electric and Gary Wang, vice president, HR Medical China, Johnson & Johnson shared their stories about developing and retaining talent in China. After lunch, Eugene Eu, vice president, HR Consumer



James McGill,
Eaton Corporation



Shanghai skyline

Group, Johnson & Johnson led into roundtables about how to develop a global business and HR outlook. Godfrey Firth, chief representative, Shanghai of the private, non-profit, US-China Business Council (USBC), made the final presentation of the day focused on the Chinese labor environment for FIEs. Firth gave an insightful overview of evolving Chinese labor issues, and implications of their Labor Contract Law (LCL). China's new LCL is the country's first law governing the establishment, revision, and termination of labor contracts. While the LCL is ostensibly pro-worker, of specific interest to CAHRS partners are what many see as over-reaching provisions that could create very problematic employment situations for FIEs.

In China, as elsewhere, the HR function is evolving from personnel management into strategic business partner. But China's unique business challenges make HR's strategic tasks even more daunting. The second CAHRS China meeting was highly rated, and attendees found roundtable discussions, best-practice sharing, and networking opportunities valuable—and something not commonly found at Chinese conferences. As the business and HR landscape in China changes, CAHRS will remain at the forefront of the discussion with more China-focused meetings and initiatives to help ensure their partners' continued success. 



Eugene Eu,
Johnson & Johnson



Godfrey Firth,
US-China Business Council



Gary Wang
Johnson & Johnson



Meeting attendees

Heather Wang,
General Electric



Meeting attendees



Meeting attendees

*Graduate Student Research Assistantship***Alcoa Student Grant**

How do you get more exposure with exceptional MILR students and gain the latest insights into current HR research? You could follow the footsteps of CAHRS partner Alcoa and become a sponsor of the CAHRS Research Assistantships. Like many companies being on the leading edge of change requires knowledge of the latest research and a continual flow of a quality workforce. CAHRS Research Assistantships are an opportunity to support top ILR HR students in their quest to learn and provide significant input to the advancement of HR, and to gain more visibility for your company by the students.

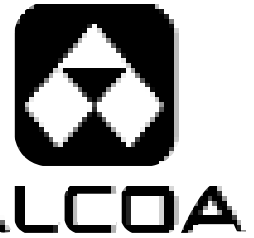
**Trisha Kanjirath**

This past year a grant given by Alcoa provided an assistantship to Trisha Kanjirath. Trisha was selected from an extremely competitive pool of graduates, and the assistantship offers her the opportunity to meet all of our CAHRS Sponsors at our meetings throughout the year.

Trisha Kanjirath, MILR 2008, is now in her 4th semester of the MILR program. She is concentrating in Human Resources and Organizations. After completing her undergraduate degree from St. Xavier's University, Mumbai she spent a year in radio and theater. Prior to beginning her Master's degree at Cornell University, she was working as a recruiter with Sun Microsystems in Bangalore, India. Over the summer she interned with Morgan Stanley in their corporate compensation department.

This is Trisha's 2nd semester as a CAHRS research assistant and she has been involved in several projects this past year including recent work on the preparation for the CAHRS Fall Meeting 2007, the paper "Impact of Technology on HR Analytics." The paper discussed how the combination of increased sophistication and customization of human resource information systems and decreased costs in technology infrastructure have enabled HR departments' to measure the impact of policies and procedures. By implementing a comprehensive and effective set of metrics, an HR department can not only prove its value, but will also be able to provide a clear connection of how it affects business performance, operations and most importantly, profits. The paper also


discussed how technology has made the collection and measurement of metrics and analytics more efficient, and examined the different types of metrics and analytics that can be measured in order to identify and leverage an organization's sources of competitive advantage.



More recently, Trisha prepared research for the recent meeting in Shanghai China "Developing HR Talent within the Organization." The paper looks at how companies in China have managed their HR talent. It

examines how they recruit for talent and what training and development programs are available to HR employees. In addition, it also discusses how companies retain HR professionals in an increasingly competitive environment. This semester Trisha is preparing research for the CAHRS conference in Dubai, "Growth in the Middle East and HR Capabilities". Specifically, she is looking at the impact that the large expatriate community has had on the culture of business in the Middle East, and how Middle Eastern culture has influenced the way MNCs operate in the region.

"Working with CAHRS has been a wonderful experience," says Trisha. "It has been interesting to learn about and understand both the common and specific issues that the HR function faces in different parts of the world. Due to the nature of the research we do, I've also had the opportunity to learn from some very dynamic leaders in the HR field from all over the world. I'm looking forward to an exciting and productive semester ahead."

Trisha will continue to work on new CAHRS research including responsibilities for preparing research reviews and white papers for sponsor meetings; developing methods for surveying and interviewing for best practice research; opportunities to write scholarly papers; network with sponsors; serve as role models for ILR HR students; and participate in new projects as they occur. 

For more information on how you can get your company brand on campus, and can become involved and benefit from graduate student research grants for CAHRS, contact Dr. Pamela Stepp, Executive Director CAHRS, via email: pls8@cornell.edu or Tel: 607-254-4829.



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Dr. Patrick Wright, William J. Conaty GE Professor of Strategic HR and Director
Dr. Pamela Stepp, Executive Director

SAVE THE DATE

CAHRS Spring International Meeting**Growth in the Middle East and HR Capabilities****May 28-29, 2008 • Grosvenor House • West Marina Beach****Dubai, United Arab Emirates**

HR leaders will meet in Dubai, United Arab Emirates, the fastest growing city in the Middle East and world, to discuss this topic presented by the Center For Advanced Human Resources (CAHRS). The conference will open with presentations and discussions about doing business in the Middle East and implications for global firms, investment growth, infrastructure, localization/ nationalization, impact of free zones, and how mideast culture affects business.

The second day of the conference will turn to specific HR challenges including the skills gap, attraction, retention, development, compensation policies, motivation, and barriers for women, expatriates, and locals. We expect CAHRS leaders from all over the world to attend particularly from the Middle East, Europe, India, and the United States. We encourage you to register now for this May 28-29 conference in Dubai.

AGENDA

“Doing Business in the Middle East”

Nabil A. Habayeb - President & CEO Middle East & Africa, GE

Roundtable Discussion - “What are the Biggest HR Challenges in the Mideast?”

“Localization/Nationalization Issues”

Jules Croonen - Vice President, HR Middle East & Africa, Shell

“Impact of Free Zones”

Invited - Harjinder Kang, General Manager, AstraZeneca

“The Impact of the Middle East Culture on Human Resource Management in the Region”

Emad A.K. Almoayed - Chairman, National Institute for Industrial Training (NIIT), Bahrain

TALENT MANAGEMENT SESSIONS

“Best Practices in Talent Management”

Chris Collins - Associate Professor, Human Resource Studies and Director, ILR Executive Education, CAHRS

“Leadership Growth in an Emerging Market”

Tommy Weir - Head of Learning & Development, Nakheel

“Retention of Emeriti Talents”

Nasser Al Madani - Assistant Director General Dubai Airport Free Zone Authority, Government of Dubai

“Increasing Participation of Women in the Workforce in the Region”

Invited - Representative from Dubai Women Establishment
Roundtable Discussion - “Talent Management”

COMPENSATION SESSIONS

“The Challenges Associated with Compensation in the Region”

Mustafa Al-Hendi - Chief Human Capital Officer, Dubai Aerospace Enterprise

“Current Issues in Compensation”

Kevin Hallock - Professor Labor Economics and of Human Resource Studies and Director of Research, CAHRS

Roundtable Discussion - “Compensation”

HR LEADERSHIP SESSIONS

“Global Brands: Opportunities and Responsibilities”

Eva Sage-Gavin - Executive Vice President, HR, Gap Inc.

“HR Leadership”

Patrick Wright - William J. Conaty GE Professor of Strategic HR and Director, CAHRS

View our Online Registration form:
www.ilr.cornell.edu/cahrs/springregform.html

HOTEL INFORMATION

We have set up a block of rooms at the Grosvenor House for you to make reservations. Please be sure to reserve your room by April 10, 2008.

Inquiries, please contact: Jo Hagin, Program Manager
Cornell University, CAHRS • 621 Ives Hall
Ithaca, NY 14853-3901 USA

Phone: 607-255-9358 • Fax: 607-255-4953 • Email: jap7@cornell.edu

CAHRS EVENTS CALENDAR 2008

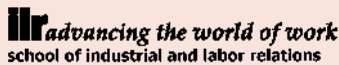
- “HR for HR” Working Group March 13, 2008 New York, NY
Hosted by American Express
- CAHRS Spring International Meeting May 28 - 29, 2008 Dubai, United Arab Emirates
Growth in the Middle East and HR Capabilities
- ILR Orientation & CAHRS Executive Roundtables August 26, 2008 Ithaca, NY
- Fall Sponsor Meeting November 12 - 13, 2008 Ithaca, NY

*For more information, contact Jo Hagin at 607/255-9358 or email: jap7@cornell.edu,
or visit our website at: www.ilr.cornell.edu/cahrs/Calendar.html*

ILR Executive Education

- Preparing for the Top Seat: The Modern CHRO Role and Strategies for Success
 - Session One: What’s So Different About the Modern CHRO Role? April 2 - 3, 2008 New York, NY
 - Session Two: Today’s CHRO Strategies for Success October 7- 9, 2008 New York, NY
- Shell HR Strategic Business Partner Programme May 4 - 9, 2008 The Hague, The Netherlands
- Finance for HR June 3 - 4, 2008 New York, NY
- Cornell Consortium Custom Program June 8 - 11, 2008 Seattle, WA
- Integrated Talent Management: Making Every Meeting A Talent Review June 11 - 12, 2008 New York, NY
- HR Strategy: Creating Competitive Advantage through People September 15 - 19, 2008 Ithaca, NY
- Managing for Impact: HR Metrics and Firm Performance October 2008 Location TBD

*For more information, contact ILR Executive Education at 607-255-5882 or e-mail: ilrexec@cornell.edu,
or visit our website at: ilr.cornell.edu/execed to view our Brochure.*



Why Good Employees Quit And What You Can Do To Stop Them

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absenteeism policies did seem to negatively affect only low-performing employees, and this was identified by the authors as a positive consequence to the organization.

One implication of the study for HR managers is that an investment in salary, advancement opportunities, and utilization of skills is an important area to emphasize in

targeting retention efforts for the highest achieving employees. And across the board, better training for supervisors is key. They are responsible for so much of the immediate work environment for all employees that their relationship with the staff is a major driver of whether they stay or go. 