Employee retention: An integrative view of Supportive Human Resource Practices and Perceived Organizational Support

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Uppsala, June 2009
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Employee retention: An integrative view of Supportive Human Resource Practices and Perceived Organizational Support

Key words: employee retention, HR practices, perceived organizational support, and employee motivation

With the intention to investigate the role of HR practices and the Perceived Organization Support (POS) in the process of key employee retention, this study developed a model that was empirically explored through the case studies of Secoroc and ABBCR in order to have such process examined in the managerial context of Swedish organizations. Results indicate that in these companies the employees’ perceptions of support from the selected HR practices contribute to the development of POS and job satisfaction. The practices of growth opportunity and challenging work were indicated to be more significant for the retention of key employees in these companies. Interestingly, pay and the relationship between R&D managers and employees indicated to be of also crucial relevance in the process of retaining key employees. Furthermore, there are indications that the Swedish management style signalled to be a facilitator element for the efficiency of such practices in generating job satisfaction for retaining employees. However, the surfaced data from this study indicated that employees of these companies are affectively committed to their managers and to their work rather than to the organization as a whole.

Introduction

Employee retention, especially of key employees, is a key challenge in organizations today. On the one hand, by being highly skilled, key employees tend to require more effort from organizations in answering their high-level needs in order to feel motivated to stay in the company. On the other hand, the company’s failure in meeting their most important needs could result in loosing them, as a competitive source, to competitors. Such challenging situation becomes even more critical given the shortage of knowledge workers and the increasing mobility of people in the labour market. In fact, recent studies indicated that many large companies have already been affected by a chronic shortage of key employees (Hiltrop, 1999).

While significant changes have marked the business landscape, the retention of the right people is just as relevant as before. However, nowadays, the margin between success and failure is significant thin. Companies are facing a new situation when is expected to deliver business results on a much tighter budget. This means that the departure of an employee with key competencies can have significant impact on financial results which have been watched by investors more closely than before.

Recent theoretical studies in business strategy have reinforced the importance of human resources in generating competitive advantage (Becker & Gerhart, 1996). Key employees are valuable resources for firms since they enable it with the capability of becoming productive and adaptable (Jackson & Schuler, 1995). Moreover, key employees are hard to be replaced. Firms tend to face difficulties of keeping competitive advantage in short run when substituting workers with maximized human impact on systematization of work (Barney & Wright, 1998). However, although human resources can be source of competitive advantage, firms are still at risk of not obtaining that. One problem faced by firms that relates to the inimitability of human resources is the idea that they are highly mobile (Wright et al 1994). Due to that, instead of being imitated by competing firms, they can simply be hired (Wright et al 1994).

Employee turnover is a concern for firms in every business unit, but it is particularly more damaging in R&D units because of the disruption to projects and because technical, scientific, and talented staff are hard to replace (Kochanski & Ledford, 2001).

Since key employees in R&D are responsible for driving the technological advantage of the company, they became a significant part of a company’s unique combination of resources that generate competitive advantage and distinguish it from competitors. Therefore, it is essential for organizations to retain these employees in order to keep value, in form of knowledge and competence, inside the firm instead of sharing it with competitors.
Studies have identified the lack of appropriated motivation among engineers have resulted in higher turnover rates than among other type of workers. Therefore, management’s failure in rewarding engineers based on answering their motivation needs beyond those appealing to non-technical professionals has resulted in higher turnover rates among the former than the later group (Petroni, 2000).

The key to retaining key employees lies on the organization’s capability of supporting employees by understanding and answering to their intrinsic motivators. It is important for employees to perceive a positive and valuing attitude of the organization toward them in order to have greater motivation for staying in the company. Such condition for employee retention is based on the social exchange theory which holds that the exchange relationship between employer and employee goes beyond exchange of impersonal resources such as money, information, and service. It also involves social exchange of socio emotional resources such as respect, approval, and support (Eisenberger et al., 1991). Eisenberger and colleagues describe such social exchange relationship between the organization and its employees through the concept of perceived organizational support (POS).

Several types of antecedents related to the development of POS have been identified (Allen et al., 2003). However, this study focuses on discretionary human resource management (HRM) practices as one of these antecedents which can contribute to reducing employees’ intention of turnover and to keeping them in the organization.

HR practices have been extensively approached as important means for increased organizational performance. Interestingly, these practices have recently received increased attention for their impact on organizational turnover rates as well.

Allen et al. (2003) have approached such relation by creating a model through which the effects of HR practices (i.e. participation in decision making, fairness of rewards, and growth opportunities) and POS on voluntary employee turnover were investigated. As outcome of that, they reported a quantitative assessment that strongly supported the influencing relationship of these organizational factors in employee withdrawal. However, in their model, such linkage was empirically researched in American firms in USA. Similarly, it is noticed that most of the studies about the effects of POS on employee satisfaction and commitment have been conducted in this same context. Additionally, since context seems to receive little attention in their approaches of such relationship, one might wonder whether its influence in this linkage is of weak relevance or it has been overlooked.

Driven by such intriguing matter, the author of this study finds of great interest to use the Allen et al. (2003) model as basis for empirically exploring how the interrelation of these factors behaves in a different context. Therefore, the author chose to have the research conducted in companies headquartered in Sweden under organizational contexts shaped by Swedish management style. Moreover, in this research, the Allen et al. (2003) model is extended by the inclusion of challenging work and leader-member exchange practices whose relevance for key employee retention is also explored in the Swedish context. However, in order to provide a better understanding of such empirical exploration, this study have it based on a theoretical framework for explaining the relationship of the mentioned factors in the process for retaining employees.

This study has the purpose of unfolding the process for retaining key employees through the application of HRM practices. First, it aims to investigate how organizations can use these practices to generate high POS in order to retain key employees. Second, it intends to investigate how these practices can affect key employees’ motivation and their perception of organizational support. Third, it intends to discover how this, in turn, influences employee satisfaction and commitment with regard to key employee’s turnover intentions. Empirically, these aims of such investigative process are attempted to be reached through two case studies involving the companies ABB Corporate Research and Atlas Copco Secoroc. The also aimed outcome of the empirical research is to find out practices which indicated to be most perceived to lead to high POS that might contribute to key employee retention.

This study does not intend to measure the effects of those variables on reducing employee turnover. Differently, it attempts, through a qualitative assessment, to explore how such effects on the
The employee retention process is perceived in the two Swedish firms. Since it uses case studies for that, empirical data is not aimed to be generalized. Instead, the intention with this investigation is to find indications of the influence of HR practices on employee retention through effects on POS in these organizations.

According to the POS theory, high POS is likely to be associated with the organizational support provided beyond external requirements. This study focuses on the use of discretionary HRM practices for better motivating key employees in order to keep them in the company. Thus, it does not approach organizational support originated from labour unions.

Moreover, in this research, the term key employee applies specifically to technology and scientific professionals also known as knowledge workers. Therefore, this study focuses on software designers, research scientists, and most types of engineers. This research excludes executives whose responsibilities and rewards differ significantly from technical professionals.

**Literature Review**

*This chapter consists in the approach of a theoretical model for examining the role of HR practices in key employee retention. The model focuses on the linkage of HR practices, POS, job satisfaction, and organizational commitment with employee voluntary turnover. In order to obtain a better understanding of the interrelation of these factors, the model will be presented in parts.*

The process of this model is unfolded into three main steps. First, it examines the contribution of HR practices to high POS by linking these practices to employee motivation needs. Second, the outcome of it is associated with job satisfaction which is suggested to influence employees’ intentions and decision to leave the organization. In the third step, this same relation is suggested with regard to organizational commitment of key employees. However, in order to provide a better understanding of the relation of HR practices with POS, the theoretical framework starts with providing information about POS and its link with job satisfaction and commitment.
Such approach will be further developed into two sub-sections in which such link is first intermediated by job satisfaction and then by the organizational commitment.

Perceived Organizational Support and Turnover

The voluntary employee turnover has been strongly and systematically associated with job satisfaction (Lee & Mitchell 1994, Eisenberg & Rhoades, 2002, Eisenberger et al 1997, Eisenberger & Huntington 1986), commitment (Eisenberger & Huntington, 1986), and job alternatives (Mitchell et al., 2001). This link explains that dissatisfied employees are more likely to leave when they have more alternatives than those with few ones. On the other hand, satisfied and committed employees tend to be less attracted by alternatives. This means that even in situations of existing job alternatives, the employee’s decision of staying in the organization depends significantly on employee’s perception of firm’s interest and effort for trying to make him/her to stay. The employees’ perception of being valued by the organization is likely to increase their satisfaction and commitment which tend to enhance the employee’s desire to remain member of the organization.

With the intention to explain the development of employee commitment to the organization, Eisenberger and co-workers (1986) adopted social exchange as basis for discussing the relationship between the organization and the employee. Such view was developed through the concept of Perceived Organizational Support (POS) which is a key concept of organizational support theory (OST) (Eisenberger et al., 1986; Eisenberger et al., 1997; Rhoades & Eisenberger, 2002). It holds that employees tend to perceive the organization as having a positive or negative attitude towards recognizing their contributions and valuing their well-fare (Eisenberger et al., 2002).

The OST argues that the growth of Perceived Organizational Support (POS) is stimulated by employees’ tendency of assigning the organization humanlike characteristics (Eisenberger et al., 1986). Levinson (1965) noted that actions taken by agents of the organization are often viewed as indications of the organization’s intent rather than attributed solely to the agents’ personal motives” (Rhoades & Eisenberger, 2002). Levinson (1965) claims that such personification of the firm is supported by the organization’s legal, moral, and financial responsibilities for the actions of its agents; by organizational policies, norms and culture that provide continuity and prescribe role behaviours; and by the power the organization’s agents exert over individual employees (Rhoades & Eisenberger, 2002). Based on the organization’s personification, employees consider the way how they are favourably or unfavourably treated as indication that the firm favours them or not (Rhoades & Eisenberger, 2002).

Social exchange theory holds that individuals are more likely to value received resources when based on discretionary decision rather than situations beyond the donor’s control. This voluntary provision of support indicates that the donor shows value and respect for the recipient (Cotterell et al., 1992; Eisenberger et al., 1987). Therefore, organizational rewards and favourable job conditions such as pay, promotions, and job enrichment tend to have greater contribution to POS if employees perceive them being originated from voluntary actions instead of from external constrain (Eisenberger et al., 1986; Eisenberger et al., 1997). Organizational support theory also motivates consequences of POS by addressing to psychological processes. First, one of its key concepts is the norm of reciprocity which “requires employees to respond positively to favourable treatment from one's employer” (Eisenberger et al., 1997). With basis on the reciprocity norm, POS is expected to generate in employees’ behaviour a felt obligation to care about the organization’s welfare and to help it reaching its goals (Eisenberger et al., 1986; Eisenberger et al., 1997). Eisenberger et al. (1990) suggest that high POS leads to lower turnover based on such expectations. In that sense, “individuals who perceive greater support for their employing organization would be more likely to feel obligated to ‘repay’ the organization” (Allen et al., 2003). Similarly, the social exchange theory argues that employees who are more likely to leave the organization tend to be those who perceive low support and low feeling of obligation toward the
organization (Wayne et al., 1997). The effects of reciprocity between parties on employee commitment and voluntary turnover are also addressed by the Psychological Contract Theory. Schein (1980) argues that the expectation that the organization and the employee have about the specific resources each owes the other is reflected in the psychological contract between these parties (Schein, 1980; Aselage & Eisenberger, 2003). These contracts are defined by Rousseau (cited in Aselage & Eisenberger, 2003) as an implicit understanding of mutual obligations between employee and employing organization. With continued reciprocation beyond formal agreements, psychological contracts between parties tend to be enhanced. This is likely to not only motivate employees to deliver work performance beyond organization’s expectations, but also to influence their desire to stay in the company. In contrast, once the organization fails in meeting terms of this psychological contract, employees will be less likely to work beyond their explicit job responsibilities and more inclined to leave the organization for better job alternatives (Eisenberger et al., 1997).

POS, Organizational Commitment and Turnover

In the HRM theory organizational commitment is identified as a key factor in the employment relationship. Similarly, studies hold that one significant way of reducing voluntary turnover is by strengthening employee commitment to the organization (Mohamed et al., 2006). Organizational commitment consists of a multi-dimensional construct which indicates a relative strength of an individual’s identification with, involvement in, and loyalty to a particular organization (Allen & Meyer, 1990). One of the three dimensions is affective commitment which refers to an individual’s emotional attachment to the organization followed by feelings of loyalty towards the firm. Continuance commitment bases on the perceived costs of leaving the organization whilst the normative commitment refers to the sense of obligation from the employee in remaining member of the organization (Mohamed, Taylor, and Hassan, 2006). The attitude theorists perceive to commitment as something of a “black box” of which the contents are determined by a range of organizational and individual factors. These can be personal characteristics, role-related features, work experience. They tend to affect levels of commitment which in turn also causes effects on job effort and supportive behaviour towards the firm, and turnover (Oliver, 1990). Yao & Wang (2006) argue that all three types of organizational commitment are positively related to job satisfaction and negatively to employee’s turnover intentions and behaviours. However, several researches have discovered that the best predictor of employee’s attitudes, behaviour and turnover intentions is the affective commitment (Yao & Wang, 2006).

Employee’s affective commitment, identification, and involvement with the organization have a central role in POS and turnover literatures (Allen et al., 2003). Millward & Hopkins (1998) argue that high affective commitment has been strongly related to high felt obligations. Rhoades & Eisenberger (2002) suggest that the sense of reciprocity or mutual obligation, identified in POS, tend to enhance the employee’s emotional attachment to the personified organization. Furthermore, POS also leads to increased employees’ affective commitment with the organization by fulfilling their socio-emotional needs such as affiliation, praise and approval (Eisenberger et al., 1986). The satisfaction of such needs is a key determinant of affective commitment. Moreover, such type of attachment has been found to affect productivity, absenteeism, and turnover (Mowday et al., 1982; Meyer & Allen, 1984). Once employees perceive to have these needs fulfilled by the firm, their sense of belonging to the organization becomes stronger, incorporating employee’s membership and role status into their social identity. Therefore, POS also contributes to employee’s sense of meaning and purpose which consequently, enhances employees’ affective commitment in form of desire to work hard and stay in the organization (Rhoades, & Eisenberger, 2002). However, according to Von Glinow (1988), different types of key workers as project, professional and manager engineers are more affectively committed to their respective roles than to the organization. In reaction to that, it is important to notice that this view of emotional
commitment is limited to the employee’s reciprocity toward his professional activities since they help to fulfill employee’s self-actualization needs. Instead, POS expands this sense of commitment to the organization by satisfying employee’s social needs as well.

Kelloway & Barling (2000) consider affective commitment as a predictor of performance and reflection of employee’s investment of knowledge in the organization. Because such commitment is based on reciprocal and exchange-based relationship between employee and organization, to have his or her talent properly exchanged by rewards represents greater affective commitment for both parties. This in turn tends to be reflected in greater employee retention. However, Yao and Wang (2006) critically state that the role of affective commitment on turnover has been overemphasized. Yao and Wang (2006) argue that normative commitment might be more important than it previously thought. Such form of commitment can be considered as a better predicator of longstanding employee’s behavioural patterns. Since it is associated with the idea of loyalty towards the organization as the “right thing to do” (Meyer & Allen, 1997), higher normative commitment should be related to lower turnover behaviour (Yao & Wang, 2006). However, this nature of commitment is likely to play a more significant role in the organizational performance rather than in the organization’s ability of retaining key employees. Conversely, affective commitment presents stronger connection with decreased employee turnover since it tends to be enhanced by supportive HRM practices which signal the organization’s concern for employees. Therefore, this focuses on the effective commitment as one of the critical factor in employee retention.

POS, Job satisfaction and Turnover

People voluntarily leave organizations for different reasons. Some are personal, usually related to changes in the family situation or to a desire for learning new skills (Mitchell et al., 2001). Bevan et al. (1997, p. 30) suggest that the most common reasons for turnover are those influenced by the employing organization. Additionally, they argue that these reasons usually occur due to a breakdown in the internal relationship that exists between employer and employee, leading the employee to consider opportunities on the external job market (Ibid 1997, p. 30). March and Simon (1958), suggest that ‘voluntary employee turnover results from the individual’s perceptions about the desirability and ease of movement’. Later, Jackofsky & Peters (1983) associated this perceived desirability of movement essentially with job satisfaction alone. The relation between job (dis)satisfaction and voluntary turnover was also approached in the Mobley model (Mobley, 1977). It describes the psychological process between job dissatisfaction and turnover in which job dissatisfaction leads the employee to thinking about quitting; then, to evaluating utility of searching for another job and costs related with quitting the current one (Mobley, 1977). Differently, Mitchell and colleagues (Lee and Mitchell, 1994; Lee et al., 1996, 1999) argue that the reasons for many people’s decisions of leaving their jobs are not just due to negative effects on job satisfaction or on organizational commitment, but also due a variety of precipitating events. These are known as shocks. Holtom & Inderrieden (2006) consider the notion of shock as important for understanding the process of voluntary employee turnover. As defined by Lee & Mitchell (1994), “A shock is a particular, jarring event that initiates the psychological analysis involved in quitting a job” (1994: 51). Holtom et al. (2005) identified shock as the immediate antecedent of leaving rather than accumulated job dissatisfaction in more than 60 percent of the voluntary turnover cases examined across different industries. Lee & Mitchell (1994) describe the process of voluntary turnover into four psychological and behavioural paths. Most people follow one of them when quitting a job (Lee et al., 1996, 1999). These decisions paths are (1) Following a plan; (2) Leaving without a plan; (3) Leaving for something better, and (4) Leaving an unsatisfying job. The three first paths are anticipated by shocks. In the paths 2, 3, and 4, the process of leaving is marked by job dissatisfaction which, respectively, results from distrust and anger toward the organization, comparison of the job with better alternatives, and image violation (Ibid, 1996, 1999). It can be noticed that, in most of these perspectives, job dissatisfaction is identified as a
critical factor in the process of voluntary employee turnover. Even though Mitchell and colleagues (Lee & Mitchell, 1994; Lee et al., 1996, 1999) approach a reduced focus of job dissatisfaction on such process by also indicating shocks as critical influencing factors, most of these events are somehow associated with certain dissatisfaction of employees with their jobs. Since this shows to be a critical factor in voluntary employee turnover, it is fundamental for organizations to invest in HRM practices that generate greater job satisfaction for employees in order to retain them.

Evidences that commitment mediates the relationship between POS and turnover were recently discovered by Rhoades et al. (2001). However, in their study, it was not included job satisfaction whose importance is addressed in turnover research. Empirical evidences have indicated that job dissatisfaction can result in different forms of employee withdrawal such as absenteeism or passive work behaviour (Rosse & Hulin, 1985). Differently, Allen et al., (2003) takes job satisfaction into consideration when establishing its relationship with turnover, and associating it with POS. Therefore, it is suggested that POS also mediates relationship between HRM practices and job satisfaction (Ibid, 2003). Eisenberger et al. (1997) discovered that POS and overall job satisfaction are strongly related but distinct constructs. It was argued that beliefs concerning the firm’s discretionary control over job conditions should affect less job satisfaction than POS. Moreover, overall job satisfaction should be increased by favourable job conditions even when they are determined from outside of the organization (Eisenberger et al., 1997). Distinctions between POS and job satisfaction were also suggested by Shore & Tetrick (1991). Whilst POS is considered as employee’s belief about the organization, job satisfaction is taken as an affective-laden attitude. In addition, this one is more subject to recent changes in job conditions while the first one is affected by accumulated experiences (Eisenberger et al. 1997). However, such theoretical differentiation between POS and job satisfaction failed to generate a clear empirical distinction of these two constructs due to limited sample for research (Ibid, 1997). Despite such distinction between POS and job satisfaction, both of them generate a felt obligation to repay the organization (Ibid, 1997). “Measures of job satisfaction mainly assess judgments of fairness of treatment that create a desire to recompense the organization with extra-role performance” (Eisenberger et al. 1997). Job satisfaction results from a wide range of factors that affects the quality of working life. It is suggested that it contributes to employee turnover through effects on employees’ perception of being supported by favourable job conditions voluntary offered by the firm. Job satisfaction links perception of the job itself with employee’s personality traits and job-role relatedness (Saari & Judge, 2004). Once employees can notice help from the organization in answering their needs with fitting job conditions, they are likely to be more satisfied with their jobs. This in turn can contribute to their decisions of remaining in the organization. Thus, the implications for employee retention are based on the importance for organizations to keep job conditions favourable to high satisfaction (Herman, 1999).

This section starts by briefly introducing the relation between HR practices and voluntary employee turnover. This approach is further developed in the following sub-section in which the selected HR practices will be linked to POS, job satisfaction, and commitment.

Human Resource Practices and Turnover

The association of HRM practices and voluntary employee turnover has been increasingly approached in recent researches. It has been argued that turnover should be reduced in firms whose organizational practices are perceived and managed as investment in employees and in their professional development (Allen et al., 2003). HRM practices are also associated with employee performance and turnover (Huselid, 1995). It is argued that even highly skilled employees will have effectiveness limited if they are not motivated to achieve better performance. Therefore, the use of HRM practices is significant for affecting employee motivation by encouraging them to work smarter and harder. In that sense, high performance work practices that result in contribution for employee motivation and development should enhance
employee retention (Huselid, 1995). Moreover, Huselid (1995) discovered evidences that the effects of these practices are negatively related to organizational turnover rates. Similarly, Guthrie (2000) suggests that HRM practices that sign investment in employees’ skills and knowledge leads to greater commitment, enhanced bond between employer and employee which relates to lower rates of employee turnover.

In this section, the selected HR practices are approached under the light of theories concerning employee motivation needs. They are presented in sub-sections as motivators for increasing levels of employee satisfaction and commitment towards the organization through effects on POS.

Human Resource Practices and Employee Motivation, POS, and Turnover

Based on the social exchange concept, Eisenberger et al. (1986) argue that high POS not only meet employees’ needs for approval, esteem, and social identity, but it also creates expectations that superior performance and extra-role behaviour that the employee carries out for the organization will be properly recognized and rewarded. The answer or lack of answer to these needs and expectations tend to affect the level of the employee’s motivation. This in turn is likely to affect their behaviour and decisions towards performance, commitment and turnover.

Employees’ needs and expectations can be met by the use of organizational tools such as HRM practices. Ramlall (2004) argues that employee motivation strongly affects employee retention within organizations. Moreover, it is highlighted the implications of motivation theories in the development and application of employee retention practices (Ramlall, 2004). However, in order to retain employees, it is important that these organizational practices can contribute to the development of POS by indicating investment in the employee and recognition for his contributions to the organization which are critical determinant factors in turnover intentions.

Ramlall (2004) shows the relationship between employee motivation and employee retention by claiming that HR practices for retaining employees are more effective when based on the identification, analysis, and criticism about employee motivation theories. These have presented great contributions in the analysis of job satisfaction. Moreover, they are grouped into content and process theories (Winterton, 2004). The content theories address to instinctive behaviour, referring to what employees are expected to need from the job. The most significant examples are Maslow’s Need Hierarchy Theory (1943), Herzberg’s theory (1968), and Alderfer’s (1972) Existence-relatedness-growth (ERG) Theory. Whilst in the first theory the presence of motivators results in job satisfaction, in the second one the absence of them create job dissatisfaction. Through the Motivator-Hygiene Theory, Herzberg shows that employees are likely to recognize satisfying experiences in terms of factors which are intrinsic to the job itself. These factors are denominated as “motivators” such as work itself, achievement, recognition, responsibility, advancement, and growth (McShane & Glinow, 2000; Ramlall, 2004). On the contrary, “hygiene factors refer to dissatisfying experiences originated from extrinsic, non-job related factors including salary, policies, relationship with co-workers, and supervisory style (Steers & Porter, 1983). According to Herzberg (1968), the elimination of the causes of dissatisfaction, through hygiene factors, would not lead to the satisfaction state but to the neutral one. Instead, satisfaction and motivation would only occur as outcome of the application of motivators. However, Herzberg’s (1968) theory has received some criticism for its limitations when presenting work content and recognition as only sources of employee motivation. Hygiene factors such as financial rewards and others have been widely employed for motivating individuals to join the organization, have better job performance, and to develop their skills (McShane & Glinow, 2000, p. 69). However, despite such limitation, this theory is worth to be included in this study since it highlights job content as a dominant influencing factor in employee motivation. Thus, being motivated through that should contribute to employees’ job satisfaction and in turn to their desire of remaining part of the organization. The Maslow’s Need Hierarchy
Theory consists of five sets of goals which refer to physiological, safety, love, esteem, and self-actualization (Maslow, 1943). It holds that “individuals, including employees at organizations, are motivated by the desire to achieve or maintain the various conditions upon which these basic satisfactions rest and by certain more intellectual desires” (Ramlall, 2004). With basis on Maslow’s Need Hierarchy Theory, Champagne & McAfee (1989) presented some alternatives for organizations of satisfying employee needs in order to motivate and to retain them (See appendix 1).

Alderfer (1972) extended Maslow’s Need Hierarchy Theory into work organizational context by refining the needs hierarchy into three categories: (1) existence needs which correspond to Maslows’ physiological and safety needs; (2) relatedness needs refer to Maslows’ belongingness needs, and (3) growth needs referring to Maslows’ esteem and self-actualization needs). According to Alderfer (1972), people might search for satisfying these needs either progressively or simultaneously. However, unlike Maslow’s theory, ERG theory includes a frustration-regression process in which individuals’ frustration results from their inability of satisfying a higher need. This leads them to regress back to the next lower need level (McShane & Glinow, 2000, p. 68). A comparison of these content theories is presented in the appendix 2.

The process theories refer to cognitive behaviour. Vroom’s Expectancy Theory (1964) holds that “individuals are motivated to work when they anticipate achieving what they expect from their jobs. Adams (1963) proposed the Equity Theory in which the individual still balances inputs and outcomes, efforts and rewards, but does this in comparison with others” (Winterton, 2004). Equity Theory is based on three main assumptions. First, is assumed that individuals form beliefs regarding what is considered as fair and equitable return for their work contributions. Second, is suggested a tendency of people for comparing ‘what they perceive to be the exchange they have with their employers’. The third assumption is that people are likely to take actions they consider appropriated when they believe that there is no equity between their own treatment and the exchange they perceive other to be making (Ramlall, 2004).

For investigating the role of HR practices in employee retention, the selected practices for this study are: (1) Participation in decision making, (2) Challenging work, (3) Fairness of Rewards, (4) Growth Opportunity, and (5) Leader-Member Exchange (LMX). Such selection is based on POS literature (Eisenberger et al., 1986; Eisenberger et al. 1997), and on referred employee motivation theories with focus on ERG Theory. According to the POS, these practices are significant forms of favourable treatment that employees perceive receiving from the organization. Moreover, such supportive HR practices correspond to higher needs which tend to be closer associated with motivating key employees (i.e. knowledge workers) given their characteristic professional and personal features. Eisenberger et al. (1997) argue that higher levels of POS would meet employee’s needs for approval, esteem, recognition, rewards, and social identity. Accordingly, Shore & Shore (1995) suggest that POS is more likely to be contributed by organizational actions which employees perceive as appreciation, recognition, and discretionary rewards.

In relation with that, employee retention is studied in this research under the perspective that such organizational goal can be strongly associated with the organization’s capability of properly motivating employees in their jobs. Therefore, HR practices are presented here as organizational tools for meeting motivation needs mostly associated with key employees.

The choice of including the HR practice of challenging work in the model is justified by studies which support that such practice is critical for motivating employee commitment. Due to that, to investigate how this practice can contribute to employee retention through effects on organizational commitment is important for this research. With regard to the practice of LMX, the relevance of approaching it in employee retention is recognized by different reasons. Leaders or supervisors represent a critical role in allocating discretionary rewards and resources (Wayne et al., 1997). Another reason is that several studies have found significant contribution of LMX for POS, and directly relationship for employee retention.
(Eisenberger et al., 2002; Rhoades & Eisenberger, 2001; Wayne et al., 1997). Finally, the third reason is because a good relationship with the leader is a significant part of an employee’s interpersonal relationship in the work environment. Thus, this meets employee’s needs for relatedness and affiliation (Alderfer, 1972; Ramlall, 2004).

Participation in Decision Making

Empowerment of employees’ decision making capability became one of the most important dimensions of jobs and has been focused on several job-redesign efforts undertaken as part of the quality of work life (Pfeffer, 2005). Empowering employees occurs when given employees the autonomy to have overall decision participation in the work process. This includes allowing employees decide work methods; to establish work schedules; and to have problem solving decisions (McShane & Glinow, 2000, p. 116). A common mistake in organizations is to separate “thinking” and “doing” in the workplace. This wrongly leads to situations in which ‘those employees who are frequently the most knowledgeable about specific production processes are most frequently the last consulted’ (Kelloway & Barling, 2000). The employee’s ability to participate in decisions directly or indirectly related to work activities reflects support from the organization by encouraging employees to use their knowledge and experience to influence decisions. Furthermore, this organizational support can also represent a sense of trust towards employees. Because such practice of empowerment requires employees’ responsibility in decision making, to provide them with autonomy reflects organization’s cognitive and affective trust on them. This indicates, respectively, the organization’s belief on employees’ skills to justify their confidence in influencing decisions, and the belief that they will not deliberately harm the firm when participating in the decision making (Kelloway & Barling, 2000). By increasing POS through empowerment of key employees should contribute to higher job satisfaction. Empowering key employees tends to increase their job satisfaction because they are likely to feel less stress when having some control over their job-related events. Additionally, it refers to feelings of self-efficacy which is the “can do” belief of an individual toward a task. Furthermore, organizational participatory work practices have a significant impact on employees’ ability to see the meaning from their work and to achieve satisfaction with the work performed (Brown et al, 2008). This contributes for the development of the employee’s personal growth which is the opportunity for individuals to realize their potential’ (Kaira, 1997). However, the application of this HRM practice is not enough for developing POS. Instead, it is the way how employees perceive such practice that counts for increased POS. According to Whitener (2001), the objective of a certain practice might not always be perceived by employees as intended by the organization. It means that even though the firm tries to encourage participation in decision making, employees are unlikely to see truth in it if they do not perceive that the organization is open to receiving inputs and likely to act on it.

Challenging work

It has been showed that the challenging aspect of a work is one of the most important factors in the development of employee commitment and loyalty (Steers, 1977). Technical and scientific professionals want to execute interesting and varied work that challenges them and makes use of their skills and talents (Kochanski & Ledford, 2001). Therefore, work activities should be designed and applied as a vehicle for learning and development of their work skills, enhancing, thus, the presence of meaningfulness of their effort in accomplishing challenging tasks. The concern for providing greater sense of meaning in employees’ job activities reflects the existence of active organizational support. Moreover, these favourable experiences can generate positive mood which involves enthusiasm, alertness and excitement, of employees towards work activities and organization (George & Brief, 1992). According to George and Brief (1992) positive mood tend to be enhanced by events in the workplace that signifies employees’ worth, competence and achievement. In that sense, POS can contribute to positive mood by valuing employees’ work and caring for their well-being (Ramlall, 2004). With the perception of having these work-related issues being supported by the organization, the employee tend to be more
satisfied with work conditions and, consequently, more committed and more likely to stay in the firm. However, in order for employees to perceive support from the organization about being challenged, the HRM practice for answering such need should be applied beyond the offer of challenging tasks. Considering the characteristics of R&D employees, they need to be constantly challenged in different ways in order to satisfy their need of feeling successful for trying to exceed their potential. Moreover, being challenged at work means to have their effort for building knowledge and competence valued by the company.

**Fairness of Rewards**

Reward has constantly been a key issue to conceptual and analytical HR frameworks (Storey, 2001, p. 206). Social psychology has shown great interest in establishing a relationship between pay and motivation with basis on process and needs theories, focusing on employee perceptions, attitudes and behaviours. Shore & Tetrick (1991) discovered positive relation between employee satisfaction with pay and POS. To have employees’ contributions properly recognized and rewarded, would seem to lead employees to perceive organization’s caring about their well-being and its willingness to invest in meeting needs for rewards in general. Moreover, it has been perceived that studies of high commitment and high-performance link pay and other HR practices to influence employee behaviours and attitudes (Storey, 2001, p. 210). In contrast, in the work of Herzberg, it is argued that “pay and other extrinsic rewards can never be motivators, only a source of dissatisfaction” (Lawler III, 2000). However, Herzberg’s study indicates pay as a source of motivation when it is linked to performance and when perceived as a form of recognition (Lawler III, 2000).

A key factor in reward practices that contributes to employees’ perception of being supported by the organization is fairness. According to Rhoades & Eisenberger (2002), procedural justice is one significant work-experience antecedent of POS. ‘Procedural justice concerns the fairness of the ways used to determine the distribution of resources among employees (Ibid, 2002). Equity Theory holds that the amount of rewards individuals receive for their efforts is not their only concern. The relationship of rewards amount to what others receive is also an issue of concern (Ramlall, 2004). With basis on one’s input such as experience, effort, and competence one may compare outcomes such as wages level, increases, recognitions, and other factors (Ramlall, 2004). Shore & Shore (1995) ‘suggest that repeated instances of fairness in decisions concerning resource distribution should have a strong cumulative effect on POS (Rhoades & Eisenberger, 2002). This signals organization’s caring for employees’ welfare which contributes for greater employee’s commitment and desire to stay in the firm. Additionally, the social aspects of procedural justice refer to the quality of interpersonal treatment in resource allocation. Such aspects are found in treating employees with dignity and respect, as well as informing employees about the process of how outcomes are determined (Rhoades & Eisenberger, 2002). In contrast, when employees perceive imbalance in their outcome-input ratio compared to others, a sense of tension and dissatisfaction is created which facilitates decision of leaving the organization (Ramlall, 2004). Research evidences found that negative perceptions of procedural justice in pay are strongly related to lower levels of organizational commitment (Storey, 2001, p. 214).

**Growth opportunity**

Key employees are highly educated people who work with development of high technology. This requires from them constant access of new information and continuous development of their work skills in order to advance in knowledge and innovation. Therefore, key employees have significant needs for growth and self-actualization (Alderfer, 1972; Maslow, 1943). Studies found that the practice of developmental opportunities, promotions and recognition were positively related to POS (Wayne et al., 1997; Eisenberger et al., 1999; Meyer & Smith, 2000). Accordantly, Rhoades & Eisenberger (2002) suggested that the organization’s action in providing development of skills and career opportunities signals high level of care for employees and appreciation for their contributions. Moreover, because organization’s action in answering such needs occur beyond what
is mandated by organizational policies or union contract, employees tend to perceive that as a discretionary treatment which reflects organizational support and caring (Eisenberger et al. 1997; Shore & Shore, 1995).

Leader-Member Exchange (LMX)

Based on the social exchange theory, the LMX theory suggests that ‘an interpersonal relationship evolves between supervisors and subordinates against the background of a formal organization’ (Wayne et al., 1997). Because the leader or supervisor often acts as agent of the organization in deciding on discretionary rewards and in evaluating employee’s contribution, which are key factors in POS, the quality of received treatment from the supervisor tend to influence the way how the employee perceive support from the organization (Eisenberger et al., 1986; Wayne et al., 1997). Therefore, it is suggested that the leader-member exchange (LMX) is supported to be positively related to POS (Rhoades & Eisenberger, 2002; Wayne et al., 1997). Since LMX is likely to affect the way how employees perceive support from the organization, the quality of LMX has a significant impact on employee retention. It has been shown that LMX varies according to amount of material resources, information, and support exchanges between the two parties (Ibid, 1997). In that sense, ‘the greater the perceived value of the tangible and intangible commodities exchanged, the higher the quality of LMX relationship’ (Wayne et al., 1997). Gouldner (cited in Wayne et al., 1997) suggests that the sense of reciprocity should come into play when “a leader or employee provides benefits to the other party that the provider’s work role does not mandate”. This means that when the employee and the leader are involved in a high-quality exchange relationship, they become bonded to each other through great reciprocity. In such relationship, the employee would feel the obligation to not only present a proper work performance but also ‘to engage in behaviours that directly benefits the leader and are beyond the scope of the usual job expectations’ (Wayne et al., 1997). Similarly, ‘the leader would feel obligated to reciprocate such actions by providing the employee with rewards and privileges’ (Ibid, 1997).

To have such relationship based on reciprocity tends to generate an affective commitment between the employee and the supervisor which is mediated by the POS. By investigating these interrelated factors, Rhoades et al. (2001) found evidences that LMX or supervisor support is precedent of POS. Moreover, employees’ evaluation of the quality of support from the organization would be based on the way how they perceive their work relationship with the supervisor. Therefore, a high-quality exchange with the leader is likely to lead to high POS and to be a crucial factor for motivating employees to remain in the organization.

Summary

The approach of this study is centred in the discussion of the role of HR practices and POS in key employee retention.

With basis on the theories of Organizational Support and Perceived Organization Support (POS), this study developed a theoretical framework model which presents supportive HR practices that can contribute to higher POS as means for keeping key employees. In this research, POS is suggested to have a crucial role in employee retention. This is based on the idea that employees who perceive that their employing organization supports and cares about their well-being are more likely to feel motivated to remain in the organization. Moreover, this study suggests that the quality of POS is likely to influence levels of employee job satisfaction and commitment. It is suggested that by perceiving being supported by the organization employees are likely to be affectively committed toward the organization as form of reciprocate the received support. Additionally, POS is also indicated to lead to increased employees’ affective commitment with the organization by fulfilling their socio-emotional needs. Job satisfaction is suggested to contribute to employee turnover through effects on employees’ perception of being supported by favourable job conditions voluntary offered by the firm. Therefore, POS is also presented as mediating relationship between HRM practices and job satisfaction besides commitment. Thus, since these factors have been strongly associated with employee turnover, a positive effect of POS on them might contribute to
employee retention. In the theoretical model, HR practices are presented as antecedents of POS. However, in order to have such function, they must be originated from discretionary and supportive organizational action that indicates the company invests and cares about employees’ well-being. Therefore, it is suggested that positive perceptions of these practices tend to contribute to employees’ perception of high support from the organization. The selected practices for this study are participation in decision making, challenging work, fairness of rewards, growth opportunity, and Leader-Member Exchange (LMX). Such practices are presented as significant forms of favourable treatment that employees perceive receiving from the organization. Moreover, these supportive HR practices are approached, in this study, as important motivators for satisfying key employees’ needs. This in turn is also expected to contribute to satisfaction and commitment of employees that might have relevance in their turnover decisions.

Methodology

Research Design and Research Strategy

According to Saunders et al. (2007, p. 132), an exploratory study is of significant use for seeking new insights and for assessing phenomena under new perspectives.

As it was mentioned before, this study uses the Allen et al. (2003) model as basis for investigating the role of HR practices and POS in employee retention. However, their model was not investigated in other contexts than the American one. Moreover, their study shows no indications that the context is taken into consideration when examining the effects of HR practices on voluntary employee turnover. Therefore, in order to allow for perception of aspects which are related to the context that could surface in the results, an exploratory study was conducted in the Swedish context. Another reason for choosing an exploratory method was to not restrict the study to the practices that are covered by the model. Since this study extends the Allen, Shore, & Griffeth’s (2003) model by including two other HR practices, the nature of this study is most suitable for exploring their relevance in the process of employee retention.

It is known that the design and application of HRM practices for retaining employees are aligned to the organization’s features and are applied within an organizational context. Taking this into consideration, case study is a useful and proper research strategy to be employed (Dul & Hak 2008; Saunders et al., 2007). Due to that, this research uses case studies involving two Swedish firms in order to obtain a rich understanding of how HR practices and POS can affect employee turnover in the context of Swedish organizations. Driven by the intention to explore the research topic more deeply, the author of this study chose to access data through a qualitative method in the form of in-depth interviews. Such method was considered to be the most suitable way for collecting data that can better capture interviewees’ perceptions. Therefore, by using such method it is expected to have an enriched quality of the research.

Sample

In order to meet the purpose of the present study by obtaining information from a small sample in the form of case study, a purposive sampling was chosen (Saunders et al. 2007, p. 230). When designing the study, the researcher had first in mind the intention of meeting the research aim. Thus, a suitable sample for the purpose was selected.

The sample of this research consisted of multinational companies whose HRM is headquartered in Sweden. Such sample was narrowed by selecting Atlas Copco Secoroc and ABB Corporate Research. Both are large multinational companies in which knowledge-based Swedish engineering groups develop technological advanced products world-wide. The sample for this study was selected based on investigatory interest and convenience. Since most studies concerning similar approach of this research are conducted in American firms in the USA, it was considered interesting to have similar research conducted in a different context. The reason for choosing two Swedish firms in Sweden was mainly...
due to geographical convenience since the researcher of the present study is based in Sweden.

The nature of a case study is fundamentally related to the definition of its unit of analysis. According to that, a “case” can be an individual or some event or entity (Yin 1990, p. 31). The unit of analysis for this research consists in the opinion of a small group of interviewees for generating indications concerning organizational actions of the two companies towards retaining key employees. The group of interviewees was formed by individuals who represented the categories of HR and R&D management, and key employees. Since the process of employee retention involves managers and employees, it was considered necessary to have information collected according to perspectives of these different group categories.

In order to obtain data from a holistic view about organizational actions for retaining employees, HR managers were interviewed. The R&D managers often intermediates relationships between employees and the organization, and have direct participation in the use of HR practices on motivating employees to stay in the company. Therefore, through direct observations of subordinates’ behaviour, their perceptions of the efficiency of such practices for such end were considered valuable to be accessed through in-depths interviews. Finally, R&D employees were interviewed in order to know how they perceive support from their direct managers and the organizations and how their turnover intentions might be affected by that.

The interviewees differ significantly in age and time in the companies (see appendix 4). Such difference is of great contribution in terms of accessing varied perspectives of organizational support for retaining key employees.

During the process of selecting and defining the sample, no significant obstacle was identified. In fact, the two selected companies were very receptive and interested for participating in this study. However, some difficulties were faced in terms of accessing employees due to their low time availability for providing interviews. Due to that reason, interviews were conducted with a small number of employees.

Reliability and Validity

The use of non-standardized research methods for generating findings answers to the issue of reliability by not necessarily intending to be repeated Saunders et al. 2007, p. 319). Considering that this study builds empirical research on case studies which correspond to such nature of method, there is no intention to have the findings to be repeatable. This is because that they are contextualized in specific organizational contexts reflected in a particular time and situation subject to changes. One of the threats to reliability is the subject or participant bias. It might occur in situations in which the interviewees may provide answers that are thought to be desired to be heard by others such as their bosses (Saunders et al. 2007, p. 149).

When conducting the empirical research, this potential problem was taken into consideration. This is based on the fact that the author of this study had no direct influence in the process of selecting the interviewees apart from specifying the requirements for the participants. The researcher directly contacted the HR managers who in turn recommended the R&D managers as candidates for participating in the interviews. Moreover, since the interviewed employees were selected by their managers, such problem of participant bias becomes more evident due to the relation of subordination of employees to their managers.

According to Yin (1990, p. 43), external validity relates to the problem of knowing whether the findings from a study can be generalized beyond the case study. Problems with external validity has been a major barrier for conducting case studies, specially for single cases which have been criticized for offering a poor basis for generalizing.

Despite the awareness of such problem, it is not considered as a drawback for the application of the findings since there was no intention of having them generalized but used as indications. Therefore, considering that empirical data was collected through the use of case studies involving few interviewees from only two companies, the outcome of this study cannot be generalized. Due to the small size of the selected sample, the
outcome of the analysis of findings is treated as indications for this study. Moreover, the obtained indicative findings can be considered as useful starting point for designing a future research for assessing quantitative data that can involve a larger sample.

**Procedures of in-depth interviews**

This research was grounded on primary data which was gathered through qualitative and semi-structured interviews. When conducting an exploratory study, the use of in-depth and semi-structured interviews methods is suitable for collecting data. Since such methods allow interactive response between interviewer and interviewees, it contributes for having the topics approached from different angles (Saunders et al. 2007, p. 149). Moreover, the semi-structural nature of interviews provides interviewees with flexibility for building their answers in a more developed way (Saunders et al. 2007, p. 315). Therefore, in order to better explore the different perspectives of the interviewees concerning the purpose of this study, such method of data collection was chosen.

At Atlas Copco Secoroc and ABB Corporate Research, the interviews were conducted following a same order. The intention with that was to use inputs from the former interview to probe questions in the next ones. In both companies, the process of interviews started with the HR managers, proceeding with the R&D managers and being concluded with the participation of the key employees.

The researcher initiated the process of interviews by contacting the selected companies. The managers were firstly contacted by phone when the researcher briefly explained about the research and asked for their participation. Once they agreed to contribute to the research, the managers and employees received a presentation letter in which contained more information regarding the main objective of the research and their participative role in that. Apart from this letter, they were informed in advance about the main issues to be discussed during the interviews. This would allow them to be better prepared for answering the questions.

Before starting the interviews, it was agreed that their names would not be revealed but only their positions in the companies. Moreover, it was asked for their agreement of having the interviews recorded. All participants agreed on that.

The interviews were conducted during approximately 2 hours each. The participants were given the interview questions at the moment of being interviewed. The reason for that was to lead the interviewees to answering the questions with as much spontaneity as possible. This would naturally increase the chances of having their answers more based on their strongest perceptions and opinions about the main issues of the research.

After conducting the interviews, the participants received a complete transcription of their answers. The intention behind such procedure was to ensure the interviewees about the fact that their opinions had been registered without any misunderstanding. With that, they were allowed to manifest any eventual disagreement with the content of the interview. They were also informed that, in case of non complaints from them about it, it would be assumed that the writings about their answers would have been approved to be presented in the research.

**Interview questions**

In situations in which the nature of questions are open-ended or need to be varied in terms of order and logic of questioning, the most suitable method to be used are in-depth and semi-structured interviews (Saunders et al. 2007, p. 316). Since the first questions were intentionally designed to be open-ended in order to invite the interviewee to more freely present their ideas and opinions, the use of the mentioned methods was valuable for such ends. Additionally, the sense of flexibility provided by these non-standardized questions allowed a certain variance of the logical questioning according to the interviewees’ different roles in the organization. This contributed significantly for exploring one topic from different perspectives.

The set of questions was carefully designed in order to properly cover the theoretical framework
and, mainly, to instigate their perceptions on the link involving HR practices, POS and employee retention.

Part of the interview questions was originated from a survey of Perceived Organizational Support conducted by Eisenberger et al. (1986), which contributes to the quality and credibility of the method for collecting data. Such survey is addressed to employees and consists of questions concerning their perception about the way they are treated by the organization. The questions are presented in the appendix (see appendix 3).

Through the use of in-depth and semi-structured interviews, it was aimed to obtain findings concerning the use of supportive HR practices (i.e., participation in decision making, challenging work, fairness of rewards, growth opportunities, and LMX) for employee retention. Such findings were expected to be generated from investigations about employee motivation, POS, organizational commitment and job satisfaction.

Before presenting the interview questions to the interviewees, a pilot test was conducted. In order to test the level of clarity, the relevance and proper connection of the questions to the reality of the work environment in companies, the questions were presented to an R&D worker and to a person who worked many years in the HR area. However, they were not part of the group of interviewees. Their participation was restricted to the test activity for the research.

Although the questions were previously tested, the question presenting the term “commitment” was not easily captured by the interviewees. However, the semi-structured and in-depth nature of the interviews was helpful for allowing the researcher to provide more explanation concerning the use of such term.

When designing the questions, it was aimed to have the three first common questions to managers and employees in order to know about their background in terms of education, length of working time and job activity in the company. In order to obtain a broad view about the interviewees’ perspectives, the section of main questions was initiated with an open-ended question about the reason why key employees have decided to stay in the organization. Through such question it was expected to have a broad translation of the theoretical framework. Because the interviewees had more freedom in answering that, they identified practices perceived as being significant for employee retention. In connection with that, employee motivation needs associated with employees’ satisfaction and commitment was briefly approached. The intention behind this question was to scratch the surface of important topics which would be deeper investigated through specific concerning questions.

In the interview of HR managers, through the question 7, it was investigated whether the HR department was active in using organizational practices for retaining employees. The theories of employee motivation were translated in form of the question (8) concerning identification of practices to have most influence on motivating employees. For example, through the questions 10, “What does the organization do for motivating employees to be more dedicated to their work?” and 12, “How can HR contribute to motivate and develop job satisfaction among employees?” it was investigated how the theories of employee needs could be applied by the companies through the use of organizational practices toward employee retention ends.

In order to find out how companies perceive organizational support to employees, the theory of POS was translated in the form of a question concerning their understanding about caring for employees’ well-being. Based on the theory of POS, organizational support can be more clearly perceived by employees once the organization knows about their needs and acts on answering them. Considering that, a good understanding of organizations about that can facilitate the selection of an application of proper support towards employees.

Although the questions were previously tested, the question presenting the term “commitment” was not easily captured by the interviewees. However, the semi-structured and in-depth nature of the interviews was helpful for allowing the researcher
to provide more explanation concerning the use of such term.

Secondary Data

Besides the information provided through interviews, secondary data from the companies’ homepages, and documents was employed in the research. By gathering such data, it was possible to provide a general view of the companies in terms of organizational culture. However, since the two companies do not have a formal program for employee retention, very little information about it could be found in form of documents.

Data analysis

The process for analyzing the collected primary data of the multiple cases will be conducted into categories formed by the selected HR practices. The analysis will be built based on the interrelation of the views of HR and R&D managers and the key employees in connection with the concerning theoretical framework. The analysis will have a deeper focus on analysing the most relevant or unexpected aspects that surfaced from the empirical exploration. From that, it is expected to find indications of new insights concerning employee retention in the Swedish organizational context and further studies about this topic.

Empirical Findings

This section starts with the description of the cases of Secoroc and ABBCR with focus on their organizational culture as form of briefly presenting their principles applied to business and employee management. Such approach will be introduced by information about the Swedish management style which provides an overview basis for such secondary data. This is followed by the presentation of the interviewees’ perceptions concerning key employee retention in these companies which will be deeply approached in the analysis of the cases.

Presentation of the companies

Atlas Copco Secoroc (Secoroc)

Secoroc is a part of Atlas Copco group and belongs to the business area Construction and Mining Technique (CMT). The company has approximately 1400 employees, of which 600 are located in Fagersta, Sweden. Secoroc operates designs, manufactures, and markets rock drilling tools over the whole world. The company operates with latest technology in R&D and manufacturing of these products. Service and maintenance of the rock drilling tools are also part of the company’s business activities. The Secoroc R&D and Engineering group is formed by people with a good combination of innovative skills, theoretical background and practical experience. In order to support the demand from the customers, the group is divided both geographically and by products. Secoroc has operations in 5 countries around the world (Atlas Copco Secoroc, 2009).

The core values of Secoroc culture are Interaction, Commitment, and Innovation. Atlas Copco believes in encouraging a dynamic working environment that promotes open communication in the whole corporation including Secoroc. The company is also open to new ideas, and it facilitates continuous development through training, benchmarking, and communication (Atlas Copco, 2008).

Atlas Copco created a guideline with core principles for people management to be applied in its divisions such as Secoroc. This guideline is mainly addressed to managers. However, most of principles are also applied to employees. The guideline was generated from the company’s program called “First in Mind – First in Choice” which applies to potential and existing employees. The guideline is presented through “The People Management Process” which is divided into three sections: People Management, Process for People Management, and People Management Follow up. Each of them is formed by several principles regarding value recognition and the development of key employees. All these principles are bonded by
Atlas Copco culture which is communicated to employees in the following way:

“Asking for help is a sign of maturity; We believe in equal opportunities; We know that people are motivated by having a mission and having the authority to take action; We are in charge of our own professional development; We believe in freedom with accountability; We learn from our mistakes; We have a family culture; We are mission-driven and performance oriented; We have trust in our people, and believe they want to contribute and take responsibility for the Group; We keep our promises; There is always a better way” (Atlas Copco, 2008).

**ABB Corporate Research (ABBCR)**

ABB Corporate Research Center (ABBCR) is part of ABB group headquartered in Sweden. Jointly with other R&D centers, the company develops technologies for future products and services for ABB’s core businesses. ABBCR is basically consisted of R&D engineers and scientists who develop highly advanced technologies. ABBCR Center has created two Group R&D laboratories; Automation and Power labs. Each of them links and integrates the company’s global R&D operations in these areas with universities and other external partners (ABB Corporate Research, 2009).

The ABB corporate culture, applied for business and employee management, is built on three key principles: Responsibility, Respect, and Determination. Some of the items regarding such principles that can be more directly related to employees are: taking responsibility; taking professional development seriously; seeing all employees as equal; discussing, challenging, and listening; supporting and challenging other whilst remaining open minded; showing fairness and honesty; personal regard for employees; and commitment.

**The Swedish Management Style of Secoroc and ABBCR**

Since Secoroc and ABBCR are headquartered in the Swedish cultural context, their way of managing human resources is strongly grounded in the Swedish management style. This is characterized by the main cultural principles of the Swedish society such as low social distance between individuals, caring for people’s well-being, value for treating people with fairness and democracy. Likewise, such cultural characteristics are present in the Swedish management style which is grounded in the Swedish organizational culture (Hofstede, 1984; Jönsson, 1996). The Swedish management style is low hierarchical. This result in a type of management which is not much involved in giving orders. Moreover it allows closer contact between supervisors and subordinates which facilitates management by objective (MBO) in organizations. This style of leadership is based on joint goal setting between superior and subordinates, and joint appraisal against these goals (Helgesson, 1996). Consequently, this tends to contribute to a relative independence of the subordinate from the superior which allow them to act as negotiation partners (Hofstede, 1984). In low hierarchical societies such as the Swedish one, the basis of organizational leadership consists in the process of appraising employee performance. It usually occurs, at least once a year, through a superior-subordinate meeting conducted with openness, directness, and two-way communication (Ibid, 1984). Although the Swedish management style is guided by rules, it allows employees to be free for creating their own behaviour and for deciding their own procedure of working. Moreover, the Swedish management is likely to be more tolerant in terms of deviant ideas which tend to be perceived by societies with lower avoidance of uncertainty, such as Sweden, as contributors to innovation. Social justice is a significant value in the Swedish society. As a reflection of that, the Swedish management believes in equality and fairness by rewarding employees according to their needs. Such organizational management style tends to stress on relationship of individuals in the organization and on quality of their work life. The objective with that is to make working group more rewarding by turning them into more self-contained
social units (Ibid, 1984). Moreover, the Swedish management style is also characterized by focusing on the aspect of individualism when managing people by valuing their personal time, freedom, appreciation of challenging work, and physical job conditions (Jönsson, 1996).

Accordingly, many of these aspects of the Swedish management style can be identified in the organizational culture of Secoroc and ABBCR. As it was mentioned before, in their way of managing people, both companies claim to value freedom with accountability, fairness of rewards allocation, development and care for employees.

Presentation of the interviewees

**Atlas Copco Secoroc (Secoroc)**

Vice-Director of HR (VDRH)
HR manager
R&D manager
R&D employees #1, #2, and #3

Director of HR – Atlas Copco HQ

**ABB Corporate Research (ABBCR)**

HR manager
R&D manager
R&D employees #1 and #2

The complete presentation of the interviewees can be seen in the appendix 4.

In order to simplify the presentation of the interviewed employees, the numbers for each employee correspond to the order in which they are presented in the appendix.

In the following section, it is presented an overview of the perceptions of HR and R&D managers and employees of Secoroc and ABBCR concerning organizational actions towards retaining key employees. Later, their perceptions about it will be approached specifically with regard to the selected practices suggested for reaching such ends. Moreover, this will be separately presented according to the perspectives of each of these three groups.

Voluntary employee turnover is indicated to be low in both companies. The VDHR of Secoroc stated that turnover of employees has increased a little due to changes in the market. Moreover, he believes that the most common reason for employee turnover in the company is due to dissatisfaction of employees’ families in living in a small town where the company is located.

According to the HR manager of ABB, the rate of key employee turnover at ABB CR it is about 1%. The main reason that he identified why people leave the company is due to their intentions to move from the research area to the management area. Another important one is to move to small companies for reaching higher positions in shorter time.

With regard to the perception about the reasons why employees remained in the company, the HR manager of Atlas Copco indicated challenging mission received by employees as the most significant one. Moreover, it was claimed that the Swedish management style of Atlas Copco also contribute to retention of employees since it provides openness, opportunity for innovating, and allows people to make mistakes. According to the VDHR of Secoroc, other important factors that motivate employees to stay are great internal job market, international opportunities and development focus, and stability.

In accordance, the HR manager at ABB identifies challenging work, relationship with colleagues, the offered salary, and opportunities for becoming a good project leader as significant factors for key employee retention.

When it comes to HRM practices that have been perceived to have greater impact on employee retention, the HR manager of Secoroc identifies as an important one challenging employees. She believes that answering such need of key employees strongly impacts their turnover decisions. The VDHR of Secoroc complements that by indicating the use of coaching, one dimension of the yearly appraisal, as a very effective practice for employee retention. He perceives this practice of great importance for
showing interest for the employee and recognizes the need for much improvement of that.

Regarding ABBCR, the HR manager also perceives the practice of appraisal as the most significant way of retaining key employees. Additionally, he claims that another important HRM practice for that is to allow the participation of employees in the organization. He says that the company promotes that though an organizational activity called “Participation and Comprehension”. This allows employees to better understand the conditions for being a leader in technical areas.

Concerning managerial action for retaining key employees, it was perceived by the Director of HR that Atlas Copco that internal recruitment was the main HRM practice for retaining key employees. In the company, 85% of the managerial positions internally recruited. She believes that the use of such HRM practice creates strong motivation for employees by seeing many offered opportunities and perceiving the value of their development inside the company. The VDHR of Secoroc claims that the company tries to retain key employees by being meeting offers in the labour market. It also tries to support R&D managers in conducting competence development plans and discussions with employees in order to better know about their needs.

Regarding ABBCR, the HR manager claims that the company tries to keep key employee by having them constantly challenged. He believes employees who want to be challenged, pushed to know how to receive hard criticism are likely to stay in the company. Additionally, he perceives that recognition for employees’ work performance is a very important practice that keeps employees in the company. Professional reputation in the form of internal recognition is one of the non-financial rewards employees enjoying when invited for publishing articles or for conducting special presentations. Moreover, the company tries to ensure that the employee has proper balance between professional and private life.

Regarding the companies’ understanding of caring about employees, the VDHR of Secoroc declared that the company’s show care for employees by offering flexibility in working hours and by respecting every individual’s agenda. Moreover, he perceives flexibility and listening of employees’ needs as unique individuals are key factors for caring about employees. Medical service, exchange travel activities within the company, and social activities with employees outside the company were also perceived as signal of caring toward employees.

According to the HR manager of ABB CR, the HR tries to have a proactive role in the organization by ensuring that the managers care about employees’ well-being and are alert for perceiving any sign of behaviour or health problem of employees in order to fast answering to their needs.

With regard to improve organizational support to employees and to motivate them to stay, different suggestions were presented by managers and employees from both companies.

The HR management level of Secoroc indicates to perceive the need for more training and feedback for key employees. I was also indicated the need for even more professionalism when conducting appraisals. The R&D manager believes that the key factors for improving organizational support to employees are more availability, transparency, and integration of HR with departments and employees.

All three R&D employees of Secoroc indicate to not see any need for changes in the R&D department. Conversely, from the opinions about employees there are indications of the need for some changes in the HR in order to make key employees to stay in the company. More close involvement and integration of the HR department with issues concerning the R&D department was indicated to be an important requirement for employees in order to feel satisfied and affiliated to the organization. Additionally, it was also indicated the need for better recognition of employees with long experience in the company in terms of not overlooking them when promoting employees.

The R&D manager of ABBCR perceives that managers need to make sure that they have forums for getting basis for improvement.
The employee #1 of ABBCR suggests to reorganize the departmental organization into a bigger group and distribute projects more base on individuals’ skill and knowledge as opposed to distribute projects to specific groups/departments. In that way there would be more cross-collaboration and synergy. She also suggests to have career coaches who could be responsible for few employees and who would be than able to follow your development closely. Physical layout change could also bring improvements.

HR Management View

Participation in decision making

The HR practice of participation in decision making and autonomy indicates to be valued by the two companies. The HR managers of both ACS and ABBCR identify such practice as very significant in the key employees’ role in R&D area. By considering the impact of participation and empowerment on employees’ performance, the companies invest significantly in supporting them in working with responsibility and autonomy. The director of HR of Atlas Copco claims that employee empowerment is part of the corporation’s principles. She perceives such practice as a consequence of trust, sense of direction and commitment. The VDHR of Secoroc associate this practice with a Swedish way of operating in the decision making process in the company. He states that, from the first working day, key employees receive responsibilities and autonomy for deciding on their way achieving the goals. According to him, this is accepted and appreciated by the key employees.

Similarly, the HR manager of ABB CR states that key employees are continually stimulated to express their ideas as a form of affecting decisions. It is also given to employees the autonomy for developing their accepted ideas.

Challenging work

From the outcome of interviews with HR managers, it is indicated that in both companies challenging key employees is perceived as crucial practice for satisfying them and for making them to stay in the organization. By recognizing the importance of such practice, HR managers claim to orient R&D managers to put their efforts in answering such need of key employees.

The HR manager of ABB CR claims that the company focuses on constantly challenging employees by being very demanding when setting goals. This is followed by two types of leadership styles for managers that enhance the sense of challenge and recognition towards employees’ performance. Through these leadership styles, a manager can show great appreciation or strong dissatisfaction with a delivered performance, demanding it to be even better.

Fairness of rewards

From the perspectives of the HR managers of Secoroc and ABBCR, there are indications that fairness in rewarding employees can be found at both companies. Although such principles seem to be valued by these companies, they indicate to perceive little influence of this practice in employee retention. It is indicated that the HRM of the two companies tend to perceive fairness of rewards mainly in terms of equally providing non-financial rewards among employees. Moreover, it is indicated that both companies see employees being fairly rewarded through equality in treatment and in evaluation based on same criteria. However, it is indicated that at Secoroc, financially rewarding key employees with fairness is not associated with their individual contributions.

Answering for Atlas Copco, the director of HR states that the corporation applies fairness in their reward system by offering to key employees salaries according to market’s offers and by not having distinction of rewards concerning gender of employees. However, she claims that the company is aware of the fact that sometimes employees do not feel fairly rewarded in terms of salaries when compared their salaries to the others working in different industries. She perceives that as a problem for the company since it has decided to keep its decisions about salaries. Based on the view of the VDHR, it is indicated that, at Secoroc, fairness in rewarding employees occurs by considering them
as unique individuals with individual needs and by trying to fulfil them without delivering rewards unequally among them. Moreover, he refers to good relationship with the managers and internal recruitment as forms of the company fairly rewards employees for their contributions.

At ABB CR, fairness in rewarding employees indicates to be perceived being associated with differently rewarding employees according to their individual performance and behaviour both in financial and non-financial terms. According to the HR manager of ABB CR, all employees are equally treated according to a same procedure for everyone but their needs are answered on individual basis.

Growth opportunity

Based on the answers of the HR managers of Secoroc and ABB CR, it is indicated that both companies perceive the practice of growth opportunity as very important for retaining key employees.

According to the director of HR of Atlas Copco, the corporation invests significantly in providing growth opportunity to the employees. She refers to the great internal recruitment as a clear signal of that. The VDHR of Secoroc and the manager of ABB CR consider the use of appraisal as the most efficient practice for creating growth opportunity. By referring to an adopted expression in the company “If you are not in my data, you do not exist”, the HR manager of ABB CR contributes to indications that the company demands from employees’ constant development.

R&D Management View

The R&D manager of Secoroc was not very positive about the HR department action towards employee retention. He perceives that employees are not being properly financially rewarded. He adds that reasonable salaries are provided due to strong support from the labour union. That makes him to question the company’s care about employee satisfaction. Conversely, he sees many line managers in the company trying their best for keeping key employees. Moreover, his perception is that managers get very low support from the HR in exercising the responsibility for employees.

According to the R&D manager of ABB CR, the company tries to keep key employees by investing in the practice of appraisal in order follow up the traced plans for the employees and to better know about their long term goals. The company also set challenging targets to employees in order to keep them motivated. He participates in that by supporting employees in performing even better. Moreover, to provide forums to discuss and share experience is also important. He believes that this is a way to help employees to build up more competence and to perceive it as an advantage of staying in the company. He sees that the manager’s participation in retaining key employees relies strongly in minimizing the differences in expectations between employee and the company, in a way that no misunderstandings in that area will result in an employee to leave.

Participation in decision making

The R&D manager of Secoroc sees autonomy of employees as very important, but he is not sure if they actually understand how powerful is to be able to influence in decisions.

The R&D manager of ABB CR argues that working with autonomy and participation in decisions is naturally connected to key employees’ role in the organization. Both R&D managers perceives employee as satisfied with their level of autonomy and participation in decision making since they have their inputs well received by the managers and have possibility to affect their own work.

Challenging work

Through the R&D managers of both companies, the practice of challenging key employees is also indicated to be significant for the companies’ ability of retaining employees. The R&D manager of Secoroc considers being responsible for educating all the employees to be continually improved. He does that by challenging his subordinates by training and helping them to develop their
limitation in skills or to overcome eventual difficulties.

The R&D manager of ABBCR shares similar perspective and sees this practice as a continuous way of investing in the employees’ development and job satisfaction.

*Fairness of rewards*

The indication of fairness of rewards at Secoroc is questioned by the R&D manager. His believes that his subordinates have not been fairly rewarded since he perceives their salary as very low in relation to their education, commitment and contributions. However, he perceives that the financial and non-financial rewards among employees are provided with fairness.

According to the R&D manager of ABB, fairness of rewards is mainly perceived in terms of providing non-financial rewards equally among employees. These are increased responsibilities, different forms of recognition for good performance and project success, and opportunity of growth. Moreover, he claims that he tries to be fair by always respecting the employees’ engagement, commitment and choice of development in the career path.

*Growth opportunity*

The R&D manager of Secoroc perceives that the company provides good support to employees in terms of investing in their development. He claims that, besides formally discussing with employees about growth opportunities through appraisals, he constantly provides opportunities to employees to develop themselves. On the other hand, it is also up to the employee to ask for opportunity to learn or develop skills that are useful for the company. The R&D manager of ABB CR refers to growth opportunity as chain reaction in the organization. He states that the more advanced the employee gets in the organization the more he is required to mentor others.

*Leader- Member Exchange (LMX)*

The R&D managers of Secoroc and ABBCR claim to have a good and close relationship with his subordinates. He says that he nurtures that by valuing significantly employees’ participation in decision making, by being interested in helping employees to continuous development. Moreover, he believes to be important to perceive employees’ needs of development.

*Key Employees View*

All three interviewed employees of Secoroc claimed not having any special reason for staying in the company in a very long term. Employees #1 and #2 mentioned job security, opportunity to change job activities, and long term view of managing people as important reasons for staying in the company. The employee #3 claimed that he has stayed in the company mostly due to lack of job alternatives. He says that by receiving a better offer, in terms of salary, from another company, he would easily leave Secoroc.

For the employee #1 of ABBCR, challenging and interesting work, growth opportunities, international work experience, and a wide variety of possibilities of work are significant motivating reasons for staying in the company. The employee #2 considers important to stay in the company due to his interesting work, good job conditions, and openness. He also appreciates working surrounded by people of similar knowledge level to his.

Concerning employees’ perceptions about actions of the companies towards key employee retention, the opinions of the employees differ. The employee #1 perceives that the company has been able to keep key employees due to its long term view of employment. He claims that such feeling of security has affected his decision to stay in the company. Moreover he indicates flexibility of working hours, and fairness of rewarding employees as other ways of the company retaining employees. Differently, the employees #2 and #3 claim that they do not perceive any specific action from the company in trying to keep employees. The employee #2 says that he has never heard that the
company showed interest in negotiating with an employee who is considered quitting the job. With Similar view, the employee #3 says that the company lost many key employees to competitors because it was unwilling to pay more to employees in order to make them to stay. He has also not perceived any willingness of the company in offering other forms of financial rewards as a way of trying to keep employees. However, he perceives the company as being very generous when it comes to investment in the development of employees.

The employees #1 and #2 of ABBCR see the company trying to keep key employees through the practice of recognition for employees’ value and competences in the form of career path provision. The employee #1 perceives that growth opportunities, in terms of knowledge development, great deal of autonomy, flexibility and freedom concerning workplace and working schedule are also perceived as important factors as well.

Regarding the employees’ perception of organizational care that they associate with the feeling of being part of the organization, the employee #1 of Secoroc feels that by having his competence recognized and respected by managers and co-workers who allow him to contribute with something significant for the company. He perceives that the company acknowledges such need and properly answers to it. For the employee #3, such feeling means to work for a strong branded and Swedish company.

For the employees #1 and #2 of ABBCR, participation and recognition make them feel part of the organization and are significant to motivate them to stay. Both employees #1 and #2 perceive that the company values nurturing such feeling. For the employee #1 to be part of the organization means working in projects that are important for the company rather than doing a less significant work. Being kept informed of the company plans and perceiving that her contributions and competences are also part of such plans are equally important to this sense of belongingness. For the employee #2, such feeling comes from perceiving that the organization cares about his opinions. Moreover, he perceives support from the organization in allowing employee participation in decision making and promoting integration among employees. He claims that this affects positively his view of the company and his intention to stay, but is not a decisive factor for him in terms of staying in the company.

When asked employees to identify the strongest reasons which would lead them to leave the organization, both employees #2 and #3 of Secoroc argue that a more interesting offer in terms of salary from another company would make them to leave the company. Differently, the employee #1 indicates lack of challenge as a decisive factor for making him search for another job.

For the employee #1 of ABBCR, frustration due to the slow decision processes and not being a part directly involved in it would lead her to leave the company. She adds that by not feeling that her development is part of the organizational plans would lead her to great dissatisfaction and would eventually awake thoughts of leaving the company. Another reason would be the possibility of working with a different area than the industry.

Participation in decision making

All the interviewed employees of both companies indicate to perceive good support from the company in allowing them to participate in decision making and to work with autonomy. Moreover, there are indications that their relationship with their managers plays a significant role in the use of such practice. Key employees from both companies claim to perceive such support by having their managers receptive to their opinions.

Employee #2 of Secoroc sees his opportunity of exercising participation in decision making as a benefit from the low hierarchy in the organization. The employees #1 and #3 relate such practice with the satisfaction of having their capacity and experience valued by the company.

The employee #1 of ABB CR sees great value in this practice. She perceives being empowered through the good support from the manager in preparing and leading her to be a manager
herself. The employee #2 shares similar opinion.

Challenging work

All three R&D employees of Secoroc perceive good support from their manager in challenging them. The employee #1 states he enjoys his autonomy at the job to challenge himself by trying new ideas which makes his work more interesting. He claims that not being challenged at the work would certainly make him to search for another job. The employee #2 believes that the employee is also responsible for having constant challenge at the work by asking for more challenging tasks. Both R&D employees of ABBCR claim feeling challenged by receiving responsibility for large and very significant projects for the company. They perceive such practice as critical for their voluntary permanence in the company.

Based on these answers, there are indications that both companies support employees in their need of being challenged. Moreover, it also indicates that among employees of the two companies, being challenged at the work is critical for their job satisfaction and intention to stay in the company.

Fairness of rewards

There are indications of certain divergence among employees of Secoroc concerning fairness of rewards in the organization. The employee #1 perceives being fairly rewarded in terms of salary by his contributions. However, he perceives having his work unfairly valued by not receiving any extra reward. All three employees of Secoroc perceive being fairly rewarded non-financially for their contributions to the company. The employee #2 claims feeling well rewarded by having a very good atmosphere at work and a good relationship with his manager. The employee #3 perceives fairness of rewards when the company values his effort at work by offering him a good work-life balance.

However, the employees #2 and #3 argue that should receive a higher salary in comparison to employees’ salaries from other divisions of the company.

The employee #1 of ABBCR claims been fairly rewarded mainly by receiving growth opportunity through provided courses and work experience abroad. Additionally, by receiving added responsibility at work and participation in interesting projects, she perceives receiving proper rewards for her competence and contributions. However, more constant feedback is desirable as part of rewards. The employee #2 also perceived fairness in most ways of provided rewards in the organization.

Growth opportunity

There are indications that Secoroc supports properly employees in terms of investment in their skills and career development since all the three employees claim to perceive that. The employee #2 perceives to be also responsible for his development by taking the initiative to inform his manager about his needs of development. He states that by receiving investment from the company in his development, makes him to feel more challenged rather than emotionally bonded to the organization. For the employee #3, good support from the company about growth opportunity is perceived through given possibility to apply internally for new jobs.

Similarly, indications about perceived organizational support towards employee development might be found among employees of ABBCR since both of employees have positive opinion about it. The employee #1 claims that growth opportunity was already provided during her trainee program which 25% of time was spent in courses. She perceives that her personal goal and ambitions are seriously considered by the company. That affects positively in her decision of staying in the company.

Leader-Member Exchange (LMX)

With basis on the positive view of the employees and their managers concerning their relationship, it is indicated that, at least in the departments of the interviewees at Secoroc and ABBCR, the quality of LMX is high.

All three employees of Secoroc claim to perceive being fully supported by their manager and having a good and friendly relationship with him. The employee #2 claims that he knows how to listen to
employees’ needs and opinions and he usually acts fast in answering to their needs. In addition, he perceives him properly representing his subordinates’ interests to upper managerial levels when trying to help them. For him, this is perceived as a good reward at the work. By sharing this same opinion, the employee #3 says that “he is the best manager he has ever had”. Moreover, the presence of affective commitment between these employees and their manager can be indicated by that fact that all the three employees claim that they answer to their manager’s support by being committed to help him in achieving goals of the department. Moreover, they perceive support from their manager in terms of being allowed to be absent from the company due to sickness or personal problems and finding available help for their eventual problems.

Employee #1 of ABB CR perceives that her manager knows well about his subordinates and properly guides them to the right direction. She also claims that he is supportive and believes in her competence which she considers a really crucial factor for staying in the company. The employee #2 perceives his relationship with his manager as being pretty relaxed and friendly.

**POS and Commitment**

*Management view*

Commitment is indicated to be a central principle in both Secoroc and ABBCR management. According to the director of HR at Atlas Copco, at corporate level, including Secoroc, commitment of employees depends on their proper understanding of the organization’s culture and being trusted by the company when receiving delegated responsibilities. At Secoroc, employee commitment is indicated by HR management view to be increased by setting clear targets to employees. The perception of the HR management indicates that the company tries to reciprocate employees’ commitment by being committed to creating a good relationship between employees and their managers. He believes that the role of manager is extremely important within the company when it comes to create and enhance commitment.

At ABBCR, increased commitment is indicated by the HR manager as being associated with recognition for a given challenging task, good work conditions, flexibility in working hours, and clear communication of expectations about their performance. According to the view of HR manager of ABBCR, it signals that the company shows commitment to employees through recognition, reasonable salaries and benefits, very good working conditions and flexibility. According to the R&D manager, increased commitment indicates to be related to recognition for employees’ contribution and good environmental conditions at the work place.

*Employee view*

Based on the perspectives of the interviewed employees of Secoroc, it is indicated the lack of affective commitment of employees toward the organization. All three R&D employees of Secoroc seem not perceiving much relation of their commitment to the work with being supported by the company. They perceive that their commitment is more related to their manager and colleagues than to the company as a whole. The employee #2 of Secoroc perceives the exchange of commitment as being facilitated by the close relationship between colleagues and managers which gives him job satisfaction. Due to that, he would not easily leave the company for a better salary. For the employee #3, he claims that receiving positive feedback for his contributions makes him more committed to the company. He believes that to be committed is considered a right thing to do rather than a form of gratitude for what he receives from the company. He claims that despite being committed to his job, he would easily leave it for a better salary.

For employee #1 of ABB CR, she perceives her commitment to be enhanced by receiving responsibilities, by being trusted by the management as well as to by having a good relationship with the colleagues. She claims that this has a direct relation to her decision of staying in the company. The employee #2 feels committed to the company by perceiving that the company is acting in the correct way.
POS and Job Satisfaction

Management view

There are indications that at Secoroc, the key factors of providing job satisfaction to key employees are, clear goals, good feedback, participation in decision making, and focus on treating employees as unique individuals. The VDHR of Secoroc claims that answering to individual needs of employees requires that managers must have passion for people and must be strongly interested in having a close and good relation with employees. Being in such position, the R&D manager states that he tries to provide job satisfaction to his subordinates by being supportive in different ways.

Regarding ABBCR, through opinions of the HR manager and the R&D manager, the main ways of stimulating employee job satisfaction are indicated to be the creation of different and challenging goals, participation and opportunities for development, openness, information exchange and will to change.

Employee view

It is indicated that all R&D employees of both companies consider job satisfaction as definitely a decisive factor that affects their intentions of staying or leaving the company. There are also indications that, in general, they all feel satisfied with their jobs. For the employees of Secoroc, it is indicated that job satisfaction is mainly generated from challenging work activities, more responsibilities, good access of resources for their work, a good atmosphere at the work place, flexibility of working hours, and good support from their manager. However, two of them feel dissatisfied with physical conditions of the offices.

There are indications that for employees of Secoroc, their job satisfaction would be increased by receiving more responsibilities, by having targets established more clearly and in a long term in order to better know the targets to be achieved and the rewards that can be received when accomplishing that.

At ABBCR, job satisfaction of employees is indicated to be generated from given opportunity of working with different work teams, by recognizing their work and giving them opportunity of participation. It is also indicated that the company show interest for employee satisfaction. There are indications that employees would have greater job satisfaction by receiving more often and more formal feedback and by being more public recognition of their competences.

Analysis

As organizations operate in a business environment of hyper-competition, their ability of identifying key employees’ needs and of properly answering them through a proper use of HR practices is crucial for retaining key employees. Consistent with expectation of this study, the findings indicate that the application of the selected HR practices is associated with high POS among employees. The use of the selected practices was also indicated to play an important role in the generation of job satisfaction of key employees as well as in their intentions to stay in the organization. Findings from Secoroc and ABBCR concerning the role of HR practices in employee retention leads to indications that managers and employees share similar perspectives about identifying the practices that most contribute to the retention of key employees.

According to the management view and to the employees’, it was indicated, in the two companies, that the HRM practices which have been identified as crucial for retaining employees are those that answer to their needs of growth and relatedness. In both companies, the organizational practices of growth opportunity and challenging work were indicated to be very significant ways of keeping employees in the organization by answering to their needs of development. This indicates to be in accordance with theories of motivation that refer to this type of professional as usually being satisfied by constant development of knowledge and skills. Based on that, such findings indicate to be consistent with the expected relevance of these HR practices in employee retention.
**Growth opportunity**

The HR management of Secoroc and ABBCR indicate to be aware of the importance of proper answering such need. This can be noticed by the fact that both companies indicated to invest significantly in supporting key employees to develop skills and to grow within the organization. Proper investment on the last one was indicated to be part of Secoroc by promoting great internal job opportunities, especially internal recruitment for managerial positions. The use of such practice might result in higher motivation among employees at Secoroc when seeing offered opportunities and perceiving the value of their development inside the organization. Similarly, there are indications that, ABBCR also invests in the advancement of employees within the company by encouraging employees to share knowledge and to increase mentoring practices as they advance in development. This seems an interesting and very useful practice for increasing POS by answering to two different key employees’ motivation needs considered by the ERG theory as growth ones. By involving employees in the allocation of knowledge inside the organization, those employees who are being mentored can fulfil their needs of growth in terms of learning and development of skills. Whilst the mentors can meet their needs of growth such as need of recognition. In that sense, the responsibility given to a key employee for contributing to others’ development can result in the satisfaction of knowing that his advanced knowledge has been recognized by the company and that his contribution with mentoring has been valued. The practice of appraisals was indicated in both Secoroc and ABBCR to have a significant role in the process of attending to key employees’ needs for growth. By using appraisals for identifying employees’ needs for development, their ambitions and future goals in order to better have them answered, these two companies indicate to be able to make such offered support more easily perceived by the employees.

Besides answering to employees’ need of growth and facilitating the process of their development in the company, the use of such practice indicates to also contribute to employee satisfaction by answering to the their needs of esteem. The fact that Secoroc and ABBCR seem to invest in providing individual attention to key employees, through appraisals, signal that they value treating employees as unique individuals with individuals needs. In accordance with the theory of POS, this organizational behaviour relates to showing care for employees’ well-being and, consequently, to increase POS. Employees who perceive that the organization sees and value them as unique individuals tend to perceive being better supported by the company in meeting their individual needs. This in turn can contribute to employees’ job satisfaction and desire to remain in the company.

However, it is important to remember that the organizational practices of these two companies concerning human resources management are in great part contextualized in the Swedish management style. Therefore, the principles that characterize such style need to be examined in association with the organization’s capability to retain key employees. Regardless the contribution of practices such as appraisal for answering to employees’ needs of growth, it can weakly be perceived as a differentiated way of these companies of showing value and concern for the employees. Instead, such way of providing support through the use of this practice seems to be more related to the style of the Swedish management in which the appraisal of employees is a common practice. Characteristic aspects of this type of management such as low hierarchy, value and care for employees as unique individuals, and encouragement of employees’ development indicate to be facilitator to the application of this practice.

Such principles of caring and respect for individual needs of employees are expected to contribute to increased POS among employees. In the cases of Secoroc and ABBCR, there are indications that they manage the practice of growth opportunity in total accordance with such style. Both companies indicate to have a management that is open and that encourages people to try new activities and career paths inside the organization in order to find better ways of working. By doing that, these companies indicate to be contributing to greater POS since they signal to be providing resources to support employees in assessing their
own identities and values that helps them to have clearer directions for development. According to indications of this study, employees of both companies seem to be satisfied with such provided support. Therefore, considering that Secoroc and ABBCR deal with employee development according to principles of the Swedish management, it was not surprising to find that, at both companies, the provision of growth opportunity was indicated to be critical in key employee retention.

According to the theory of POS, meeting employees’ growth needs leads to employee commitment to the organization (Eisenberger et al., 1986; Eisenberger et al., 1997). Concerning the cases of Secoroc and ABBCR, it is indicated that employees are likely to develop affective commitment to their job-related activities as consequence of feeling supported to continuously develop in their working skills. This is in accordance with studies about organizational commitment which hold that key employees such as technical professionals or knowledge workers tend to be more emotionally bonded to their work than to the organization (Von Glinow, 1988).

Challenging work

Besides growth opportunity, the practice of challenging work was indicated to be also significant for employee retention in Secoroc and ABBCR. The HR management of these companies indicate to have awareness of the fact that key employees tend to be satisfied by being challenged at work. Such need also correspond to the needs of growth and contributes to the development of employees’ skills. With basis on theory, the organization’s ability in answering employees’ needs is expected to result in high POS. However, it is important to notice that great part of the challenge is already provided in the work activity itself. This seems to be enough for satisfying key employees since they tend to strong value working with interesting tasks and to be focused on having their potential developed to the fullest. The present study suggested that the organizational action in providing such positive job condition is expected to be relevant for the retention of key employees. The cases of Secoroc and ABBCR signal accordance with that since all the interviewed employees claimed to be very satisfied with the level of challenge that they receive from the organization. However, it was argued in this study that in order for employees to perceive actual support from the organization in answering their needs of challenge, this should be encouraged beyond the provision of challenging tasks. Considering the professional and personal features of key employees, it was suggested that they should be challenged in different ways in order to be able to satisfy other of their needs such as esteem. Such support seems to be present in the relationship between manager and subordinates at Secoroc. The fact that the R&D manager of Secoroc signals to be concerned and active in also challenging employees to work on their weakness might indicate that the company tries to increase POS by offering such support to employees through their relationship with their leaders. Similarly, ABB CR indicates of also being able to affect key employees’ general growth by guiding them through both supportive and demanding leadership style. This leads to the understanding that such way of challenging employees indicates the company’s concern about recognizing employees’ competence and stimulating them to feel self-actualization satisfaction for being trusted and being able of accomplish challenges. In both cases, indications of the organizations’ ability of creating a structure for nurturing challenge at the work is a significant job condition for making them more motivated. This signals that these key employees see support from their employers through their satisfaction for having such need answered. This indicates to affect their intentions to stay in the company. It is important to notice that these companies are operating in the Swedish organizational context in which innovativeness and willingness of taking risks is encouraged and mistakes are allowed as being part of the learning process. This tends to contribute to the employees’ desire to work with challenging tasks since they can better satisfy their needs of growth without suffering the pressure of not being allowed to fail in accomplishing a complex task. Such contribution of the Swedish management style on satisfying employees’ need of being challenged is indicated to be present in both Secoroc and ABBCR. This is signalled through indications of good relationship between managers
and employees in which employees indicated to receive good support from their manager when working with challenging tasks.

**Participation in decision making**

Because key employees are characterized as highly skilled and strongly involved with their work, participation is an important need to be answered. This study suggested that empowerment of employees tend to be associated with increase of POS, job satisfaction and intention to remain in the company. Indications from the cases of Secoroc and ABBCR seem to be consistent with the theoretical approach of this study due to the positive perceptions from managers and key employees. The interviewed employees of Secoroc and ABBCR claim feeling satisfied with being allowed to influence in decisions directly related to their work. By that, it might be signalled that the two companies have been able to generate high POS since it is indicated that these companies have been able to satisfy key employees by answering to their needs of affiliation and esteem. By being allowed to participate in decision making that affects their work, key employees are likely to feel satisfaction for receiving recognition and trust for their competence in influencing decisions.

Theory holds that fulfilled need of participation tends to relate to high POS which leads to increased employees’ affective commitment to the organization. Differently, findings indicate that although these employees signal having these needs met by the two companies, they indicate to not be affectively committed to them. This might be related to the fact that employees of Swedish firms may take for granted the benefit of receiving openness, authority to take action, and freedom with accountability in their work as reflection of corresponding principles of the Swedish society. Therefore, there are indications that these employees do not perceive such support as an exclusive way of being treated. This in turn might have weak influence in their sense of reciprocity towards the organization in terms of staying in the company.

**Fairness of rewards**

With regard to the association of fairness of rewards with satisfying and retaining key employees, it was indicated, at the management level of Secoroc and ABBCR, that fairness of rewards is perceived as important for keeping the sense of equality among employees. However, it was not indicated as very significant for retaining them. There are indications that the interviewees’ perspectives differ according to their conception of fairness of rewards. This might influence differently the identification of POS. For HR managers of both companies and for the R&D manager of ABBCR, fairness of rewards is indicated to be mainly perceived in terms of providing non-financial rewards equally among employees. Although it was indicated that the key employees of Secoroc are satisfied by receiving such support, the concept of fairness for them was indicated to be most related to equality of payment with relation to the market salary level. The indications that employees of Secoroc present certain dissatisfaction about their salaries seem to have affected their perception of support from this company in terms of meeting such need.

With relation to that, the relevance of pay in key employee retention surfaced from the empirical exploration as an unexpected factor that indicates to have significant influence on employees’ turnover decision. This could be better perceived with regard to the perspectives of the key employees of Secoroc. Moreover, the findings indicate that employees left the company for a better salary calls the attention for such problem. This indicates that pay does not only answer to key employees’ basic needs but it also relates to the satisfaction of their growth needs in the form of recognition for their high competences. In that sense, pay is indicated to be far from being a low-order motivator. Instead, it allows accessing high-order motivators on Maslow’s motivational hierarchy in terms of social esteem and self-actualization. The indications of dissatisfaction of employees of Secoroc with regard to pay is consistent with the Equity theory which holds that people assess fairness of their pay by comparing their ratio of inputs and outcomes to the ratio of others. The perception that the employees of Secoroc present about financial rewards indicate
consistency with predictions of this theory concerning change in the employee behaviour. In accordance with the theory, these employees show indications of dissatisfaction towards the organization or desire to quit. Linking that to the POS, it is suggested in this study that employees’ perception of being unfairly rewarded tends to contribute to lower POS. In the case of Secoroc, the employees signal to not perceive enough support from the company in valuing their professional skills equally to what competitors seem to be valuing on their employees.

Taking the Swedish organizational context into consideration, it is suggested that most companies managed according to the Swedish style tend to offer good support to employees in terms of non-financial rewards. Because employees might perceive such type of support as being commonly provided by Swedish firms, for them, pay might be considered as an element of differentiation for their satisfaction. By that, it might be suggested that, in the Swedish organizational context, although employees seem to recognize the value of being supported with non-financial rewards, there are indications that they would leave the company anyway for a better pay. The risk perceived in that might be related to indications from the findings that employees of Secoroc and even ABBCR showed lack of affective commitment to the companies. This might be explained by the fact that most of the benefits that contribute for employees to have a high POS are offered by the companies as an extension of what is already provided in the Swedish society. Because these employees seem not to perceive support as an effort of the companies in trying to make them to stay, they do not feel any need to reciprocate that in terms of higher involvement and intention to stay.

**Leader-Member Relationship**

The role of the leader or the front-line manager in key employee retention was indicated as being another critical factor that emerged from exploring empirical data. In both companies, it was indicated that the front-line managers play a crucial role in helping the organization to better answer to key employees’ needs of growth. With basis on the perspectives of the employees from both companies, it was indicated that their satisfaction and perception of support from the selected practices was mainly associated with their satisfaction with their leader-member relationship. With basis on the perspectives of R&D managers and key employees of both companies, there is indication of the existence of a very positive interpersonal relationship between supervisors and subordinates or LMX. The R&D managers of Secoroc and ABBCR signal to be aware of the importance of establishing a close and supportive relationship with their subordinates for their job satisfaction and performance. By claiming to be very satisfied with their managers, the interviewed employees indicate the existence of very good support of managers to employees in these two companies. The support from these managers was indicated to be related to their openness for listening employees, to interest and care for the development and well-being of their subordinates. Such supportive behaviour seems to meet the profile of leaders in the Swedish management style in which leaders tend to guide employees instead of determining their actions; tend to have an active role in answering to employees’ needs. The relationship between managers and employees at Secoroc and ABBCR indicates the presence of POS in these companies through the recruitment of managers interested in answering employees’ socio-needs. Due to that, the organizational and personal support provided by managers was indicated to have a crucial role in increasing job satisfaction, motivation and commitment of employees. Consequently, these factors indicate great contribution to employee desire to remain in the organization. In the cases of Secoroc and ABBCR, the fact that the employees indicate to have their socio-emotional needs answered through a direct interpersonal relationship with their manager might mean that they can better recognize support from him rather than from the company. In this case, the theoretical approach which holds that discretionary HRM practices are likely to increase POS indicates to be equally applied to the LMX practice. It is suggested that these key employees are likely to perceive high support from their manager when receiving a good and caring treatment which is manifested beyond requirements from organizational practices and policies. Such perceived support indicates to be generated from
the ability of the manager to be aware about his subordinates’ needs and to be active in properly having them answered.

In contrast with the theory, it was indicated, from the empirical exploration, that although employees of these companies signalled to perceive organizational support and to be satisfied with that, they seem to not be affectively committed to these companies as a form to show reciprocity for the received support. Instead, they indicated to have affective commitment to their managers. In fact, good relationship and properly support by the manager was indicated to be the only form of POS that contributed to the generation of employees’ affective commitment. Such indication was clearer perceived from employees of Secoroc. This can be related to the sense of reciprocity of employees towards the received support from their managers. By being helped by their manager, these employees signal to feel committed to him in achieving goals for the department. This indicates an indirect way of being affectively committed to the organization. The emerge of LMX as being such a significant factor in creating affective commitment of employees, even that indirectly, to the organization signalled the crucial importance of providing good support to managers for allowing them to better support their subordinates.

**Conclusion**

With the aim of exploring the role of supportive HR practices and POS in employee retention in a different context, this study extended the Allen et al. (2003) model by including two more practices to be empirically explored in the Swedish organizational context. In order to facilitate the empirical exploration of such topic, it was considered of good use to approach existing theories for the understanding of how these elements of the process of employee retention could be connected in theory. However, the author of this study had no intention to have the theoretical model tested. Instead, it was used as basis for generating insights from empirical exploration. Due to the use of case study for exploring the research topic, the outcome of the analysis of this study was treated as indications. In a general way, these signalled to be consistent with expectations from the theoretical model. Consistent with expectations from theory, the practices of growth and challenging work were indicated to be the most significant ones for employee retention in these companies. All the selected practices were indicated to generate POS among key employees of these two companies. This was followed by indications that employees in these companies are satisfied with the general received support from the organization. By having this explored in the Swedish context, it was very interesting to find indications that, in these companies, the R&D manager play a crucial role in the positive way how the employees perceive support from the organization. In these two companies, it was indicated that R&D managers and their subordinates are involved in high quality LMX. This in turn signalled to be a significant “channel” for the organizations to efficiently use the selected HR practices for generating POS and employee satisfaction in order to retain key employees. Additionally, an even more interesting advantage of a high quality LMX for retaining employees was related to the indications that this was the only practice that contributed to affective commitment of employees, even that indirectly to the organization. An unexpected outcome surfaced from the empirical research consisted in the indications of lack of affective commitment among employees of these two companies towards the organization. Instead, they indicated to be affectively committed to their managers. The indicated relevance of pay in key employee retention was also an interesting and unexpected element that emerged from the explorative empirical research. The case of Secoroc indicates willingness of the key employees in leaving the company for better pay even though they signalled to be satisfied with non-financial support from the organization. The indications that pay might be a decisive factor for affecting employees’ turnover decisions may have created new insights concerning the focus on answering key employees’ needs. Additionally, this situation might be suggested to be related to the lack of affective commitment of employees toward the organization when the perceived received organizational support seems to not generate the sense of reciprocity among employees.
In conclusion, the picture of employee retention in these two Swedish companies was indicated to be, in general, very positive. However, regardless of the fact that they indicated to make proper use of supportive HR practices for satisfying employees in order to retain them, there were no clear signs of specific or differentiating actions for key employee retention. Furthermore, the influence of the context in terms of characteristic aspects of the Swedish organizational culture and management style of these companies was indicated to be a significant facilitator for generating POS, job satisfaction and normative commitment of employees through the use of HR practices. Therefore, it can be considered that these companies might have taken for granted the favourable aspects of the Swedish context in their ability of creating high POS and satisfaction of employees. This might lead to the conclusion that the context is a significant element in the efficiency of the application of HR practices in the process of employee retention.

**Suggestions for future research**

The indications that surfaced from having the linkage of HR practices and POS in key employee retention empirically explored in the Swedish organizational context, represented by the two selected companies, show to be of relevance for being further investigated in future studies. The main contribution of the present study was to generate indications of how the use of HR practices can contribute to employee retention in the Swedish context. Considering the interesting aspects that emerged from this study, there is room for future research for approaching such topic by assessing quantitative data from a larger sample in order to investigate if such indicative data can be confirmed in the investigated companies as a whole. Moreover, another suggestion for future research would be having this investigated topic conducted through a quantitative research for involving a large number of Swedish companies in Sweden in order to discover generalized data about the use of HR practices for retaining key employees in this context. As part of this second suggestion, contributions to theory could be generated from further investigation of the role of context in the efficiency of HR practices for generating POS among employees.
References


Appendix

Appendix 1: Ideas for satisfying employee needs

<table>
<thead>
<tr>
<th>Need</th>
<th>Examples</th>
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<tbody>
<tr>
<td>1. Physiological</td>
<td>Cafeterias</td>
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<td></td>
<td>Vending Machines</td>
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<td></td>
<td>Drinking fountains</td>
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<td>2. Security</td>
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<tr>
<td>Economic</td>
<td>Wages and salaries</td>
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<td></td>
<td>Fringe benefits</td>
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<td></td>
<td>Retirement benefits</td>
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<td></td>
<td>Medical Benefits</td>
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<tr>
<td>Psychological</td>
<td>Provide job descriptions</td>
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<td></td>
<td>Give appraise/awards</td>
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<td></td>
<td>Avoid abrupt changes</td>
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<td></td>
<td>Solve employee’s problems</td>
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<tr>
<td>Physical</td>
<td>Working conditions</td>
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<tr>
<td></td>
<td>Heating and ventilation</td>
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<td></td>
<td>Rest Periods</td>
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<tr>
<td>3. Affiliation</td>
<td>Encourage social interaction</td>
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<td></td>
<td>Create team spirit</td>
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<td></td>
<td>Facilitate outside social activities</td>
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<td></td>
<td>Use periodic praise</td>
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<td></td>
<td>Allow participation</td>
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<tr>
<td>4. Esteem</td>
<td>Design challenging jobs</td>
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<td></td>
<td>Use appraisal and rewards</td>
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<td></td>
<td>Delegate responsibilities</td>
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<td></td>
<td>Give training</td>
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<tr>
<td></td>
<td>Encourage participation</td>
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<tr>
<td>5. Self actualization</td>
<td>Give training</td>
</tr>
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<td></td>
<td>Provide challenges</td>
</tr>
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<td></td>
<td>Encourage creativity</td>
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Source: Champagne & McAfee (1989)
### Appendix 2: Content theories of motivation compared

<table>
<thead>
<tr>
<th>Maslow’s Needs Hierarchy</th>
<th>Alderfer’s ERG Theory</th>
<th>Herzberg’s Motivator-Hygiene Theory</th>
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<tbody>
<tr>
<td>Self-Actualization</td>
<td>Growth</td>
<td>Motivators</td>
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<tr>
<td>Esteem</td>
<td>Relatedness</td>
<td>· Achievement</td>
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<tr>
<td>Belongingness</td>
<td>Existence</td>
<td>· Personal growth</td>
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<tr>
<td>Safety</td>
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<td>· Responsibility</td>
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<td>Physiological</td>
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<td>· Advancement</td>
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<td></td>
<td></td>
<td>· Recognition</td>
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</tbody>
</table>

- **Motivators**
  - Achievement
  - Personal growth
  - Responsibility
  - Advancement
  - Recognition

- **Hygienes**
  - Supervisor relations
  - Co-worker relations
  - Job security
  - Company policies
  - Working conditions

Source: McShane & Glinow (2000).
Appendix 3: Interview questions

Interview guide for HR managers

Background questions

1. Tell, briefly, about your background. (Education, previous work experience)

2. For how long have you been working as HR manager at the company?

3. Which work responsibilities do you have?

Main Questions

4. What do you think that makes employees stay in the company? Why? What does the company do for retaining employees?

5. What is the company’s actual key employee turnover? Has this changed significantly over the years? Which would be the reasons for that?

6. Does the HR conduct any investigation for identifying the reasons why employees decided to leave the company? If yes, how is this conducted?

7. How are HR practices used for retaining employees and what could be concluded about their efficiency in that?

8. Which practices have shown to have greater impact on motivating employees to stay in the company? Why?

9. What do the HR and the organization understand about caring for employees’ well-being? How does the company act on that?

10. How do you perceive employee commitment to the organization? What does the organization do for motivating employees to be more dedicated to their work?

11. How do the company and HR answer to employees’ commitment?

12. How can HR contribute to motivate and develop job satisfaction among employees? What is the HR involvement with R&D managers in achieving such goal?

13. How does HR support employees in exercising autonomy for participating in decision making? How do you think that this would affect the employee’s perception about the organization?

14. What importance is given to the practice of feedback to employees? How does HR involve supervisors in providing that?
15. How does the company show fairness when evaluating and rewarding employees for their contributions on individual and collective level? How do you think that such issue would affect employees’ behaviour?

16. How do employees react to the way they are rewarded? How does HR answer to eventual problems of employee dissatisfaction with received rewards?

17. How do the HR and the organization show interest and support for investing in the development of employees’ skills or career development, and training? How can this practice affect employees’ intention to remain in the company?

18. What does the HR do for making employees feel appreciated and recognized by their contributions?

19. How does HR usually react on situations when key employees present strong intentions to leave the company due to dissatisfaction at work?

20. Which organizational problems would you consider to have strongest impact on employees’ decision of leaving the company? What has the HR done for preventing that?

21. How does the company manage communication to integrate employees to organizational issues?

22. If necessary, which changes would you suggest to occur in the organization or HR in order to achieve greater organizational support for employees as a way of retaining them?

Interview guide for R&D managers

Background questions

1. Tell, briefly, about your background. (Education, previous work experience)

2. For how long have you been working as manager at the company?

3. Which work responsibilities do you have?

Main Questions

4. What does the company do for retaining key employees? What would be the R&D manager’s participation in that?

5. Once you identify an employee’s intention to leave, how do you react to this situation?

6. How would you describe your relationship with your subordinates?

7. What makes key employees more committed to their work and to the organization? How does the company see the importance of creating an affective bond or sense of obligation in employees towards the organization?

8. How is the company committed to support key employees?
9. Which would be the leading factors of job satisfaction for key employees? How can you contribute to promote that among your subordinates?

10. How does R&D manager support employees in exercising autonomy for participating in decision making? How do you think that this would affect employees’ perception about the organization?

11. What is the role of feedback in the relation between the organization and key employees? How can it be perceived as support from the organization?

12. How do the organization and the R&D manager show fairness when evaluating and rewarding employees for their contributions on individual and collective level?

13. How do employees react to the way in which they are rewarded? How does the company try to meet their expectations in terms of financial and non-financial rewards?

14. How does the company invest in the development of employees? What would be the role of R&D manager in that? Does the company have any other expectations from such investment?

15. How do you show recognition of employees’ contributions? What would be the impact of that on employee’s behaviour and perception about the company?

16. How is the R&D supported by the organization in answering to employees needs?

17. Which HR practices would you consider most effective in keeping key employees in the company? Why?

18. If necessary, which changes would you suggest to occur in the organization, HR, or R&D department in order to achieve greater organizational support for employees as a way of retaining them?

*Interview guide for key employees*

**Background questions**

1. Tell, briefly, about your background. (Education, previous work experience)

2. What do you work with?

3. For how long have you been working at the company?

4. Why did you choose to work for this company?

**Main questions**

5. Why is it important for you to stay in the company?
6. What do you think that the company does for keeping key employees? How do you see the integration of HR and R&D units in achieving that? How does this affect your decision of staying or leaving the company?

7. What do you understand about “being part of the organization”? How do you perceive the organization’s perspective on that? How does this affect your view of the company and your intention to stay?

8. What makes you committed to the company? How would this affect your decision of staying or leaving the company?

9. How do you perceive help from the organization in answering your needs? How would this affect your work performance and intention to stay in the company?

10. How does your manager support you in exercising participation in decision making and autonomy?

11. Do you think that you are fairly rewarded for your work contribution both individually and in comparison to your colleagues? Why?

12. How do you perceive the relation of mutual expectation and obligations between you and the company?

13. How does the company contribute to your job satisfaction? Do the company and your manager show any interest of knowing how satisfied you are with your job? How is this showed? How would this affect you?

14. Is satisfaction with your work and with the company a decisive factor for staying or leaving the company? Why?

15. How would you describe your relationship with your manager?

16. What is the importance of receiving feedback? How does the organization see the role of feedback in employees’ work?

17. How has the company invested in your professional development? How are your goals and ambitions considered by the company? How would this affect your decision of staying in the company?

18. How does your manager contribute to make your job activities more interesting and challenging? How can that affect your decision of remaining in the company?

19. Does the company communicate to you about reasons for salary/pay changes and how the pay system works? How important is for you to be informed about it? Why?

20. Which would be the strongest reasons that would make you leave the company? Why? If you decided to quit, how do you think that the company would react to that?

21. If necessary, which changes would you suggest to occur in the organization, HR, or R&D department in order for employees to receive greater organizational support that will motivate them to stay in the company?
Appendix 4: Presentation of interviewees

Atlas Copco

The director of HR at Atlas Copco started working at the company right after graduating in Finances and Business Administration. She has been working at the Atlas Copco for 27 years and has been responsible for the HR activities for 12 years. In the last two years, she has heading the function of HR in the company.

Atlas Copco Secoroc

The Vice-Director of HR has been working as HR manager at Atlas Copco Secoroc since 1988. He is responsible for HR activities of the divisions of the company. His work priority is to control operations hold outside Sweden.

The HR manager has been working at Atlas Copco Secoroc for four years. She is responsible for HR issues of the company’s divisions. She has educational background in Psychology and labour law. Today she works with almost all activities in HR, from hiring to retiring.

The R&D manager started working at Atlas Copco Secoroc in 1964 and he has a technical engineer background. He has been working as mining manager and in 1995 he has moved to department of R&D and became responsible for the management of the Atlas Copco Secoroc Drill section.

R&D employee #1 is a Mechanical Engineer at Atlas Copco Secoroc. He has been working for Atlas Copco Secoroc for two years. He works with different activities regarding product development, but mostly with design.

Employee # 2 is Mechanical engineer. Previously, he worked at a construction company where his job activity was mainly programming construction machines. He has been working at Atlas Copco Secoroc since 1998 also as a programmer of production machines. From 2002, he has been working with design. He chose working for Atlas Copco Secoroc because a job for mechanical engineer was available.

Employee # 3 took a professional high school education in technical electrician for two years and in automation for one year. After that he took a university degree as production technician. He works at Atlas Copco Secoroc as a product designer and he has been working for the company for almost 11 years. He started as a production technician and after three years he became product designer.

ABB Corporate Research

The HR manager of ABB Corporate Research has university degree in Social Work and Economics and Law. He has been working at ABB for 25 years. He has been working mainly in the HR in different activities and different positions. He is responsible for both operational and strategic issues concerning the HR at ABB Corporate Research in Sweden and worldwide.

The R&D manager of ABB Corporate Research is a software engineer with a degree in computer science. He has been working for different companies in different rolls throughout the last 20 years,
working as software developer and project leader, later entering line management. He shares his time as a manager with software programming.

Employee #1 has an MSc in Vehicle Engineering graduated at KTH in 2006, started working at ABB as a trainee, in a trainee program that lasted 1 year. After that she continued at ABB Corporate Research. Before entering university she has been travelling around the world for 3 years. During her studies she’s been at Scania, during the writing of the master thesis as well as for internship. At ABB Corporate Research she’s been working so far in 2 different groups– the first one was working with robotics and the present one which is more directly related to the subjects that she pursuit in her studies. The main focus of her work is project management, which she shares sometimes with group management. She also does technical work in projects. She chose ABB originally because of the trainee program it offered. The possibilities of working in different groups/companies within ABB during the trainee program stages is what made it attractive, as well as the working environment at ABB Corporate Research.