

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter provides a detail discussion about the previous literature related to this study. The chapter begins with an introduction to the concept of employee retention. Then, the chapter discussed in details about the effect of four work environment factors (human resource management practice, organizational learning culture, transformational leadership, peer support) on employee retention. Following this, the chapter explains the impact of employee retention on organizational citizenship behavior and job embeddedness. The research hypothesis is developed at the end of the discussion, subsequently by the summary of the chapter. Finally, the chapter introduces the research framework of this study.

#### 2.2 Employee retention

Nowadays employee retention is the first preferences of organizations due to rising competition. Employee retention is an efficient and productive advance towards the employee management who are considered to be 'strongest assets' to the company. Employee retention is a technique adopted by not the only private sector but also the public sector to maintain a productive employee and at the same time meet practical requirements (Kyndt et. al., 2009).

Shakeel and But (2015) define employee retention as keeping the employee in layman language that taking actions by motivate and tempt knowledgeable, skilled and competent employees that one wants to keep and not losing them from the organization for whatever reason, especially to the competitors. In another word , employee retention is a process in

which the employees are encouraged to continue with the organization for the maximum period or until the completion of the project.

Employee retention is essential to accomplish vision and mission of company (Asiah et. al., 2017) to reduce the turnover cost, loss of company knowledge, work interruption, the efficiency regaining and increasing the organization productivity (Mathur & Agarwal, 2013). Besides, employee retention is important because it gives excellent practical significance to organizations as it eliminates the recruiting, selection and onboarding costs of their replacement, maintains continuity in their areas of expertise, and supports a culture in which merit can be rewarded (Tymon et. al., 2011). Moreover, employee retention can avoid organization to face a risk of losing trusted information to the competitor when skilled employees leave an organization (Frank et. al., 2004; Walker, 2001).

Various factors influence employee retention. However, researchers believe that employee retention is generally based on individual ability to adapt and handle situations in the workplace. This argument has received support from the sociological models, which stated that the structural conditions of work have a more significant influence on employee retention than the individual factor (Weaver & Chang, 2004). The following sections will discuss in details the effect of work environment on employee retention.

#### 2.2.1 Theory of employee retention

##### 2.2.1.1 The Social Exchange Theory

Social exchange theory by Homan justified “as the exchange of activity, tangible or intangible, and more or less rewarding or costly, between at least two persons.” The exchange is not only limited to material goods but also symbolic values such as respect, prestige (Cropanzano & Mitchell, 2005) and recognition. This theory has its ability to produce a positive outcome which the premise of this theory is human interaction in social behavior is to maximize benefits and minimize costs (Hutchison & Charlesworth, 2003). Its suggest

favorable working environment reflect employees to become benefited to organizations and the other subordinate compared to unfavorable condition makes employees against the management by engaging in negative work attitude for example absenteeism, dissatisfaction and quit (Haar, 2006; Crede et al, 2007).

Moreover, the social exchange theory is usually used to examine various aspects of employee reciprocity including human resource management practices (Chew & Chan, 2008), transformational leadership (Lo et. al., 2010), co-worker (Settoon & Mossholder, 2002), organizational learning culture (Islam et. al., 2013), organizational citizenship behavior (Hopkins, 2002) and job embeddedness (Hom et. al., 2009). This theory also holds up the notion that when employees perceive positively about their organization, they reciprocate with a commitment towards their job (Islam et. al., 2013).

The social exchange theory has three assumptions (Chibucos et. al., 2005). Firstly is the social exchange theory frequently engage in costs calculation and benefits. It is related to issues of the decision-making process. Secondly, any person is rationally looking for the profit and benefit maximization in meeting their basic individual needs. It also an effort to fulfill basic needs as supported by Maslow (1954). Third, rewards and benefits in the exchange process lead to social interactions. A person may be looking for relationships and interaction to encourage meeting their own needs.

Furthermore, social exchange theory is reciprocity norms within social relationship when employees received benefits from their organization as signaling intent for long-term investment and they feel obligated with discretionary role behavior (Blau 1964; Eisenberger et al. 1986; Rhoades and Eisenberger, 2002; Sun, Aryee and Law, 2007; Shaw, Dineen, Fang and Vellella, 2009; Gong, Chang and Cheung, 2010). Employees viewed human resource management practices as a "personalized" commitment to them, which is then reciprocated back to the organization through manner and behavior (Hannah & Iverson, 2002). This theory

strengthens the employees' perception on positive viewed toward human resource management practices that exhibit more retention in their organization.

Besides, employees would continue to commit themselves and remain with the organization if they are satisfied with the needs, expectations, desires or preferences (Chew & Chan, 2008). In case of the organizational learning culture, employees who feel greater organizational learning culture may perceive a higher career satisfaction and shows a high level of commitment (Joo & Ready, 2012; Lee & Bruvold, 2003) as line by social exchange theory as reciprocity.

In addition to that, the social exchange theory can be based on the transformational leadership style. Exploring the phenomenon of transformational leadership style, Malaysia is known as a hierarchical relationship (Ansari, Ahmad, & Aafaqi, 2004; Kennedy, 2002) with high power distance. The relationship between supervisor and subordinates tend to yield to superior authority and leaders who are expected to be paternalistic (Farh & Cheng, 2000; Alfes et. al., 2013). A good leader with a favorable exemplary may give a good deed to the entire subordinate thus reciprocity is occurred among employees. It is crucial to highlight leadership style awareness as the valuable approach, as an exchange for a better commitment to the organization.

The theoretical underpinnings of the relationship between peer support and employee retention are based on the concepts of social exchange (Blau, 1964) and reciprocity (Gouldner, 1960). For example, expressions of positive support create indebtedness feeling and a corresponding obligation to reciprocate. McGregor (2010) in her written, "joint activities or shared tasks between partners or colleague generate emotions that influence the strength of collective ties as well as the likelihood of future interaction." It is presenting exchange relationships among peers to assume that individuals will reciprocate support from coworkers.

In organizational citizenship behavior, such reciprocity will present in the form of a higher level of citizenship (Cohen, 2003; Cohen, 2012). Employees who have the intent to stay, expected to measure the cost if they are leaving the organization will be more involved in citizenship behaviors and role performance. As reciprocity as a pillar in social exchange theory, an employee with strong psychological attachment to the organization, therefore do have the drive to contribute to the organization.

This study summarizing the social exchange as a theory tends to be a sound of responsibility, acknowledgment and believe from employee to the organization (Nur Atiqa et al., 2010) as a reciprocity employees feel obligated with discretionary role behavior. Therefore, the social exchange theory is fit with the factors of retention and retention consequences.

#### 2.2.1.2 Job Embeddedness Theory

Mitchell and colleagues (2001) define job embeddedness as an innovative and emerging research construct, premises a method of exploring why people stay in an organization. Considering the relationships between job embeddedness and retention within the public sector employees could assist a person in charge of formalizing policies and procedures which capitalize on the organization's strengths. This study refers to studies on turnover but will focus mainly on retention individually to test whether job embeddedness theory helps explain the retention of public sectors employees in Malaysia as done by Young and friend (2013) in context of extension agents in Kansas and Kentucky.

Job embeddedness refers to the on-the-job and off-the-job factors related to individual links, fit, and sacrifice (Mitchell et al., 2001). The job embeddedness theory can be elaborated as a factor spider's web involving both within and outside of work, which hooks the individual to the organization. This hook makes the individual more tendency to remain in the organization for three different reasons;

(1) Links refer to "discernible connections between people and institutions" (Mitchell et al., 2001) It is classified into two types of links to organization and community. The theory place when more links to the workplace or community, the more highly embedded individuals will become. Links can best refer to social, psychological, or financial. Therefore, if developing meaningful work relationships fail, it could demonstrate that employees are not expected to remain in the organization or current job.

(2) The sense of fit is "employee has perceived compatibility or comfort with an organization and with his/her environment" (Mitchell et. at., 2001). It is categorized into two factors: organization and community. The theory place order when closer one's personal views, values, and goals are synchronized with those of the organization and/or community cultures, the "higher the likelihood that an employee will feel professionally and personally embedded" (Mitchell et al., 2001). Examples of organizational fit include "job knowledge, skills, and abilities" (Mitchell et al., 2001).

(3) Sacrifices it refers to the reflection on what the employee must give up when resigning the current job, such as contrast types of benefits, friendship, status and appreciation (Lee et. al, 2004, Tanova & Holtom, 2008; Jiang, Liu, McKay, Mitchell & Lee, 2012). An individual who have many links, a high sense of fit is likely to experience greater sacrifice. It means that a person with strong roots in the organization is more likely to have fewer thoughts about leaving even when problems occur (Lee et. al, 2004).

The job embeddedness theory three reasons show a good relationship between the factors of retention in the organization. The factors are including the links organization for

human resource management practice and organizational culture. Both factors are classifying as on the job factors associated with the individual or employee. Besides, job embeddedness theory describes one of the job factors which can be classified as links community as examples, social; transformational leadership and peer support. Higher link community in the social more highly embedded employee will become. It will point to retention in the organization.

Meanwhile, retention may form a sense of fit either organization or community. From the factors, mention above employee will feel professional and personally embedded. Furthermore, research on job embeddedness has been widely examining relationships with other variables such as organizational citizenship behaviors, job performance, and innovation-related behaviors (e.g., Lee, Mitchell, Sablinski, Burton, & Holtom, 2004; Ng & Feldman, 2010). Hence, retention will fit the organization which is organization citizenship behavior, and sense of fit to the community is job embeddedness. Consequently, an employee who is considering to walk away from the job but does not want to sacrifice valued job-related benefit and social relationships would be less likely to surrender employment. This discussion enclosed job embeddedness theory is one theory can be best describing consequences of employee retention toward job embeddedness inside the organization.

### **2.3 The work environment factors that influence employee retention**

The Social Exchange Theory can explain the relationship between work environment factors and employee retention. The Social Exchange Theory starts with the premise that humans interact in social behavior in order to maximize benefits and minimize costs, which then leads to a positive outcome (Hutchison & Charlesworth, 2003). From this perspective, the social exchange theory suggests that employees respond to perceived favorable working conditions by behaving in ways that benefit the organization and or other employees. Equally,

employees retaliate against dissatisfying conditions by engaging in negative work attitudes such as absenteeism; lateness of preparing to quit the organization (Haar, 2006; Crede et. al., 2007).

Four specific factors in a work environment are influence employee retention. The factors are including the human resource management practices, organizational learning culture, transformational leadership and peer support. The following sections will provide a detail explanation of how these factors can affect employee retention.

### 2.3.1 Human Resource Management Practice

Human resource management practice is a series of integrated decisions that form an employment relationship. Their quality, effectiveness and generous packages contribute to the ability of the organizations in bonding the employees (Haines et. al., 2010) to achieve their objectives. Other researchers such as Jones, George, and Hill (2000) have defined human resource management practice as the activities performed by managers to attract, retain, and manage the performance of employees so that they contribute to achieving organizational goals. In specific, human resource management practice consists of various organizational practices such as selection, reward and recognition of employee, training, employment structures and opportunities, compensation and benefits (Chew & Chan, 2008; Kochachathu, 2010), performance appraisal and employee security (Lee & Lee, 2007; Hong et. al., 2012).

Human resource management practice is essential because it can produce a positive attitude and behavior among the employees, such as willingness to remain in the organization. Previous researchers argue that individual's decision to become and remain a member of an organization is determined by their perception toward the human resource management practice (Tangthong et. al., 2014; Rathnaweera, 2010) such as an attractive compensation package (Osibanjo et. al., 2014; Nawab & Bhatti, 2011; Parker

& Wright, 2001; Walker, 2001), organizational justice (Rampfumedzi, 2009; Meyer & Smith, 2000; Bushe, 2012; Ramlall, 2004), job security (Fauzi et. al., 2013), and recognition employee capabilities and performance contributions (James & Mathew, 2012; Walker, 2001). The other human resource management practice that can influence employee retention are career development opportunities (Cappelli, 2000; Bhatnagar, 2007; Bushe, 2012), work-life balance (Cappelli, 2000; Walker, 2001), opportunity to attend training and development program (Bhatnagar, 2007; Ramlall, 2004) such as the social program for new employees (Davies, 2001).

In this study, the researcher focus on four practices as conducting the human resource management practices namely as compensation, benefits and rewards, training and development, performance appraisal, and safety and health.

i. Compensation, benefit, and rewards

Compensation, benefit, and rewards including financial and non-financial reward are given to the employees from employers (Deeseler, 2008). It is one of the robust features used by the organization to retain valuable employees (Khan et. al., 2011). This package is vital tools in managing employee retention also plays as motivator and initiatives among employees to be more committed in their work which will ultimately enhance retention in the organization (Moncarz et al., 2009, Osibanjo et. al., 2014). In the case of the Malaysian public sector, Azmi and colleague (2009) claimed that competency-based pay had been offered in the public sector under the System Saraan Malaysia (SSM), and Public Service Department Malaysia (PSDM) (2004) justifying competency-based pay is a method that determines the amount an individual is paid based on competency or performance. In this compensation system, employees were noticed that they are entirely responsible for their individual development (Azmi et. al., 2009).

In linking of compensation, benefit, and rewards toward employee retention, there are positively related with employee retention and the most influential factor which are studied by Morin and Renaud (2009), Chew and Chan (2008), Sanjeevkumar (2012), and Francis (2014). They are revealing that compensation, benefit, and rewards had a higher effect on employee retention than on their commitment to the firm. This package will encourage positive behavior and morale towards job and task thus, will leading to the willingness and effectiveness in doing their daily task. The result, the employee will be more satisfied and will create the favorable environment to stay longer (Anis et. al., 2011) inside the organization.

ii. Performance Appraisal.

Performance appraisal is essential both for employee and employer. Employees side, performance appraisal essential to determine their salary increment and related to their commitment at the workplace. From the side of the employer, important to them to know an effective performance helps the organization to understand presents positions and helps to provide and coordinate the suitable training programs for those employees who needed (Tian et. al, 2016).

Meanwhile, performance appraisal can be defined as the process of determining and communicating including formal review and feedback session to the employee how well they are performing on the job and ideally establishing a plan of improvement, work objectives, self-appraisals and setting performance goals (Byars and Rue, 2004).

Othman and colleague (2010) justified, performance appraisal comprises of objective evaluation and counter-signed by both employee and manager's performance as an outline of measures to be taken for improvement. In Malaysia,

public sector organization, first performance appraisal (KPA) is used to evaluate work performance and determined by the manager's job performance, efficiency, and effectiveness. KPA influences employee's promotions and salary increments (Mohd Rasdi et. al., 2009).

Meyer (2005) claimed managing performance appraisal is an integral part of an organization and reverse on how the organization manages their human resources. Othman and colleague (2010) justified ineffective performance appraisal may lead to low morale, low productivity and low enthusiasm in the organization. Thus, the organization has the responsibility to take care of employee performance appraisal to be more active and productive. In contrast, the employee shall play their role to show their performance either. Therefore, this discussion of performance appraisal has a positive relationship with employee retention.

### iii. Training and development

Training refers to the intervention planned designed as a changing process in thought, behavior, and action. As a result, changing in knowledge, skills, and competencies to improve the individual job performance (Chiaburu and Tekleab, 2005; Sahinidis, 2008). Training and development is a practical lesson which related to the current job and position and can be considered an ongoing situation as a developing process for future jobs through enhancing knowledge, skills, abilities, experiences and overcome inefficiencies (Anis et. al., 2011; Garavan, 1997).

Training and development help in reducing employee's number of turnover, reducing absenteeism rate and increasing commitment and satisfaction of employees (Deckop et al., 2006; Griffeth et al. 2000). According to Deckop and colleague (2006), with training and development employees can handle and

manage difficulties on the job and give an opportunities to remain in their current job and it may influence intention to leave the organization (Hemdi and Nasurdin, 2006).

Training and development are paramount in human resource management practices part. It is implemented in retention and employees development due to distinctive types of training given to employees, such as on-the-job training, vocational training, general and specific training (Renger, 2002). Lee and Lee (2007) found training and development benefit to improve performance inclusive in incremental of employee productivity, product quality and flexibility of firm.

The previous study proved that training and development is a key programmed in employee retention such as in the study of Messmer (2000), Pritchard (2007) and Tomlinson (2002) by placing their employees well trained in the latest technologies. Mubarak, Wahab, & Khan, 2013, confirmed, training and development is a factor in employee retention. Other than that, training and development have significant in employee retention either as stated in the existing literature result in Oakland and Oakland (2001), Jones and colleague, (2001) and Vorhies and Harke (2000). Therefore, this discussion of training and development has a positive relationship with employee retention.

#### iv. Safety and health

The World Health Organization (WHO), describe safety and health as," Health as a state of complete physical, mental and social well-being, not merely an absence of disease and infirmity ' as cited in Bratton and Gold (2009). The act administers to all workplaces where any person is at work temporarily or permanently (Occupational Safety and Health Act, 2007). The function of this act is to protect the safety, health, and welfare of persons at work, and protect persons

at work against risks to safety and health arising out of, or in connection with the activities of persons at work.

Safety and health policies implementation exhibit that top management is involved in the employee's protection from hazards at work and to demonstrate how this protection will be granted (Armstrong, 2009). Managing safety and health in the workplace is the task of the human resource department to develop and implement policies (Gaceri, 2015). Effectively managing safety and health may reduce the number of job linked accidents and injuries, improvement in productivity, diminished sickness, absence, staff turnover, increased corporate image and reputation, and contributed to the organizational goals achievement (Gaceri, 2015; Naido & Wills, 2000; Price, 2004; Amponsah-Tawiah et. al., 2016).

Moreover, safety and health practices are applied in the organization as aim to facilitate employee convenience and comfort in handling task so they would feel safer and motivated to increase their achievement and find growth opportunities (Winterton, 2011; Othman et. al., 2010; Maimunah, 2002). As safety and health is lie under the five pyramids of Maslow's hierarchy of needs, employees are apparently to stay in the organization where job atmosphere is sustained compared to insufficient working situation such as unfavorable furniture, poor lighting and so forth, this situation may be demotivated employee to perform for a longer time (Zuber, 2001; Shamsuzzoh & Suman, 2010; Salman et. al., 2016).

Previous studies confirmed, there is a significant with the employee satisfaction and retention when the organization apply the agronomic factor such as job burden and work harassment that will create positive employees attitude

(Dayang Nailul Munna, Surena & Azuraina, 2006; Pearson, 2008; Rospenda et. al, 2005; Fulmer et. al., 2003; Edgar & Geare, 2005; Katou & Budhwar 2006). Implementation of the safety and welfare by management will lead employees to stay satisfied with their job, or task thus will perform well (Logasakthi & Rajagopal, 2013) in the organization.

The link between human resource management practice and retention is in line with the social exchange perspective that argues the employees exchange their willingness to remain in the organization, in return for the active human resource management practice from the organization (Meyer & Smith, 2000). Further literature is the possible reason to support the link between human resource management practice and employee retention. First, human resource management practice can build employee feel that their capabilities, efforts, and performance contributions are recognized and appreciated (Davies, 2001). Second, human resource management practice can help to rectify deficiencies in employee performance and provide the skills and abilities to the employee (Jaramillo et. al., 2005). Third, human resource management practice can make employee feel of satisfaction, primarily when they are treated fairly and received generous employee packages in term of salary, bonus and promotion (Haines et. al., 2010). HRM practices are distinguished from inducements offered by an employer to an employee (Guchait & Cho, 2010).

To respond to their concern, we integrated eight HRM practices obtained from other studies, which showed the significant effect on employee attitudes (organizational commitment) and behavior (turnover). Based on the previous discussion, below is the proposed hypothesis:

Hypothesis 1: Human resource management is positively related to employee retention

### 2.3.2 Organizational Learning Culture

Culture is a pattern of underlying assumptions, invented, discovered, or developed by a given group (Schein, 1988; Islam et. al., 2012). An organization culture creates high levels of behavioral consistency in members over social norms, shared values and a shared mental model (Dalkir & Liebowitz, 2011). On the other hand, the learning organization is one that learns continuously and transforms itself, and the learning occurs at all levels, such as individual, team, organization, and community (Watkins & Marsick, 1993). Other researchers such as Garvin (1993) and Conner (1992) described a learning organization as being good at knowledge creation, knowledge acquisition, knowledge transformation, and behavior modification to reflect new knowledge and insights.

Organizational learning culture is integrated into organizational culture and learning organization. The organizational learning culture is organizational phenomena that support the acquisition of information, the distribution and sharing of learning, and that reinforce and support continuous learning and its application to organizational improvement (Bate & Khasawneh, 2005). In other word, organizations which emphasize the organizational learning culture should first acquire information, interpret it to understand its meaning and transform it into knowledge completely. Simultaneously, they should not forget the most critical part, which is to perform behavioral and cognitive changes in order to convert words into action. The organizational learning culture is not only the sum of individual learning, but it also involves the exchange of knowledge among organizations, teams, individuals and the environment (Argyris & Schön, 1978).

Takada and Westbrook (2009) found that organizational learning culture plays a significant role in employee retention. There are few possible reasons to support the link between organizational learning culture and employee retention. First, organizations that

have prioritized learning have seen the increment in employees' job satisfaction (Watkins & Marsick, 2003). Second, the organizational learning effort (e.g., provide training opportunities for employees) can diminish the employees turnover intention (Chow, Haddad, & Singh, 2007; Dysvik & Kuvaas, 2008; Hemdi & Nasurdin, 2006; Pfeffer & Sutton, 2006). Similarly, Emami and colleagues (2012) argue that the shared vision, which is one of the learning disciplines, can also decrease the employee turnover intention because knowledge workers have strongly influenced by the shared vision. Third, having a culture that emphasizes learning can be regarded as the support from the organization, which can enhance the employee commitment to the organization (Eisenberger, Huntington, Hutchison & Sowa, 1986; Hutchison & Garstka, 1996). Therefore, based on the previous basis, the following hypothesis is proposed:

Hypothesis 2: Organizational learning culture is positively related to employee retention

### 2.3.3 Transformational leadership

Transformational leadership is a process that changes and transforms people. It is concerned with emotions, values, ethics, standards, and long-term goals. It includes assessing followers' motives, satisfying their needs, and treating them as full human beings (Northouse, 2017). Transformational leadership theory has evolved to describe four dimensions of leadership behavior known as the idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass Bernad, 1985). Idealized influence is managers who are exemplary role models for associates. Managers with idealized influence can be trusted and respected by associates to make the right decisions for the organization. Inspirational motivation is managers who motivate associates to commit to the vision of the organization. Managers with inspirational motivation encourage team spirit to reach goals of increased revenue and market growth for the organization. Intellectual stimulation describes managers who

encourage innovation and creativity through challenging the common beliefs or views of a group. Managers with intellectual stimulation promote critical thinking and problem solving to make the organization better. Individual consideration describes managers who act as coaches and advisers to the associates. Managers with individual consideration encourage associates to reach goals that help both the associates and the organization.

Transformational leadership has been recognized as a vital leadership style that can enhance employee retention (Bass Bernad, 1985). There are many reasons to support the link between transformational leadership and employee retention. First, higher transformational leadership lowers the employee turnover intention (Fu et. al., 2010; Hughes et. al., 2010; Olluokun, 2003). Second, transformational leaders, through inspiration and high expectations they have for employees; through their vision for the organization; and through the support they provide that fosters social support, teamwork, self-actualization, and goal achievement can expended levels of commitment among employees (Simosi and Xenikou, 2010). Third, transformational leadership may be seen as encouraging followers to carry out their work. It is due to transformational leadership encourages followers to carry out and construe their work concerning diplomatic means stressing ideas, optimism, positive expectations, change, eagerness, and a general long-term plan (Bass & Avolio, 1995; Yukl, 1999). This type of leadership style also can arouse followers to a higher level of thinking (Bass, 1985; Burns, 1978). Indeed, this type of leadership style fit promotion-focused individuals' directedness at an ideal self (Higgins, 1997), their preference for optimism and positive expectations (Higgins & Kram, 2001), their preference for focusing on a long-term time perspective (Fo'rster & Higgins, 2005), working in changing situations (Lieberman, Idson, Camacho, & Higgins,

1999) and their eagerness to try out new things (Herzenstein, Posavac, & Brakus, 2007).

Based on the previous discussion, the following hypothesis is proposed:

Hypothesis 3: Transformational leadership is positively related to employee retention

#### 2.3.4 Peer Support

Peer support is known as co-worker support. In specific, peer support refers to peers assisting one another in their tasks when needed by sharing knowledge and expertise as well as providing encouragement and support (Zhou & George, 2001). Other researcher defined peer support as the care and consideration employees receive from other members of the organization (Mossholder, Settoon, & Henagan, 2005).

Peer support consists of two dimensions namely instrument support and emotional support. Instrumental support defines as to more tangible forms of help such as providing services and material assistance (e.g., helping someone find the photostat machine on his or her first day of work). Meanwhile, emotional support specifies as to venting or providing consolation to someone, for example, helping a peer get through a difficult time with a boss by listening and offering support and consolation (Sias, 2008; Beehr et. al., 2000).

Receiving good support from the peers can tie the employee to the organization (Lee et. al., 2004; Ronra & Chaisawat, 2009; Pitts et. al., 2011; Brown et. al., 2003; Ng & Sorensen, 2008; Ghapanchi et. al., 2011; Walker, 2001). In another word, the employee becomes more loyal and stay in the organization when they receive acceptance and support from the other colleagues in the organization (Van Knippenberg, 2000). In fact, researchers (e.g., Jasper, 2007; Kooker et. al., 2007; Paillé, 2013) reveals that the support from colleagues is the main reason for employees to remain in the organization. Besides, a study by Sherman (2014) indicates that thirty-five percent of employees stated, they stayed with their organization because they received support from their peers

such as having enjoyable peers, having peers who were easy to work with, and feeling appreciated by their peers.

There are few potential reasons to support the link between peer support and employee retention. First, peer support can decrease the employee intention to leave the organization (Ng & Sorensen, 2008; Feeley, Moon, Kozey & Slowe, 2010; Mueller & Boyer, 1994; Cho & Johanson, 2008). Second, the support from peers in the organization can enhance the employee level of job satisfaction (Robbins, 2003; Lee et. al., 2004). Third, peer support can improve the strength of collective ties between employees in the organization (McGregor et. al., 2010). Fourth, peer support can help employees address work challenges (Aryee & Chen, 2006; Erdogan & Enders, 2007). Fifth, the support from the peer can enhanced employee job performance (Amarneh, et. al., 2010). All these reasons may route to the retention of the employee in the organizations. Based on the previous discussion, the following hypothesis is proposed:

Hypothesis 4: Peer support is positively related to employee retention

## **2.4 The Consequences of Employee Retention**

### **2.4.1 Organizational Citizenship Behavior**

Organizational citizenship behavior indicates employee behaviors that are discretionary, beyond the call of duty and not rewarded in the context of an organization's formal reward structure (Organ, 1988). For example, catering support to a colleague, helping a recently recruited employee to settle into the organization, demonstrating a degree of flexibility by tolerating requests deemed to be excessive or unreasonable, defending the image of the organization in a discussion or inspires a co-worker who is demotivated about his or her achievement or professional development

(Paillé, 2013). Organizational citizenship behavior entails personal motivations that go beyond the need to offer something in return for being treated fairly (Lavelle, 2010).

Organizational citizenship behavior is measured by four dimensions namely altruism, helping, sportsmanship and civic virtue (Paille, 2009). Altruism refers to voluntarily helping others with a specific work-related task, such as helping a co-worker with the heavy workload (Organ, 1997). Helping behavior is behaviors targeted at only others to alleviate their struggles with work-related problems or probably avoid problems from appearing in the first place (Organ et. al., 2006). Sportsmanship is enduring hardship and interference without complaining (Organ, 1988), keeping a positive attitude when things do not go as planned and not taking offense when others reject one's suggestions and ideas thus would light up the determination and workgroup morale (Podsakoff, MacKenzie, Paine, & Bachrach, 2000; Lo et. al., 2009). Civic virtue is keeping themselves knowledgeable about the organization as a whole rather than merely focusing on their job or department (Organ, 1988; Hart et. al., 2016).

Meanwhile, the other scholars such as DiPaola & Tschannen-Moran (2001) and Williams and Anderson (1991) grouping organizational citizenship behavior with two dimensions known as OCB-individuals (OCBI) and OCB-organization (OCBO). OCBI is behaviors directed at specific individuals in the organization, such as courtesy and altruism. It is devoted to the organization indirectly by giving a good deed to peers and co-workers. While OCBO is behaviors concerned with benefiting the organization as a whole, such as conscientiousness, sportsmanship, and civic virtue.

Morrison (1994) reveals that employees who willing to remain in the organization will engage in more organizational citizenship behavior. Similarly, Ünal (2013) also argues that employees who stay with the organization or wish to stay longer in the organization will create a positive working environment where employees infrequently

complain about the aggravation experienced by them and diminish work-related conflicts of other employees.

According to Basirudin and colleague (2016), organizational citizenship behavior is the crucial part in upbringing productivity of government organizations'. As enhancing organizational performance in a public sector, citizenship behavior practices should be exercised to create better public service and organizational atmosphere. As scholars' opinion, Vigoda, and Golembiewski, (2001), citizenship behavior resulted in an improvement of citizens' welfare and upgraded public organizations image.

Organizational citizenship behavior is a collective engagement and contributes to the effectiveness and advancement of an organization (Shim and Rohrbaugh, 2014). An employee who remains in the organization with satisfaction was likely to show positive behavior and attitude as an exchange to a good deed that has been done by the organizations (Ibrahim and Aslinda, 2013; Basirudin et. al, 2016). It is shown in organizational citizenship behavior when public employees have distinct motivational bases (Houston, 2000; Perry, 2000).

Employee retention with organizational citizenship behavior as offered by Organ and colleague (2005) can improved productivity, free up resources (autonomous, cooperative employees give managers more time to clear their work; cooperative behavior facilitates cohesiveness (as part of group maintenance behavior), attract and retain good employees, and develop social capital.

Several studies have adopted social exchange approaches to explaining the citizenship behavior, which found by Meyer and colleague (2002), the useful commitment has been found as one of the consistent determinants of organizational citizenship behavior. As Cohen and colleague (2012) found the workgroup characteristics strongly affect the nature of the exchange relationship that determines

role performance and organizational citizenship behavior. Although these approaches are beneficial in justifying government employees' organizational citizenship behavior, they are limited in explaining why public employees tend to enlist in citizenship behavior proactively. Thus, the following hypothesis is proposed:

Hypothesis 5: Employee retention is positively related to organizational citizenship behavior.

#### 2.4.2 Job Embeddedness

Job embeddedness is defined as the on-the-job and off-the-job factors associated with individual links, fit, and sacrifice and become part of the social web in connection of social network (Mitchell et al., 2001). Harris, Wheeler, and Kacmar (2011) discussed employees assembled job embeddedness to the degree that they have quality links in the organization, fit well with the job and organizational culture, and feel a strong desire to take care resources.

Moreover, the three factors of job embeddedness; links, fit and sacrifice are a relatively new variable to test retention (Zhang, 2013). Also, job embeddedness examines the inner or outer performance of the job which the result is affected by the overall the network consolidation to which the individual belongs (Son, 2012). Lee and colleague (2004) and Mitchell and colleague (2001) defined links as formal or informal connections between a person, institutions, or other people. Links could happen in a social, psychological, financial web, groups, the community, and entities in the organization. While the fit when the employees feel compatible with the organizations and environment. Lastly is sacrifice refers to the perceived psychological, social, or material cost of leaving one's organization and one's community (Lee et al., 2004; Mitchell et al., 2001).

Scholars Zhang and colleagues (2012) justified individual become more enmeshed in the web and not easily leaving their job when they are net or a web in which one can become "stuck" (Mitchell et al., 2001). It occurred when the employees served some years in the organization, and for sure they have been developed links which connected to each other inside the organizations. Thus, one can be enmeshed or embedded in the organization with positive affect and positive feelings.

Inside the organization, human resources departments are the one supporting the effort to retain employees by employing job embeddedness elements to develop capturing and measuring the extent methods in the organization and community. According to Mitchell and colleagues (2001), there is the existence of critical aspects of job embeddedness that important both on and off the job. Firstly is the extent to which people have links to other people. Secondly, the extent to which their job and community are identical same to or fit with the other aspects of their living space. The third is the ease with which links can be broken which means what they would give up if they left to another organizations, country or home.

Besides, employees remain in the organizations because they ought to, and they build up a niche in the organizations which compatible with their needs, knowledge, skill, ability, and talent. These employees who stay in the organizations create fit with the job, links with their co-workers and they are unfavorable to give up and sacrifice what they earn right now for example freedom, retirement benefits, perks, compensation, health care, promotional opportunities (Mitchell et al., 2001).

Employee retention in the organization will connect to surrounding in their daily lives thus will create the embeddedness in their job (Crossley et. al., 2007; Yao et. al., 2004). This argument has received support from other researchers that argue the more years of service in a particular workplace. The more highly embedded individuals will

become (Mitchell et. al., 2001; Lim & Wong, 2009). Moreover, the study from Sun, Zhao, Yang & Fan (2012) stated, positive psychology makes employees embedded with the organization and job. Thus, an individual who felt attached to an organization will become embedded into the environment of the organization (Mitchell et. al., 2001).

Based on this basis, the following hypothesis is proposed:

Hypothesis 6: Employee retention is positively related to job embeddedness

## **2.5 Employee Retention as a Mediator**

The previous sections have proposed six hypotheses. First, human resource management practice is positively related to employee retention. Second, organizational learning culture is positively related to employee retention. Third, transformational leadership is positively related to employee retention. Fourth, peer support is positively related to employee retention. Fifth, employee retention is positively related to organizational citizenship behavior. Sixth, employee retention is positively related to job embeddedness. Such hypotheses allow for the development of mediation effects. In another word, there is a possibility that employee retention could mediate the relationship between the factors of employee retention (human resource management practice, organizational learning culture, transformational leadership, peer support), organizational citizenship behavior and job embeddedness. The proposed role of employee retention as a mediator in the relationships is in line with the social exchange theory perspective (Hutchison & Charlesworth, 2003). This theory suggests that employees respond to perceived favorable working conditions by behaving in ways that benefit the organization and or other employees. In another word, when employees perceived favorable working conditions (active human resource management practice, application of organizational learning culture, transformational leadership style, peer support), they will behave in ways that benefit the organization (employee retention), and the consequence was demonstrating organizational

citizenship behavior and job embeddedness. On this basis the following hypotheses were proposed:

Hypothesis 7: Employee retention mediate the relationship between human resource management practice and organizational citizenship behavior.

Hypothesis 8: Employee retention mediate the relationship between organizational learning culture and organizational citizenship behavior

Hypothesis 9: Employee retention mediate the relationship between transformational leadership and organizational citizenship behavior.

Hypothesis 10: Employee retention mediate the relationship between peer support and organizational citizenship behavior.

Hypothesis 11: Employee retention mediate the relationship between human resource management practice and job embeddedness.

Hypothesis 12: Employee retention mediate the relationship between organizational learning culture and job embeddedness.

Hypothesis 13: Employee retention mediate the relationship between transformational leadership and job embeddedness.

Hypothesis 14: Employee retention mediate the relationship between peer support and job embeddedness

## **2.6 The research framework**

The framework of this study exhibits the factors influence in employee retention (human resource management practice, organizational learning culture, transformational leadership and peer support) and the effect of employee retention towards organizational citizenship behavior and job embeddedness. Moreover, this study examines the employee retention as a mediator in the relationship between human resource management practice, organizational

learning culture, transformational leadership and peer support with organizational citizenship behavior and job embeddedness. The framework direction is to answer the research questions and to accomplish the objectives of this study.

This study proposes a theoretical framework that includes independent variables presented by four dimensions of factors that influence the employee retention (human resource management practice, organizational learning culture, transformational leadership and peer support) which are the variables of the primary interest. The mediating variable which is also included in this framework is the employee retention. Meanwhile, the dependent variable for this study is organizational citizenship behavior and job embeddedness. The theoretical framework of this study is illustrated in Figure 1.

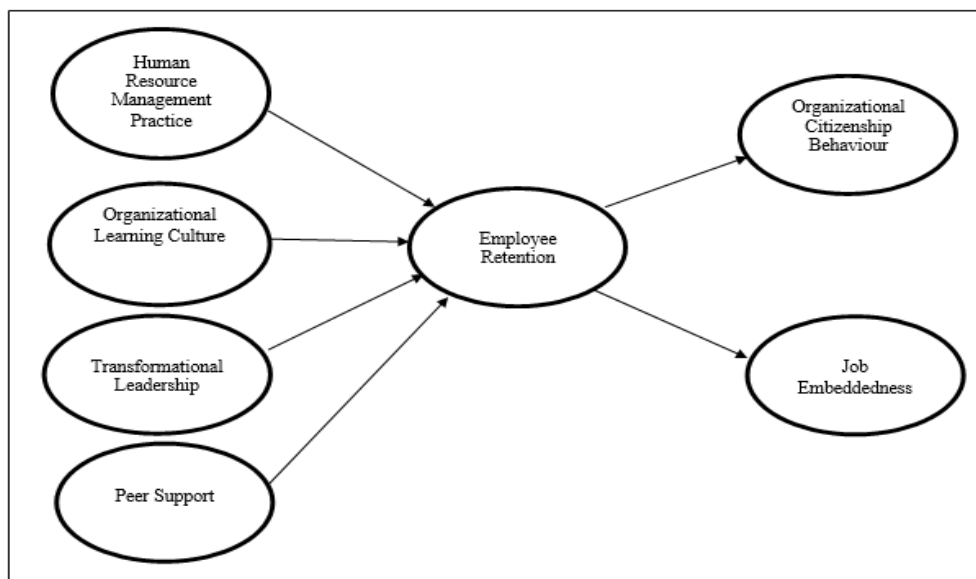


Figure 1: Research Framework of the study

## 2.7 Conclusion

As a conclusion, this chapter has discussed the literature review on the concept of employee retention, theory and the factors that influence the employee retention. This chapter also explained the literature review about the significance, the effect of employee retention to

the employees' organizational citizenship behavior and job embeddedness and employee retention as a mediator. Lastly, this chapter has highlighted the theoretical framework and hypotheses of this study. Following chapter, the research design, methods, and data collection instruments will be discussed.

