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Training, Engagement, Social Exchange Ideology and Employee Turnover: A Proposed Moderated Mediation Conceptual Framework

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ABSTRACT

Training is regarded as one of the key factors in reducing employee turnover in organizations. Studies have shown that employee engagement has a significant effect on turnover rate. The findings from previous studies are integrated in a framework that conceptually links training and employee engagement for better understanding of the interrelationships between these factors and their impact on employee turnover. Specifically, employee engagement is conceptualized as a mediator between training and turnover intention while the influence of social exchange ideology is introduced as a potential moderator between training and employee engagement. In doing so, this paper presents a moderated mediation conceptual framework to better explain and understand the linkages between training, employee engagement, social exchange ideology and employee turnover. Recommendations for future research are also proposed.

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INTRODUCTION

Voluntary turnover, which refers to an individual's self-initiated and permanent termination of membership in an organization (Mobley, 1982) has been rigorously studied over the past decades. Seemingly, high voluntary turnover is a crucial issue as it is costly for organizations (Price, 1977; Salleh, Nair, & Harun, 2012b; Staw, 1980). Studies have indicated that voluntary turnover is negatively related to overall organizational effectiveness and success (Holtom, Mitchell, Lee, & Inderrieden, 2005; Michell, Holtom, Lee, Sablinski, & Erez, 2001; Zheng & Lamond, 2010). Undeniably, losing good employees can negatively affect an organization's competitive advantage since the lost could lower the morale of other organizational members (Salleh, Nair, & Harun, 2012a; SanjeevKumar, 2012), as well as reduce productivity and quality (Juhdi, Pa'wan, & Hansaram, 2013). In short, employee turnover generates relentless consequences and hence, this paper asserts that it is important to focus on the factors that decrease voluntary turnover.

Training is regarded as one of the key elements to reduce voluntary turnover (Arokiasamy, 2013; Owens, 2006; Zhao & Zhou, 2008; Zheng & Wong, 2007). Nevertheless, Huselid (1995) argued that HRM practices including training may not influence organizational performance directly, but influence only the quality of behavior indirectly. Supporting to this view, a study by Zheng and Wong (2007), who investigated training and employee turnover among employees of multinational companies in eight different countries, found that training does not reduce employee turnover as hypothesized earlier. In another study, Bawa and Jantan (2005) also confirmed that training has no direct influence on organizational performance. One reason for these unexpected findings is that attempts were made to investigate the direct relationships between the two constructs. Hence, the present study proposes employee engagement (EE) as a potential mediator between training and voluntary turnover.

EE refers to a positive attitude held by employees toward their organization and its values (Robinson, Perryman, & Hayday, 2004), which is often expressed physically, cognitively and emotionally during the employees' role performances (Kahn, 1990). Several studies (e.g., Andrew & Sofian, 2012; Juhdi et al., 2013; Schaufeli & Bakker, 2004) have indicated that EE mediates the relationship between various human resource management (HRM) practices (including training) and turnover intention.

Social exchange theorists (e.g., Blau, 1964; Eisenberger, Huntington, Hutchison, & Sowa, 1986) have argued that employees with high social exchange ideology (SEI) may view continuous training and skill

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development as an act of being valued by their employer and in turn, they will reciprocate in the form of positive attitudes and behaviors. This concept is termed as SEI, which refers to “the strength of an employee’s beliefs that work effort should depend on treatment by the organization” (Eisenberger, Huntington, Hutchison, & Sowa, 1986, p. 503). Such employees would be engaged and less likely to be involved in voluntary turnover. Individuals with high SEI tend to be more engaged and they will highly reciprocate or repay the acts done by their partners (Saks, 2006), compared to individuals with low SEI. Recent calls in the literature recommend SEI as a potential moderator between antecedents and EE (Saks, 2006). On the whole, earlier studies suggest that voluntary turnover is best predicted when EE and SEI be made part of the “turnover” model.

The present study aims to include EE and SEI in an enhanced conceptual model of training and voluntary turnover. To the best of our knowledge, no published study has conceptualized SEI as a moderator between training and EE. Moreover, limited studies considered EE as a mediator between training and voluntary turnover. Thus, this study contributes in enhancing the training and voluntary turnover literature by proposing a moderated mediating model to better explain the phenomenon. The next section conceptualizes the relationship between training and employee turnover, followed by a brief discussion on the mediating role of EE. The moderating role of SEI between training and EE is discussed towards the end of this paper.

Literature Review and Theoretical Background:

Employee Turnover:

Employee turnover is the termination of the official and psychological contract between the employee and the organization (Krausz, 2002; Macdonald, 1999). Price (1977) identified two major types of employee turnover behaviors: voluntary and involuntary. Voluntary turnover is mainly initiated by employees themselves, whereas involuntary turnover is controlled by the company’s management to terminate the employment relationship (Cao, Chen, & Song, 2013; Price, 1977). Nevertheless, past studies commonly used turnover intention to measure anticipated turnover at workplace (Bigliardi, Petroni, & Dormio, 2005). Although it does not necessarily mean actual employee turnover, turnover intention has been found to be a strong predictor of actual turnover behavior (Mobley, 1982; Hayes *et al.* 2006). The matching of employees’ turnover intentions with actual turnover have also been confirmed in numerous studies (Bluedorn, 1982). For example, while testing an anticipated turnover model among registered health staff, Lucas *et al.* (1993) found that the model yields 73 percent of successful prediction of actual turnover.

Although several models explain voluntary turnover and provide concrete foundations on the phenomenon, the process model of employee turnover provides a theoretical base to integrate training and turnover into a single model. The process model emphasizes the sequential steps of the process that leads to employees’ quitting (Zheng & Lamond, 2010, p. 425). It initially consists of job scope, role stress, group cohesion, procedural justice, employment security, training and job investments (Peterson, 2004, p. 213) before scholars (e.g., Allen, Shore, & Griffith, 2003; Rhoades, Eisenberger, & Armeli, 2001) further extended the model by adding human resource management practices (rewards, participation, growth opportunities and overall organizational support) as antecedents. In other words, the process model suggests that HRM practices that focus on employee participation, development and motivation have a negative relationship with the rates of organizational turnover.

Training and Voluntary Turnover:

Training refers to the activities that teach employees how to perform better at their present jobs; it emphasizes immediate improvements in job performance via the procurement of specific skills (Stone, 2009, p. 247). Hence, organizations have been using training and development practices to implement business strategies, and this effort has been a way for them to create their competitive advantage (Jackson, Schuler, & Werner, 2009). Hartel and Fujimoto (2010) affirmed that training maximizes employees’ learning of new skills, knowledge, attitude and behaviors in order to sustain in a dynamic environment. Therefore, organizations need effective trainings to keep their employees motivated, as a way to gain positive organizational outcomes (Joung, Choi, & Goh, 2010).

With regards to turnover, numerous studies have shown that training can help organizations to reduce voluntary quits. For instance, Arthur (1994) found that training and skill development, along with other HRM systems, predicts low employee turnover as perceived by steel mill managers in the United States. A study by Glance, Hogg, and Huberman (1997) reported that the organizations with continuous training activities have improved their productivity and reduced voluntary turnover over time. Similar findings were also concluded by Shaw, Delery, Jenkis, Douglas, and Gupta (1998), who found significant relation between training and employee turnover in an American trucking industry. In the same way, several other scholars have emphasized that training reduces voluntary turnover (Arokiasamy, 2013; Arthur, 1994; Huselid, 1995; Joung *et al.*, 2010; Owens, 2006; Zhao & Zhou, 2008).

Employee Engagement:

EE refers to psychological presence, which involves two critical components: attention and absorption (Rothbard, 2001). Attention is conceptualized as “cognitive availability and the amount of time one spends thinking about a role”, while absorption means “being engrossed in a role and refers to the intensity of one’s focus on a role” (p. 656). Saks (2006), however, conceptualized two types of EE i.e. job and organization engagements, and asserted that each organizational member has two roles: their work role and their role as a member of an organization. Therefore, job and organization engagement constructs were discussed in the multidimensional model of EE (Saks, 2006).

Past studies (e.g., Bates, 2004; Harter, Schmidt, & Hayes, 2002; Richman, 2006) have reported that EE has an impact on organizational success, financial performance and individual-level outcomes. For instance, Schaufeli and Bakker (2004) studied four organizations in Netherlands and found that EE is negatively associated with turnover intention. In their longitudinal study, De Lange, De Witte and Notelaers (2008) concluded that low engagement predicts the actual transfer of an individual to another organization while a more recent case study by Pollitt (2011) revealed that EE has helped to reduce staff turnover at a luxury hotel group. Several other scholars have also found that training and effective management of other HRM practices influence employee’s level of engagement positively (Alfes, Shantz, Truss, & Soane, 2013; Bal, Kooij, & Jong, 2013; Juhdi *et al.*, 2013).

In the context of mediation, EE has been increasingly seen as a potential mediator between several job resources and turnover intention. Studies conducted based on the job demands-resources model have claimed that HRM-related job resources, such as training opportunities, are positively related to EE, which in turn, mediates the relationship between job resources and positive outcomes such as lower turnover intentions (Salanova, Agut, & Peiró, 2005). Supporting to this claim, Schaufeli and Bakker (2004) professed that EE significantly mediates the relationship between HRM practices including training and turnover intention.

Social exchange theory (SET) explains that as a core element of HRM, training is expected to create a state of fulfilling and meaningfulness where employees would reciprocate in the form of high EE. A high EE will in turn, lower an employee’s likelihood to leave an organization.

Social Exchange Ideology:

SEI is “the strength of an employee’s belief that work effort should depend on treatment by the organization” (Eisenberger *et al.*, 1986, p. 503). Obligation, gratitude and trust between stakeholders are the essential building blocks of social exchange (Blau, 1964), since SEI is related with the norms of reciprocity, which describes that individuals should help those who have helped them (Gouldner, 1960). Although it is not a personality trait, SEI can be classified as a characteristic adaptation, namely a feature of human individuality that is more closely linked to motivation and cognition than the Big-5 type traits (McAdams & Pals, 2006). An organization can expect that individuals will perform well if between them, are some mutual economic, social and emotional benefits (Sze & Angeline, 2011). In summary, those with a stronger SEI are predisposed to be more responsive to their perception of how favorably they are being treated by their exchange partners (organization).

Eisenberger *et al.* (1986) found that school teachers with high SEI respond positively towards their caring and supportive schools. In the same way, Witt (1991) found that SEI significantly moderates the relationship between employees’ perceptions of work environment and organizational citizenship behaviors. A more recent study by Sze and Angeline (2011, p. 3991) concluded that if employees’ perceptions of supervisor’s support and SEI are high, their engagement to their jobs will be high as well.

With regard to training, when an organization invests on skill development and provides continuous opportunities for employees to nurture their personal and professional skills, the latter’s intention towards the organization will be affected positively. As a result, employees with SEI will feel highly obligated and hence, will reciprocate in the form of high level of engagement, which ultimately generates positive outcomes.

Proposed Conceptual Framework:

Based on the literature review, a conceptual framework is proposed, as shown in Figure 1. Training is assumed to predict voluntary turnover and SEI will moderate the relationship between training and EE. And EE will mediate the relationship between training and turnover intention.

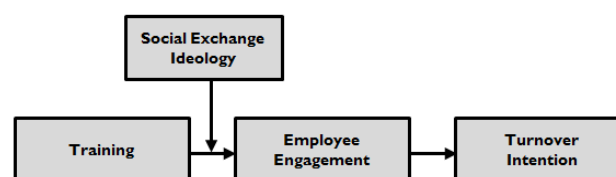


Fig. 1: Proposed conceptual framework

Conclusion:

Human resource plays a central role in attaining and sustaining long-term competitive advantage. While the issue of voluntary turnover hampers an organization's strategic objectives, training can be an important element to ensure the retention of highly skilled employees. Accordingly, past studies have indicated that an organization with adequate HRM practices—particularly training—enjoy positive attitudinal and behavioral results. Since EE is characterized by attention and absorption, engaged employees are obliged to display positive attitudes toward their jobs and organizations and they tend to stay longer. This paper integrates SEI as a moderator between training and EE, as a response to the recent calls of research and given the fact that individuals with high SEI tend to reciprocate more positively. On the whole, the present paper contributes to extending the literature on training, EE and employee turnover. Empirical studies are encouraged to validate the proposed model. Future research could also conceptualize and examine SEI as a potential mediator between other antecedents and EE to further extend the model.

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