

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

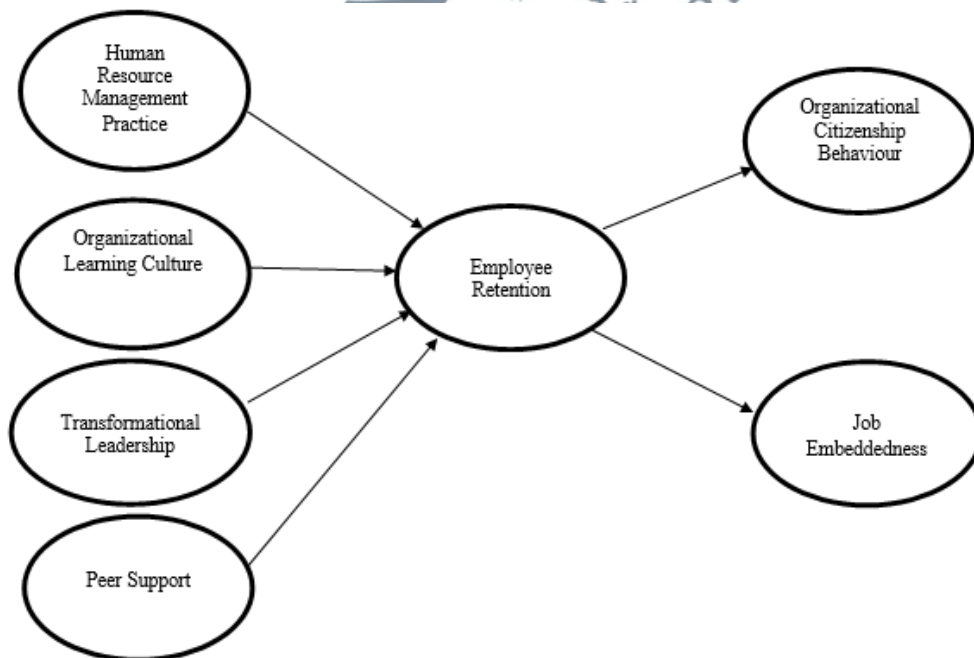
#### **5.1 Introduction**

This chapter discusses the results of the analysis presented in Chapter 4. The chapter begins with a brief review of the background of this study including the gaps that were identified in the literature, which provided the impetus for this study. Also, the chapter presents an integrated discussion of the analysis results in Chapter 4, together with the hypotheses developed and the conceptual framework described in Chapter 2. The chapter also highlights the theoretical implication of this study to the body of knowledge along with a discussion on the practical implications for the management of organizations. Finally, the chapter addresses the limitations of this study together with suggestions for future study. The chapter concludes with a summary of the thesis.

#### **5.2 Background Context**

The discussion of employee retention in the literature has generally focused on identifying the factors that affect employee retention in the organization. Researchers have identified four main factors that affect employee retention. The factors are including the human resource management practice, organizational learning culture, peer support and transformational leadership as discussed in previous chapter 2 (see Figure 5.1). Previous studies have verified the effect of these factors on employee retention. However, the previous studies investigate the effect of these factors on employee retention separately in different context and sample. There is still a lack of studies investigating the effect of these factors on employee retention simultaneously in a specific context.

The discussion on how employee retention who refer to employees willing to stay in the organization longer has an impact on employees, particularly to their organizational citizenship behavior and job embeddedness has received less attention in the literature. Recent studies have examined this issue but focus on the impact of employee retention on other aspects such as toward organizational practices (Moncarz et. al., 2009), learning and working environment (Govaerts et. al., 2011), employee performance, organizational support (Karatepe, 2011), employee satisfaction (Frey et. al., 2013) and organizational learning (Vatcharasirisook & Henschke, 2011). Although, little studies have empirically justified the significant effect of employee retention on organizational citizenship behavior and job embeddedness (e.g., Vatcharasirisook & Henschke, 2011; Shelton, 2001). However, the understanding of this link is limited to the context of organizations that are business oriented such as hotels, banks, and restaurants.



**Figure 5.1:** Framework of study

Besides, this study investigates the role of employee retention as a mediator on the relationship between human resource management practices, organizational learning culture, transformational leadership, peer support and organizational citizenship behavior. Furthermore, this study investigates the role of employee retention as a mediator in the relationship between human resource management practices, organizational learning culture, transformational leadership peer support and job embeddedness. Till date, there is still a lack of evidence to support the role of employee retention as a mediator in the relationship that has been mention before.

Moreover, it has been identified that many of the previous studies on employee retention have been conducted in the private sector (Kyndt et. al., 2009), hotel and tourism industry (Karatepe, 2011; AlBattat & Som, 2013), nursing sector (Kyndt et. al., 2009), retail organization (McKay et. al., 2007), and manufacturing industry (Dash & Pradhan, 2014). Although these earlier empirical studies were instrumental in shaping our understanding of employee retention related issues, it is not enough to understand employee retention in other contexts. Researchers such as Rees and Johari (2010) have suggested conducting studies in different contexts to test the applicability of management concepts including employee retention that has been mostly developed in a Western context. This study is based on public sector employees in Malaysia, a developing country in Southeast Asia.

The above review highlights the gaps that were identified in the literature. These gaps have been addressed by developed a conceptual framework that includes factors (human resource management practices, organizational learning culture, transformational leadership and peer support) that were identified to influence employee retention and the impact of employee retention on organizational citizenship behavior and job embeddedness.

This thesis makes five contributions and particularly to the employee retention literature. First, this study will provide empirical evidence about the factors that influence employee

retention in the context of public sector organization in Malaysia. Second, this study will provide empirical evidence about the impact of employee retention on organizational citizenship behavior and job embeddedness, from the perspective of public sector organizations in Malaysia. Third, this study will further lead to a better understanding about the role of employee retention as a mediator between human resource management practice, organizational learning culture, transformational leadership, peer support, organizational citizenship behavior and job embeddedness in the context of public sector organizations. Fourth, this study extends the understanding of employee retention issues in a non-Western context, i.e., Malaysia, a developing country in Southeast Asia.

### **5.3 Discussion of Findings**

5.3.1 Human resource management practices are positively related to employee retention.

The conceptual framework of this study anticipates that human resource management practices will positively be related to employee retention. This study dispute that the employee retention will be stronger if the organizational management implements the excellent practice of human resource management.

The result of data analysis indicates that a significant and positive relationship between human resource management practices and employee retention. The finding supports the proposed model of the relationship of human resource management practice in term of contributing to the employee retention. This result suggests that the application of reasonable compensation, training and development, performance appraisal and safety and health practice can facilitate the employee to stay the more extended time in the public sector organization in Malaysia.

The finding is in line with previous studies that argue the human resource management practices is one of the factor that influence employee retention (Imna et. al., 2015; Tangthong, 2014; Khan et. al., 2011; Chew et. al., 2008; Shaw et. al., 1998). The definite link between human resource management practices and employee retention makes sense because the employee will stay in a particular organization if they are treated and rewarded equally fair and appropriately (Mercer Report, 2003). Similarly, an employee also will remain with the organization when they feel their capabilities, effort, and performance contributions are rewarded and acknowledged (Davies, 2001). Although the finding of this study is quite similar with previous studies, however, this study extends the literature by providing empirical evidence that human resource management practice has a positive effect to the employee retention in the context of the public sector in Malaysia.

#### 5.3.2 An organizational learning culture is positively related to employee retention.

The conceptual framework of this study anticipates that organizational learning culture will positively be related to employee retention. This study disputes that the employee retention will be stronger if organizations have the strong learning culture.

The results of this study show that organizational learning culture has a significant and positive effect on employee retention. The finding is in line with the previous research that also found positive and significant effects of organizational learning culture on employee retention (Lee-Kelley, Blackman & Hurst, 2007; Emami et.al, 2012; Egan et. al., 2004). According to Rigas (2009), when the organization has created an innovative and supportive work environment and accommodating the need for individuals' professional growth this effort can enhance the employee job satisfaction

and commitment. As a result, their tendency to retain an organization will be at the high level.

There are many ways to implement an organizational learning culture in the organization. For example in the context of public sector organization in Malaysia. The Malaysian government has improved the communication and interactions among the public sector through various platforms (e-Services, e-Procurement, GOE (Generic Office Environment), the Human Resource Management Information System (HRMIS) and the Project Monitoring System (PMS)) as an effort to create the organizational learning culture in the public sector (Yusoff, 2005).

#### 5.3.3 Transformational leadership is positively related to employee retention.

The conceptual framework of this study predicted that transformational leadership would be positively related to the employee retention. This study argued that the implementation of transformational leadership style via the superior or manager in the organization could enhance the employee willingness to remain in the organization. This assumption is in line with other researchers (Fu, Tsui, Liu, & Li, 2010; Hughes et. al., 2010) who suggested that transformational leadership can reduce turnover intentions thus may retain the employee in the organization. One possible reason is due to the transformational leaders who focus on empowerment, learning from errors, and innovation can affect the employee work-related attitudes and behaviors (Bass & Riggio, 2006).

However, this prediction was not supported by the data of this study. One possible explanation of this finding is due to there may be another important variable that influences employee retention in this context rather than transformational leadership. The other factor that may influence employees retention are career opportunities,

organizational justice, organizational image, financial rewards and employee benefits, job enrichment, training and development opportunities, work environment, and work-life balance (Hall & Moss, 1999; Pfeffer, 1998; Butler & Waldroop, 2001; Cappelli, 2001; Mitchell et al., 2001; Anderson et al., 2002; Allen et al., 2003; Horwitz et al., 2003).

On the other hand, the other leadership style may be applied to the public organization sector in order to enhance employee retention is servant leadership. It could be examined in the future study because this kind of leadership style has the desire to motivate and guide followers, offer hope, and provide a more caring experience through established quality relationships (Greenleaf and Spears, 2002). As the previous study stated that an appropriate leadership style is essential to enhance employee retention (Ghapanchi & Aurum, 2011, Cardy & Lengnick-Hall, 2011, Hytter, 2007 and Kyndt et al., 2009).

The non-significant relationship between transformational leadership and employee retention is quite contrary to previous research findings. (e.g.: Caillier, 2016; Swid, 2014; Long, et. al., 2012; Muindi, 2011; Weberg, 2010; Fu et. al., 2010; Hughes et. al., 2010; Michael, 2008; Sherman et. al, 2006; Chew, 2004; Olluokun, 2003 and Gill, et. al., 2011) who have found significant and positive links between transformational leadership and employee retention. However, further research is necessary to determine the stability of this result.

#### 5.3.4 Peer support is positively related to employee retention.

The conceptual framework of this study predicted that peer support would be positively related to the employee retention. This study argued that the employee willing to remain in the organization when they perceived that their peers were assisting one

another in their tasks when needed by sharing knowledge and expertise as well as providing encouragement and support (Zhou & George, 2001). This assumption is in line with other researchers (Tews et. al., 2013; Karatepe, 2012; Cho & Johanson, 2008; Erdogan & Enders, 2007; Aryee & Chen, 2006; Robbins, 2003; Cranny et. al., 1992). The possible reason is due to peer support can often be a relevant information source for employees who were seeking advice, instruction or even guidance when they are experiencing uncertainty. Peer support can regularly furnish information to support or bothersome activities. It can be useful for lowering uncertainty about one's expected role within the organization.

Additionally, peer support can diminish both role conflict (directly different tasks) and role overload (excessive demands have given the number of resources). When there is strong support from the peer, the employee will feel secure and feel loved by the peer thus will make them feel good in the organization. Thus they will remain in the organization especially in public sector organization in Malaysia.

Furthermore, peer support also influences employee opinions and attitudes. Peer support is always correlated with high job satisfaction, job involvement and a more profound commitment to one's organization. Uniquely, this influence increases as positive work attitudes can be achieved when peers provide task-based assistance, information, or emotional support in the organization. When there is a positive work attitude the working environment will turn out to be warmth and employee will feel comfortable. Thus employee retention in the organization specifically in public sector organization will remain.

The data of this study supported this prediction. However, the relationship between peer support and employee retention in this study was negative. It indicates that the more

the employee perceived the support from the peer, the more they will likely to remain in the organization but with less painful feeling.

Several studies have observed the relationship between peer support and employee retention. Specifically, studies have proven that workers reporting higher levels of peer support are less likely to quit or stay absent from work (Thompson et al., 2003; Houkes, et al., 2001). However, the degree of this observed relationship is rather small and was not found in all studies (Harris et al., 2011).

Again, it seems like the source of support is crucial, with supervisor support showing more significant influence than support from the peer or the organization (Houkes, et. al., 2001, Ng & Sorensen, 2008, Maertz, et al, 2007). Peer support at work could be encouraging outcomes both on employees and the organization. The organization should measures implementation to facilitate peer support and should never be perceived as forced, inappropriate, or unnecessary (Deelstra et al., 2003).

A positive organizational and personal relationships between peers, as well as supervisor and employees, are needed to create the compatible platform for implementation. Both managers and employee play essential roles in providing support at the workplace, with manager presumably having some more significant impact on the organization especially in public sector organization in Malaysia. The significant negative relationship between peer support and employee retention is equivalent to previous research findings (i.e.: Sherman, 2014; Tews, 2013; Paillé, 2013; Karatepe, 2012; Ghapanchi & Aurum, 2011; Loan-Clarke, et. al., 2010; Amarneh, et al., 2010; Kooker et al., 2007 and Jasper, 2007). However, further research is necessary to determine the stability of this result.

#### 5.3.5 The impact of employee retention on organizational citizenship behavior.

The conceptual framework of this study predicted that employee retention would be positively related to the organizational citizenship behavior. This study argued that the employees who stay in they are prepared to put in a great deal of effort beyond what is generally expected in order to help organizations to be successful (Paillé, 2013; Lavelle, 2010).

Based on the analysis result there is a significant and positive relationship between employee retention and organizational citizenship behavior in the context of public sector organizations in Malaysia. In another word, this study reveals that these employees who willing to stay in the organization will create a voluntary commitment within an organization especially in public sector organization that is not part of his or her contractual tasks. For example, voluntarily helping others with a specific work-related task, such as helping a co-worker with the heavy workload, helping others to alleviate their struggles with work-related problems or probably avoid problems from appearing in the first place (Organ et al., 2005). Helping carry out a difficult task replacing absent colleague, helping a new employee in performing his tasks or making additional copies of the meeting agenda for the co-workers. Such behavior can give a good deed to peers and co-workers, inside the organization (Cohen et. al., 2012) which can increase the employer value to an organization and profession' (Mossholder, et. al., 2005, Podsakoff & MacKenzie, 1997).

Thus, it is impossible that employee retention in the organization refused giving altruism and to help toward the organization because it is a part of corporate culture in public sector organization in Malaysia. Employees are encouraged to active and voluntary participation and require to be involved, for example, in decision-making by formulating new ideas, suggesting improvements in seminars or meetings, or protecting

the organization (Organ et. al. 2006). Also, the employees who are willing to stay in this context will demonstrate an organizational citizenship behavior because it is considered as one of the indicators in their performance evaluation.

#### 5.3.6 The impact of employee retention on job embeddedness.

The conceptual framework of this study predicted that employee retention would be positively related to the job embeddedness. This study argued that those employees who are willing to stay in the organization they are prepared committed and connected to surrounding to every space in their lives, whether small, large, near or far, and they feel embedded in their job.

The analysis result shows that there is a significant and positive relationship between employee retention and job embeddedness. This finding is in line with previous studies that have been conducted in non-public sector context (Sanjeevkumar, 2012; Lim & Wong, 2009; Cho & Son, 2012).

One of the possible reason is due to the work culture in the public sector organization in Malaysia are stable, and less competition. Moreover, the employee had positive work-life balance and provided with reasonable work assignment with the warmth within the environment. Thus, they are frequently attached with the social activities within organization and society for example activities of social corporate responsibility program, customer care day, monthly assembly and many more connected to the social network as they are enmeshed in a network of people and activities surrounding them (Lim & Wong, 2009).

Besides, the other possible reason to support the link between employee retention and job embeddedness is that of the relationship between employee retention and job embeddedness stronger in collectivist countries such as in Jiang and colleague (2012).

According to Hofstede and Hofstede (2005), the employees from collective countries say devote plenty of personal time and effort to establish and maintain healthy relationships.

5.3.7 Employee retention is a mediator between human resource management practice and organizational citizenship behavior.

The conceptual framework of this study predicted that employee retention would mediate the relationship between human resource management practice and organizational citizenship behavior.

The analysis result confirmed the role of employee retention as a mediator in the relationship between human resource management practice and organizational citizenship behavior. This finding is in line with the social exchange theory (Blau, 1964). The social exchange theory state that an exchange of goodwill takes place between employee and organization or employee and supervisors and a sense of reciprocity exists between members. Therefore, the employees who have perceptions of being treated with respect and dignity throughout human resource management practice by their organization will be willing to stay in the organization and demonstrate behavior that goes beyond the call of duty (Hart et. al., 2016; Organ, 1988). An example of treatment given by the public sector organization in Malaysia to their employees are the pension, hospitalization benefit; study leave training and development and recognition).

5.3.8 Employee retention is a mediator between organizational learning culture and organizational citizenship behavior.

The conceptual framework of this study predicted that employee retention would mediate the relationship between organizational learning culture and organizational citizenship behavior.

The analysis result confirmed the role of employee retention as a mediator in the relationship between organizational learning culture and organizational citizenship behavior. This finding is in line with the social exchange theory (Blau, 1964). The social exchange theory state that an exchange of goodwill takes place between employee and organization or employee and supervisors and a sense of reciprocity exists between members. Therefore, the employees who perceived that their organization has promoted a learning culture (i.e., encourage the employee to create, acquire and transfer knowledge in the organization) will be willing to stay in the organization and demonstrate behaviour that go beyond the call of duty (Hart et. al, 2016; Organ, 1988).

#### 5.3.9 Employee retention is a mediator between peer support and organizational citizenship behavior.

The conceptual framework of this study predicted that employee retention would mediate the relationship between peer support and organizational citizenship behavior. The analysis results confirmed the role of employee retention as a mediator between peer support and organizational citizenship behavior. The social exchange theory state that an exchange of goodwill takes place between employee and organization or employee and supervisors and a sense of reciprocity exists between members. Therefore, the employees who perceived that they had received support from their peers will be willing to stay in the organization and demonstrate behavior that goes beyond the call of duty (Hart et. al, 2016; Organ, 1988).

5.3.10 Employee retention is a mediator between human resource management practice and job embeddedness.

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Therefore, the employees who have perceptions of being treated with respect and dignity throughout human resource management practice by their organization will willing to stay in organization and demonstrate behaviour that become part of a social web that connects them to an organization or social network in the public sector organization (Mitchell, Holtom, Lee, Sablinski, & Ezrez, 2001; Lee & Mitchell, 1994).

5.3.11 Employee retention is a mediator between organizational learning culture and job embeddedness.

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that an exchange of goodwill takes place between employee and organization or employee and supervisors and a sense of reciprocity exists between members.

Therefore, the employees who perceived that their organization had promoted a learning culture (i.e., encourage the employee to create, acquire and transfer knowledge in the organization) will be willing to stay in the organization. They also demonstrate behavior that becomes part of a social web that connects them to an organization or social network in the public sector organization (Mitchell, Holtom, Lee, Sablinski, & Ezrez, 2001; Lee & Mitchell, 1994).

5.3.12 Employee retention is a mediator between peer support and job embeddedness.

The conceptual framework of this study predicted that employee retention would mediate the relationship between peer support and job embeddedness. The analysis results confirmed the role of employee retention as a complete mediator between peer support and organizational citizenship behavior. The social exchange theory state that an exchange of goodwill takes place between employee and organization or employee and supervisors and a sense of reciprocity exists between members.

Therefore, the employees who perceived that they have received support from their peers will willing to stay in organization and demonstrate behaviour that become part of a social web that connects them to an organization or social network in the public sector organization (Mitchell, Holtom, Lee, Sablinski, & Ezrez, 2001; Lee & Mitchell, 1994).

#### **5.4 Theoretical Implications of the Research**

This study provides empirical evidence of the direct effect of human resource management practice, organizational learning culture and peers support on employee retention, particularly in the Malaysian public sector context. The result supports the

importance of human resource management practice, organizational learning culture and peer support in producing positive employee retention.

The study also extends the literature by providing empirical evidence of the positive impact of employee retention on organizational citizenship behavior and job embeddedness. To the knowledge of the researcher, no studies have been conducted previously to empirically examine those associations, particularly in the Malaysian public sector organizations context.

This study extends the discussion and understanding on factors that influence employee retention and its impact on the employee at the non-Western context, which is the public sector organizations in Malaysia, a developing country in Southeast Asia.

## **5.5 Practical Implications of the Research**

The study shows that employees remain in organizations due to several factors such as the human resource management practices, organizational learning culture, and peer support. The management of the public sector organizations in Malaysia should make sure the existing human resource management practices are useful for all employees in this context. Besides, the management needs to implement the learning culture such as regularly send employees to attend a seminar or workshop in order to develop their skill, knowledge, and ability. Furthermore, the management of the public sector also should emphasize teamwork in every ministries and department. This study reveals that the previous practices can influence employees in this context to remain in the organization.

Improvement of employee retention in the organization is significant. This study shows that the employee retention can enhance the employee organizational citizenship behavior and job embeddedness. Job embeddedness have several benefit to the organizations especially to the public sector organization who helping employees feel associated at work and home,

increase employee attachment to the organization and can also reflect to the occupational embeddedness which is the totality of forces (fit, links, and sacrifices) that manage employee in their present occupation (Ng & Feldman, 2007).

## **5.6 Limitations and Suggestions for Future Research**

One limitation of this study is the data were collected at one point in time, applying a cross-sectional design methodology. The cross-sectional method that collects data in a single point of time was insufficient to capture the pattern of change and the magnitude of causal relationships between the studied variable. Although researchers such as Chiaburu and Lindsay (2008) indicate that this design is frequently used in research, some view the data collection at one point of time make it burdensome to draw inferences of causality (Dysvik & Kuvass, 2008) and limiting the explanatory power of the results (Gegenfurtner et al., 2009). Therefore, undertaking a longitudinal study in this area would assist in validating the current findings. While beyond the scope of this study, a longitudinally designed study may provide more robust findings on which to base causal inferences (Chiaburu et al., 2010; López et al., 2006).

Also, this study applies a quantitative research design where the data were collected through a questionnaire survey. Future studies should consider collecting more in-depth qualitative data from their respondents. The use of both qualitative and quantitative methods would provide an opportunity for more in-depth and richer explanations of why employees willing to remain in the public sector organization and how the employee retention affects their organizational citizenship behavior and job embeddedness.

There are also limitations that need to be placed on the generalizability of this study beyond the current organization where it was conducted. The data of this study was collected

from public sector organizations in Malaysia and more specifically, the public sector organizations in Putrajaya, Malaysia. Replication is necessary to test the relationships reported here. Thus, future studies could replicate the proposed conceptual framework used herein other types of organizations such as private sector organizations, non-government organization, and Government Link Company to validate the findings of this study.

The non-significant relationship between transformational leadership and employee retention found in this study can be further validated using such an employee retention measurement that contains more specific aspects of employee retention. This measurement was not used in this study because of the concern about the survey length. The length of the questionnaire can affect the level of cooperation of people in responding to the questionnaire (Punch, 2003) and as a lengthy questionnaire can lead to careless responding (Breugh & Colihan, 1994).

As the context of this study was especially Malaysia, the culture of the society is highlighted by demonstrations of respect to leader and organization (Smith, 2003). Due to the presence of such cultural norms in the research setting, it is possible that responses may have been subject to the effects of social desirability or other response biases. Although some effort has been taken by this study to reduce this social desirability bias by developing an anonymous survey (Evanschitzky et. al., 2011), future research may expand the scope of study to other countries and may also adopt cross-cultural perspectives because of the country culture is different from one country to another country.

## **5.7 Conclusion**

This study disseminates essential knowledge to enhance our understanding of the relationship between human resource management practices, organizational learning culture, transformational leadership, peer support, employee retention, organizational citizenship

behavior and job embeddedness in a non-Western context, specifically in the Malaysian public sector organization. Specifically, this study has provided empirical evidence on the impact of human resource management practices, organizational learning culture and peer support on employee retention as well as the impact of employee retention toward organization citizenship behavior and job embeddedness. Although the findings are limited to the context of public sector organizations in Malaysia, they can be a reference for other organizational types. Also, this study provides empirical about the role of employee retention as a mediator between human resource management practices, organizational learning culture and peer support, organizational citizenship behavior and job embeddedness.