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HR practices and turnover intention: the mediating roles of organizational commitment and organizational engagement in a selected region in Malaysia

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This study examined the mediating effects of organizational commitment (OC) and organizational engagement (OE) on the relationship between human resource (HR) practices (career management, performance appraisal, compensation, person–job fit and job control) and turnover intention. A total of 457 employees working in various sectors in a selected region in Malaysia participated in this study. It was found that all the variables used to measure HR practices have significant effects on OC and OE. However, multiple regression analyses indicated that career management and job control did not have any significant influence on turnover intention. OC and OE were discovered to give partial mediating effects on the relationship between HR practices and turnover intention.

Keywords: HR practices; organizational commitment; organizational engagement; turnover intention

Introduction

Talent management has become more important than it used to be, and it is a part of companies’ strategies to remain competitive with the best human capital resources to attain organizational effectiveness. Nevertheless, employers have to face the risk of losing their well-developed employees who leave for better prospects in other organizations. To counter the loss of talented and skilled workers, employers are trying their level best to come up with talent management programs that might be helpful in developing talents and, most importantly, retaining employees. However, the pressing issue that employers have to deal with is how to retain employees who are well trained and highly experienced. Huge investment in molding and developing human capital would be in vain if the employees leave and bring along their skills and experience to other organizations.

Losing good employees can negatively affect an organization’s competitive advantage because it would lead to reduction in productivity and quality. Previous studies that examined factors influencing turnover intention indicated several major variables such as demographics, satisfaction, organizational commitment (OC), organizational engagement (OE) and human resource management (HRM) practices, such as employee development, performance management and compensation. HRM systems that are well functioning would be able to create a climate that encourages employees to be innovative, thus boosting the organizations’ competitiveness. The effect of employee satisfaction and OC on turnover intention has been discussed and the findings indicated that these variables have significant influence on turnover intention. It seems that to predict turnover, OC must
be a part of the model. HRM practices are also reported as having impacts on turnover intention but given the unclear conception of the term, limited studies have been carried out to study the impact empirically. Therefore, the need to study factors that influence turnover intention is pertinent because the findings would give clearer insights on how companies can retain their employees. The objectives of the study were first to examine the effects of HR practices on OC, OE and turnover intention, and second to determine whether OC and OE mediated the relationship between HR practices and turnover intention, respectively.

The effects of HR practices on organizational commitment

The impact of HRM policies and practices on firm performances has been discussed and researched extensively. HRM practices that consist of selection, training, career management, performance appraisal and compensation are said to have significant impacts on employees’ OC. According to Wright, McMahan and MacWilliams (1994), HRM practices are the ways that organizations use to mold employee behavior, perception and attitude. This implies that if HR policies are properly formulated and implemented, the organizations should be able to achieve their objectives that are mainly dependent on human capital. Because human capital nowadays becomes the central asset in organizations, managing them in a way that is able to make them behave, act and think in the manner that employers want is pertinent. The question is what kind of employees’ perception and behavior can significantly affect business results. Yeung and Berman (1997) stress that company performance is highly influenced by HR practices that can directly influence OC in employees. This view is in line with the earlier proposition made by Hiltrop and Despres (1994) that HR practices have a strong impact on OC and they view OC as an important criterion to measure HRM effectiveness. Good management of employee performance, career, training, compensation and selection will be interpreted positively by employees and in turn, they will reciprocate with high commitment to the organizations (Whitener 2001). OC is the extent of employees’ willingness to exert their effort for the organization’s success and the degree of fit between the employee values and the organization values (Mowday, Steers and Porter 1979).

Examining the impact of HR practices on OC requires a closer look at different elements in HRM that consists of selection, compensation, career management, training and performance appraisal. Each element has to be examined individually because of its distinctive nature that might give different impact on OC. Huselid (1995) posits that HR practices can be categorized into two groups: one that improves skills and the other that enhances motivation. The author suggests that selection, training and development activities are more associated to enhancing skill, and the other category that consists of performance appraisal and compensation is more relevant to boosting motivation. This implies different impacts of HR practices on OC. Ideally, HR practices should be integrated and intertwined and they should be treated as one whole entity but, given the fact that there are organizations that are still grappling with the implementation of systematic and integrated HR practices, scrutinizing individual HR practices is still relevant.

It is noted by Whitener (2001) that performance appraisal and compensation are two critical HR practices that are associated to OC. Employee performance is evaluated across several criteria and if performance evaluation is poorly designed and administered, employees would fail to see the significance of having performance appraisal exercises. This situation might happen due to poor link between performance appraisal and compensation or when employees no longer believe in performance appraisal. The condition
is worse when employees perceive inequity in compensation. Employees would reciprocate their negative perception in the form of low OC. Slocombe and Bluedorn (1999) studied the relationship between performance evaluation and three different elements of OC among employed business graduates and found significant relationship between the variables. However, it is interesting to know that several studies report that compensation has no significant impact on OC (Bhagat and Chassie 1981; Shore and Barksdale 1998).

Furthermore, training was found insignificantly related to affective commitment among employees (Shore and Barksdale 1998) but negatively related to affective commitment (Smeenk, Eisinga, Teelken and Doorewaard 2006). As posited by Huselid (1995) and Whitener (2001), training may not have momentous impact on OC. In this study, selection is reflected by the fit between the person’s skill and job. Poor fit implies improper selection that results in mismatch between the employees’ ability and the job requirement. On the basis of a sample of 291 employees from 45 firms, Caldwell, Chatman and O’Reilly (1990) found that rigorous recruitment and careful selection procedures resulted in high level of OC.

The effects of organizational commitment on turnover intention

Researchers, such as Ajzen and Fishbein (1980) and Igbaria and Greenhaus (1992), posit that intentions are the most immediate determinants of actual behavior. Other studies (Miller, Katerberg and Hulin 1979; Mobley, Griffith, Hand and Meglino 1979; Arnold and Feldman 1982; Steel and Ovalle 1984; Cotton and Tuttle 1986; Rasch and Harrell 1990) also report consistent positive relationships that exist between turnover intentions and actual turnover behavior. In addition to these research, Bluedorn’s (1982) research of 23 studies found that individuals’ turnover intentions matched their actual turnover behavior.

Previous studies showed that the intentions to quit are influenced by lack of commitment (Firth, Mellor, Moore and Loquet 2004; Peryyer, Jordan, Firms and Travaglione 2010). Thus, managers need to pay attention to the increasing commitment of employees. This view is shared by Parasuraman (1982), who confirms in his study that OC can be used to predict turnover intentions. The findings from Igbaria, Meredith and Smith (1994) highlight the importance of OC as the most immediate predictors of intention to stay. Ingram and Lee (1990) add that the intention to stay, the quality of job training and the quality of organization discipline as organizationally are related predictors of commitment. Previous studies that examined the factors influencing turnover intention indicated that OC is one of the factors that contribute to employees’ intentions to leave an organization (Carmeli and Weisberg 2006).

Mediating role of organizational commitment

There are ample evidences in the literature that support the significant relationship between HR practices and turnover intention (e.g. Caldwell et al. 1990; Chew and Chan 2008; Lam, Chen and Takeuchi 2009; Gould-Williams and Mohamed 2010). It is plausible for employees to stay with the same employer, given good people management that takes care of their employment benefits and welfare. As expounded in the previous section, turnover intention is also strongly correlated with OC and at this juncture, it is worth examining which variable could better predict turnover intention. Buck and Watson (2002) found significant relationship between HR practices and OC and they inferred that high degree of OC could reduce the tendency to leave among the employees. However, empirical tests conducted to support the claim are still sparse, especially in Malaysian context. Other similar research conducted only restricted to investigating the effectiveness
of HRM in boosting the sense of commitment among employees and failed to show the consequential impact on turnover intention. Studies have been conducted to measure simultaneous effect of HR practices and OC on turnover intention but such studies are still limited. For example, a study done by Eisenberger, Fasalo and Davis-LaMastro (1990) indicated that HR practices that are well managed and implemented are able to increase OC and decrease the intentions of resigning among employees because individuals tend to respond positively to top management’s commitment and support. Furthermore, Pare and Tremblay (2007) investigated the role of OC on the relationship between HR practices and turnover intention among IT professionals, and the outcome indicated that OC acted as a partial mediator. Given the limited studies carried out in the area, it is thus worth examining the role of OC. As expounded earlier on the pivotal role of HR practices in managing the human capital that can heighten OC, thus reducing the intention to quit by employees, we would like to propose OC as the factor that mediates the relationship between HR practices and turnover intention.

The effects of HR practices and organizational engagement

Many have claimed that OE predicts employee outcomes, organizational success and financial performance (Bates 2004; Baumruk 2004; Richman 2006). However, OE has rarely been studied in the academic literature (Saks 2006). It is imperative to note that the literature indicates that OE is different from commitment. Saks (2006) argued that the former is different from the latter. OE is the desire to remain as a member of a particular organization that is translated in the form of willingness to conform to the organization values and exert effort for the good of the organization as a whole (Becker, Randal and Riegel 1995). On the other hand, OE is the degree of absorption into one’s role performance in an organization (Saks 2006).

The report in the Society for Human Resource Management (SHRM) Special Expertise Panels 2006 (Lockwood 2007) indicated that HR practices play a pivotal role in engaging employees. In his review on past literature on factors relate to OE and employer of choice, Higgs (2007) reckons that to be the employer of choice, organizations must take care of extrinsic rewards such as financial payments and benefits. On the other hand, to create high degree of OE, intrinsic rewards are pertinent, such as employee development and positive climate in the workplace. All the factors mentioned by Higgs are actually within HR management that is realized in the form of policies and practices. This implies the critical role of HR practices as tools for organizations to make employees engrossed and engaged in their job performance by providing challenging job with available resources and opportunities for growth and development.

OE has become an important employee outcome because given the stiff rivalry and dynamic business environment, employers who aspire to move forward need to attract, develop and retain employees to maintain competitiveness. At this juncture, one critical issue that arises is about the practices or environment that can result in OE. As noted by May, Gilson and Harter (2004), psychological conditions have powerful impact in creating engaged employees. The conditions include good fit between employees and the jobs/roles performed and the freedom in making decisions related to the jobs. It was found in a survey that OE was associated strongest to job design (Clinton, Woollard and Martin 2011). This implies that when employees are effectively deployed, their OE tends to be high because there is a good fit between their skills and the job requirement. Furthermore, Lockwood (2007) posits that other HR practices could also influence OE, such as compensation, opportunities for development and rewards for employees’ contribution. In other words, employers have to earn OE by using HR policies and initiatives.
The effects of organizational engagement and turnover intention

Employees with high level of engagement are five times less likely to voluntarily leave the organization (Vance 2006). On the basis of a survey that studied four different organizations in the Netherlands, Schaufeli and Bakker (2004) found that employee engagement is negatively related to turnover intention. Turnover intention is defined as the intention to leave a job on a voluntary basis (Falkenburg and Sachyns 2007). In their longitudinal study among stayers and movers in Belgium, De Lange, De Witte and Notelaers (2008) found that employees with low work engagement and low job autonomy predicted actual transfer to other company. This implies that employees who have high engagement were unlikely to leave the organizations. According to Halbesleben and Wheeler (2008), employees who are highly engaged to the organizations are those who have invested a lot of energy and effort in their jobs and the company. With all the resources they have benefited and enjoyed, they are unlikely to resign. However, the study outcomes of Halbesleben and Wheeler (2008) did not give strong support to their views. The result indicated that engagement did not give significant contribution in explaining the variance in turnover intention when other variables (e.g. satisfaction, commitment and embeddedness) were accounted. This finding is quite inconsistent with the others that highly supported the momentous effect of engagement on turnover intention. Nevertheless, given the majority scholars who concur that engagement significantly influences turnover intention, the present study would propose the same viewpoint.

Mediating role of organizational engagement

In their survey, Schaufeli and Bakker (2004) found that OE mediated the relationship between job resources and turnover intention. The job resources referred to giving fair performance feedback, proper coaching and peer support to employees. This suggests that certain HR practices are able to affect turnover intention through employee engagement. In the present study, the HR practices are extended to the other components of HR functions such as compensation, person–job fit, job control and career development. Good people management that takes care of compensation, selection, performance appraisal, training and career management is expected to result in positive work experience. In turn, employees tend to feel engaged and captivated with the goings-on in the organizations that would eventually lessen the likelihood to leave the organizations. This infers that for HR practices to result in less intention to leave, the former has to affect OE first. HR practices are expected to create a condition that is fulfilling and meaningful that employees would reciprocate in the form of high OE. In turn, high OE would lessen the employees’ likeliness to leave the organizations. Therefore, we would like to propose that OE mediated the relationship between HR practices and turnover intention.

A brief account about employment in Malaysia in general

A survey conducted by Towers Watson indicated that staff turnover in Malaysia has doubled to 16% in 2011 as compared to 2010 (Towers Watson Data Services 2011). The survey also indicated that the top and senior management levels contributed to higher turnover rate. The major reason for leaving among top management levels was better pay elsewhere, and for managers and professionals, the major motive for leaving was better growth and career opportunities. It seems that monetary reward is the motivating factor not just for lower level employees; even those at the higher levels are also equally motivated by money. Regardless of economic sector or in what rank the employee is in, better pay is
still a relevant factor that is always used by employers to attract people. However, as previously discussed, better pay alone may not suffice to stop employees from leaving because without a good practice of HRM, employees would still be determined to resign if they no longer perceive any benefit of staying.

In the case of Malaysia, high turnover is problematic in the local arena, and the trend for employees to leave the country and work abroad is also worrisome. Because of the fact that the country aspires to be a high-income economy by the year 2020, the nation needs valuable human capital. Therefore, at present, the Malaysian economic policy is directed toward developing the human capital via talent management strategies. To realize the objective, Talent Corporation (TC) was established in Malaysia in January 2011 with the objectives to establish policies that are able to attract and retain Malaysian diaspora and talented locals to remain in the country. The establishment of TC is mainly to ensure that the country has the human capital to fill the 3.3 million new job opportunities arising from the implementation of the Economic Transformation Programme (ETP). Under the policy, employers are encouraged to invest in human capital management that will boost the quality of the human resources.

Nevertheless, employers have to ensure that they are able to retain the employees to enjoy the investment they make in human development. Given the increasing turnover rate in the country, employers are having a difficult time in managing employees with the objective to increase retention. It was reported by the Malaysian Employers Federation that the highest turnover rate is in IT/communication (at 75%) followed by associations/societies (at 33%) and hotel/restaurant (at 32.4%); and the lowest is in banking/finance/insurance (at 12.12%) (Goh 2012). Employers are caught in the middle, between the need to develop talents and the risk of losing their valued employees. This is where the need arises to examine what induce employees to leave, and the findings are potentially useful in giving some insights to employers on which HR strategies are effective in dealing with turnover intention. Previous studies indicated that OC and engagement are two major factors that mediate the effect of HRM on turnover intention. Therefore, this became that purpose of the study.

To conduct the research, the present study was focused on employees working in Klang Valley due to its location; it is situated in a region that is highly populated with active economic activities. In 2012, the total population in Klang Valley was approximately 7.5 million, which is 26% of the total population of Malaysia. Given its location that encompasses Kuala Lumpur (the capital city of Malaysia) and other adjoining cities and towns, Klang Valley is the most populated area in the country that attracts people from other states in Malaysia due to the thriving economic activities and rapid development in terms of physical infrastructure. In Kuala Lumpur alone, the population is very high at approximately 6819 persons per square kilometer.

**Conceptual framework of the study**

There have been extensive discussions and studies conducted to examine the effects of OC and engagement on turnover intention in different settings. In the literature, the two constructs have been greatly defined on the distinctiveness and uniqueness from each other, even though in many cases these constructs are used interchangeably. The present study aimed to determine the degree of distinctiveness between OC and engagement using factor analysis. It is noted by Saks (2006) that OE is the extent of a person’s engrossment and absorption into job performance. On the other hand, OC is the degree of willingness of a person to conform to the values and culture in the organization he or she is serving.
Therefore, given the different conceptual definitions of both variables, it is pertinent to treat them as such and examine the respective relationships with HR practices and turnover intention. Figure 1 shows the conceptual framework of the study.

**Data collection and research instruments**

Data were collected using survey forms. Given the various economic sectors in Klang Valley, a number of organizations were identified from different industries. However, given the difficulty to obtain permissions to distribute questionnaires from the employers, the research only managed to approach 42 organizations. Majority of the participating organizations were banks, insurance and finance (19 firms) and higher educational institutions (10 universities and colleges). Each participating organization was provided 30–50 survey forms along with souvenirs for the respondents. The distribution and collection of the forms were conducted by the researchers themselves. Finally, a total of 497 forms were received but quite a number of forms were poorly responded and therefore only 457 were used for analysis.

The questionnaire was divided into two sections: Section A asked about HR practices and employee outcomes; and Section B asked about the respondents’ demographic profiles. *Performance appraisal* was measured using six items that were adopted and adapted from Dulebohn and Ferris (1999) that were originally used to measure employees’ perception on procedural justice in performance appraisal; career management items were adopted from Sturges, Guest and Davey (2000) that consisted of 10 items; selection was measured using items developed by Cable and Judge (1996) and Abdel Halim (1981), which were originally intended to measure person–organization and person–job fit, respectively. Compensation was measured by using items from Smith (1976), which were originally used to measure satisfaction with pay. All these items were modified according to the need of the study, which sought to measure the perception of employees on HR practices in their organizations. OC items were adopted from Organizational Commitment General Social Survey conducted in 1991 by Marsden, Kalleberg and Cook (1993) that consisted of six items and OE used six items that were adopted from Saks (2006). Finally, turnover intention used three items from Cammann, Fichman, Jenkins and Klesh (1979). All the items were measured on a five-point scale that ranged from 1 (strongly disagree) to 5 (strongly agree).

**Reliability of measurement items**

All the items were analyzed using principal axis factoring with an orthogonal (varimax) rotation. Besides relying on visual observation of the scree plot in deciding on the number
of factors to be extracted, latent roots criterion (eigenvalues greater than 1) was also used. Nine factors were produced consisting of items for the respective variables, which explained 53.84% of the total variance. An examination of the correlation matrix indicated that a considerable number of correlations exceeded 0.3 and so the matrix was suitable for factoring. The Bartlett test of sphericity is significant and the Kaiser–Meyer–Olkin measure of sampling adequacy is 0.926, which was far greater than 0.6. Inspection of the anti-image correlation matrix revealed that all the measures of sampling adequacy were well above the acceptable level of 0.5. In selecting items for each scale, two criteria were used: first, items on a single factor with factor loading of 0.3 or less were dropped (Hair, Anderson, Tatham and Black 1998); second, to improve scale reliability, items with less than 0.3 item-to-total correlations were deleted from the scales (Nunnally 1978).

Factor 1 contained all the 10 items that reflected career management and they were all clear-cut because all the items were loaded in the intended group. The Cronbach’s α value for career management variable was 0.879. Unlike Factor 1, Factor 2 contained items that were not appropriately loaded in the expected groups. It contained three items that were meant to measure person–organization fit and four items to measure OC. Factor 2 was then labeled as organizational commitment with a Cronbach’s α value of 0.851. Factor 3 contained all the items that measured person–job fit with a Cronbach’s α value of 0.813. Factor 4 contained all negatively worded items that consisted of three items that reflected turnover intention, one item on OE and another on OC. Only the three items that reflected turnover intention were maintained (and the other two were removed) that yielded the highest Cronbach’s α (0.898). Factor 5 was labeled organizational engagement that contained the intended five items. The Cronbach’s α is 0.837. Factor 6 was named compensation that consisted of three items and yielded a Cronbach’s α value of 0.816. The next factor, named performance appraisal, contained four clear-cut items on performance appraisal with a Cronbach’s α value of 0.847. Factor 8 was labeled job control and it consisted of three items with a Cronbach’s α value of 0.783. Despite the high loadings, Factor 9 was dropped since all the items within the respective factors did not appropriately load in the expected group, and thus the factor had to be dropped for further analyses.

Data analysis

Demographic analysis

A total of 457 respondents participated in the study. Forty-six percent of them were aged between 21 and 30 years and 31% were aged between 31 and 40 years. The others were aged less than 20 years (1%) and more than 40 years (22%). Fifty-five percent of the respondents had bachelor degree or higher, 25% had college or polytechnic education and 20% had high school education and below. More than half of the respondents (55%) were female. Almost 64% had worked five years or less with the same employers in the same job. Majority of them worked in banking/insurance/finance sector (68%) and this is expected because majority of the firms that participated in the study were from this sector alone.

Table 1 presents the mean, standard deviation and intercorrelation values of the study variables. First, it is worth noting that there are two significant moderate correlations between Pair 1 (career management–performance appraisal [r = 0.64, p < 0.001]) and Pair 2 (OC–OE [r = 0.68, p < 0.001]). However, the results of a paired t-test indicated significant differences for both Pair 1 (t(456) = 13.611, p < 0.001) and Pair 2 (t(456) = 5.149, p < 0.001), respectively. These findings indicated that while the two pairs of variables were related, the respective pairs had significantly different mean values;
Table 1. Descriptive statistics and intercorrelations among study variables (N = 457).

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Career management</td>
<td>3.56</td>
<td>0.63</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Person–job fit</td>
<td>3.83</td>
<td>0.62</td>
<td>0.47a</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Compensation</td>
<td>3.28</td>
<td>0.83</td>
<td>0.48a</td>
<td>0.37a</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Performance appraisal</td>
<td>3.91</td>
<td>0.65</td>
<td>0.64a</td>
<td>0.45a</td>
<td>0.36a</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Job control</td>
<td>3.62</td>
<td>0.73</td>
<td>0.37a</td>
<td>0.51a</td>
<td>0.45a</td>
<td>0.34a</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Organizational commitment</td>
<td>3.58</td>
<td>0.61</td>
<td>0.52a</td>
<td>0.53a</td>
<td>0.49a</td>
<td>0.46a</td>
<td>0.48a</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Organizational engagement</td>
<td>3.46</td>
<td>0.65</td>
<td>0.53a</td>
<td>0.48a</td>
<td>0.48a</td>
<td>0.47a</td>
<td>0.48a</td>
<td>0.68a</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>8. Turnover intention</td>
<td>2.75</td>
<td>1.00</td>
<td>-0.23a</td>
<td>-0.33a</td>
<td>-0.30a</td>
<td>-0.30a</td>
<td>-0.27a</td>
<td>-0.40a</td>
<td>-0.39a</td>
<td>1.00</td>
</tr>
</tbody>
</table>

*a Correlation is significant at the 0.01 level (one-tailed).
respondents indicated higher mean for performance appraisal ($M = 3.9$) than career management ($M = 3.5$), and higher mean for OC ($M = 3.6$) than OE ($M = 3.4$). All the HR practices variables were significantly related to OC and OE with positive relations. Also, as expected, all the variables were negatively related to turnover intention with significant relationships.

**Multiple linear regression results: HR practices effects on organizational commitment**

Multiple linear regression (MLR) was used to determine the relationship between the whole set of HR practices and OC. The results in Table 2 showed that all the five HR practices explained 44.7% of the variance in OC ($F = 74.787$, $p < 0.05$). All the HR practices were significantly related to OC with positive relationships. It was also found that person–job fit was the strongest predictor for OC ($\beta = 0.234$, $p = 0.000$) followed by compensation ($\beta = 0.205$, $p = 0.000$), career management ($\beta = 0.184$, $p = 0.000$) and job control ($\beta = 0.169$, $p = 0.000$). Performance appraisal was indicated as the weakest predictor for OC ($\beta = 0.110$, $p = 0.018$).

**Hierarchical regression analyses: testing mediating effect of organizational commitment**

To determine whether OC has mediating effect on the relationship between each HR practices and turnover intention, hierarchical regression analyses were performed. According to Baron and Kenny (1986), there are basically three conditions to be met in considering the mediating effect of a variable. First, the predictors (HR practices) and the dependent variable (turnover intention) must be correlated; second, the predictors (HR practices) must be significantly correlated with the mediator variable; third, both predictors (HR practitioners) and mediator variable must be correlated with the dependent variable (turnover intention). If the effect size of the predictor variable is reduced to nonsignificant after the mediator variable is controlled, then it is considered a complete mediator. However, if the effect size of the predictor variable is reduced but is still different from zero after the inclusion of mediator variable, then it is considered to be partial mediator.

As displayed in Model 1 of Table 3, career management was not significantly related to turnover intention and surprisingly the relationship was positive ($\beta = 0.071$, $p = 0.240$). Job control also was insignificantly related to OC ($\beta = -0.070$, $p = 0.187$). As expected, all other HR practices variables are significantly related with positive relationship; person–job fit ($\beta = -0.184$, $p = 0.001$), pay satisfaction ($\beta = -0.167$, $p = 0.001$) and performance appraisal ($\beta = -0.180$, $p = 0.002$). All these variables explained 15.7% of the variance in turnover intention. But, as shown in Model 2, after the inclusion of the

### Table 2. Summary of multiple linear regression analysis of organizational commitment on predictor variables ($N = 457$).

<table>
<thead>
<tr>
<th>Predictor variables entered</th>
<th>$p$</th>
<th>Standardized $\beta$</th>
<th>$R$</th>
<th>Adjusted $R^2$</th>
<th>$F$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career management</td>
<td>0.001</td>
<td>0.184</td>
<td>0.673</td>
<td>0.447</td>
<td>74.787*</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.001</td>
<td>0.205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person–job fit</td>
<td>0.001</td>
<td>0.234</td>
<td></td>
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<tr>
<td>Performance appraisal</td>
<td>0.018</td>
<td>0.110</td>
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<tr>
<td>Job control</td>
<td>0.001</td>
<td>0.169</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

* $p < 0.05$. 
mediator variable (i.e. OC), the previous significant relationship did not change to nonsignificant but the strength of the relationship decreased; person–job fit ($\beta = -0.126$, $p = 0.022$), pay satisfaction ($\beta = -0.116$, $p = 0.028$) and performance appraisal ($\beta = -0.153$, $p = 0.007$). Given the significant effect of OC on turnover intention ($\beta = -0.251$, $p = 0.000$), it indicated that OC served as a partial mediator between HR practices and turnover intention. Model 2 showed that the all predictors (HR practices and OC) contributed 19% of the variance in turnover intention.

**MLR results: HR practices effects on organizational engagement**

MLR was used to determine the relationship between the whole set of HR practices and OE. The results in Table 4 showed that all the four HR practices explain 42.8% of the variance in OE ($F = 69.367$, $p < 0.05$). All the HR practices are significantly related to OE with positive relationships. It was also found that career management is the strongest predictor for OE ($\beta = 0.216$, $p = 0.000$) followed by job control ($\beta = 0.196$, $p = 0.000$), compensation ($\beta = 0.183$, $p = 0.000$) and person–job fit ($\beta = 0.152$, $p = 0.001$). Performance appraisal was the weakest predictor in explaining the variance in OE ($\beta = 0.136$, $p = 0.004$).

**Hierarchical regression analyses: testing mediating effect of organizational engagement**

To determine whether OE has mediating effect on the relationship between each HR practices and turnover intention, hierarchical regression analyses were performed. As displayed in Model 1 of Table 5, career management was not significantly related to turnover intention and surprisingly the relationship was positive ($\beta = 0.071$, $p = 0.240$). Job control was also insignificantly related to turnover intention ($\beta = -0.021$, $p = 0.187$). As expected, the other HR practices variables were significantly related with positive relationship; person–job fit ($\beta = -0.184$, $p = 0.001$), compensation ($\beta = -0.167$, $p = 0.001$) and performance appraisal ($\beta = -0.180$, $p = 0.002$). All these variables explained 15.6% of the variance in turnover intention.

But, as shown in Model 2, after the inclusion of the mediator variable (i.e. OE), the previous significant relationship did not change to nonsignificant but the strength of the
relationship was decreased; person–job fit (β = −0.147, p = 0.007), compensation (β = −0.122, p = 0.020) and performance appraisal (β = −0.147, p = 0.010). Job control remained the insignificant predictor of OE (β = −0.021, p = 0.688). Unexpectedly, career management that was found insignificant in the first model, was found significant with relatively high β coefficient that suggested itself as a strong predictor for turnover intention (β = 0.125, p = 0.040). The overall results indicated that the OE served as a partial mediator between HR practices and turnover intention. Model 2 showed that the all predictors (HR practices and OE) contributed 19% of the variance in turnover intention.

Discussion of findings

The results of the study provide a strong indication that HR practices positively contribute to OC. This is in line with the propositions and findings in prior studies (Yeung and Berman 1997; Hiltrop and Depres 1994; Whitener 2001; Eisenberger et al. 1990; Chan 2008). The finding that indicates person–job fit as the strongest predictor of OC suggests that employees who perceive they have the skills and abilities to perform their jobs tend to feel more committed to the organizations. Recruitment and selection process should be designed in such a way that it is able to gauge a person’s potential skills and abilities to find the right fit with the jobs to be performed. Besides skills and abilities, the person’s values should also be evaluated and measured. Hiring a person with incompatible values, despite matching skills and abilities, would still be a critical factor in making the person a committed worker.

Another important finding is that compensation is the second strongest predictor for OC. This finding is not in line with the survey outcomes of Bhagat and Chassie (1981) and Shore and Barksdale (1998), who find an insignificant relationship between the two variables. As contended by Whitener (2001), compensation is a pivotal aspect in HR management that would have an impact on employee motivation and commitment. Critical issues in determining compensation package such as employees’ worth and pay equity should be addressed to avoid low OC. In case of Malaysia, looking for better pay elsewhere was indicated as the major reason for top managers for leaving and this might be attributed to lack of commitment and motivation. They might feel that they are under-rewarded despite the huge amount of commitment given to the organization. Given the high demand for their talents elsewhere, their tendency to resign is likely. This kind of perception may reduce their commitment to the organizations.

The result of the study that indicates HR practices explain 43% of the variance in OC signifies that HR management is vital and crucial and should not be taken lightly. Poor employee management would badly affect employees’ perception that might be
Table 5. Summary of hierarchical multiple regression analysis of turnover intention on predictor variables (N = 457).

<table>
<thead>
<tr>
<th>Model no</th>
<th>Predictor variables entered</th>
<th>P</th>
<th>Standardized β</th>
<th>t</th>
<th>R</th>
<th>Adjusted R²</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Career management</td>
<td>0.240</td>
<td>0.071</td>
<td>1.177</td>
<td>0.408</td>
<td>0.157</td>
<td>18.001*</td>
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<td></td>
<td>Person–job fit</td>
<td>0.001</td>
<td>-0.184</td>
<td>-3.397</td>
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</tr>
<tr>
<td></td>
<td>Compensation</td>
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<td>-0.167</td>
<td>-3.210</td>
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</tr>
<tr>
<td></td>
<td>Performance appraisal</td>
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<tr>
<td></td>
<td>Job control</td>
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<td>-0.070</td>
<td>-1.320</td>
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<td></td>
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<tr>
<td>2</td>
<td>Career management</td>
<td>0.040</td>
<td>0.125</td>
<td>2.055</td>
<td>0.448</td>
<td>0.190</td>
<td>18.857*</td>
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<tr>
<td></td>
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<td>-0.147</td>
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<td></td>
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<td>-2.598</td>
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<tr>
<td></td>
<td>Job control</td>
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<td>-0.021</td>
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<tr>
<td></td>
<td>Organizational engagement</td>
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<td>-0.0247</td>
<td>-0.410</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05.
reciprocated in the form of low commitment. As noted by Hiltrop (1996), good HR practices have powerful impact on employees’ motivation and commitment that would eventually be exhibited in positive attitude and behavior that can support the organizations to implement their competitive strategies.

Another important finding is that OC is found to mediate the effect of HR practices on turnover intention. Even though the study only measured turnover intention, as posited by most scholars (e.g., Miller et al. 1979; Mobley et al. 1979; Arnold and Feldman 1982; Steel and Ovalle 1984; Cotton and Tuttle 1986; Rasch and Harrell 1990), intention can be regarded as a strong predictor to the actual behavior and it has consistent positive relationship with actual turnover. Indeed, it is plausible for an employee who has low commitment to the organization to have intention to quit and work for another employer who can offer better job prospect. One can argue that it is just intentions that are not realized yet. But it is just a matter of time that the person would decide to leave and bring along the experience and skills learned to the other organization. This finding should be taken seriously by managers because employees who have low commitment and thus high turnover intention are not likely to feel compelled to commit and give all their efforts for the organizations. Any HR policy or initiative that aims to retain employees must first address the need to increase employees’ commitment to the organizations.

The study results also provide a strong support to the notion that HR practices significantly influence OE, as suggested in prior studies (May et al. 2004; Higgs 2007; Lockwood 2007). The result of the study that indicates HR practices explains 42.8% of the variance in OE signifies that HR management is vital and crucial in creating the sense of engagement. Career management is found to be the strongest predictor for OE ($\beta = 0.216$, $p = 0.000$) and this is in line with Higgs (2007) who contends that employee development is pertinent in instilling the sense of engagement in employees. Coupled with other HR practices such as compensation, putting the right person at the right job and providing employees with the feeling of freedom in the job performance really help in boosting the sense of meaningfulness in employees.

Another important finding is career management, which was shown as an insignificant predictor ($\beta = 0.071$, $p = 0.240$) to explain the variance in turnover intention. This is observed when multiple regression analysis was conducted to see the explanatory power of all the HR practices as predictors for turnover intention. More surprisingly, unlike all other HR practices that were negatively related to turnover intention, career management was found positively related to the dependent variable. The observation became more interesting when OE (the mediator variable) was included in the regression analysis. It was found that career management, which was initially insignificant, has turned out to be significant ($\beta = 0.125$, $p = 0.040$). As explained in the earlier section, in Malaysia, the main reason for the managers and professionals to leave is to go for better career prospect in other organizations. This could be due to limited opportunity of development programs in the organizations. Managers and professionals are the key people who have talent and potential. If their talent is not identified, developed and managed, they do not see the point of staying and might as well leave for greener pastures in other companies that are more promising. Another reason that could possibly explain this finding is, given the majority of the respondents who are aged less than 40 years (77%) and more than half of the respondents were highly educated (had bachelor degree or higher), the need for them to develop and expand their skills is high. They look forward to programs that are able to develop their potential for personal growth. Lack of attention in responding to their needs might affect their engagement to the organization and thus increase the likeliness to leave.
The overall findings gave some useful lessons. First, OE, as posited by many scholars (Schaufeli and Bakker 2004; Vance 2006; Berry 2010), is inversely related to turnover intention. Second, the impact of HR practices on turnover intention is somehow influenced by the effectiveness of HRM in creating the sense of engagement among employees. Therefore, any initiatives to reduce turnover intention should not neglect the need to create the feeling of absorption and engrossment among employees in their job performance. Third, there are various HR practices that consist of recruitment, selection, deployment, compensation, performance appraisal and career management. Each element has its own impact on employees that differs in terms of strength in creating the sense of engagement. As reflected by the study finding, career management is the best predictor for engagement and performance appraisal is the weakest.

Fourth, career management was found as an insignificant predictor to turnover intention but when OE was included in the equation as a mediator, career management became significant. This indicated that career management’s role is pivotal in relation to engagement. Finally, the positive relationship between career management and turnover intention infers that when employees are given sufficient support in their personal development and growth, they perceive themselves as more marketable and employable in other organizations. Therefore, they have the tendency to leave. This is inconsistent with majority views but looking at the profile of the respondents of the study, it was indicated that majority of them (46% of the respondents) are aged between 21 and 30 years. Possibly at their age, they are still in the exploration stage in their career and it is plausible for them to have the tendency to leave especially when they perceive themselves as having the potential that makes them employable outside.

In summary, the MLR outcomes indicated that career management and job control were insignificant predictors for turnover intention. These findings gave important lessons for HR practitioners that only providing opportunities for career development and more autonomy in jobs might not help to reduce the tendency to leave among employees. What is pertinent is to come up with ways and strategies in HRM that can boost OC and OE, which subsequently lessen the intention to leave.

Conclusion

This study establishes the significant effect of HR practices on OC, OE and turnover intention. HR policies are therefore vital factors in creating the sense of commitment and engagement among employees in their job performance. It was also indicated that OC and OE mediated the relationship between HR practices and turnover intention. The only unexpected finding is when career management was found positively related to turnover intention. However, as explained earlier, given the characteristics of the respondents of the study that were made up of younger employees, the tendency to leave is inevitable. Therefore, future research should examine the antecedents of turnover intention that might have significant impact on retention.

The study results, which are consistent with prior findings, give stronger evidence that HR practices should be well managed because employees would reciprocate in the form of higher commitment and engagement and lower intention to quit. The present study has several limitations. First, the respondents were only those who worked in one region in a state of Malaysia that has an overall total labor force of almost 10 millions. In addition, the sample was far too small. Therefore, the findings cannot be generalized to other regions. Future studies should also include other regions in other states of Malaysia. Second, given the various industries in Malaysia that range from manufacturing to agriculture to services,
there might be differences in the HR practices and policies that might result in different findings. Future research could be done to concentrate on one particular sector only.

Acknowledgements
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References


