

Role of HR Practices in Turnover Intentions with the Mediating Effect of Employee Engagement

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Abstract: The research paper seeks to identify the mediating role of employee engagement between HR practices and turnover intentions in the telecom sector of Pakistan. There has been a considerable gap in the existing literature indicative of the need to study HR practices and turnover intentions with reference to the employee engagement in Pakistan. Two leading Telecom Companies in Pakistan were included in the sample and the study was conducted on them. The results turned out to be extremely noteworthy as they highlighted a definite relationship between HR practices, employee engagement and turnover intentions. In addition to that, the research provides an effective model for the stake holders of concern telecom companies to keep hold of their capable work force in a highly dynamic and fluid business environment.

Key Words: HR practices, Mediating Role of Employee Engagement, Turnover Intentions.

1. Introduction

From personnel administration to the evolution of wide range of Human Resource practices, the guardianship of employees has been the main concern for this organizational domain. It can either be in the form of providing training to keep the employees abreast with modern business dimensions or giving away attractive compensation packages to retain the key employees; to recognize the hard work to keep them motivated or delegate decision making to make the employees feel empowered. Hence the effect of human resource practices remains existential in the daily operations of any modern business enterprise. It is vital to remember that the employees and not the organization are the means in shaping how the organization will act to the competitive and dynamic environment [1]. Therefore, the employees are regarded as the heart and soul of an organization. To nurture them, effective utilization and implementation of HR practices is a must.

The significance of human capital is on the high because it can provide the advantages to the firm due to its distinctiveness. The firms always make an effort to draw in and retain the valuable workforce [2]. The able people always have alternatives in their career so that this is the issue of firms to keep hold of them [3]. The organizations invest on the employees who in return bring success in form of large revenues, market share and an attractive public

image. However, these key employees sometimes fall prey to head hunters inflicting heavy losses to the abandon organization. The company suffers a mammoth loss when its competitive workers leave them for new jobs because then the company must incur hiring cost for new recruits [4]. Even the conception of turnover intentions in the employees puts a dent on their loyalty to the organization and it eventually leads to the voluntary exit of the valuable employee. To cater these voluntary exists, organizations often work on details that are less important thus leaving the most basic procedures unaddressed. Considering and evaluating the most basic HR practices can do the job for them.

Another critical facet of today's business organization is the prominence of employee engagement. The employee is considered to be engaged when he or she is completely engrossed in the work and absolutely passionate about it [5]. In order to achieve employee engagement, one needs to work on employee development first [6]. This development over the passage of time generates such attributes in the employees which obliged them not to work on any ulterior motives that undermine their attachment towards the success of the organization.

It has been revealed that Engagement in the purposeful work can bring payback from that work [7]. The mediating role of employee engagement has also been explored by various researchers. Work engagement governs turnover intention by mediat-

ing the link with job resources [8]. Employee engagement acts as a mediator in the link between perceived HRM practices and Extra-role behaviour & Withdrawal behaviour [9]. Therefore the implication of employee engagement in any profit or non-profit organization can't be ruled out.

1.1 Problem Statement

Considering the aforesaid discussion, the researcher has decided to study the mediating role of employee engagement on the effective use of HR practices and turnover intentions in the Telecom Sector of Pakistan.

1.2 Originality of the Study

The research domain that is the employee engagement and its mediating effect on HR practices and turnover intentions particularly in the Telecom Sector of Pakistan is yet to be researched. In the context of Pakistan telecom sector, this research will fill the current void and notably make a contribution in the body of knowledge.

1.3 Applied Aspects

Retention of engaged workforce is imperative for every organization as it brings success even in the most receding business conditions. Findings of the study will facilitate the HR managers and top brass of the concern Pakistani telecom companies in terms of making the effective use of most common HR practices in order to keep hold of their human talent while creating a vibrant and result oriented environment for engaging their employees.

1.4 Objectives of the study

1. To study the level of basic HR practices that is practiced by the Telecom sector of Pakistan.
2. To study the turnover intentions in same population.
3. To determine whether employee engagement mediates the relationship between basic HR practices (independent variable) and turnover intentions (dependent variable).

2. Literature Review

The term Engagement was originally developed by Kahn. Employee engagement focalizes on how the psychological happenings at work and work contexts forge the process of people presenting and

absenting themselves during their jobs [10]. Employees will feel engaged when they unearth enthusiasm and personal sense in their work, get positive social support and work in an environment that is well-organized and proficient [11].

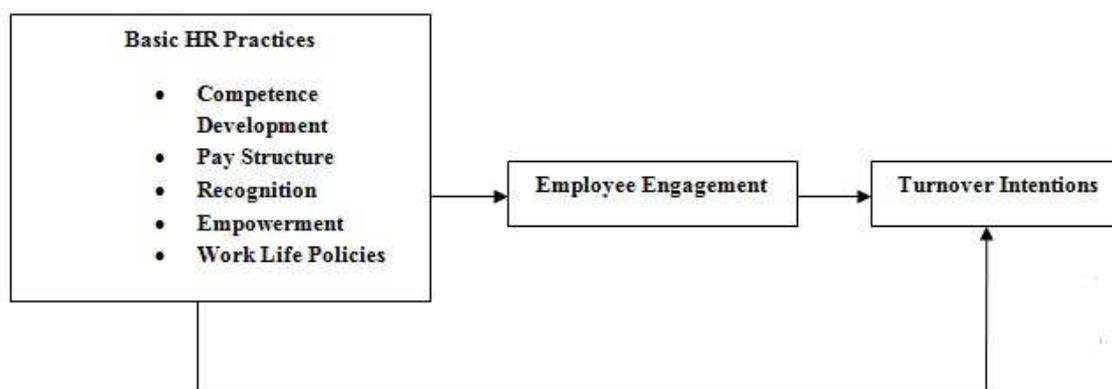
Human resource managers endeavor to attain employee engagement by giving rewards, recognition of employee's effort, harnessing relationships, giving opportunities to excel, inducing leadership qualities and providing a friendly environment [12]. HR practitioners accept as true that the engagement basically deals with the fact that how an employee thinks about the job and in what manner the organization deals with him. Actually it's the emotions that result in the success of the organization [13].

The effective use of HR can enable the organization to bring engagement and consequently cultivate motivation, output and offcourse retention. The intensity of engagement reveals whether the workforce will stay and remain productive or they will relinquish and become part of the competitors [14].

The turnover intention is the last stride which ultimately results in the renouncement of the job [15]. Engagement is negatively associated with turnover intentions which mean that an engaged employee would never think about leaving the organization [16]. Work engagement is directly and positively related with employees' job satisfaction and it has a negative relationship with employee turnover intentions [17]. The more engaged employees are, the longer they would remain committed and such employees also stay longer with the organization [18]. The engagement of employee is in fact a valuable gauge to measure the connection of an employee to the place of work [19].

In order to increase the attraction and retention of valuable workforce, that policy should be formulated that allow employees to have flexible work schedules, result oriented remuneration, input in decision making, career advancement along with the exigent work assignments is a must [20]. Engagement also leads to higher levels of identification with a job which may make it difficult for employees to detach themselves from the role and leave the organization [21, 22]. The research on nurses of Malaysia revealed that with effective use of HR practices, the level of intentions to leave the job is considerably reduced [23]. Many researchers also come up with the findings that work practices like the employee participation, employee engagement and total quality management must effectively be incorporated on day to day basis as they result in lower turnover intentions and increased satisfaction of the employees [24, 25, 26].

2.1 Proposed Research Framework



2.1.1 Foundation for Research Framework

This research article is based on the above framework that has been created after a thorough literature review. For the independent variable i.e. HR practices, five basic dimensions (competence development, pay structure, recognition, empowerment & work life policies) have been included considering the holistic outlook of HR practices in Pakistan. Employee Engagement has been used as a mediating variable which mediates the link between HR Practices and the Turnover Intentions i.e. the dependent variable. This research article uses Social Exchange Theory (SET) for corroborating the research framework. It is referred as a reciprocally benefitted exchange between two parties which is guided by certain rules which leads to a trustworthy relationship [27]. Therefore, employees who receive any sort of benefit, remuneration or reward from their organization feel duty-bound to respond in a way that is beneficial to the organization. The possible benefits can be the developmental HRM practices [28].

3. Methodology

3.1 Hypothesis Generation:

Following hypothesis have been generated in context with the theoretical framework.

H1: The effective use of basic HR practices leads to low level of turnover intentions.

H2: The effective use of basic HR practices leads to high level of employee engagement.

H3: High level of employee engagement leads to low level of turnover intentions.

H4: The relationship between HR practices and turnover intentions gets mediated by employee engagement.

3.2 Population

The universe for this research consists of two leading telecom companies in Pakistan i.e. Mobilink and Telenor Pakistan. Both the telecommunication service providers have made prolific progress over the years as they appear to be market leaders. Mobilink holds the market share of more than 30% alongside Telenor with 25%.

3.3 Sampling Procedure

Hr Managers, Executives and Admin related officers are included in the sample for this research. Simple random sampling has been utilized in order to avoid any biasness. A total of 105 employees (respondents) from each company were drawn that's make a total of 210 respondents.

3.4 Tools for data collection

A questionnaire was being used for the measurement of all the variables involved in the study. A 6-item scale for competence development, 6-item scale for recognition, 3-item scale for empowerment, 5-item scale for pay structure and 5-item scale for work-life policies were adopted [29, 30, 31, 32]. Turnover intentions were measured using a 4-item scale [33]. Lastly, the employee engagement was measured on a 12-item scale [34]. A five point Likert scale was being utilized for the examination.

3.5 Reliability of the Instruments

Alpha Reliability values were calculated for all the variables involved and they are mentioned in the table below.

Table 1: Reliability of the Instruments

Variable	Cronbach's Alpha	No. of Items
Competence Development	.874	6
Pay Structure	.859	5
Recognition	.875	6
Empowerment	.838	3
Work Life Policies	.846	5
Turnover Intentions	.925	4
Employee Engagement	.961	12

3.6 Demographic Profile of the Respondents

Demographic profile of the respondents is mentioned in the table below.

Table 2: Demographic Profile of the Respondents

Gender	Frequency	Percent
Male	148	70.5
Female	62	29.5
Total	210	100
Age Group	Frequency	Percent
24 to 30	51	24.3
31 to 37	100	47.6
38 to 44	59	28.1
Total	210	100
Marital Status	Frequency	Percent
Married	135	64.30
Unmarried	75	35.70
Total	210	100

4. Data Analysis

Linear regression was carried out for the testing of the hypothesis involved in the research. For testing of mediation, Baron and Kenny test was being applied [35].

H1: The effective use of basic HR practices leads to low level of turnover intentions.

Table 3: Results regression analysis (HR practices & Turnover Intentions)

	r	R ²	Adjusted R ²
HR practices	.928	.862	.861
	Beta	F	P value
HR practices	-.928	987.682	0.000

Dependent Variable: Turnover Intentions

In table 3, the value of correlation coefficient r is 0.928 which means there is a strong correlation between the HR practices and turnover intentions. By analyzing the coefficient of determination R² is

.862, it is disclosed that 86.2% variation in turnover intentions is due to HR practices and only 13.8% is due to some other factors. The P value is 0.000 i.e. less than (0.05) which means that Hypothesis 1 is supported.

H2: The effective use of basic HR practices leads to high level of employee engagement.

Table 4: Results regression analysis (HR practices & Employee Engagement)

	r	R ²	Adjusted R ²
HR practices	.899	.808	.807
	Beta	F	P value
HR practices	.899	665.289	0.000

Dependent Variable: Employee Engagement

In table 4, r is .899 that is representing a strong relationship between HR practices and employee engagement. R² is .808 which means that 80.8% variation in employee engagement is because of HR practices. The P value is 0.000 < (0.05) resulting in the acceptance of hypothesis 2.

H3: High level of employee engagement leads to low level of turnover intentions.

Table 5: Results regression analysis (Employee Engagement & Turnover Intentions)

	r	R ²	Adj. R ²
Employee Engagement	.920	.846	.845
	Beta	F	P value
Employee Engagement	-.920	866.187	0.000

Dependent Variable: Turnover Intentions

In table 5, r is .920 that is the indicative of strong correlation between employee engagement and turnover intentions. R² is .846 which shows that 84.6% variation in turnover intentions is due to employee engagement. The P value is 0.000 < (0.05) enabling us to accept hypothesis 3.

H4: The relationship between HR practices and turnover intentions gets mediated by employee engagement.

Table 6: Results regression analysis (Employee Engagement and HR Practices were referred as controlled variables)

	r	R ²	Adj. R ²
Employee Engagement, HR Practices	.949	.900	.898
	Beta	F	P value
Employee Engagement, HR Practices	-.530	704.341	0.000

Dependent Variable: Turnover Intentions

In table 6, the employee engagement and HR practices were treated as controlled variables to check the mediation effect. The resulting r value .949 indicates that there is a strong mediation effect of employee engagement on the relation between HR practices and turnover intentions. The P value is also $0.000 < (0.05)$ leading to the approval of hypothesis 4.

5. Discussion

Firstly, the employees of the concerned telecom companies' feel that the HR practices when used properly direct them to do their job in an efficacious manner. The utilization of competence development practices make the employees feel that they are the important part of the organization and they have been taken care of. With this comes the prospects of promotion within the organization and it also improves the employee professional record. A competitive pay structure brings the employee in a desirable mental state of contentment and kills any negative thoughts which bring any sort of inferiority regarding the job. Recognition of employees by supervisors and managers give them a sense of realization that their hard work did not go in vain and their efforts have been acknowledged. Granting employees' the authority to make decisions make them accountable for what they do which consequently results in higher level of responsibility shown by the employees. An overall work place policy which includes flexible timings, holidays, job and personal life balance and friendly environment also contributes enormously to employees' productivity and attachment to the organization.

Secondly, all these facets of HR practices mentioned above help in triggering employee engagement and it is in accordance with previous researches as well. It can be deduced that it is the engagement of employees that keeps them passionate and upbeat about their work which eventually exterminate the threats of turnover intentions permanently.

6. Conclusion

All in all, it is evident that there exists a relation between HR practices, employee engagement and turnover intentions. The above analysis corroborates that apt use of HR practices vindicates to be a mainstay between an organization and its employees. It's not only that employees perpetuates to be loyal to their organization but they become more engrossed when they discern and experience

the benefits they are acquiring from the organization in requital of their endeavors. Competence development practices, competitive pay structures, timely and meritorious recognition, and empowerment with responsibility and thriving work place environ suffice to be pivotal antecedents of employee engagement. Adjunct to that, this engagement facet brings the adherence of employees to the organization, resulting in lowest turnover rates and the above results convincingly support that. The denouement of the discussion is that HR practices leads to employee engagement which ensues in low turnover intentions. For the companies to excel in the competitive business environment, the best should be provided to the employees in order to get the best out of them. It is possible only when the given model of this research is being followed in its true spirit.

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