# The impact of HRM Bundles and Organisational Commitment on Managers Turnover Intentions

Hakim Mahesar

# THE IMPACT OF HRM BUNDLES AND ORGANISATIONAL COMMITMENT ON MANAGERS TURNOVER INTENTIONS

**HAKIM ALI MAHESAR**

**PhD**

2015

**UNIVERSITY OF BEDFORDSHIRE**

# THE IMPACT OF HRM BUNDLES AND ORGANISATIONAL COMMITMENT ON MANAGERS TURNOVER INTENTIONS

by

**HAKIM ALI MAHESAR**

A thesis submitted to the University of Bedfordshire, in partial fulfilment of the requirement for the degree of Doctor of Philosophy.

April 2015

# The Impact of HRM Bundles and Organisational Commitment on Managers Turnover Intentions

Hakim Ali Mahesar

## Abstract

Despite the significance of understanding the reasons under which talented individuals are more likely or less likely to quit, the nature of the relationship between Human Resource Management Practices (HRMPs) and turnover intentions has proven to be unclear. Prior studies suggest that talented employees' turnover imposes significant negative impact on organisational performance, e.g. decrease in productivity, profitability, innovation, serviceability and morale of remaining employees. Likewise, a serious talented Frontline Managers (FLMs) turnover is observed in the private banks of Pakistan. The corresponding reason identified is their dissatisfaction with existing conventional HRMPs, which are typically bureaucratic in nature with no provision of training and development, and lack appreciation, seniority-based pay and promotions. Owing to these factors, FLMs are switching towards reputable government and multinational organisations. In fact, FLMs play an important role in the development and success of banks.

To investigate this issue, the present study elaborates an examination of the use of synergistic HRMPs in an on-going effort to control the talented FLMs' turnover intentions. Precisely, it examines the impact of two formative bundles, namely, skills-enhancing practices (SEPs, i.e. training and development) and motivation-enhancing practices (MEPs, i.e. pay, promotion, recognition and job security) on FLMs' turnover intentions through organisational commitment. The research methodology employs a positivist philosophy, deductive approach and a quantitative method followed by a survey-based research design. A total of 500

questionnaires were distributed through random sampling technique; 344 questionnaires were finalised for analysis. PLS-SEM was used to test the research hypotheses. Contrary to conventional wisdom, the findings of this study indicate that both SEPs and MEPs demonstrate no significant direct impact on talented FLMs' turnover intentions. However, organisational commitment (OC) has been found to fully mediate the relationships between both HRM bundles and FLMs' turnover intentions.

This research contributes to HRM literature particularly in the area of HRMPs—Turnover relationships. Furthermore, this study reveals that socio-economic relationships can be used to influence FLMs' OC and turnover intentions. The findings further suggest that adoption of effective SEPs and MEPs in local banks enhance talented FLMs' skills and motivation which eventually reduce their turnover intentions. Additionally, this study highlights the important and critical role of OC in HRMPs—turnover relationships, particularly in the Pakistani banking sector and further recommends management to review their HRMPs, which not only tend to reduce turnover but also lead to FLMs' enhanced enthusiasm to serve.

**Conference Presentations**

Based on this thesis, following work has been presented/published and submitted in the respective international conferences.

Mahesar, H. A., Cao, G. and Clark, J (2014) The Impact of Motivation-Enhancing Practices on Talented FLMs Turnover Intention: Mediating Role of Organisational Commitment. Presented at: *International Journal of Arts and Sciences* (2-5 December, 2014), Freiburg, Germany.

Mahesar, H. A., Cao, G. and Clark, J (2015) The Impact of Selected Human Resource Management Practices on Frontline Bank Managers' Commitment. Paper accepted for presentation at: *The Clute Institute* (7-8 June, 2015), London, UK.

## Dedication

This doctoral study is dedicated to my late Father, Mother and Brother, whose dream was to see me as a highly educated individual (May their souls rest in the eternal peace). Besides, I also dedicate this research to my wife Farhana Ali Mahesar, my sons Arslan Ali Mahesar and Furqan Ali Mahesar and my lovely daughter Urooba Ali Mahesar. I love you guys. Indeed, I am thankful for your patience as this journey in my life has consumed much of the time that I could have spent with you by acknowledging the formula FF (family first). Your support and prayers are highly appreciated and acknowledged. If I had not had your loving encouragement over the past four years, I would have definitely given up a long ago. Last, but not least, I also dedicate this research to my supervisory team, my elder brother and sisters for their inspirational support during my study period in the UK.

## Acknowledgments

All praise to God, the Almighty, for having made everything possible by giving me strength and courage to successfully complete all the stages of this degree. There are many people whom I also want to thank. The first one is Dr. Guangming Cao, my mentor who kept his eagle eye on my work and regularly pushed me to improve my dissertation in order to take myself one step forward. I am also thankful to Dr. John Clark for his invaluable support and guidance which unquestionably has made this dissertation possible. I also want to immensely thank my Father and Mother who provided me an early encouragement and motivation to achieve the goal. I am also thankful to Professor Stephen Perkins, Dr. Muhammad Azam Roomi, Professor Angus Duncan and Dr. Kathlyn Wilson for their early supervision during this PhD Journey. I am also thankful to Professor Helen Bailey, Professor Jan Domin, Dr. Giannandrea Poesio and Rumnique Gill for their invaluable support during the difficult times.

I would also want to thank my friends in Luton, London and Pakistan, Syed Muhammad Yaqzan, Waseem Ahmed Shaikh, Abdul Qayoom (Jani), Abdul Samee Shaikh, Syed Naimatullah Shah, Abdul Fattah Soomro, Muhammad Sharif Abbasi, Syed Sarwar Shah, Sonal Godhania, Abdul Jaleel Mahesar, Rashid Ali Mahesar, Ashique Ali Jhatial and Naveed Ali Memon for their social support. I would like to thank Dr. Peter Norrington for proofreading the thesis.

I would also like to express my truthful thanks and appreciation to the University of Sindh, Jamshoro and the Higher Education Commission of Pakistan (HEC) for sponsoring me on this PhD study at the University of Bedfordshire, UK. I also extend my deepest appreciation to the Research Graduate School (RGS) at the University of Bedfordshire, for their exceptional support. Sincere thanks also go to all participant Frontline Managers in this research for their great support and full cooperation during the data collection. Without their support, the empirical stage of this research would not have been successful. Also, I am thankful to HRD managers of the responding banks; in spite of their busy schedules they helped me to a great extent. Again, thanks to all those who directly and indirectly helped me during the PhD journey.

# Table of Contents

# List of Figures

# List of Tables

## Author's Declaration

I, Hakim Ali Mahesar, declare that the ideas, research work, analyses and conclusions reported in my PhD thesis titled: 'The Impact of HRM Bundles and Organisational Commitment on Managers' Turnover Intentions' is exclusively my effort, except where otherwise acknowledged. I also declare here, this PhD thesis contains no material that has been submitted before, in whole or in part, for the award of any other academic degrees or diplomas. Except where otherwise indicated, this thesis is my own work and effort.

**Name of candidate:**  Hakim Ali Mahesar          **Signature:**

**Date:**

**CHAPTER ONE: THE PROBLEM AND ITS SETTING**

## 1.1    Research Background

Talented employees' turnover is a serious concern for organisations across the world, as it negatively affects the organisation's bottom-line (Campion, 1991; Shaw *et al.*, 2009; Kidwell, 2011). Examples of effects are: decline in the performance of remaining employees due to drop in morale, customers move towards competing organisations owing to weak, delayed and inefficient services, more over-time payments to inside and outside employees, who temporarily carry on the work burden and costs paid to the supervisors and co-workers to mix with new recruits (Tziner and Birati, 1996; Abbasi and Hollman, 2000).

Talented employees refer to those employees who have high personal drive, learning ability, embrace change, welcome new assignments and deliver for the organisation. Essentially, they have a track record of success and proven skills in shaping the future, delivering productive results and engaging subordinates (Ulrich and Smallwood, 2011). Literature also suggests that talented individuals execute their plans in a better way than do poor-performing fellow colleagues (Phillips *et al.*, 1989; Allen and Griffeth, 2001). This feature makes them highly demanded in the market due to better performance and resultantly they become well-known to competing organisations (Phillips *et al.*, 1989; Shaw *et al.*, 2009; Oldroyd and Morris, 2012). As per prior studies, it is highly disadvantageous to the organisation when their best and brightest performers leave (Carmeli and Weisberg, 2006; Kidwell, 2011).

It is true that succeeding organisations overwhelmingly endeavour to hire the talented individuals of its rivals in order to have a competitive advantage in the market (Pfeffer, 1998; Trevor and Nyberg, 2008). The potential disadvantages to former organisations could be: loss of talent, drain of experience and knowledge

of the skilful individuals towards their competitors (Trevor and Nyberg, 2008; Allen *et al.*, 2010). However, it becomes more shocking to organisations when such departing employees take valuable skills, information and knowledge about the project and people with them (Carmeli and Weisberg, 2006; Kidwell, 2011).

A considerable research effort has been devoted towards the general employees' turnover intentions (Haines *et al.*, 2010). But, visibly, little research has been conducted, if any, on talented frontline managers' (FLMs) turnover intentions (Purcell and Hutchinson, 2007; Jaffari *et al.*, 2011). Authors such as Guthrie (2001) and Purcell and Hutchinson (2007) have found that organisations differ in ways of managing their different types of employees such as clerical staff, first line managers and high professionals. According to them, these employee groups have different motivations, skills and expectations in the workplace. Purcell and Hutchinson (2007) also suggest that top management have to be fair while managing employees, in particular the talented FLMs, as the actions of these individuals directly impact on achievements of the organisation. Hence, it is important for organisations to manage their FLM turnover, which undoubtedly plays a key role in organisational prosperity.

To control talented individual turnover, many researchers in this regard have identified that organisational HRMPs play an important role in retaining such employees (Huselid, 1995; Hiltrop, 1999; Shaw *et al.*, 2009). Furthermore, Khilji and Wang (2007) have determined that there is a relationship between different HRMPs and employees' turnover intentions, with a stronger relationship observed for FLMs than the operational-level employees and top executives. They further portray that the quality of HRMPs affects FLMs' motivation to stay or quit the organisation. Despite the importance of understanding the reasons under which talented employees are more likely to leave, the nature of the relationship between HRMPs and turnover intentions has proven to be unclear (Bryant and Allen, 2013). In addition, it is also not yet clear which HRMPs are significantly connected to their turnover intentions (Combs *et al.*, 2006; Abii *et al.*, 2013).

The prior literature also clearly presents and argues that talented individuals are more agile in changing organisation, compared to average and poor performers, if not provided with suitable HRMPs (Phillips *et al.*, 1989; Park *et al.*, 1994). Generally, these employees expect their respective organisations to provide them HRMPs which enhance their skills and motivation to stay (Huselid, 1995; Kwon, 2009). If organisations fail to provide skills- and motivation-enhancing practices, such as training, development and fair compensation packages, the talented individuals tend to quit without thinking too much (Shaw *et al.*, 2009).

According to Huselid (1995), HRMPs such as incentive compensation, performance management practices, employee involvement and training practices, enhance employees' skills and motivation to stay in the organisation. Thus, organisations need to improve their HRMPs, in particular those which enhance employees' skills and motivation to stay. As a matter of fact, employees stay decisions are of high interest to practitioners as these employees generate disproportionate value and more significantly an opportunity for the employer to have a competitive advantage in the market (Barney, 1991; Lepak and Snell, 1999; Kidwell, 2011).

The existing literature also indicates that suitable HRMPs are related to employee-related outcomes, e.g. organisational commitment (OC) (Agarwala, 2003; Meyer and Smith, 2000). Before discussing this relationship, it is important to provide a definition of OC. According to Johns (1996) and Bryant and Allen (2013), OC reflects a psychological attachment of an individual to the organisation. Arthur (1994) and Way (2002) have identified that HRMPs enhance individuals' OC and reduce their turnover intentions. But they formally hypothesised and tested only the direct association between HRMPs and employees' turnover and pointed out that OC could be the mediating factor. Thus, the mediation of OC between the HRMPs which augment employee skills and motivation and turnover intentions could lead to deeper insights. Hence, it is worth testing the role of any mediator in such a context.

Literature further suggests that OC is a proximal (immediate) outcome of HRMPs compared to turnover, which is a distal (situated away from) outcome (Kehoe and Wright, 2010; Haines *et al.*, 2010; Jiang *et al.*, 2012). According to Buck and Watson (2002) and Collins and Clark (2003), HRMPs initially affect individuals' attitudes and then affect their behaviour, e.g. turnover. Considerable research supports this idea that attitudes affect behaviours more than behaviours affect attitudes. Regarding this, Harrison *et al.* (2006) conducted a meta-analysis of 49 studies on job attitudes, such as job satisfaction and organisational commitment and work behaviour, e.g. turnover, involving over 10,000 people. They revealed that predictive correlations between the attitudes and behaviours were stronger than the predictive correlations between the behaviours and attitudes. They also recommended that the combined evidence from the studies meta-analysed tended to favour the attitude–behaviour mechanism. Hence, the role of the OC (attitude) as a mediator between selected HRMPs and turnover could help in depicting a clear picture.

Based on the above arguments, the present study aims to examine the impact of skills-enhancing practices and motivation-enhancing practices (SEPs and MEPs) on talented FLMs' turnover intentions through the intervening mechanism of OC. Additionally, this study also endeavours to bridge the work popularising the concept of SEPs and MEPs with the research literature by assessing the talented FLMs' turnover intentions, which have been rarely studied. In order to achieve this research aim, the following objectives have been developed:

➢ To investigate the impact of skills-enhancing practices on talented FLMs' turnover intentions in the private banks of Pakistan.

➢ To examine the impact of motivation-enhancing practices on talented FLMs' turnover intentions.

➢ To study the influence of organisational commitment on talented FLMs' turnover intentions.

➢ To find out whether or not organisational commitment mediates the relationship between selected skills- and motivation-enhancing practices and talented FLMs' turnover intentions.

## 1.2 Research Problem and Research Hypotheses

Prior studies have found a relationship between individual HRMPs and employees' turnover intentions; yet the statistical work has remained conceptually underdeveloped regarding the said relationship. In particular, the relationship between the synergistic effects of HRMPs, such as SEPs and MEPs on talented FLMs' turnover intentions is lacking. Moreover, the existing studies do not divulge information about the mediating role of OC between selected HRM bundles and talented FLMs' turnover intentions. Hence, the relationship among the combined HRMPs, OC and talented FLMs' turnover intentions across different industries, such as banking, needs to be studied. Developing countries like Pakistan need to know the contribution of different individual-related factors and talented FLMs' turnover intentions leading towards economic development and prosperity. Pakistan is gradually shifting its economy from agriculture to the services sector, which contributes almost 54% to the GDP of the country (Sarwar, 2013). Hence, it is important to determine empirically the contribution of the afore-mentioned factors, SEPs, MEPs and OC, towards talented FLMs' turnover intentions in the private banking sector of Pakistan.

Prior literature has identified that talented employees' turnover is a cause of concern for organisations, especially when these departing employees join other, similar types of competing organisation (Shaw *et al.*, 2009; Wallace and Gaylor, 2012). Such a type of turnover is costly and damaging to the organisations departed (Buck and Watson, 2002; Kidwell, 2011), because it imposes serious direct costs (recruitment, selection, and training and development of new entrants) and indirect costs (stress among the remaining employees, reduced output, drop in morale, loss of social capital) as indicated in the literature (Staw, 1980; Tziner and Birati, 1996; Ramlall, 2003).

Prior research suggests that there are still few conclusive findings regarding the effects of combined HRMPs and employees' outcomes. In fact, much of the research has focused on the HRMPs and organisational outcomes (Cappelli, 2000; Delaney and Godard, 2001). However, research is inconclusive in terms of the effect of HRM bundles on specific employee-related outcomes such as, overall

organisational commitment and talented FLMs' turnover intentions. This may be because of the methodological limitations and flawed approaches (Kinnie *et al.*, 2005).

Hornby (2006, p. 1533) defines theory as '*a formal set of ideas that are intended to explain why some things happen or exist*.' Broadly speaking, theory is generally used to understand the relationships among the study's concepts or constructs. In fact, it is the theory that offers the explanatory research model of how and why these concepts or constructs are interrelated. It is in the literature that theories often offer a basis for predicting the happening of phenomena and together with the conceptual models. These also assist in stimulating the research and the extension of knowledge by providing both direction and motivation (Houser, 2008).

Using the social exchange theory (Blau 1964), as a main theory and organisational support theory (Eisenberger *et al.*, 1986, 2002) as well as the ability, motivation and opportunity to participate (AMO) theory (Bailey, 1993), as alternative lens; this study aims to examine the impact of HRM bundles on employees' outcomes. This includes overall organisational commitment and turnover intentions. All these theories suggest that mutual commitment between the employees and employers basically starts with the organisation providing a supportive and helpful environment to its employees, who are driven towards achieving the set organisational goals. Specifically, social exchange theory recommends that exchange of encouraging treatment could be prolonged if the delivery of resources from another party is highly valued and actions are flexible (Blau, 1964; Eisenberger *et al.*, 2002).

Based on these theories, the present study discusses that FLMs' are more likely to reciprocate in better ways, when they perceive that organisation supports them (Allen *et al.*, 2003; Lambert *et al.*, 2001). In this regard, combined HRMPs such as, skills and motivation-enhancing bundles are expected to empower employees in various ways, which in turn lead to positive employee-related outcomes. This approach is desirable and appropriate for studies that link HRMPs and employee-

related outcomes, which are relatively scarce. Thus, there are reasonable theoretical and methodological grounds to justify this research. In particular, multi-theory approaches used in exploring the impact of two formative HRM bundles (SEPs and MEPs) and employee-related outcomes (organisational commitment and turnover intentions) to represent a further contributions to the theory and literature in the domain.

In order to deal with the above research problems, the following research questions have been framed:

**RQ1:** What is the impact of skills-enhancing practices on talented FLMs' turnover intentions in the private banks of Pakistan?

**RQ2:** Do motivation-enhancing practices impact on talented FLMs' turnover intentions?

**RQ3:** What is the impact of organisational commitment on talented FLMs' turnover intentions?

**RQ4:** Does organisational commitment mediate the relationship between selected skills- and motivation-enhancing practices and talented FLMs' turnover intentions?

Precisely, this research has developed five main hypotheses based on prior investigations to answer the above research questions:

➢ *H1. Skills-enhancing practices are negatively related to talented FLMs' turnover intentions.*

➢ *H2. Motivation-enhancing practices are negatively related to talented FLMs' turnover intentions.*

➢ *H3. Organisational commitment mediates the relationship between skills-enhancing practices and talented FLM turnover intentions.*

➢ *H4. Organisational commitment mediates the relationship between motivation-enhancing practices and talented FLMs' turnover intentions.*

➢ *H5. There is a negative relationship between OC and talented FLMs' turnover intentions.*

## 1.3 Justification of the Research

This study investigates the influence of SEPs and MEPs on talented FLMs' OC and turnover intentions in the private banks of Pakistan. It is generally thought that individuals look forward for having an organisational environment that provides them the opportunity for development and growth. Hence, for those organisations which provide their employees effective training, performance-based pay, promotion and development opportunities, employees are likely to stay longer, which undoubtedly makes an organisation successful.

It is important to note that Pakistani private banks have experienced unprecedented turnover of talented FLMs in recent years. According to Khilji and Wang (2007), the annual average rate of turnover among the local banks is 25% to 30%, which is quite high and can lead banks to negative consequences, e.g. reduced organisational performance. Owing to this higher turnover rate, local banks have been afflicted by a myriad of problems which undoubtedly have affected the private banking sector ability to function efficiently and effectively. In fact, local banks are struggling to meet the increasing demand from several perspectives in this era of stiff competition. The main reason identified was the use of the traditional HRMPs such as seniority-based remuneration and promotion (Khilji, 2004); sycophancy and the favouritist *'Sifarish'* culture (Islam, 2004), with rigid rules and policies carried out in a typically bureaucratic style which encourage talented FLMs to leave these banks.

Review of established studies further suggests that the high rate of talented FLMs' turnover imposes more direct and indirect costs, such as recruitment and selection, re-advertisement of posts, interviewing expenses, training expenses and importantly the disgruntled morale of the remaining employees. At the same time, these direct and indirect costs slow down the performance of the banks (Ansari, 2011). This situation in the sector clearly requires an urgent attention to FLMs' turnover intentions, as this sector is the second most productive sector in the

Pakistan service industry (after transport and communication) with a significant share in GDP.

Despite its importance, many prior studies have empirically examined employees' turnover intentions in general but no visible study (that this researcher has found) has investigated talented employees' turnover intentions specifically (Shaw *et al.*, 2009; Haines *et al.*, 2010; Boles *et al.*, 2012). However, some of the studies have only paid attention to the practitioners' gut instincts rather than solid empirical evidence (Bryant and Allen, 2013). Hence, this empirical study will be an addition to the existing body of literature as it focuses on the talented FLMs' turnover intentions rather than general employee turnover.

Additionally, this study considers OC as a mediator of the relationship between selected SEPs and MEPs and talented FLMs' turnover intentions. This area of research has lacked researchers' attention because researchers were previously focusing on studying direct HRMPs–turnover relationship (Dyer and Reeves, 1995; Huselid, 1995; Shaw *et al.*, 2009). However, a more detailed review of the literature reveals a significant disagreement in their viewpoints and suggests that HRMPs are distal antecedents of individuals' turnover intentions (Haines *et al.*, 2010; Jiang *et al.*, 2012); whereas, OC is a proximal antecedent of their turnover (Porter *et al.,* 1974; Griffeth *et al.,* 2000). Hence, it is important to test the impact of the employee attitudes, e.g. OC, by which HRMPs usually impact on turnover.

In addition, the dearth of literature on the subject in Pakistan also establishes a serious gap for many organisations, including the banking sector (Khilji and Wang, 2007; Khan *et al.*, 2011; Irshad and Toor, 2008). In Pakistan, a large number of talented FLMs are leaving their banks due to dissatisfaction with traditional HRMPs (Khilji and Wang, 2007; Ansari, 2011). Talented FLMs relatively being the newest category of employees, banks need to pay attention towards retention of these employees as they do not fear job change too much (Khan, 2009). Besides, their retention is important because they have direct interaction with the top management and clientele of the banks (Purcell and Hutchinson, 2007). Thus, the application of the proposed model to a sample of

talented FLMs of the private banks of Pakistan could help this sector to a great extent. It would also be an empirical progress in the existing knowledge. To address this gap, there is a need to empirically test the HRMPs–turnover models in a local context to minimise the turnover of the talented FLMs.

In order to further describe the significance of the current study in terms of context, players and environment, the brief discussion is done in the following sub-sections.

### 1.3.1    HRMPs that Contribute to Turnover Intentions and OC

Researchers have recognised that employees' turnover is influenced by the variety of HRMPs that affect both individual- and organisational-level outcomes (Tzafrir *et al.*, 2004; Combs *et al.*, 2006). In fact, HRMPs play a significant role in managing an organisation's ground-breaking activities, one of which is retention of high-performing individuals (Shaw *et al.*, 2009; Yamamoto, 2012). Regarding this, Batt and Valcour (2003) find that HRMPs such as flexible scheduling, job security, higher pay and supervisor support were negatively related to the turnover intentions. Notably, pay practices explain the most variance in employees' turnover intentions. In addition, Pare and Tremblay (2007) statistically proved that recognition and competence development were significantly related to individuals' turnover intentions; whereas, fair rewards and information-sharing practices had a weaker relationship with the turnover intentions of IT employees in Canada (see Section 2.4.3 for more details).

Although several attempts have been made to recognise the HRMPs–turnover relationship a serious gap in the body of knowledge still exists regarding the combined impact of HRMPs on turnover in general and talented FLMs' turnover in particular. Considering the substantial costs associated with talented individuals' turnover, organisations need to implement HRMPs which augment employees' skills and motivation at work as much as possible (Haines *et al.*, 2010). Although there is an agreement among researchers regarding the direct relationship between HRMPs and employees' turnover intentions, the detailed

analysis of literature shows a disagreement on the direct relationship and suggests that the relationship could be established by using a mediating factor(s).

Supporting this viewpoint, four noticeable research streams draw four diverse inferences about the relationship between HRMPs and employees' turnover. The first stream of researchers affirm that the relationship is direct and unmediated (Dyer and Reeves, 1995; Huselid, 1995; Guthrie, 2001; Kehoe and Wright, 2010). Whilst, the second group of researchers elucidate that employees' organisational commitment mediated the relationship between HRMPs and turnover but they did not hypothetically develop or test this assertion (Arthur, 1994; Way, 2002). However, many studies have tried to measure the simultaneous effect of HRMPs and OC together on individuals' turnover intentions (Agarwala, 2003; Chew *et al.*, 2005; Abii *et al.*, 2013).

The third group contains those studies that have coined the idea of 'commitment-based HRMPs' (Arthur, 1994, p.672) or 'commitment-inducing HRMPs' (Batt, 2002, p.589). The cited researchers pointed out that HRMPs increase individuals' commitment to the organisation and thus reduce their turnover, but they only have tested the direct relationship between the individual HRMPs and turnover in their studies. The final stream of studies deals with efficiency wage theory (Schlicht, 1978). This theory suggests that individuals stay in the organisation when HRMPs increase their usefulness and worth but depart when they are decreased (Leonard, 1987; Batt *et al.*, 2002; Shaw *et al.*, 1998). Notably, they have not tested the mediating mechanisms at all in their studies.

These research streams lead to diverse conclusions and limit theoretical development within this research space. The first two streams acclaim a simple approach that individual HRMPs lead to a reduction in employee turnover; whereas, the latter two streams advocate that depending on employees' commitment, different HRMPs may be positively, negatively, or not related to the employee turnover. To the researcher's knowledge, none of the afore-mentioned research streams has offered evidence of testing OC as a mediator. However, many studies have used OC as an outcome of different HRMPs (Ogilvie, 1986;

Agarwala, 2003; Imran and Ahmed, 2012). In view of this, it could be inferred here that employees stay committed to the organisation when they are greatly satisfied by the given set of HRMPs. Moreover, it is expected that OC may influence the relationship between the selected SEPs, MEPs and talented FLMs' turnover intentions in the local context.

### 1.3.2 An Overview of the Pakistani Banking Sector

This research has been carried out in the private banking sector of Pakistan. Thus, a brief outline of this sector is presented. Literature states that the country's banking sector has undergone many changes since its inception in 1947 (Hussian, 2010). These changes have led to both positive and negative effects on the performance of the sector (Zaidi, 2005). In spite of some negative effects, still the banking sector acts as a mainstay of the economy and plays a key role from different perspectives, e.g. creates employment, contributes to country's GDP and provides better facilities to customers, inside and outside of the country (Hussian *et al.*, 2012).

There has been an increase in the number of banks since privatisation took place, which shows that there is still room for banks to operate profitably if managed properly (SBP, 2008). In such an environment, it is important for local banks to focus on their human resource capital through adoption of suitable HRMPs to have a competitive edge over multinational banks on the one hand and retention of employees on the other hand (Irshad and Toor, 2008). Hence, current underlying forces in the sector open the door to find the relationship between HRMPs and employees' turnover intentions. Nevertheless, the retention of human resources is the key option for banks to grow further and keep their existence (Cascio, 2006). In these circumstances, only those organisations will make difference in the market which adopt suitable HRMPs in retaining their employees, in particular the talented ones (Bryant and Allen, 2013).

By developing a complete understanding of turnover intentions, banks may become able to put into operation some real and genuinely effective strategies for good performers' retention which may lead towards higher performance. Broadly

speaking, the use of ineffective and conventional HRMPs in the sector has also resulted in a number of drawbacks affecting employees' commitment and turnover decisions (Memon *et al.*, 2010; Ansari, 2011). Therefore, it is envisaged that HRMPs should be aligned with the individuals' needs and then there can be a greater possibility that this sector will grow further to support the economy and become able to reduce the rate of employee turnover. The results of this empirical study may help organisations in reducing talented FLM turnover.

### 1.3.3 Description of the Frontline Managers (FLMs)

Management of an organisation is generally classified into top, middle and frontline management. The main responsibility of the FLMs is to directly manage employees or teams and then report to next higher level in organisations (Teo *et al.*, 2011). Specifically, frontline managers are defined as first-level leaders whose direct reporters are employees with no management responsibilities (Purcell and Hutchinson, 2007; Harvard Business Review, 2014). It is true that FLMs' performance directly impacts the quality, innovation and organisationl performance. Precisely, they play a key role in achieving the organisation's goals. Prior investigations have clearly revealed that lack of striking HRMPs is a main reason of FLMs' leaving (Harvard Business Review, 2014).

Moreover, the FLMs are employees who, besides reporting to top management, also provide frontline services to the customers (Khan, 2009). Their key responsibilities include: reporting to the higher levels of management about non managerial employees' performance, tasks, welfare and the teams they manage (Purcell and Hutchinson, 2007). Purcell and Hutchinson (2007) in their investigation on twelve UK organisations found that the role of FLMs has been neglected so far; whereas, FLMs are directly influenced by the HRMPs. They further suggest that the FLMs should increasingly be charged with the use of the numerous HRMPs for achieving the business priorities. According to Cappelli (2008), frontline managers are more important today than ever before on the ground that their spans of control are bigger as they supervise a lot of employees and are also expected to be more responsive to customers and management in solving the problems.

The term 'frontline manager' in the banking sector of Pakistan is more specific as it refers to line managers in the lower end of the management hierarchy such as operation managers, customer service managers, team leaders, including supervisory managers (Khilji and Wang, 2007; Khan, 2009). They are often known as Officer Grades (OG) 1, 2 and 3 (see Table 1.1). Usually, they are often considered as the voice of management at the outset and directly responsible to the top management for the output and management of subordinates (Khan, 2009). FLMs in Pakistani banks are often promoted from within and are likely to have a formal business and management education such as CA, MBA, M.Com, degree in public administration or a university degree in Economics (Ansari, 2011). Table 1.1 highlights the position of all the levels of managers in the private banks of Pakistan.

**Table 1.1: Grade-based classification in the private banks of Pakistan**
Source: Human Resource Departments (HRDs) of the responding banks

| Management Level | Designations |
|---|---|
| Senior or Top Level Management | EVP and SEVP |
| Middle Level Management | AVP, VP and SVP |
| Frontline or first line management | OG-3, OG-2 and OG-1 |

*Key: EVP = Executive Vice President, SEVP = Senior Executive Vice President, AVP =Assistant Vice President, VP = Vice President, SVP = Senior Vice President and OG Officer Grade (OG3 higher and OG1 lower in rank).*

## 1.4 Research Design

The choice of methodology is to achieve the aim and objectives of the study. This research has addressed two assumptions of research philosophy, namely, epistemology (nature of knowledge) and ontology (nature of being). Based on these assumptions, a positivist approach synergised with objectivism has been taken with a quantitative strategy analysis which assumes that conceptual models are usually developed to explain the direction of the relationships among the study variables. Regarding this, a self-administered questionnaire (five-point Likert scale, 1 strongly disagree to 5 strongly agree) was used for the data collection

from the FLMs. Given their busy schedules and unrelenting job commitments, respondents were not happy in sparing too much time for the personal interviews, yet they were happy to retain the questionnaire with them and complete at their ease. The overall research design and purpose of this study is to test the hypothesised relationships among the study variables; the type of investigation is co-relational and the extent of the researcher's influence is minimal in this cross-sectional study.

Based on quantitative methodology, the initial survey instrument was developed from the pool of items widely used in the prior studies. After having the pilot study results, the instrument was modified based on reliability and validity of the selected measures. After finalising the questionnaire, main data was collected by using a simple random sampling technique. The survey was carried out in ten private sector Pakistani banks with prior management authorisation. A total of 500 questionnaires were distributed, out of which 355 were completed and returned to the researcher. By all standards, 344 questionnaires were deemed fit-for-purpose. Afterwards, participants' responses were transferred into SPSS-21 for electronic storage and descriptive statistical analyses. Finally, structural equation modelling using PLS version-3 was used to test the core hypotheses. This analytical technique has a unique ability to test the complex structural models in terms of sophisticated relationships among the various latent constructs of the study (Hair *et al.*, 2014).

## 1.5 Structure of the Thesis

This thesis is presented in five chapters.

**Chapter 1 The Problem and its Setting:** This chapter sets the scene for the remainder of the study by outlining the key research themes. This chapter presents an overview of the study to establish the practicalities for this investigation, e.g. research background, context, justification of the research, gap, aim and objectives of the study are presented. This is followed by precise discussion of the methodology, operational definitions and delimitations of this study are also highlighted.

**Chapter 2 Literature Review:** This chapter reviews the existing literature on employees' turnover intentions and actual turnover, its types, antecedents, costs associated with turnover. This chapter also reviews the theoretical frameworks (SET and relevant HRM literature) that will be used as a lens to examine the organisational factors (HRMPs) and study's proposed outcomes. It also reviews the HRMPs influencing turnover, employing group and individual HRM practices, skill-enhancing practices, motivation-enhancing practices, relationship between selected HRMPs and OC, mediating role of OC, and OC and turnover intentions relationships. This chapter also provides insights about the research framework. Finally, the gaps in research are discussed.

**Chapter 3 Research Methodology:** This includes a detailed discussion of the empirical research methodology including data collection and data analysis techniques. The data collection section is described in five parts: (a) data collection, (b) sample selection and participation, (c) developing the survey questionnaire, (d) measurement scales, and (e) the pilot study. This chapter also discusses what kind of data is required to examine the latent constructs. Then, data analysis processes and statistical techniques are selected to analyse the data. Finally, the research's ethical issues are discussed.

**Chapter 4 Analysis and Findings:** This chapter presents the analyses and findings of the main survey. It begins with data management, data screening, demographic characteristics, measurement model (reflective and formative measurement model), assessment of structural model fit through PLS-SEM and the mediation process. The chapter ends by showing the outcomes of hypotheses testing and the conclusion.

**Chapter 5 Discussion and Conclusion:** This chapter summarises and discusses the key empirical findings of the quantitative analysis discussed in Chapter 4. This is followed by the contributions to literature, recommendations for practice, research limitations and avenues for future research.

## 1.6 Definitions of the study variables

This section defines the constructs used in the study from the surveyed literature. The following definitions are used in this thesis.

***Skills-Enhancing Practices (SEPs):*** Skill-enhancing practices are those designed to advance the knowledge and abilities of the organisation's individuals by developing the skills of employed workforce (Subramony, 2009).

***Training Practice (TRAIN):*** Training practices typically bring a systematic change in individuals' behaviour through learning events, programmes and instruction that assist them to attain the knowledge and skills needed to carry out the work effectively and efficiently (Armstrong 2006). According to Armstrong, training can advance the level of employees' self-awareness and in addition enhance their talent and motivation. Precisely, training in this study is referred to as a planned effort by the bank management to facilitate its employees in improving their skills and reducing their turnover intentions.

***Development Opportunities (DO):*** Development opportunities are generally considered as continuous and dynamic development of individuals' skills which are generally aimed at long-standing career growth rather than an immediate performance (Kyndt *et al.*, 2009; Bryant and Allen, 2013).

***Motivation-Enhancing Practices (MEPs):*** Motivation-enhancing practices are those planned to affect individuals' desire and willingness to accomplish the assigned tasks and go beyond the stated expectations (Gardner *et al.*, 2011).

***Pay Practices (PAY):*** Pay is a reward to employees for making due return to them against their rendered services (Trevor *et al.*, 1997).

***Promotion Practices (PMTN):*** Promotions generally refer to the individuals' progression into new positions with greater challenges, higher work responsibility and authority than their previous job positions (Dessler, 1999). In this research, promotion-related practices are taken as a probable movement of FLMs from lower to higher levels within the bank.

***Recognition Practice (RECO):*** A phenomenon in which the abilities and contributions of the individuals are fairly identified and appreciated by the management (Abbasi and Hollman, 2000; Chew, 2004).

***Job Security (JSEC):*** Job security is said to be an individual's expectations about the continuity in the job-related aspects (Arnold and Feldman, 1982).

***Organisational Commitment (OC):*** The operational definition of OC refers to the individuals' sense of belongingness to the organisation. In other words, it is a degree to which employees feel devoted to their organisation (Porter *et al.*, 1974).

***Talented FLMs' Turnover Intentions (TI):*** Turnover intention is considered as a conscious and deliberate attempt of talented FLMs to leave an organisation despite having positive evaluations (Kim *et al.,* 1996; Carmeli and Weisberg, 2006). Their turnover intentions can be defined in Pakistani banks as a voluntary leaving when he or she perceives another better opportunity (Jaffari *et al.*, 2011).

## 1.7    Delimitations of Scope and Key Assumptions

The scope of this study was limited to the private banks and has not included public and foreign banks which are generally expected to have more developed and integrated HRMPs. A comparative study of the different sectors could have been done to enrich the results. Moreover, this research only focuses on the FLMs and ignores the other levels of management. It could have provided better insights if data from all levels of management and clerical staff had been collected.

Ten, out of seventeen, private banks participated in the study; the remaining seven banks refused to participate stating that they are new in the banking arena in Pakistan. In fact, non-responding banks were not willing to provide information about training, development, salary and promotion practices owing to the high competition in the sector. Thus, the generalisability of the conclusions and recommendations of the current study should be considered carefully. Only selected skills- and motivation-enhancing practices have been used to identify their relationship with the OC and turnover intentions of the study population. Another delimitation of this study is that it has only focused on the talented FLMs

of the banks and has not considered the FLMs who are average or poor performers. Thus, a comparative study might have provided better results. In addition, all findings of this study are based on the information provided by the participants and are subject to the potential bias and prejudice of the participants involved in the research to some extent.

The measurement instrument used only assessed the individuals' perceptions rather than direct measures regarding selected HRMPs, organisational commitment and turnover intentions. Accordingly, the answers of the respondents when responding to self-reported measures could be the result of their temporary moods, or could be the result of what may be reflected as socially suitable to them resulting in common method bias. Moreover, financial and operating performances of the banks were not included in the purview of the current study. This could have provided better results in understanding the impacts of talented FLMs' turnover on the organisational performance.

## 1.8 Conclusion

This chapter has introduced the thesis by presenting background information on the importance of SEPs and MEPs (HRM bundles) and their link with talented FLMs' OC and turnover intentions. This chapter also presents and justifies the potential research gaps in the existing research, highlights the research questions, aim/objectives, provides succinct methodology, thesis structure and delimitations of the study.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter discusses the prior research on the relationship between selected HRMPs and individuals' OC and turnover intentions. Further, it also places careful attention on the various existing models of HRMPs–turnover relationship and relevant theories, particularly social exchange theory (SET) to operationalise the research constructs. The present chapter provides a critical review and analysis of the relevant literature which enhances understanding of the HRMPs and their influence on individuals' OC and turnover intentions. Section 2.2 addresses the background of turnover along with its several forms, costs associated and main antecedents. However, Section 2.3 specifically highlights the factors associated with talented FLMs' turnover. Section 2.4 emphasises on the reference theories and Section 2.5 highlights the antecedents and relationship between skills- and motivation-enhancing practices and talented FLMs' turnover intentions. Section 2.6 lays a particular emphasis on the mediating role of OC. Section 2.7 discusses the relationship between OC and turnover intentions. Section 2.8 underlines the development of the framework. Sections 2.9 and 2.10 highlight the research gaps and summarise the chapter, respectively. Additionally, contextual information about Pakistan's banking sector is presented in Appendix K for further understanding.

## 2.2 Definitions of Turnover and its Different Types

Before identifying and discussing the antecedents of employees' turnover, it is important to define turnover and its different forms. Turnover is defined as a rotation of an individual around the employment market between organisations and jobs (Abbasi and Hollman, 2000; Haines *et al.*, 2010). Moreover, March and Simon (1958) and Mobley (1982) have defined it as a cessation of an individual's employment from the organisation on finding an acceptable alternative job.

Many researchers have stated that turnover has negative consequences on organisational performance (Abelson and Baysinger, 1984; Maertz and Campion, 2004; Boxall *et al.*, 2003; Hancock *et al.*, 2011). According to Mathis and Jackson (2004, p.93),

> Excessive turnover can be a very costly problem, one with a major impact on organisation's productivity. One firm had a turnover rate of more than 120% per year! It cost the company $1.5 million a year in lost productivity, increased training time, increased employee selection time, lost work efficiency and other indirect costs.

Similarly, many researchers have also suggested that employee turnover badly diminishes institutional image, i.e. reduced productivity and profitability (Entrekin and Court, 2001; Chew, 2004). Not only this, but organisations also encounter many associated problems such as loss of training time, valuable information, expertise and customers gained during the tenure (Mitchell *et al.*, 2001; Kwon, 2009). Accordingly, organisations remain at huge risk that departing individuals may copy the results of on-going projects and share it with the organisation which they join (Hausknecht and Trevor, 2010). Based on this, organisations must try to retain them to maintain their worth and performance.

Contrary to the ideas of the researchers mentioned earlier regarding negative effects of turnover, another stream of researchers has claimed that turnover has a positive impact on organisational performance (Dalton *et al.*, 1982; Phillips *et al.*, 1989). Fundamentally, the positive effects of turnover result from the departure of poor performing individuals; whereas, the negative effects arise largely due to the departure of talented individuals (Hollenbeck and Williams, 1986; Shaw *et al.*, 2009). In the literature, when poor performers leave an organisation voluntarily or involuntarily, the organisation has a good prospect for recruiting new employees having better skills and information to the workplace (Kwon, 2009). Indeed, poor performing employees' departure would also create better opportunities, e.g. promotion and high morale for stayers to move ahead (Martin, 2011). Given the well-documented positive and negative consequences of turnover, one method of

categorising it is to label it either functional or dysfunctional to the organisation (Campion, 1991; Abbasi and Hollman, 2000).

### 2.2.1 Types of Quitters

Maertz and Campion (2004) outlined four types of quitters in their study. The first type of quitters is the impulsive quitters; basically, they are those employees who leave an organisation without any pre-planning. Any bad incident taking place in their professional life in the working environment would negatively affect their motivation to continue the job. Principally, this sort of turnover would be difficult for management to predict and prevent quitters' intentions. The next type of quitter is the comparison quitter. This type of quitter usually quits their job when they find any striking alternative in the market. Normally, departure of such quitters consists of both poor performing and talented employees. It does not have strong negative effects on the organisations' bottom-line when poor-performing employees leave but this would be badly affected when their talented employees leave.

The third type of quitter is the pre-planned quitter. They have a pre-determined intention in mind to quit the job at some stage. Examples of these quitters are: birth of a child, spouse retirement and decision to go for further education. Similar to the impulsive quitters, it is honestly hard for management to predict and prevent this type of turnover as well. The final type of quitter is the conditional quitter. They usually make decisions to quit when an uncertain incident or shock emerges. It may be the possibility of a better job offer somewhere else, lack of promotion in the existing company, or may be related to unfavourable working conditions therein, i.e. the way they are treated by their supervisors.

Characteristically, all types of quitter leave a negative impact on organisational effectiveness. Consequently, contemporary organisations need to focus and improve on organisational factors, e.g. HRMPs that basically compel employees' to leave.

Moving on to the types of turnover, traditionally, there have been three major types of turnover identified in the literature: involuntary and voluntary turnover, functional and dysfunctional turnover and unavoidable and avoidable turnover (Abbasi and Hollman, 2000; Mathis and Jackson, 2004; Allen, 2008). All of these forms of turnover are placed into a typology in Figure 2.1, and discussed in the following sub-sections.
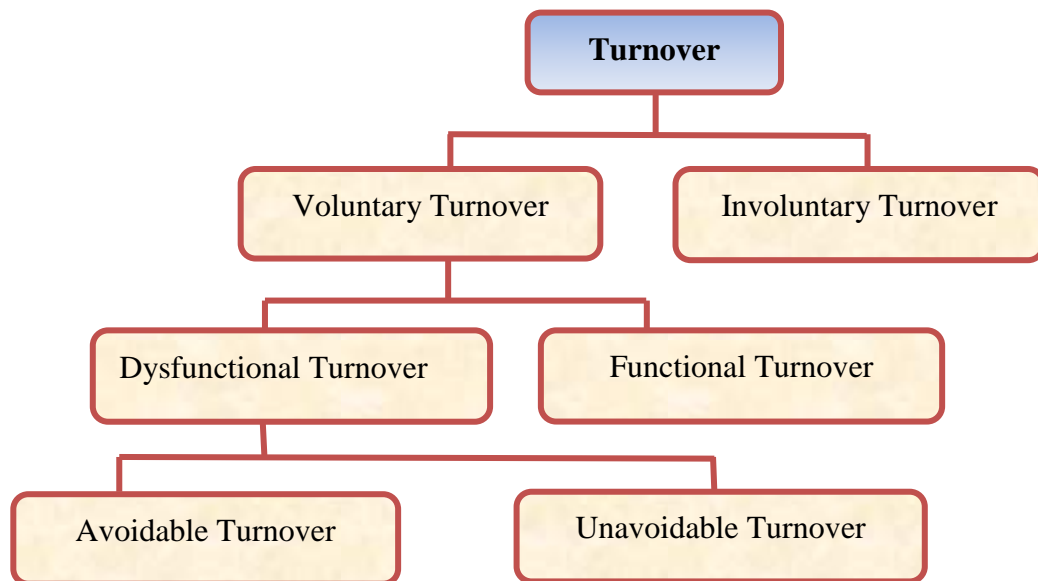


**Figure 2.1: Turnover typology**
Source: Griffeth and Hom (2001).

### 2.2.1   Involuntary and Voluntary Turnover

Involuntary turnover refers to the dismissal/layoffs of employees (Llorens and Stazyk, 2010). Simply, it is an intentional reduction in the number of employees by an organisation so that it could improve performance (Dalton *et al.*, 1982; Felps *et al.*, 2009). The causal factors for employees' dismissal could be inefficiency in meeting organisational objectives, not complying with managerial policies or work rules, not achieving performance standards, and sometimes an organisation's downsizing or layoff policy is a reason (McElroy *et al.*, 2001). It is generally believed that businesses go for layoffs in order to save their costs (Davy *et al.*, 1991). However, Dessler (1999) states that layoffs do not save money but affect negatively on organisations' performance because remaining staff become

less trusting, less involved, and hence can become highly engaged in the consideration of finding work in another organisation.

This is opposed to voluntary turnover where employees willingly resign from the organisation because of their personal and professional matters (Stovel and Bontis, 2002; Shaw *et al.*, 2005; Lee *et al.*, 2008; Wallace and Gaylor, 2012). There could be a variety of reasons: it could be dissatisfaction with compensation or other facets, unsuitable work environment, lack of career development or dearth of promotion-related opportunities, job insecurity and personal or family matters (Price, 1977; Llorens and Stazyk, 2010). Compared to involuntary turnover, voluntary turnover poses many undesirable and serious effects on organisational performance such as low productivity, low profitability and high costs of replacements (Campion, 1991; Shaw *et al.*, 1998; Stovel and Bontis, 2002). Table 2.1 indicates the key difference between involuntary and voluntary turnover.

**Table 2.1: Difference between involuntary and voluntary turnover**

| Type | Definition | Examples |
|------|-----------|----------|
| Involuntary turnover | "Movement across the membership boundary of an organisation, which is not initiated by the employees" (Price, 1977, p.9). | ➢ Retrenchment<br>➢ Dismissal<br>➢ Death |
| Voluntary turnover | "Voluntary cessation of membership of an organisation by an employee" (Mobley, 1982, p.10). | ➢ Resignation |

### 2.2.2   Functional and Dysfunctional Turnover

Voluntary turnover has been further classified into functional and dysfunctional turnover (Allen, 2008). In the former type of turnover, bad or substandard performers leave and good performers stay (Dalton *et al.*, 1981; Johnson *et al.*, 2000; Wallace and Gaylor, 2012). These authors have also demonstrated that functional turnover mainly helps an organisation in a number of ways; it improves

remaining employees' potential for the work, it reduces organisational costs and improves overall organisational image.

Contrastingly, in the case of dysfunctional turnover, it is observed quite often that effective performers leave while only bad or substandard performers stay in the organisation (Dalton *et al.*, 1982; Blau and Boal, 1987; Johnson *et al.*, 2000). This is why Abelson and Baysinger (1984) and Buck and Watson (2002) have considered dysfunctional turnover as highly detrimental to organisational progress, as it imposes higher direct and indirect costs than functional turnover. Besides, it leaves a negative impact on the satisfaction of the organisation's customer base. Researchers often use the term 'dysfunctional turnover' for talented employees' departure from the organisation (Keaveney, 1992; Park *et al.*, 1994; Johnson *et al.*, 2000; Wallace and Gaylor, 2012). Literature tells that talented employees have multiple characteristics, such as intelligence, team spirit, ability to act proactively, social and negotiation skills. These characteristics are seen as their main strengths to manage work stress and display courage to take bold business decisions (Pepermans *et al.*, 2003).

### 2.2.3   Unavoidable and Avoidable Turnover

Dysfunctional turnover can be avoidable and unavoidable (Loquercio *et al.*, 2006; Boles *et al.*, 2012). According to the cited authors, in unavoidable turnover, the reason lies outside the effective domain of the organisation. In this case, the employer has little or sometimes no influence over employees' turnover due to events which are beyond the reach of the organisation, such as family move, serious illness or death. However, avoidable turnover can be controlled if serious and honest measures could be taken by the organisation (Abbasi and Hollman, 2000). Simply, in this form of turnover the reasons are fundamentally within the reach of the employers and they may control it through discussions and negotiations with the departing employees (Park *et al.*, 1994). This implies that organisations must try to resolve or eliminate employees' organisation-related problems in order to retain them.

## 2.3 Employees' Turnover Intentions

Employees' turnover intentions is a measurement of employees' conscious and deliberate attempts to leave their jobs for another job inside or outside of the organisation (Carmeli and Weisberg, 2006; Abii *et al.*, 2013). Turnover intention, like actual turnover, can be either voluntary or involuntary in nature; but in most cases it refers to the voluntary intention of an individual to leave an organisation for any reason. In rare cases, it can be involuntary in nature (Shaw *et al.*, 1998). Primarily, employees' turnover intentions represent three main elements in the process of withdrawal cognition, for instance, thoughts of quitting and intentions to search for new jobs (Carmeli and Weisberg, 2006). Literature reveals that voluntary turnover intention occurs when individuals perceive better opportunities in the market than they have available in their current job status, position or organisation. These opportunities could be higher pay, higher recognition for work or a more convenient location to reach there. The said factors actually tempt employees to leave their present job (Shaw *et al.*, 1998). As well, there can be personal and environmental factors why employees leave voluntarily, e.g. relocation of spouse, redefined personal roles in the family, early retirement due to illness, personal reasons or concerns regarding their employer, leadership and employment issues (Maertz and Campion, 2004). According to Fishbein and Ajzen (1974, p.369), *"the best single predictor of an individual's behaviour will be a measure of his intention to perform that behaviour"*.

Fishbein and Ajzen also infer that employee attitudes about job, management, co-workers, supervisors and organisation encourage their behavioural predisposition to stay in or leave the organisation. Information regarding this linkage offers a valuable understanding to how and why individuals intend to stay or leave. Literature suggests that turnover intention is the most immediate antecedent of actual turnover (Mobley, 1977; Arnold and Feldman, 1982; Lee and Mowday, 1987; Chew *et al.,* 2005). This is a reason why employers and organisational managers usually reflect turnover intention as a more significant measure than the actual turnover. In this regard, examination of the employees' turnover intentions

provides an opportunity to organisations to initiate proactive measures in order to reduce the rate of turnover (Lambert *et al.*, 2001).

It is also supported in the literature that individuals initially develop tendencies of turnover intentions before actual turnover (behaviour). Regarding this, Bluedorn's (1982) research of 23 turnover studies proved that employees' turnover intentions are harmonised with their actual turnover. Besides, Steel and Ovalle (1984) reported a significant correlation of .50 between the employees' turnover intentions and actual turnover. In the widely cited turnover model developed by Mobley *et al.* (1979), turnover intention is a connection that instantaneously heads towards the actual turnover behaviour. Prior empirical studies fully support that turnover intention is significantly related with voluntary turnover. As discussed above, there can be several reasons why individuals intend to leave. Organisations can have no control over some of such reasons, for example, family relocation, retirement and desires to have family. However, some of these reasons are under the control of the organisation, such as lack of development opportunities, no appreciation for good work, salary not commensurate with the work requirements, poor leadership and lucrative alternative opportunities in the market (Jardine and Amig, 2001).

### 2.3.1   Talented Employees' Turnover Intentions: Why is it important?

Individuals with high potential to accomplish the managerial role within the organisation are recognised by their senior management as talented (Dries and Pepermans, 2008; Kyndt *et al.*, 2009). From the review of literature, it has been identified that talented individuals are expected to become prospective leaders as they possess several essential features such as inventiveness, self-sufficiency, being able to cope with stress and working for long time. Consequently, it would be good for organisations to spend heavily on the retention of such employees rather than on the retention of poor and average performing employees (Shaw *et al.*, 2009).

As argued earlier, talented personnel departure is highly damaging to the organisation in a number of ways. It reduces organisational productivity and

profitability. It increases direct costs such as recruitment, selection, training and development of new employees. It also increases indirect costs which basically affect remaining employees' morale and determination to continue their association with the organisation (Buck and Watson, 2002; Blake, 2006). Specifically, if organisations want to be successful in this era of fierce competition they desperately need to retain their top performers to remain alive and effective in the market (Lepak and Snell, 1999; Cappelli, 2008; Kwon, 2009). In such a case, if such employees are not retained then it would badly affect the organisation's worth in the market (Mobley, 1982; Hollenbeck and Williams, 1986; Cascio, 2006).

By looking at the ferocious world-wide competition, the importance of retaining good performers seems to be a better approach for contemporary organisations to minimise the likely threat of information transfer to competing organisations (Cappelli, 2000; Mitchell *et al.*, 2001; Griffeth and Hom, 2001). It has also been noticed that contemporary organisations nowadays are greatly concerned about the departure of talented employees, as their departure leaves a significant negative impact on the organisational performance on the one hand and the disgruntled morale of the remaining employees on the other hand (Buck and Watson, 2002). Hence, it is fair to say that their departure delivers a double blow, i.e. loss of competitive advantage, and incurring costs of recruitment, training and other processes on the new entrants (Ramlall, 2003). Also, the time spent on these processes is eventually time taken away from one's own duties at the workplace (Buck and Watson, 2002).

Researchers also believe that retention and development of talented individuals is of supreme importance in terms of an organisation's human resource management strategy (Dibble, 1999; Sohail *et al.*, 2011). Some organisations have their own strategic policies in place to respond to the world-wide competition which is raging presently to retain a talented workforce (Kidwell, 2011). Dibble (1999, p.3) further states that, *"if you think that it is hard to retain your employees now, be aware that in the future it will be worse"*.

Furthermore, Dibble determined that organisations are not only supposed to focus their attention on star performers but also on those who have potential to become star performer in the days to come.

Organisations world-wide are finding it difficult to handle their important human resources due to globalisation and free trade (Taylor *et al.*, 1996; Tarique and Schuler, 2010). This compels them to think seriously over the retention of talented staff who play a significant role in the success of an organisation (Allen, 2008). It is witnessed that retention of such employees reduces organisational costs (Abelson and Baysinger, 1984; Tziner and Birati, 1996), and increases an organisation's productivity (Huselid, 1995; Guthrie, 2001), profitability (Chew *et al.*, 2005), innovation, serviceability, implementation of new programmes (Abbasi and Hollman, 2000; Samuel and Chipunza, 2009), overall effectiveness (Shaw *et al.*, 2005) and more importantly, the morale of remaining staff (Tziner and Birati, 1996; Babatunde and Laoye, 2011). Thus, it is important for organisations to retain top-notch performers to maintain their competitive edge in the market.

Given the high costs of talented workforce turnover, it is worth stating that it negatively affects overall organisational performance (Tarique and Schuler, 2010). Not only this, but unmanaged quit rates of such employees also disrupt the social and communication structures and subsequently diminish the commitment among the stayers (Mobley, 1982; Bergiel *et al.*, 2009). Hence, it is important to know that the above-listed factors can drastically influence the organisation's ability to survive and flourish further. Literature illustrates that turnover is costly and damaging to organisations, particularly when their best performers leave jobs and get hired by other competitors (Trevor *et al.*, 1997; Buck and Watson, 2002). Buck and Watson also establish the fact that when talented employees quit, organisations have to bear bigger replacement, training and development and other associated costs. It also causes diminished productivity, inefficient operations and disturbed customer relationships.

It is highly likely that leaving employees may reveal some important information which is in their heads to new employers which could become harmful for the

organisations they left (Mitchell *et al.*, 2001). According to Kwon (2009), good performers are always given better access to the organisation's resources and records. This access to resources or projects (completed and underway) could be detrimental for former organisations, if this whole set is revealed to their contenders. Kwon (*ibid.*) further demonstrates that good performers know about the organisation's strengths, weaknesses, products and processes and it is possible that they may disclose this information to their joining organisation and that can negatively impact on the leaving organisation's performance. Moreover, it is in the literature that 20% of organisations across the world deliberately target the star performers of their rivals to work for them, in order to have an edge in the market (Gardner, 2005). Hence, it is proposed that organisations should seek to retain their core employees to survive in this environment of tough competition.

To sum up the above detailed discussion, the assessment of the costs associated with talented individuals' turnover leads the organisation to consider the additional costs, i.e. advertising fees, recruiter expenses, decision-making time for management on both new and departed employees, selection, training and development, vanished productivity, reduced transactions, reduced employee morale and disgruntled customer relationships (Buck and Watson, 2002). Faced with this difficult situation, organisations need to invest in the retention of their talented employees to avoid failure and permanent exit from the market.

### 2.3.2    Costs Associated with Talented Individuals Turnover Intentions

To determine whether turnover is good or bad for organisations, researchers and practitioners have been debating it over the years, but they have not yet found a certain answer to it (Morrell *et al.*, 2001). Indeed, there are mixed messages in the literature on this issue. Some researchers support the old conviction that turnover is inherently bad for organisations (March and Simon, 1958; Mobley, 1982). However, other researchers view that turnover is not bad at all, because every employee does not contribute equally to the success of organisation (Dalton *et al.,* 1982; Campion, 1991; Morrell *et al.,* 2001).

For the organisation, understanding the multiple direct and indirect costs associated with talented employees' turnover intentions is important, particularly in this environment of high competition (Staw, 1980; Cascio, 2006). Existing research in this regard has argued that such employees' turnover negatively affects organisational performance and it also puts high direct and indirect costs on the employee replacements, socialisation of the new appointees and in addition, it decreases employee morale as well (Mobley, 1982; Hollenbeck and Williams, 1986; Cascio, 2006).

### 2.3.2.1 Direct Costs of Turnover

Due to the current fierce competition, organisations globally endeavour to consistently review and heighten their efficiency levels in order to sustain themselves against competitive pressures. Thus, reducing operational costs and increasing cash flow would be the more suitable strategy for contemporary organisations to face the threats of survival in the current competitive environment (Tziner and Birati, 1996). For that, focused attention needs to be given to the issue of talented employees' turnover, because their departure increases both direct and indirect costs to organisation (Williams and Livingstone, 1994; Pfeffer, 2005; Khilji and Wang, 2007; Allen, 2008).

Price (1977) and Abelson and Baysinger (1984) have also pointed out that the loss of talented employees actually impedes organisational effectiveness measured in terms of long-run financial performance, organisational survival and various turnover costs. According to Kwon (2009), direct costs during the process of, for example, advertising, search for replacements, pursuit, relocations expenses, sign-on bonuses, time spent on interviewing, orientation, productivity, confidence and customer satisfaction and importantly, work put on hold during the whole process relentlessly affect the organisation's effectiveness and usefulness.

Additionally, the survey by Bernthal and Wellins (2003) revealed that more than one-third of the HR professionals they surveyed recognised the importance of retention of employees, particularly the talented ones. According to the views of participant-professionals, turnover of talented employees bears more costs than

the turnover of poor-performing employees. The organisations this study surveyed or interviewed were facing higher direct costs because of lack of formal policy to address the issue of employees' turnover.

### 2.3.2.2 Indirect Costs: Demoralisation of Remaining Employees

Too much employees' turnover affects the morale of the remaining staff and these costs can severely affect the organisation's ability to grow further (Kwon, 2009). Mostly, the demoralisation concept refers to the influence of turnover on the attitudes of remaining employees (Staw, 1980). The turnover of existing employees for alternative positions in an external environment actually provokes reflective sentiments among remaining employees to leave the organisation. So, it can be claimed that turnover can cause more turnover because it undermines and hence demoralises remaining employees' attitudes.

Staw (1980) further mentioned that perceived reasons of leaving are essential factors for demoralisation of the remaining individuals of the organisation. If the reason for leaving is non-organisational in nature, such as family problems or location change, then the feeling of demoralisation among the remaining employees would be less or zero. But when the reason is on the organisational level, such as lack of training, less pay and fewer promotion opportunities, then it would definitely lead to employee demoralisation:

> If those who leave are members of a cohesive work group or possess high social status among the organisational membership, then turnover will likely lead to greater demoralization (Staw, 1980, p.257).

With respect to both direct and indirect costs, it becomes a highly important objective for modern-day organisations to retain their talented workforce to survive (Hiltrop, 1999; Tarique and Schuler, 2010).

## 2.4 Reference Theories Explaining the Relationship among HRMPs, OC and FLMs' Turnover Intentions

The relationship among HRMPs, organisational commitment and turnover intentions has been derived from the set of different theories; there is a call for examining the supporting theories in the said areas. Existing studies in the domains have progressed from plain illustration of different theories to more complex appraisal and examination to conclude the relationships among the factors more efficiently. This study has used following theories as theoretical lenses in order to examine the proposed research model. Notably, social exchange theory (SET) is used as main lens; whereas, organisational support theory (OST) and ability, motivation and opportunity (AMO) theories are used as a secondary lens to operationalise and understand the relationship between the study constructs.
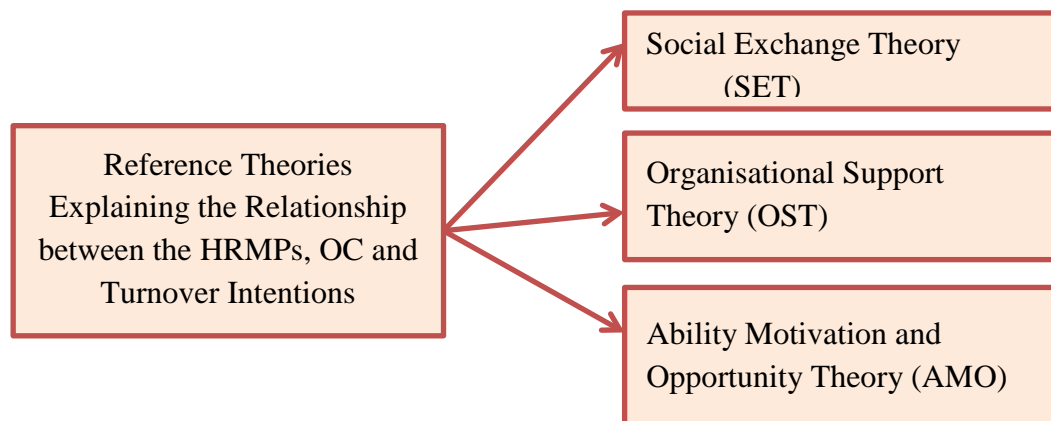


**Figure 2.2: Reference theories**

### 2.4.1 Social Exchange Theory (SET)

SET is based on the idea that individuals' economic and social behaviour is the result of an exchange process (Blau, 1964; Eisenberger *et al.*, 2002). The main purpose of this exchange process is to maximise the benefits and minimise the costs (Agarwala, 2003). Broadly speaking, SET is mostly used to predict the interactions and exchanges between the parties, leading toward the sustained relationships (Homans, 1961). According to Homans (1961, p. 12), *'The exchange can be understood in terms of material and non-material goods such as the*

*symbols of approval or prestige'*. Literature suggests that researchers heavily rely upon the SET perspective in their examination of the relationship between the parties, including employees and employers (Snape and Redman, 2010). This is because with everything, the SET has its outcome like satisfaction and dependence of the relationships (Farrell and Rusbult, 1981; Ogilvie, 1986; Shaw *et al.*, 2009). Thus, both parties are required to take responsibility and depend on each other for the organisational progress.

SET has become one of the most ambitious social, in particular, socio-psychological theories on the ground that human behaviour is an exchange of rewards between the parties (Homans, 1961). According to this theory, individuals consider potential rewards as risks of the social interactions. Blau (1964) suggests that the exchange relationship between the two parties frequently goes beyond the economic exchange and it is believed that it contains social exchange perspective as well (Snape and Redman, 2010). Accordingly, many studies in this regard argue that employer and employee exchange is not only on the impersonal resources such as money, but also socio-emotional resources such as respect, recognition and support from the organisation.

Existing literature also advocates that SET is basically constructed to offer understanding into social interface and possible exchange of benefits between those involved with the social interface. The central methodology of this theory is based on self-interest, which means that people are generally motivated through the expected benefits they receive (Cropanzano and Mitchell, 2005). Particularly, the expectation of receiving benefits is similar between social and economic exchanges. Mostly, economic exchanges are generally considered as short-term exchanges on the ground that benefit is paid prior or immediately after the transaction has been made.

On the other hand, social exchanges are developed around the notion of individuals trusting that other members involved in this exchange could reciprocate the behaviour. Social exchanges when compared to economic exchanges are normally considered as long-term, reason being reciprocation is not

guaranteed and can take place at any time in the future. Prior studies also suggest that social exchange relationships are quite essential for the contemporary organisations, as employees who enter into such relationships with their employing organisation are more committed. On the contrary, economic exchanges are associated with pay and benefit schemes which are referred as negotiated exchanges and are considered to be less risky (Allen *et al.*, 2003; Cropanzano and Mitchell, 2005). Failure to reciprocate both sorts of exchanges could lead to unsettled expectations on the part of the giver, which consequently impacts on the quality of the relationship (Gouldner, 1960; Blau, 1964).

Prior literature also suggests that employment relationships can be conceptualised as consisting of both economic and social exchanges (Vandenberghe and Tremblay, 2008; Budhwar and Debrah, 2001). The former exchange process is mainly based on contractual arrangements, necessitating the performance of specific contractual commitments with no expectation of performance beyond the contract terms. On the other hand, the later involves 'imperfectly specified terms' (Snape & Redman 2010, p. 1224). Explicitly, both types of exchanges are based on the norm of reciprocity. This suggests that employees feel obligated to give back to those who have given to them (Tzafrir *et al.*, 2004). The social exchange theory (Blau, 1964) recommends that when employees perceive fairness in the way they are treated by their employers, they will reciprocate in a similar way (Kwon, 2009).

Literature in this regard reveals that HRMPs can be viewed as an important input into social and economic exchange processes (Snape and Redman, 2010). Many researchers also consider that HRMPs are the main means through which employees' perceptions, attitudes and behaviours are shaped (Buck and Watson, 2002; Collins and Clark, 2003; Haines *et al.*, 2010). The use of skills and motivation-enhancing bundles by an organisation can actually establish that the organisation is committed to its employees and is concerned about their wellbeing, development and also wishes to invest in them (Kwon, 2009; Shaw *et al.*, 2009). Provision of HRMPs such as training and development, performance

appraisals, pay for performance and employee involvement in decision making processes give clear message to individuals that organisation is valuing them.

The provision of attractive HRMPs basically signals that organisation seeks to build a social exchange relationship with its workforce (Snape and Redman, 2010). According to the norm of reciprocity, individuals will thereafter reciprocate in positive ways by displaying positive attitudes such as, improved organisational commitment and staying decisions, which ultimately benefit the organisation at large (Allen *et al.*, 2003). Using SET, this study proposes that skills and motivation-enhancing practices can influence FLMs' organisational commitment and turnover intentions.

There appears to be a lack of empirical research which has used SET as a framework for examining the impact of social and economic factors (selected HRMPs) on talented employees' commitment and turnover intentions. Nonetheless, there are limited studies that will be momentarily discussed. For instance, Haines *et al.* (2010) studied the impact of HRMPs on employee voluntary turnover rates. More recently, Sanders and Shipton (2012) proposed that SET can be used as a framework for examining the relationship between transformational leadership and employee turnover behaviour. Shih and Susanto (2011) also identified the moderating effect of perceived distributive justice with the relationship between conflict with co-workers and turnover intentions. These studies in general provide a clear support for the use of SET framework for examining talented FLMs' turnover intentions. However, gaps still remain in understanding of how social and economic exchange relationships influence commitment and turnover intentions, particularly for frontline managers.

This research mainly aims to contribute to SET from two perspectives. The first contribution offers an insight into the use of SET as a main framework for examining the organisational commitment and turnover intentions of talented FLMs. Whereas, the second contribution is resulting from the use of the distinctive combination of social and economic exchange factors for analysing both organisational commitment and turnover intentions. Precisely, this study uses

a unique combination of social and economic exchange factors and simultaneously (using structural equation modelling) it investigates the impact of such factors on the overall organisational commitment and turnover intentions of the talented FLMs.

### 2.4.2 Organisational Support Theory (OST)

OST suggests that *'employees evidently believe that the organization has a general positive or negative orientation towards them that encompasses both recognition of their contributions and concern for their welfare'* (Eisenberger *et al.*, 2002). According to Eisenberger and colleagues, this theory is an essential part of the social exchange relationship between the employers and the employees as it proposes, what organisation has done for the employees. Similar to SET, this theory also pays attention to the norm of reciprocity, advocating that employees who receive favourable treatment in form of HRMPs from their organisations such as pay, promotion and recognition feel obliged and in reciprocation they care about the organisations' benefits and goals (Eisenberger *et al.*, 1986). This feeling improves their overall organisational commitment and performance on the one hand. This also decreases their withdrawal behaviours such as, absenteeism and turnover (Allen *et al.*, 2003). Since, reciprocity concept is already considered important for this study; this theory is explained to support the use of reciprocity in the present study.

Moreover, the norm of reciprocity and the concept of organisational support theory are mainly used to design the psychological processes underlying the individuals' attitudes and behaviours in the organisation (Allen *et al.*, 2003). The concept of OST in terms of suitable HRMPs suggest that organisations value their employees' contributions and care about their wellbeing which describe the social exchange relationship between the two parties (Eisenberger *et al.*, 1986, 2002). They further argued that employees who perceive suitable HRMPs or HRM bundles are more likely to reciprocate the organisation with positive attitudes: increased commitment with the organisation and resultantly positive work behaviours. The interaction between the parties usually entails that all relationships are formed by using subjective reward-cost analysis and the

comparison of alternatives. Simply, it denotes, if someone burns much of his/her energies will expect to get at least the same amount of return from the employer. If this is not the case then individuals will abandon the relationship as soon as the costs outweigh the benefits (Tzafrir *et al.*, 2004; Kwon, 2009).

The greater practicability of OST is based on the assumption that individuals identify one's life situations and notice each one's needs and wants (Eisenberger *et al.*, 2002). This also refers to the principal of Gouldner's reciprocity concept, in which privileges granted by one party are returned by the other party (Blau and Boal, 1987). So, the interaction between the parties must be noticed resolutely in order to better comprehend the concept of reciprocity. From the perspective of this theory, it can be argued that when organisations provide their employees in particular talented ones' better HRMPs they stay in the organisation and vice versa. It is also an underlying fact that at the start of career, employees may accept lower pay with this hope to get higher pay in future and in case if they are not paid accordingly they may quit and join competing organisations (Shaw and Gupta, 2007).

### 2.4.3  Ability Motivation and Opportunity Theory (AMO)

AMO theory is one of the key theories which can help in explaining the relationship between HRMPs and employees' attitudinal and behavioural outcomes in organisations (Appelbaum *et al.*, 2000). This theory envisages that managers can only improve employee-related outcomes by positively influencing their ability (A) to perform, motivation (M) to perform, and opportunity (O) to perform (Boxall and Purcell, 2000). According to this theory, organisational-related outcomes are the function of employees' ability, motivation and opportunity to participate. Employees tend to perform well in a job when they possess the knowledge and skills required to perform that job (abilities); they are sufficiently interested and incentivised to do that job (motivation); and when their work setting supplies the required support and avenues for expression (opportunity) (Boxall and Purcell, 2000).

According to Boxall and Purcell (2000), the AMO theory variables are significantly affected by organisational HRMPs. However, Appelbaum *et al.* (2000) suggested that specific HRMPs play a major role in enhancing employee abilities, motivation and opportunity to participate. HRMPs such as selection, and training and development are seen as enhancing employees' skills and abilities, whereas pay for performance, recognition and job security are assumed to enhance employees' motivation. Merit-based promotions and involvement in decision making are regarded as being fundamental in promoting opportunities to participate and contribute discretionary effort (Appelbaum et al., 2000).

Bailey's (1993) put forward a framework of high performance work practices (HPWPs) which is considered to enhance individuals' ability, motivation and opportunity to participate. AMO are generally thought to contribute to employee discretionary effort, which is deemed to constitute the basis for organisational efficiency and effectiveness. Consequently, management may use appropriate HRMPs which can positively influence employee attitudes and behaviours. These attitudes and behaviours in turn will have a positive influence on organisational performance (Boon *et al.*, 2011). On the basis of the AMO theory, this study proposes that skills and motivation-enhancing practices are positively related to FLMs organisational commitment and stay decisions.

It is generally believed that SET, OST and AMO theories are somehow related to each other. An organisation's attempt to enhance its employees' abilities, motivation and opportunity to participate conveys message to employees about the extent to which the organisation values them and shows that the organisation is seeking to build a social exchange relationship with them. Employees in turn reciprocate by displaying positive attitudes and behaviours. As mentioned in above sections; HRMPs can satisfy the individuals' basic needs within organisational settings. Organisational efforts to satisfy the basic psychological needs of employees also demonstrate that organisation is committed to its employees and is concerned about their development and wishes to build an exchange relationship with them. Thus, it can be concluded that SET, OST and AMO theories are related to each other.

Alongside some strong points of above theories, there are some limitations in applying these theories to employees' turnover intentions. It is discussed in the literature that when employees make certain decisions regarding their employment, they are seldom completely balanced. In fact, they frequently make decisions after showing selective and often random searches for information, rather than after gaining all the facts that are relevant and weighing up the positives and the negatives (Boxall *et al.*, 2003). For instance, job satisfaction (Hulin, 1968; Mobley, 1977; Lambert *et al.*, 2001) and organisational commitment (Porter *et al.*, 1974; Mitchell *et al.*, 2001; Vandenberghe and Tremblay, 2008) and job involvement (Blau and Boal, 1987; Huselid and Day, 1991; Stiglbauer *et al.*, 2012) have been identified as driving factors of turnover intentions. Hence, for employees the process of deciding to stay or leave the organisation or job is complicated and affected by a varied range of internal and external factors, making it hard to simply apply any theoretical framework.

In summary, such theories have influenced the direction, hypotheses and research questions of this study. They have proven to be important to the analyses of talented FLMs' turnover, particularly through identifying the organisational factors (HRMPs), which influence talented employees' perceptions about their work, organisation and community. In fact, these factors leave effects on the individuals' organisational commitment and intentions to stay or leave.

## 2.5 Antecedents of Individuals Turnover Intentions

Turnover research has received major attention of researchers and as a result, thousands of articles are produced on this subject (Wallace and Gaylor, 2012). The majority of turnover models and theories have been developed in the Western world and many of the models have been tested by later researchers in different countries of the world, wherein they found different antecedents of employees' turnover (Porter *et al.*, 1974; Mobley, 1982; Griffeth *et al.*, 2000). The existing body of literature has established that antecedents of turnover are more varied and not consistent with its outcomes, such as costs, performance, productivity and profitability (Farrell and Rusbult, 1981; Carmeli and Weisberg, 2006; Al-Arkoubi

*et al.*, 2013). These inconsistencies essentially stem from several ways in which employees' turnover has been defined and operationalised (Carmeli and Weisberg, 2006).

The lack of consistency in the predictors of employee turnover is mainly due to the poorly identified conceptual models from which these factors have been derived. This is why it is difficult for researchers and practitioners to associate the findings of one study with the findings of another one. Literature in this regard purports that there are many demographic (Porter and Steers, 1973; Mobley *et al.*, 1979); individual (Abii *et al.*, 2013); environmental (Park *et al.*, 1994; Boxall *et al.*, 2003); and organisational factors which influence employees' turnover (Combs *et al.*, 2006; Kyndt *et al.*, 2009). These factors are discussed below.

### 2.5.1 Personal Factors

Employees' demographic factors are the most commonly used variables in relation to employees' turnover intentions as well as actual turnover, while some studies have delineated inconsistent results about this relationship (Mathieu and Zajac, 1990). Prior studies have outlined that personal variables, such as age, gender, work experience and education, play a significant role in influencing employees' turnover intentions. Mentioned personal factors often account for significant variance in employees' turnover intentions and withdrawal behaviours (Porter and Steers, 1973; Price, 1977; Mobley *et al.*, 1979), while some researchers have not found a significant relationship between demographic variables and employee turnover intentions (Williams and Hazer, 1986).

Prior studies have claimed that age is negatively associated with employees' turnover intentions (Porter and Steers, 1973; Lee and Mowday, 1987; Phillips *et al.*, 1989). Moreover, Karsh *et al.* (2005) conducted a study and found that unlike younger employees, older employees showed their higher continuance commitment and with a difficulty to quit the organisation due to factors such as financial obligations towards their family, organisation and other related things. Khilji and Wang (2007) confirmed that younger bank managers were more likely to quit than older employees as they have had the most repetitive jobs, no

participation in the decision-making processes, had fewer friends at the workplace, meagre pay and importantly, no fear of job change. Contrastingly, Sager and Johnson (1989) claimed that age was unrelated to older employees' organisational commitment as they have reached the plateau of their careers; subsequently, they become less committed to stay in the job or organisation when compared to younger employees.

Various studies have also found a weak and inconsistent relationship between gender and turnover intentions (Miller and Wheeler, 1992; Griffeth *et al.*, 2000). Cotton and Tuttle (1986) in their meta-analysis found a significant relationship between gender–turnover relationships. Moreover, Miller and Wheeler (1992) observed that female managers' turnover rates surpass the male turnover rates. According to them, the increased female managers' turnover was mainly due to psychological and behavioural factors which suggested that work-related factors may contribute to their higher turnover rates. They also argued that gender differences could vanish when managers' job satisfaction is controlled from two perspectives, i.e. meaningful work and promotion-related opportunities at the workplace. Since female managers have had to overcome more obstacles to accomplish their positions, they may place greater value on their organisations and jobs than do their male colleagues.

Regarding experience–turnover relationships, a weak relationship has been found between the said factors (Gaertner and Nollen, 1989; Bloom *et al.*, 1992). Mathieu and Zajac (1990) described that a relationship usually develops when an employee has spent some time with the organisation and developed some investments which are truly the deciding factors as whether to continue with the organisation or to leave. Bloom *et al.* (1992) conducted a study on hospital nurses in the USA and found that nurses who have had extended work experience were less committed to the organisation, hence their inclination toward leaving the organisation was higher compared to nascent nurses. Similarly, Lew (2009) found that senior employees in Malaysia actively sought greater employment opportunities, thus higher turnover rate, whereas the less experienced employees tended to reveal higher degrees of OC and reduced turnover intentions.

Employee's educational level has also been documented as an influencing factor in deciding to stay in or leave the organisation. Literature discloses that highly educated employees seem likely to stay in the organisation, mainly for reasons such as job satisfaction rather than external factors and the reverse was true for the less-educated employees (Ogilvie, 1986). It is also noted that employees with a higher education reported higher levels of work diligence (Strauser *et al.*, 2002). This is not surprising, when we reflect that completion of higher education creates determination among the employees to stay in the organisation. Nevertheless, Khilji and Wang (2007) in their study on Pakistani organisations including private banks found higher education is positively related to the bank employees' turnover intentions. Previously, Price (1977) demonstrated a weak positive relationship between the employees' education and turnover intentions. However Mobley *et al.* (1979) found mixed results for the said relationship. As the FLMs' positions in banks require formal education, at minimum a bachelor's degree in business, commerce and economics (Ansari, 2011), education was expected to relate FLMs' turnover intentions.

### 2.5.2   Individual-Related Factors Affecting Turnover Intentions

Individual factors refer to the employee's psychological processes and behaviour, like job expectations, job orientation, job satisfaction, organisational commitment and job involvement (Armstrong, 2006). Price's (2000) conceptualisation of employee turnover indeed deals with factors which influence their own emotions, attitudes and perceptions. Over the years, studies have found a large number of individual factors that affect employees' turnover intentions, among them, job satisfaction, organisational commitment and job involvement are reported as the main attitudinal variables of employee turnover intentions (Hom and Griffeth, 1995; Griffeth *et al.*, 2000; Mitchell *et al.*, 2001). A brief discussion of these variables is outlined below.

According to Balogun and Olowodunoye (2012), low job satisfaction leads Nigerian bank managers towards a higher degree of turnover intentions. Similarly, Williams and Hazer (1986) and Buck and Watson (2002) have also demonstrated

that low job satisfaction positively impacts employees' turnover intentions. Their key finding was that OC has a higher influence on employees' turnover intentions than job satisfaction. Also, Hulin (1968) found that by increasing the level of employee's job satisfaction he became able to lessen the turnover rate among the employees from 30% to 12%. The seminal work of March and Simon (1958) looked at the factors of turnover and consequently demonstrated that employees' turnover decisions are mostly influenced by the desirability of movement from the present position and the ease of movement to another position.

Mobley's (1977) turnover model took a closer look at the intermediate linkages that connect individual factors such as job satisfaction and OC with the employees' turnover decisions. Mobley also found that job dissatisfaction leads to the individual thinking to quit, which in turn, leads to the intention to search for alternatives and eventually to turnover intentions and actual turnover. The model presented by Mobley describes the basic expression of the individual decisions to leave the job. This model was restricted to individual factors and ignored other factors that could influence employees' turnover. So, it can be inferred that it is not necessary that employees may go through each step in a similar way as proposed by him before leaving an organisation.

There may be some other factors, e.g. organisational HRMPs, which may compel employees to quit the organisation (Mitchell *et al.*, 2001). Later on, Mobley *et al.* (1979) reviewed their previous turnover model (discussed above) and extended this to include various intermediate linkages among the variables which are clearly external to the individuals and may affect the employees' turnover intentions. These external variables could be labour market issues, e.g. unemployment rates, and organisational issues, e.g. HRMPs and work conditions. Mobley *et al.* also agreed that there are some other factors apart from individual factors which can influence employee turnover intentions.

In addition to job satisfaction, OC is also conceded as an important individual-related antecedent of turnover intentions. Regarding this, numerous prior investigations have reported a negative relationship between the two (Williams

and Hazer, 1986; Meyer and Allen, 1991). The cited studies have recognised that a combination of nurturing activities would surely increase the interest of an employee in the organisation, and hence, enhance their level of commitment. For instance, employees who demonstrate elevated job-nurturing interest are generally least inclined to quit as they are committed to the organisation and have a freedom while working/involving them at the workplace.

Blau and Boal (1987) revealed that the link between employees' OC and turnover goes well beyond the major effects of gender, marital status, interest, tenure and job involvement. However, the direct association between OC and turnover has been brought to the attention on numerous occasions and it has been found that individuals who are truly committed to jobs stay in the organisation (Mowday *et al.,* 1979). On the antagonistic, if employees' level of commitment to the organisation is low then there would be a mounting rate of their turnover intentions (Mathieu and Zajac, 1990). Literature in the domain has identified various factors that help organisations in retaining their employees. OC is one of them, as it has been frequently reported as the strongest predictor of employees' turnover intention (Meyer and Allen, 1997; Wallace and Gaylor, 2012).

Meyer and Allen (1991) have identified three main forms of OC, i.e. continuance, affective and normative commitment. Authors found that affective commitment significantly contributes to individuals' turnover intentions. Overall, all these forms of OC explain employees' attachment (strength and nature of response) with the organisations, as they ascertain its goals and values (Porter *et al.*, 1974; Addae *et al.*, 2008). Fisher (2002) found that employees' negative affective attachment responses were positively associated to employees' turnover intentions and vice-versa. Prior studies reveal that deficiency of OC not only affects employees' turnover but it also leaves negative effects on organisational performance (Chew *et al.*, 2005; Shukla *et al.*, 2013). This recommends that employers need to pay focused attention on the ways and means to increase employees' commitment with organisation and to reduce their turnover intentions.

Recently, researchers have found some other individual-level antecedents of employees' turnover intentions, e.g. job-embeddedness (Mitchell *et al.*, 2001; Felps *et al.*, 2009; Bergiel *et al.*, 2009). According to these researchers, it explicated a substantial incremental variance in employees' turnover intentions beyond that elucidated by the job satisfaction and job search. In fact, this individual attitude develops a web in which employees are mostly caught in the organisation. According to Mitchell *et al.* (2001), there are three main dimensions of job-embeddedness, namely, relations with other people and groups; self-perceptions of job fit and organisation fit and the final dimension is perceived sacrifice linked with changing their current jobs. Mitchell *et al.* stated that all these dimensions cause employees embedded with their jobs to stay in the organisation.

In addition to the above main attitudinal antecedents, there are several other antecedents which can also influence employee turnover intentions, e.g. person-organisation fit (OReilly III *et al.*, 1991), job alternatives (Maertz and Campion, 1998), ease of movement (March and Simon, 1958), task-related abilities (Jackofsky, 1984), and job autonomy, organisational justice, promotional chances, pay and social support (Kim *et al.*, 1996). As discussed in Section 1.1 talented FLMs have different features from the non-managerial employees. Thus, their requisites would be different. As argued before, prior studies have only focused on the non-managerial employees but this study highlights the effects of the individual- and organisational-related factors on talented FLMs' turnover intentions.

### 2.5.3  Organisational-Level Factors Influencing Turnover Intentions

It is true that HRM fundamentally deals with the designing of organisational systems to confirm that an individual's talent and potential is used efficiently and effectively for the attainment of organisational underlying objectives (Mathis and Jackson, 2004). According to Armstrong (2006), HRM largely aims to ensure that the organisation obtains and retains their skilful workforce and properly cares about their development, organisation's learning processes, improves the reward

management systems and creates a favourable environment in which performance and cordial relations can be continued through the partnership between employers and employees. Armstrong further purported that employees should be treated as capital rather than liability. Hence, organisations need to ensure that all HRM systems are put in practice in accordance with the organisational aims and objectives.

The burgeoning body of literature has acknowledged a significant amount of research on organisational factors, e.g. HRMPs which influence individuals' turnover intentions. Examples of these practices are: lack of supervision, rewards and recognition, tenure, skills, job prestige and promotional opportunities in the organisation (Buck and Watson, 2002; Boxall *et al.*, 2003; Herdman, 2008b). Generally, HRMPs are considered as organisational actions that underpin the employees' values and beliefs with the organisation (Delery and Doty, 1996). In addition, organisational HRMPs provide an explanation of organisational performance variability when not appropriately used (Lepak and Snell, 1999).

Many academicians have identified that favourable HRMPs play a significant role in retaining talented individuals in the workspace (Shaw *et al.*, 2009; Bryant and Allen, 2013). Thus, organisations must try to use a variety of suitable HRMPs to retain the top performers in a bid to have quality work, better financial performance and importantly, reduced turnover (Delaney and Huselid, 1996; Allen *et al.*, 2010; Haines *et al.*, 2010). Allen *et al.* (2003) revealed that individuals' perceptions of supportive HRMPs (decision-making, career development and fair rewards) were significantly and negatively related to turnover among the sales persons and insurance agents of US departmental stores. Moreover, Guthrie (2001) established that high-involvement HRMPs, i.e. performance-based pay, internal promotions, training, participation and information sharing, had a negative impact on employees' turnover decisions and organisational productivity in New Zealand private organisations.

Arthur (1994) illustrated that high commitment HRMPs, namely recruitment, career development and merit-based promotions were helpful in predicting the

dissimilarities in turnover and performance of steel minimills employees. He further acknowledged that the above-mentioned practices increase employee commitment to the organisation. Likewise, Huselid (1995) conducted a study on around a thousand different organisations and found that lack of high-performance HRMPs, such as recruitment and selection, rewards, performance management systems and training, has a significant impact on employee turnover and more importantly, on organisational performance. Pare and Tremblay (2007) found that recognition and skills development practices are significantly and negatively related to skilled employees' turnover intentions, but information-sharing and fair reward practices to a lesser extent are negatively related to the turnover intentions of skilled IT managers in the Canadian Information Processing Society.

Shaw *et al.* (2009) in their longitudinal study found that HR inducement practices, including pay, training, job security and procedural justice were negatively related with good and poor performers' turnover. Whereas, HR expectation-enhancing practices such as pay for performance, monitoring and performance appraisals were negatively related to good performers' turnover and positive with the poor performers in the US trucking industry.

Park *et al.* (1994) scrutinised that environmental and organisational factors affect both good and poor performers' turnover. Their study concluded that poor performer's turnover was negatively related to levels of pay and unemployment and their turnover was positively related to organisational focus on individual incentive programmes. As opposed to them, good performers' turnover was not significantly related to pay and their turnover was found to be negatively related to the presence of unions and positively related to group incentive programmes. Surprisingly, low performing managers' turnover was not significantly related to any of these variables.

Park and colleagues further report that poor performers' turnover decreases as pay increases. It is because if pay is high for them relative to other organisations then they are less likely to leave. It was also found that poor performing managers' turnover was positively related to individual incentive programmes which likely

occur because they receive lower pay than the high performing managers and thus tend to quit. In contrast, that the good performers' turnover was positively related to group incentive programmes most likely occurs as they would likely receive lower pay than they would with individual incentive programmes and thus are very inclined to quit the organisation for better paying jobs. Table 2.2 summarises the widely used terminologies for HRMPs in the HRM literature.

**Table 2.2: Different terms used for HRMPs**

| Terms used for HRM practices | Authors |
|---|---|
| High-performance HRMPs | Huselid, 1995; Gould-Williams, 2011; Kehoe and Wright, 2013 |
| High-performance work systems | Appelbaum *et al.*, 2000; Macky and Boxall, 2007; Boon *et al.*, 2011 |
| High-involvement HRMPs | Guthrie, 2001; Wager, 2003; Pare and Tremblay, 2007 |
| HRM inducement/investment and expectation enhancing practices | Shaw *et al.*, 2009 |
| High-commitment HRMPs | Arthur, 1994; Agarwala, 2003; Gould-Williams *et al.*, 2013 |

Consistent with the above studies, it is proposed that banks should adopt skills- and motivation-enhancing practices to retain their top-notch employees, e.g. FLMs. These practices include training (Bassi and Buren, 1999; Hiltrop, 1999; Agarwal and Ferratt, 1999), development (Kyndt *et al.*, 2009; Sohail *et al.*, 2011; Bryant and Allen, 2013), pay (Trevor *et al.*, 1997; Abbasi and Hollman, 2000; Kim, 2012), promotion (Gaertner and Nollen, 1989; Park *et al.*, 1994; Pfeffer, 1998; Kim, 2012), job security (Arnold and Feldman, 1982; Delery and Doty, 1996; Parnell and Crandall, 2003), and recognition practices (Urichuk, 1999; Abbasi and Hollman, 2000; Chew, 2004; Kyndt *et al.*, 2009), which could negatively influence the FLMs' turnover intentions. If such HRMPs are not implemented by the banks, it can become a matter of concern for them and consequently banks could suffer from a disproportionate number of resignations from the talented FLMs.

Much of the literature above states that excessive turnover creates an unstable workforce, increases the human resources costs and affects organisational performance. Prior research also suggests that the reduced level of turnover, particularly from talented FLMs, could be beneficial for banks to maintain their pace and performance in the highly competitive milieu. From the review of the literature, it is also found that many researchers have conceptualised HRMPs in different ways, categorising a different combination of HRMPs such as high-commitment, high-performance and high-involvement HRMPs (as can be seen in Table 2.2).

Despite the varying concepts and labels of HRMPs, the researcher shares the perspective that banks need to adopt those HRMPs which can improve talented FLMs' skills and motivation, as these make them committed to the organisation. Moreover, it makes superior value for the respective banks. In conclusion, the literature concerning the organisational factors (HRMPs) offers more robust rationality and more influential effects on the talented FLMs' turnover intentions. For clearer understanding, Table 2.3 provides the relationship between different HRMPs and turnover.

**Table 2.3: A summary of prior empirical studies on the link between HRMPs and employees' turnover intentions**

| Author(s) (Year) Country | HRMPs | Research method used | Sample size | Results |
|---|---|---|---|---|
| Batt and Valcour (2003), USA | Flexible scheduling, supervisor's support, high relative pay, employment security, career development opportunities, decision-making autonomy, participation in teams and the use of flexible technologies. | Quantitative (survey) | 557 | Flexible scheduling practices, supportive supervisors, job security and pay were highly negatively associated to employee turnover intentions. |
| Macky and Boxall (2007), New Zealand | Performance-related pay, employee participation, reduced status, promotion, performance appraisal, development appraisal, formal communication programmes, use of employee attitude surveys, job security, training, merit based promotion and job analysis. | Quantitative (survey) | response rate 22.6% | High performance work system/ practices were positively related to employee intentions to stay in their organisation. |
| Pare and Tremblay (2007), Canada | Recognition, empowerment, competence development, fair rewards and information sharing | Quantitative (survey) | 134 response rate 17.4% | Recognition, competency development, had significant negative relationships, whereas, fair rewards and information sharing practices are related to turnover intention to a lesser extent. |
| Chew and Chan (2008), Australia | P-O fit, remuneration and recognition, opportunities for training and career development and opportunities to work in challenging assignments. | Qualitative (interviews) Quantitative (survey) | 457 response rate 57.1% | P-O fit, remuneration and recognition and training and career development had significant negative effects on employees' turnover intentions. While, opportunities to work in challenging assignments were not related to it. |

| Gould-Williams and Gatenby (2010), UK | Performance related reward schemes, training and development and performance appraisals. | Quantitative (survey) | 3165 | Training and development had significant negative impact on employees' turnover intentions. |
|---|---|---|---|---|
| Boon *et al.* (2011), Netherlands | 30 HRMPs such as recruitment and selection, training and development, autonomy, job variety, performance appraisal, job security, team working, involving staff in decision-making processes, promotion from within, performance-related pay and policies that support working parents. | Quantitative (survey) | 412 response rate 20% | Perceived HRMPs had a significant negative relationship with employees' turnover intention. |
| Alfes *et al.* (2012), UK | Training and development, selection, job security, promotion opportunities, performance related reward schemes, career management, performance appraisal and feedback. | Quantitative (survey) | 692 response rate 43% | Employee perceptions of HRM practices had a significant negative relationship with turnover intentions. |
| Gould-Williams *et al.* (2013), UK | Selection, training and development, job security, promotion, fair rewards, communication, involving staff in decision-making processes. | Quantitative (survey) | 1755 response rate 27% | High commitment HR practices were negatively associated with quit intentions. |
| Yamamoto (2013), Japan | Rewards based on fair appraisal, training and development, job security, enrichment of benefits and careful recruitment. | Quantitative (survey) | 400 | Overall employee perceptions of HRMPs had a significant negative effect on turnover intentions. However, the perceptions of reward based on fair appraisal and job security were significantly and negatively related to employee turnover. |

Note: All studies in the table are cross-sectional in nature.

### 2.5.4 Employing Group or Individual HRMPs to Control Turnover

The HRM system basically suggests several different sets/bundles of HRMPs to overcome employee- and organisational-related issues (Delery and Doty, 1996). A human capital architecture model presented by Lepak and Snell (1999) clearly demonstrated that organisations use different HRMPs for different kinds of employees to retain or not to retain them. Lepak and Snell's presented model reported that certain types of individual are more valuable to the organisation owing to their uniqueness and visibility at work. Therefore, it is important for organisations to select those HRMPs that encourage valuable employees to stay in the organisation. Indeed, their stay decisions would help the organisation to improve its performance.

Literature suggests that HRMPs bundles significantly affect employees' turnover intentions (Dyer and Reeves, 1995; Ogilvie, 1986; Boon *et al.*, 2011). It is because each individual practice that makes up these bundles can support others (HRM practice) in influencing employees' quitting or staying decisions, thereby creating combined synergistic effects which would be considerably greater than that of an individual practice (Shaw *et al.*, 1998; Chew *et al.*, 2005). According to Macduffie (1995) and Subramony (2009), the combination of various HRMPs can create enhanced combined effects than what can be anticipated when these practices operate in isolation. Thus, bundles of HRMPs are reflected to lead to better internal consistency and configuration with the organisational goals (Delery and Doty, 1996).

Wager (2003) examined the relationship between the HRMPs and employees' turnover intentions. He found that organisations providing their employees better HRMPs are less likely to leave over the next two years. Specifically, Wager identified that it is not only the absence or presence of any one HRM practice that regulates the employees' turnover intentions, but certainly these are the bundles of HRMPs that affect individual's decisions to leave. He also observed that employees who did not leave their organisations were those whose organisations have a developed set of HRMPs in practice, i.e. employees' voice programmes

that identify their real contributions through merit-based pay, merit-based promotions, proper recognition practices, information sharing and training practices.

Literature also maintained that the collective effects of various HRMPs affecting the same work characteristic, e.g. training and mentoring affect employee skills and it is possible that their combination can create a net result that exceeds the effect of each practice when used individually for individual- and organisational-related outcomes (Subramony, 2009). Prior studies also reflect that fair compensation systems provide both the intrinsic and extrinsic rewards necessary to motivate employees' performance in the organisation. Thus, neither extrinsic reward practices nor intrinsic reward practices are complete without the other. Together, they motivate the employees to stay in and perform in a better way (Subramony, 2009; Samuel and Chipunza, 2009).

Based on the above studies, it can be outlined that the bundles of skills- and motivation-enhancing practices provide FLMs with adequate levels of direction and inducements from the banks and as result that can affect their turnover intentions. Thus, it is recommended that HRM bundles consisting of different practices, liaising to impact the employee characteristic and will exert positive and negative influence employee-related outcomes, e.g. OC and turnover intentions. Similarly these bundles can also influence organisational-related outcomes, e.g. organisational performance.

### 2.5.5 Skills-Enhancing Practices and Turnover Intentions

Skill-enhancing practices are those designed to advance the knowledge and abilities of the organisation's individuals by developing the skills of the employed workforce (Subramony, 2009). In fact, the provision of such practices is considered as one of the important forms of human capital investment made by employers to enrich their employees' short- and long-term skills, which organisations need now and in the future to run their affairs efficiently and effectively (Gomez-Mejia *et al.*, 1995; Chew, 2004; Kyndt *et al.*, 2009). To combine the HRMPs that enhance individuals' short- and long-term skills would

greatly influence their turnover and organisational performance. Literature recommends that the provision of training and development increases employees' abilities and skills in the workplace (Huselid, 1995; Bowen and Ostroff, 2004; Ramlall, 2003; Chen *et al.*, 2004). The cited authors also believe that if any organisation fails to provide training and development to its valued individuals, subsequently they may move towards contending organisations which provide better training and development opportunities.

Moreover, Chen *et al.* (2004) conducted a study on the R&D employees of Hsinchu Science-based Industrial Park in the north of Taiwan, wherein they found that employees left their organisations with a higher degree of dissatisfaction when their implicit and explicit training and development needs were not satisfied. They also recommended that organisations need to encourage their employees by offering them short- and long-term skills development programmes to retain them. Thus, it is fair to say that employees' skills development programmes such as training and development might be of a great interest to the employees working in the organisation.

A study conducted by Muliawan *et al.* (2009) in the USA on information system auditors and revealed that provision of professional growth related opportunities and skills development programmes were significantly and negatively related to auditors turnover intentions. Muliawan stated that companies should provide auditors a facility of regular skills development and professional growth opportunities in a bid to retain them. Literature identifies that increase in skills involve organised and planned efforts to achieve the balance between the individual's career needs and organisational challenges (Chen *et al.*, 2004). Broadly speaking, the provision of appropriate training and development opportunities positively contribute towards the employee retention because it makes employees feel recognised for their strengths and it also creates more possibilities to further strengthen their qualities in dealing with complex propositions at the workplace (Kyndt *et al.*, 2009).

The above studies suggest that both training and development practices enhance employees' skills and influence their turnover intentions. However, the combined effect of both practices (training and development) could provide better insights about the talented FLMs' turnover intentions. Based on the similar features of these practices (as they both enhance employees' skills) a HRM bundle, namely, skills-enhancing practices, has been developed in this research. Sections 2.4.5.1 and 2.4.5.2 further explain and justify this bundling concept and also explicate the effect of each practice (training and development) on talented FLMs' turnover intentions.

**2.5.5.1 Training and Talented FLMs' Turnover Intentions**

According to Mullins (2005, p.756), "*Training is an important area of HRM, having relevance to effective management*". It is generally thought that training and development are the same, but in reality there is a clear difference between the two as the former one is related to employees' learning activity directed towards the attainment of specific awareness or skills for carrying out a particular task. However, the later concept represents a continuous and dynamic development of employees' skills, knowledge which is basically aimed at long-standing career growth rather than instant performance (Delery and Doty, 1996).

Training fundamentally enables employees' learning, confidence, motivation and commitment which eventually enhance their skills and abilities to execute skills in better way (Mullins, 2005). Bassi and Buren (1999) and Hiltrop (1999), in their studies, have stated that successful organisations need to have a provision of training for their individuals, particularly talented ones, as it compels them to stay in the organisation. A study conducted by Agarwal and Ferratt (1999) established that successful organisations use practices, i.e. training, mentoring and job rotation practices, to reduce employees' turnover intentions. It is also illustrated that employees' positive perceptions about the training at the workplace are the strong antecedent of their intentions to stay with the current employer (Gould-Williams and Gatenby, 2010). Not only this, but provision of training would also be of great significance to organisations because these are the employees which

provide an organisation a competitive advantage in the market (Pfeffer and Veiga, 1999).

Some researchers have revealed that too much training provided by an organisation to their valued employees ultimately instigates them to leave the existing organisation because it makes it easy for them to get another job in the market (Way, 2002; Moynihan and Pandey, 2007; Haines *et al.*, 2010). In addition, Shaw *et al.* (1998) and Batt *et al.* (2002) in their studies found no significant relationship between training and turnover and they found no evidence of a turnover-reducing effect in the trucking and telecommunication organisations, respectively. However, Fairris (2004) has found a small negative relationship between training and employee turnover. Existing literature still lacks clear evidence regarding the nature of the relationship between training and employees' turnover intentions in the banking sector. Owing to the varying consequences of the training–turnover relationship, additional research is necessary to understand the relationship between the said factors in the banking context.

### 2.5.5.2 Development Practices and Talented FLMs' Turnover Intentions

As discussed in the above section, development is a complex and expensive process but helpful to both the employees and employers in the long run (Hiltrop, 1999; Gould-Williams *et al.*, 2013). Predominantly, it is thought that development is employee's own responsibility, but in the present era, researchers consider it as an equally important for the organisation as it provides them more benefits from their employees in future (Baruch, 2006). In the case that any organisation is indifferent to providing development opportunities to their employees, this will consequently create a feeling of frustration among employees which consequently leads towards reduced productivity and profitability (Nouri and Parker, 2013).

The current economic environment has drastically transformed the nature of organisations across the world (Tarique and Schuler, 2010). For example, ongoing globalisation, technological innovation and mounting fierce competition has put a huge pressure on the contemporary organisation to lay emphasis on the development needs of their employees in order to maintain a competitive

advantage in the market (Kyndt *et al.*, 2009). It is a fact that organisations can improve their performance when they provide their employees an opportunity for continuous learning and development (Bryant and Allen, 2013). In fact, the availability of development practices play a very significant role in retaining dexterous and expert employees, because their awareness, skills and expertise could become a key factor for organisations to be competitive and successful (Hiltrop, 1999; Kyndt *et al.*, 2009; Nouri and Parker, 2013). Thus, it is important for employers to provide their employees an opportunity to develop and learn which ultimately helps them to survive and flourish further in the current complex environment.

The availability of development programmes will not only advance employees proficiencies but these opportunities also motivate them and subsequently help organisations to produce a more loyal set of workers (Kyndt *et al.*, 2009). Moreover, organisations' provision for development opportunities mainly encourages talented employees to stay in the organisation because at present they are extra-cognizant about their long-term personal and professional growth (Bryant and Allen, 2013). Besides, Nouri and Parker (2013) have established in their study that development opportunities particularly give a critical benefit to low-level managerial employees. With this, employees believe that their organisation provides them this benefit, so they reciprocate in a positive way. Thus, organisations must offer their employees more attractive development opportunities to reduce their turnover intentions. This would ultimately benefit organisations in present and future.

It is evidenced in the literature that lack of development opportunities compel employees to change their job, particularly affecting young mangers in Pakistan (Khilji and Wang, 2007). Furthermore, Sohail *et al.* (2011) identified that development opportunities play a vital role in the retention of employees in the Pakistani textile industry. They, in addition, suggested that development is more important for young employees than those who have been working for a long time. In view of the above rationales, this study hypothesises that frontline bank managers are mostly young and they are at the start of their careers and for them

development could be the important element of retention. As noted, both training and development practices separately affect individuals' turnover intentions. However, this research combines both practices together as a bundle, i.e. skills-enhancing practice, which is expected to have better effects on the talented FLMs' turnover intentions. This led to the following hypothesis:

➢ *H1. Skills-enhancing practices are negatively related to talented FLMs' turnover intentions.*

### 2.5.6 Motivation-Enhancing Practices Affecting Turnover Intentions

Motivation-enhancing practices are those planned to affect individual's desire and willingness to accomplish the assigned tasks and go above and beyond the stated expectations. Typically, such practices help employees' efforts toward the accomplishment of organisational objectives and provide them with the inducements necessary to engage in high levels of performance and reduced level of turnover (Kinnie *et al.*, 2005). These practices comprise the use of practices which enhance employees' motivation and focus on merit for example, fair rewards and merit-based internal promotions (Huselid, 1995).

Allen *et al.* (2003) suggest that the availability of different motivational factors, such as fair pay, benefits and internal mobility can lead employees to perceive organisation as valuing their contributions and as a return oblige organisation to reciprocate by holding positive attitudes and behaviours toward the organisation. In fact, these favourable attitudes and behaviours can affect organisational outcomes, i.e. customer satisfaction, productivity and sales. However, counterproductive behaviours, e.g. turnover, resulting from adverse employee attitudes can turn into loss of organisations-specific human capital, e.g. knowledge of products and procedures and ultimately lead to the loss of customer satisfaction (Batt, 2002).

Generally, fair rewards are considered important when it comes to attracting and retaining talented employees (Kidwell, 2011). In fact, a good reward system is a foundation of contractual and implicit agreements between the employers and

employees (Vandenberghe and Tremblay, 2008; Sthapit, 2014). They further express that sound intrinsic and extrinsic reward systems enhance employees' motivation to remain in the organisation. Literature also suggests that organisational rewards influence employees' motivation, commitment, satisfaction and turnover decisions on the one hand (Shaw *et al.*, 1998; Collins and Clark, 2003) and better organisational performance on the other hand (Huselid, 1995; McElroy *et al.*, 2001; Hancock *et al.*, 2011).

It is also asserted that talented employees always look for better motivation-enhancing practices, which provide them economic, social and psychological benefits to stay in the organisation (Gardner *et al.*, 2001). If they do not get fair benefits from their employers, they leave them and join those organisations which provide them such benefits, e.g. pay, promotion (economic) (Delery and Doty, 1996; Shaw and Gupta, 2007; Vandenberghe and Tremblay, 2008), job security (social) (Firth *et al.*, 2004; Stiglbauer *et al.*, 2012), and recognition (psychological) (Abbasi and Hollman, 2000; Samuel and Chipunza, 2009). These studies suggest that pay, promotion, recognition and job security practices have characteristics to increase employees' motivation. Thus, the researcher has combined these four HRMPs and made a HRM bundle, namely, motivation-enhancing practices. Table 2.4 further provides the rationality of the HRMP-bundling concept in the light of prior studies.

### 2.5.6.1 Pay as an Antecedent of Talented FLMs' Turnover Intentions

Employees satisfied with pay are less likely to leave the organisation (Phillips *et al.*, 1989; Trevor *et al.*, 1997). These researchers have also found that pay growth effects on turnover were greatest among talented employees, higher pay predicting lower turnover for this sort of employee and vice-versa. In addition, Shaw *et al.* (2009) have also demonstrated in their studies that less pay is always a first or second reason of talented employees' turnover. It is identified that good pay compared to that of contending organisations can confirm that an organisation prefers and endeavours to attract and retain high performing individuals (DeCieri and Kramar, 2008). Essentially, if employees are satisfied

that the pay which they are getting from their organisations equates with their work time, drive and effort then they prefer to stay. On the contrary, if they sense that their determinations and contributions surpass their given pay then unquestionably their level of frustration increases, which in turn compels them to think of quitting and searching for alternative jobs (Ryan and Sagas, 2009).

Shaw and Gupta (2007) have investigated the relationships between pay dispersal and the quits patterns of good, average and poor performers among 226 US truck drivers. Study findings reveal that under high pay practices, pay dispersal was negatively associated to good employees' quit rates when performance-based pay increases were underlined and positively associated when they were not. Also, under high pay practices, pay dispersal was negatively connected to average performer quits when seniority-based pay increases were underlined, but this relationship was diminished when they were not. However, pay dispersal was not constantly related to quit patterns, when pay was small. However, predictions regarding the quit patterns of the poor performers were not supported at all.

For employees, pay benefits are important because they offer the means to meet their needs of life. It is not only beneficial to employees but it is also beneficial to employers as well because it raises their goodwill in the market, as a fair and rational organisation (Milkovich and Newman, 2005). Basically, pay benefits are the main means to retain and motivate talented employees and are exchanged for better performance of the organisation (Vandenberghe and Tremblay, 2008). Regarding pay and turnover intentions, a negative relationship has been reported recurrently by the researchers. For example, a study conducted by Selden and Moynihan (2000) attested a significant negative relationship between good/average pay and voluntary turnover in 33 US state governments.

Surprisingly, some researchers have found that pay is not a significant determinant of employees' turnover intentions. For example, an investigation conducted by Lewis (1991) found that pay increase has no negative relationship

with the voluntary turnover among US federal employees. In addition, Kim (2005) has statistically proved that pay is not significantly related to state government's information technology department employees' leaving. Moreover, Chew and Chan's (2008) investigation results also showed that pay alone is not a factor to retain employees.

Federico *et al.* (1976) have acknowledged that pay has a significant positive impact on the retention of star performers in Asian countries, but it is the reverse case in the contexts of Europe and America. Recently, Bryant and Allen (2013) have also exhibited that pay is a weak predictor of talented employee turnover in developed countries, e.g. the USA. Bryant and Allen further revealed that higher pay and more benefits is a losing strategy for organisations in the current competitive environment.

As discussed above, the impact of pay differentiation on employees' turnover was higher among the high-performing employees compared to low-performing ones. This suggests that when pay is fair and rational specifically in comparison to others organisations' pay, employees are less likely to leave the organisation. However, the inconsistent link between pay and employees' turnover intentions needs further research to understand the relationship. In view of the above inconsistencies, pay has been included in the present study as a key determinant of the talented FLMs' turnover intentions.

### 2.5.6.2 Promotion and Talented FLMs Turnover Intentions

Employees usually consider promotion as a success of their revealed performances and career achievement and if they are not provided the same they may quit the organisation (Gaertner and Nollen, 1989; Pfeffer and Veiga, 1999; Trevor *et al.*, 1997). Moreover, scholars have also claimed that lack of significant promotional opportunities particularly instigates good performers to leave the organisation (Park *et al.*, 1994; Wager, 2003; Alfes *et al.*, 2012). Sthapit (2014) examined the organisational antecedents of turnover functionality among the 380 business managers of the Nepali private banks; therein it was found that good performers' turnover had a lowest satisfaction to the promotion

opportunities whilst, the low performing managers were found satisfied with the given promotional opportunities. Similar to that, Phillips *et al.* (1989) studied determinants distinguishing high- and low-performing quitters and stayers and revealed that high-performing leavers were highly discontented with promotion and growth opportunities; however low-performing stayers were highly contented in general.

In contrast, Schwab (1991) and Trevor *et al.* (1997) statistically proved that promotional opportunities enhance employees' motivation to quit. It is because, promotions from the employer actually make them more visible in the market as they give positive signals to the external market and thus, they can be easily targeted by market competitors. Schwab (1991) also indicated that employees' promotion in the organisation positively influences their turnover intentions. Similarly, Bernhardt and Scoones (1993) developed a model of promotion and wage decisions based in part on the assumption that promotions persuade turnover by communicating employee value to competing organisations.

Although, there is evidence of positive and negative relationships between promotion and turnover intentions, this investigation proposes that lack of promotional opportunities potentially push talented employees to quit. As has been witnessed, lack of promotion opportunities pushes employees to leave in the context of Asian countries in general and Pakistan in particular (Khilji and Wang, 2007; Khan *et al.*, 2011). Accordingly, if banks in Pakistan offer merit-based promotions to their talented FLMs then their turnover intentions could be diminished. Essentially, the relevance and use of promotion variable in the present study has two main reasons, firstly, it increases employees' motivation to stay in the organisation. Secondly, inconsistent results of the previous studies also make this study interesting for deep insights.

### 2.5.6.3 Recognition and Talented FLMs Turnover Intentions

Recognition is a formal or informal acknowledgement of an employee's determination at work or any business result which basically supports the meeting of the organisation's objectives; and it is beyond normal expectations

(Stokes, 1995; Al-Arkoubi *et al.*, 2013). These authors further believe that recognition is about demonstrating how much the organisation values its individuals, which undoubtedly could have a significant effect on their attitudes and behaviours. Employees, in particular talented ones, stay in the organisation when they sense that their abilities and contributions are fairly recognised and appreciated by the management (Chew, 2004). Many researchers have identified that recognition is negatively related with employees' turnover intentions (Pare and Tremblay, 2007; Chew and Chan, 2008). In addition, Pare and Tremblay have found that turnover intentions among IT professionals in Canada were more likely to be less when their work was appreciated and acknowledged by the management or their immediate supervisors. Results of their study illustrate a significant negative relationship between the recognition and employees' turnover intentions ($\beta = -0.58$, $p < 0.05$).

Likewise, Urichuk (1999) showed that lack of recognition leads to employee turnover intentions. Urichuk further stated that, if any organisation wants to avoid losing their employees and encourage others to do better; they have to recognise the performance and sprit of employees openly as it saves both time and money on finding new employees. Newaz *et al.* (2007) also evidenced that lack of recognition increased employees' turnover intentions in Bangladeshi banks, which has almost similar conditions to the Pakistani banking environment. They, in addition, revealed that non-monetary reward, e.g. recognition, played an important role in retaining the workforce.

Literature suggests that, in Pakistani banks a bureaucratic style has long been in operation due to nationalisation and the political environment (Islam, 2004). In addition, it has also been found that in Pakistani banks supervisors hardly appreciate the performance of their subordinates, rather they deal with them harshly which creates frustration among sub-ordinates to leave the organisation (Khilji and Wang, 2007). Thus, it would be good to test whether contemporary organisations emphasise the recognition and turnover relationship or still follow the traditional approach of not appreciating their subordinates.

### 2.5.6.4 Job Security and FLMs' Turnover Intentions

Job security provided by the organisation assures employees to stay because it affects their behavioural intentions (Delery and Doty, 1996; Fey *et al.*, 2000; Gould-Williams, 2003). Prior researchers have claimed that employees' perceptions of job security are negatively related to turnover intentions (Arnold and Feldman, 1982; Cotton and Tuttle, 1986; Batt, 2002; Boon *et al.*, 2011). It is identified in the literature that job security is one of the important factors of HRMPs (Pfeffer, 2005). In fact, provision of job security shows organisation's commitment towards the employees, while there is evidence that it enhances employees' OC and reduces turnover intentions (Meyer and Smith, 2000; Ngo *et al.*, 1998; Stiglbauer *et al.*, 2012).

In addition, it was found that extrinsic motivational factors, e.g. job security, were significantly and positively related to employees' retention in both public and private sector organisations, including banks (Samuel and Chipunza, 2009). They also identified that, a significantly positive relationship actually diminishes the employees' turnover intentions. With the provision of job security, employees perceive it as organisational backing for them, which subsequently enhances their OC and shrinks their turnover intentions. Concerning this, the current study also considers job security as an important factor in the case of talented FLMs' turnover intentions in the private banking sector of Pakistan. Based on Sections 2.4.6.1, 2.4.6.2, 2.4.6.3 and 2.4.6.4, the following hypothesis has been developed to test the relationship between motivation-enhancing practices and talented FLMs' turnover intentions.

➢ *H2. Motivation-enhancing practices are negatively related to talented FLMs' turnover intentions.*

**Table 2.4: List of Practices included in the Two HRMPs Bundles (SEPs and MEPs)**

| Author | Skills-Enhancing Practices | Motivation-Enhancing Practices |
|---|---|---|
| Abbasi and Hollman (2000) | | Recognition and compensation |
| Collins and Clark (2003) | | Incentive pay (performance-based pay, stock options, bonus) |
| Colvin *et al.* (2005) | | Variable pay and internal promotions |
| Delaney and Huselid (1996) | Training and selective staffing | Incentive compensation and internal labour market |
| Gardner *et al.* (2001) | Selection and training | Pay for performance, performance evaluation and promotion practices |
| Guthrie (2001) | | Pay (merit- and skill-based) |
| Khatri (2000) | Training and development | Performance-based compensation |
| Pare and Tremblay (2007) | Competence development | Monetary (pay) and non-monetary rewards (recognition) |
| Shaw *et al.* (1998) | Training and development | Pay benefits |

### 2.5.7   Link between Skills- and Motivation-Enhancing Practices and OC

Before discussing the relationship between OC and selected skills- and motivation-enhancing practices, it is important to provide a definition for and highlight the significant arguments evolving from the literature on OC. According to Johns (1996) and Bryant and Allen (2013), OC reflects a psychological attachment of an employee with the organisation. Mowday *et al.* (1979) put forward a significant argument that OC can be simultaneously a behavioural and attitudinal/psychological concept. Three years later, Mowday *et al.* (1982) described it as a multi-dimensional concept.

Almost a decade later, Meyer and Allen (1991) purported that employees, rather than falling into any one particular type of commitment, may simultaneously reflect the dimensions to varying degrees, i.e. the affective (emotional attachment), continuance (cost of leaving) and normative (obligation to remain in organisation), in nature and importantly, each of them have has its own diverse consequences towards organisational functioning. Meyer and Allen further stated that a better understanding of the employees' association with the organisation could be better understood if all three forms of commitment were considered together. Consequently, they developed new measures for OC based upon the above-mentioned three components in order to better assess commitment across the several dimensions.

Porter *et al.* (1974) looked at the attitudinal construct of OC and then developed a 15-item measure for it, referred to as the Organisational Commitment Questionnaire (OCQ). They recommended that OC could be categorised as: employees' strong belief and recognition of the organisational goals and values; employees' willingness to exert considerable effort on behalf of their organisation and their desire to maintain the organisational membership. Porter and his colleagues suggested that the OCQ can be utilised by researchers in interpreting overall organisational commitment. Owing to this, the OCQ has been used in this study to measure the overall organisational commitment of talented FLMs of the private banks of Pakistan.

Regarding the HRMPs and OC relationship, a number of studies have instituted a positive association between individual components of HRMPs and employees' OC. For example, Appelbaum *et al.* (2000) in their study provided comprehensive results in testing the relationships between individual HRMPs and employees' OC. They in addition established that pay for performance, fairness in pay, flexible work plans, promotional chances and job security positively influence employees' OC. In the same year, Meyer and Smith also witnessed HRMPs such as performance appraisal, pay, training and provision of development opportunities impacting on perceived organisational support and procedural justice, which ultimately improve employees' affective commitment.

Likewise, Paul and Anantharaman (2004) found that HRMPs such as comprehensive training, career development, pay and promotion show a significant positive relationship to employees' OC. Curtis and Wright (2001) statistically proved that HRMPs like pay, benefits, flexible work options, career development and training opportunities actually enhance employees' commitment to the organisation and subsequently, boost the organisation's effectiveness. McElroy *et al.* (2001) found that organisations that comprehensively train their employees create a reputation in the market for valuing and developing their employees. This organisational consideration sends a clear message to employees that the organisation is committed to their development and as a result, it increases employees' commitment to the organisation.

Literature advocates that provision of training is generally interpreted by employees as an indication of the organisation's commitment towards them, leading to a psychological attachment to the organisation and a willingness to put in an extra effort to increase organisational effectiveness (Gaertner and Nollen, 1989). Gaertner and Nollen further stated that through training, employees develop a positive self-concept and a sense of fitness resulting from the employment relationship, leading to better identity with the organisation. This also reflects a general organisational strategy towards employee development that adds value. So learning new skills through training may trigger employees' improved interest in many aspects of the job including, commitment and retention (Kyndt *et al.*, 2009).

According to Ogilvie (1986), employees' positive perceptions regarding merit accuracy and promotion practices essentially put a positive impact on the employees' OC. Further, Agarwala (2003) used a sample of 422 executives and managers of seven organisations, wherein he discussed that the employees' perception of the degree of innovative HRMPs significantly predicted improved level of OC. The theoretical justification of the development of OC conceded by Blau (1964) found that individuals should support those who have supported them; simply, they reciprocate the relationship. Previous research also suggests that when employees perceive better HRMPs such as good rewards, training and

job security, they develop OC in reciprocation towards the organisation (Meyer and Smith, 2000; Eisenberger *et al.*, 2002).

Eisenberger *et al.* (1986-2002) put forward the organisational support theory which provides a theoretical foundation regarding the question of why HRMPs influence employees' OC. This theory argued that employees tend to respect organisations as a person and form a belief regarding how this embodied organisation identifies their contribution and involvement for their well-being. Eisenberger and colleagues also claimed that when employees observe that their organisations are helpful to them, they tend to reciprocate their support with increased level of organisational commitment.

Eisenberger *et al.* (1986) identified that employees tend to reciprocate the organisational support (through HRMPs) with an elevated level of commitment, in an attempt to endure their image and remove the stigma connected with the violation of the reciprocity norms. A good empirical support has found a positive relationship between different HRMPs and OC (Chew *et al.*, 2005; Agarwala, 2003; Allen *et al.*, 2003). In fact, various researchers have found that a positive relationship between individual HRMPs and employees' OC. Considering the above empirical evidence, it is hypothesised that bundles of skills-enhancing practices (training and development) and motivation-enhancing practices (pay, promotion, recognition and job security) will significantly influence talented FLMs' organisational commitment.

Prior research in this regard suggests that provision of training and development practices positively influences employees' perceptions and they think the organisation values their present and potential contributions and thus their level of commitment rises (Meyer and Allen, 1997; Agarwala, 2003). In addition, researchers demonstrate that training enhances employees' skills, reduces role conflict and prepares them for future advancements, hence increases their level of commitment (Appelbaum *et al.*, 2000). Similarly, the provision of development opportunities ensures employees that they are important part of the organisation.

Indeed, this feeling eventually enhances their commitment with the organisation (Bryant and Allen, 2013; Nouri and Parker, 2013).

In addition, researchers have consistently pointed out that HRMPs such as pay, promotion practices (Williams and Hazer, 1986; Bryant and Allen, 2013), recognition (Chew, 2004; Kwon, 2009), and job security (Appelbaum *et al.*, 2000; Joarder *et al.*, 2011) positively influence employees' motivation to stay committed With respect to above studies, it can be argued that selected HRMPs (training, development, pay, promotion, recognition and job security) influence FLMs' OC. Thus, organisations should provide their employees such skills- and motivation-enhancing practices to keep them committed. Table 2.5 further explains the relationship between the different HRMPs and OC.

**Table 2.5: Studies showing the relationship between different HRMPs and organisational commitment**

| Author(s), Year, Country | HRM Practices used | Research Method/s | Sample Size / Response rate | Findings |
|---|---|---|---|---|
| Bartlett (2001), USA | Training | Quantitative (survey) | 337 registered nurses of five hospitals response rate 22% | It was found that access to training, support from the senior staff and colleagues, perceived benefits of training and training motivation had a significant positive relationship with the organisational commitment of employees. |
| Agarwala (2003), India | Employee acquisition strategies, retention strategies, compensation and incentives, benefits and services, rewards and recognition, technical training, management development, career planning, development practices, performance appraisals, potential development, succession planning, employee relations with a human face, employee exit and separation management and adopting responsibility for socially relevant issues. | Qualitative (interviews) and Quantitative (survey) | 422 | Perceived extent of introduction of high-commitment HRMPs by the organisation and the extent to which employees believed that high-commitment HRMPs were important for organisational goal achievement because they had a significant positive correlations with the employees' organisational commitment. |
| Gould-Williams (2003), UK | Training, communication, reduced status, job variety, team working, selection, job security, involving staff in decision making processes, performance related pay and promotion. | Quantitative (survey) | 191 response rate 65.2% | They found that all selected HRM practices had a significant positive impact on the employees' organisational commitment. |
| Wright *et al.* (2003), USA and Canada | Selection and staffing, pay for performance, training and participation | Quantitative (survey) | 5,635 | HRM practices had a significant positive relationship with the organisational commitment of employees in both countries (USA and Canada). |

| | | | | |
|---|---|---|---|---|
| Paul and Anantharaman (2004), India | Value based induction, compensation, career development, employee-friendly work environment, development-oriented appraisal, comprehensive training, value-added incentives, team-based job design and selection | Quantitative (survey) | 370 | Employee-friendly work environment, career development, development-oriented appraisal and comprehensive training had significant positive effects on the organisational commitment of employees. |
| Kinnie et al.(2005), UK | Training, career development opportunities, performance-related pay, performance appraisal, rewards and recognition, team working, involvement, communication, openness and work-life balance | Qualitative (interviews) & Quantitative (survey) | - | Employee satisfaction with different combinations of HRMPs has had significant relationships with the employees' commitment levels. |
| Macky and Boxall (2007), New Zealand | Performance-related pay, employee participation, reduced status, promotion, performance appraisal systems, formal communication programmes, use of employee attitude surveys, job security, training, merit based promotion and job analysis | Quantitative | response rate 22% | It was found that all high-performance work systems had a significant positive relationship with organisational commitment of employees. |
| Pare and Tremblay (2007), Canada | Recognition, empowerment, competence development, fair rewards and information sharing | Quantitative (survey) | 134 response rate 17.4% | Recognition, empowerment and competence development practices have had significant positive relationships with affective commitment whereas, only competence development had a significant positive relationship with the continuance commitment of employees. |
| Chew and Chan (2008), Australia | P-O-F, remuneration, recognition, opportunities for training and career development and opportunities to work in challenging assignments | Both qualitative and quantitative methods | 457, response rate 57.1% | P-O-F remuneration, recognition and opportunity to undertake challenging assignments had significant positive effects on organisational commitment. |
| Gould-Williams et al. (2010), UK | Performance related reward schemes, training and development and performance appraisals | Quantitative (survey) | 3165 | Performance related reward schemes; training and development and performance appraisals have had significant positive influence on the employees' organisational commitment. |

| | | | | |
|---|---|---|---|---|
| Kehoe and Wright (2010), USA | Selection, training, compensation, employee participation, performance evaluation, merit based promotion and information sharing communication. | Quantitative (survey) | ---- | Employee perceptions of high-performance HRMPs had significant positive relationships with employee affective commitment. |
| Boon *et al.* (2011), Netherlands | 30 HRMPs e.g. recruitment and selection, training and development, autonomy, job variety, performance appraisal, job security, team working, involving staff in decision-making processes , promotion from within, performance-related pay and policies that support working parents | Quantitative (survey) | 412, response rate 20% | Boon et al found that all perceived HRM practices have had a significant positive relationship with the employees' organisational commitment. |
| Gardner *et al.* (2011), USA | Structured interviews, formal employment tests, formal training, tuition reimbursement, formal performance evaluations, merit pay, individual and group bonuses, company-wide bonuses, promotion opportunities, complaint processes, cross-department, company communication and formal participation programmes. | Quantitative (survey) | 1,748 | Formal performance evaluations, merit pay, individual & group bonuses, company-wide bonuses, promotion opportunities, complaint processes, cross-department & company communication and formal participation programs had a significant positive relationship with employee affective commitment. |
| (Imran and Ahmed, 2012), Pakistan | Perceived organisational support, training and development, compensation, organisational climate, work life policies, development opportunities, empowerment | Quantitative (survey) | 600 | All of the selected HRMPs were having a significant positive relationship with the employees' organisational commitment. |
| Gould-Williams *et al.* (2013), UK | Selection, training and development, job security, promotion, fair rewards, communication, involving staff in decision-making processes. | Quantitative (survey) | 1,755, response rate 27% | Researcher have exhibited that high commitment HRMPs had a positive association with affective commitment. In addition they also demonstrated that civic duty partially mediated the connection between high commitment HRMPs and affective commitment of the employees. |

## 2.6 Mediating Role of OC between Selected HRMPs and FLMs Turnover Intention

Each of the aforementioned variables of the study has been shown to have an influence on the OC and employees' turnover intentions, separately. The extent of direct influence of each variable on the employees' turnover intentions is enormous but little attention has been paid to the mediating role of OC (Way, 2002). Jiang *et al.* (2012) and Haines *et al.* (2010) identified that employees' turnover is a distal outcome of organisational HRMPs. If this is the case, then it could be expected that this relationship might be mediated by other variable(s) which could be proximal indicators. Moreover, many researchers have stated that HRMPs influence employees' attitudes first and then affect their behavioural intentions in the workplace (Harrison *et al.*, 2006; Macky and Boxall, 2007).

It has been fairly reported in previous studies (Table 2.5) that numerous HRMPs positively influence employees' OC, but no study has tested OC as mediator between selected skills- and motivation-enhancing practices and talented FLMs' turnover intentions. According to social exchange theory, individuals weigh the costs against the benefits they get while developing a relationship (Blau, 1964). Based on this theory it is argued that investment in HRMPs entails that organisations give importance to their personnel to set up a long-lasting employment relationships with them (Allen *et al.*, 2003; Kwon, 2009). These authors also asserted that suitable HRMPs offered by the organisation boost employees' skills and motivation which ultimately develops into a positive impact on their OC and negative impact on turnover intentions. Similarly, Delaney and Huselid (1996) demonstrated that if organisations provide their employees training and mentoring practices they may perform well with an elevated OC and reduced turnover intentions.

Prior investigations have also claimed that HRMPs, such as competitive rewards, extensive benefits and job security, give confidence to employees to stay committed to the organisation (Arnold and Feldman, 1982; Fey *et al*., 2000; Chew, 2004). Mueller *et al.* (1994, p.128) reported that:

When employees are both satisfied with their jobs and committed to the organisation, the bond with the organisation will be strengthened and will result in greater cooperation and a reduced likelihood of the quitting.

OC has shown to be different in relation to employees' attitudes about their work. For example, job satisfaction is more focused on employees' response to specific characteristics of the job, i.e. pay, promotion, training, supervision and work environment, whereas OC is more global in relation to employee attitudes and behaviours (Mowday *et al.,* 1979). There is plenty of evidence in the literature which recommend a significant relationship between HRMPs and employees' turnover intentions, but a review of literature identifies that organisational HRMPs initially impact employees' attitudes then their behaviours (Buck and Watson, 2002; Collins and Clark, 2003). As discussed above, a high degree of OC fundamentally diminishes the individuals' intentions to leave the organisation.

Prior research demonstrates that employees' turnover intentions, the most proximal antecedent of actual turnover, are influenced by employee attitudes (Hom and Griffeth, 1995; Griffeth *et al.*, 2000; Harrison *et al.*, 2006). Among many other employee attitudes, OC has been recognised as a robust antecedent of their turnover intentions. In fact, many studies in this regard have identified that employees committed to their organisations are less likely to leave (Porter *et al.*, 1974; Sager and Johnston, 1989; Mathieu and Zajac, 1990; Huselid and Day, 1991; Addae *et al.*, 2008; Abii *et al.*, 2013). As discussed in the above section, skills- and motivation-enhancing practices significantly influence FLMs' OC. This implies that OC potentially mediates the relationship between selected practices and talented FLMs' turnover intentions. Based on the findings of available empirical research, it is hypothesised that the relationship between skills- and motivation-enhancing practices and talented FLMs' turnover intention will be mediated by OC.

➢ *H3. Organisational commitment mediates the relationship between skills-enhancing practices and talented FLMs' turnover intentions.*

> *H4. Organisational commitment mediates the relationship between motivation-enhancing practices and talented FLMs' turnover intentions.*

## 2.7 Relationship between OC and Talented FLMs' Turnover Intentions

Literature demonstrates that individuals' lack of OC may lead to counterproductive behaviours in the workplace (Firth *et al.*, 2004; Fisher, 2002; Chew *et al.*, 2005; Carmeli and Weisberg, 2006; Shukla *et al.*, 2013). An example of counterproductive behaviours can be an increase in intentions to leave, turnover and poor organisational performance (Harrison *et al.*, 2006). Moreover, many studies have shown that OC is negatively related to employees' turnover intentions (Mathieu and Zajac, 1990; Karsh *et al.*, 2005; Addae *et al.*, 2008). However, Vandenberg and Nelson (1999) and Lacity *et al.* (2008) have failed to identify the relationship between OC and employees' turnover intentions.

Khatri *et al.* (2001) identified that there is a need for turnover research in the context of Asian countries, which are so far under-researched in the literature. Baruch and Budhwar (2006) also recommended that research must be pursued beyond the boundaries of Western countries. Despite the inconsistency in arguments, this study considers that OC is negatively related to talented FLMs' turnover intentions.

> *H5. There is a negative relationship between OC and talented FLMs' turnover intentions.*

## 2.8 Research Framework

Based on relevant HRM and OB literature, the present study proposes the following research framework, which categorically demonstrates that talented FLMs' turnover intentions in the model comprises of two skills-enhancing practices, i.e. training and development, and four motivation-enhancing practices, i.e. pay, promotion, recognition and job security, and their OC. Figure 2.3 present two ways of explaining the relationship between skills- and motivation-enhancing practices and talented FLMs' turnover intentions. Firstly, the direct impact of

these practices on talented FLMs' turnover intentions and secondly, the indirect impact thereof on the said relationship through OC.

**Independent Variables**　　　　**Mediating Variable**　　　　**Dependent Variable**

Skills-Enhancing
Practices

➢ Training
➢ Development

Organisational
Commitment

Talented Frontline
Managers' Turnover
Intentions

Motivation-Enhancing
Practices

➢ Pay
➢ Promotion
➢ Recognition
➢ Job Security
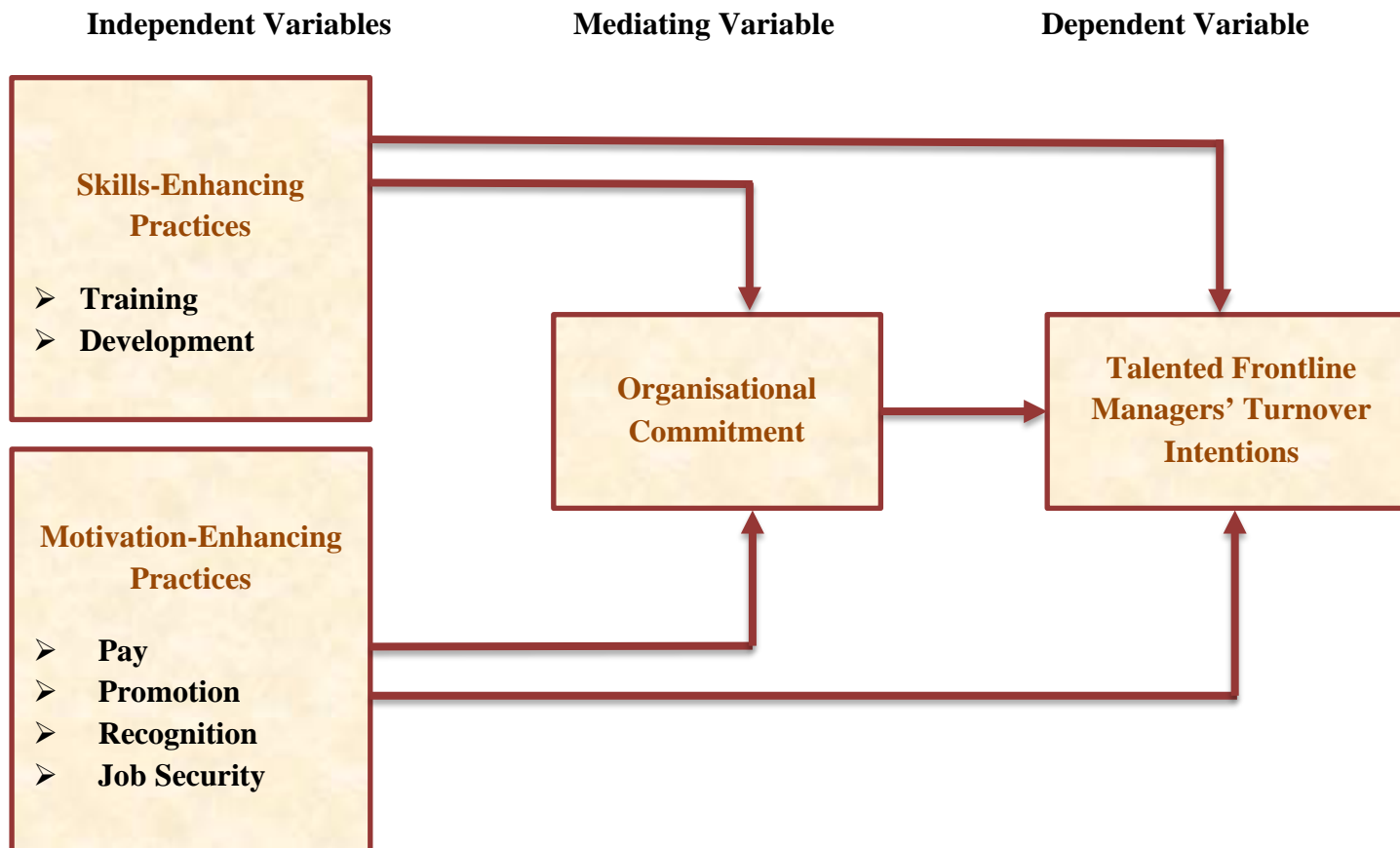
**Figure 2.3: A model of distal and proximal antecedents of talented FLMs' turnover intentions**

## 2.9 Gaps in the Research

The review of the literature reveals numerous directions for further research in the field of employees' turnover. Firstly, there has been long debate on general turnover intentions but very few studies have focused on the turnover intentions of the talented employees (Hancock *et al.*, 2011; Kidwell, 2011; Boles *et al.*, 2012). Despite the importance of talented employees' turnover, earlier studies have only concentrated on the practitioner's gut instincts rather than solid empirical evidence (Bryant and Allen, 2013). As highlighted in the literature review, this type of turnover is distressing and detrimental to organisations in a number of ways, e.g. repetitions of recruitment and selection processes, training and development of new entrants, stress among the remaining employees, reduced output and drop in morale (Tziner and Birati, 1996; Ramlall, 2003), especially when their talented personnel leave and join other organisations (Campion, 1991; Chew *et al.*, 2005; Kidwell, 2011).

Secondly, prior studies on employees turnover intentions have focused on the demographic and individual factors (Porter and Steers, 1973; Phillips *et al.*, 1989; Abii *et al.*, 2013; Mobley, 1982). However, this research focuses on both organisational factors and individual factors which affect talented FLMs' turnover intentions. In addition, the current research seeks to fill this void to examine the impact of selected skills- and motivation-enhancing practice bundles and OC on talented FLMs' turnover intentions. This study also contributes to the literature as two bundles of HRMPs, namely, skills-enhancing and motivation-enhancing practices, have been developed. Notably, these bundles have been made from the synergistic functions of the different HRMPs.

Thirdly, this study considers OC as a mediator of the relationship between the selected HRM bundles and talented FLMs' turnover intentions. This area of research has lacked researchers' attention because researchers were previously focused on studying HRMPs–performance relationship (organisation-related outcomes) and the effect of different HRMPs separately. For example, Dyer and Reeves (1995) evaluated a number of turnover studies which focused on the link between different HRMPs and organisational outcomes. These authors found four

major types of outcomes, i.e. employee, operational, financial and market outcomes. Dyer and Reeves (1995) also established that HRMPs always impact employee outcomes such as turnover first and then affect other organisational outcomes like productivity, profitability and stock value. According to them, many previous studies have focused on the organisational outcomes as compared to employee outcomes.

Similarly, Rogers and Wright (1998) reviewed 29 studies and found 80 different observations of empirically tested relationships between different HRMPs and organisational outcomes. They found that only 3 observations were related to employee outcomes, whereas 34 related to operational, 24 to financial and 19 to market outcomes. Many of the studies have spotlighted the link between HRMPs and the organisation's operational and financial outcomes, but few studies have focused on the HRMPs relationship to employee outcomes, e.g. employees' commitment and turnover intentions.

From the review of the literature, it has been identified that many researchers have demonstrated a direct link between HRMPs and turnover intentions (Dyer and Reeves, 1995; Huselid, 1995; Shaw *et al.,* 2009). A more detailed review of the literature reveals a significant disagreement between their viewpoints and suggests that turnover intention is a distal outcome of organisations' different HRMPs (Allen *et al.*, 2003; Bryant and Allen, 2013); whereas, OC is a proximal outcome of HRMPs (Allen *et al.*, 2003). This suggests that HRMPs impact employee attitudes, e.g. OC first, and then employees' behaviours, e.g. turnover. Based on the above findings, the present study considers OC as a mediator of the relationship between selected skills- and motivations-enhancing and talented FLMs turnover intentions. Fourthly, the dearth of literature on the subject in Pakistan establishes a serious gap for many organisations including the banking sector (Khilji and Wang, 2007; Khan *et al.*, 2011; Irshad and Toor, 2008; Ansari, 2011). To address this gap, there is a need to empirically test existing HRMPs–turnover models in a local context to know whether these models yield the same or different results. Literature review indicates that most of the research on the subject has been done in developed or Western cultural work settings (Khilji and

Wang, 2007; Yasmin, 2008; Khan *et al.*, 2011). Thus, it requires the wider attention of researchers and practitioners to establish employee turnover intention predictors in different work settings such as Pakistan.

Finally, local literature also suggests that a large number of talented FLMs are leaving due to their dissatisfaction with traditional HRMPs (Khilji and Wang, 2007; Irshad and Toor, 2008; Ansari, 2011). It is also in the literature that FLMs play an important role as they report to the top management on employee performance and tasks and at the same time they are in touch with the bank clients (Khan, 2009). Thus, their retention is important for banks. The application of the proposed model to a sample of talented FLMs of the private banks of Pakistan also represents empirical progress in the existing knowledge. All variables of the study are chosen to justify it in an underprivileged and developing economy, where employees expect only the satisfaction of their basic needs from their banks. An attempt to fill this gap is considered vital because it helps researchers and practitioners to understand FLMs' attitudes and behaviours in a less-affluent economy, e.g. Pakistan.

## 2.10 Conclusion

The common theme in this literature review is that selected skills- and motivation-enhancing practices influence talented FLMs' turnover intentions. It also reflects the relationships between a wide range of study variables and employees' turnover and further recognises that HRMPs affect FLMs' OC which in turn influences their turnover intentions. This study posits that based on social exchange relationships, organisations that manage their HRMPs well will be able to positively influence employee attitudes and behaviours. It is worth mentioning that learning from departed employees (actual turnover) is undoubtedly important but learning from existing employees (i.e. the talented ones), who intend to leave would also be of a great significance for organisations in general and banks in particular. The identification of their turnover intentions would make banks more cautious about the talented FLMs' turnover and issues related can be caught and resolved at the earliest opportunity.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1    Introduction

This chapter describes the choice of an appropriate methodology by which the reliability and validity of the research can be examined and analysed. This chapter also reports a clear and comprehensive justification of how this research was carried out, namely, quantitatively. In fact, the development of the research methodology is based on a rigorous literature review and conceptual approach, being a systematic way to achieve the research aim and objectives or to appropriately resolve the research problem. For the underpinning of suitable research methodology, at the beginning, the assumptions and philosophical stance of the research were reviewed to recognise the relationships and rationalisation of the selected approach. This discussion covers the selection of the research strategy and its validation for the purpose of theory testing. To do that, a research design was established to follow the study accordingly. The researcher also discusses in detail the empirical research methodology including data collection and data analysis procedures. The data collection section is comprised of sample selection, access to respondents, development of the survey instrument, measurement scales (reflective or formative constructs) and results of the pilot study. The data analysis procedure and statistical techniques were selected and justified to analyse the data. Finally, the research ethical issues were appropriately employed to confirm that the data is unbiased.

## 3.2    Philosophical Underpinning of the Research

Before introducing the appropriateness of the proposed methodology, it is important to decide the philosophical approach and its compatibility with the research questions (Saunders *et al.*, 2009; Neuman, 2013). Specifically, in the research philosophy, researchers primarily think about the development of the knowledge (Saunders *et al.*, 2009). According to Easterby-Smith *et al.* (1991),

there are three main motives why an understanding of philosophy is essential. Firstly, it helps in refining and identifying the chosen research method(s), to shed light on the overall strategy employed. It further focuses on the types of gathered data, sources and how they ultimately answer the research question(s). Secondly, it helps in evaluating the different methodologies or methods and using appropriate method(s) for the investigation. Finally, the philosophical stance of research also informs the selection or alterations in the research area. Hence, it is important for researchers to find out the relevant philosophical issues that affect research at different stages, i.e. data collection, preparation and analysis.

There are two main research paradigms in use, namely, positivist and interpretivist (Saunders *et al.*, 2009). The understanding of both paradigms has been a main source of discussion for researchers in the field of social sciences (Bryman, 2004). As argued by Tashakkori and Teddlie (2010), a research paradigm is fundamentally a set of beliefs that encompass theories of a group of researchers, with the key idea of underpinning research methods and interpretations. This suggests how research in a specific area should be applied and how the results can be interpreted (Bryman, 2004).

Precisely, the positivist paradigm is a scientific, objectivist, discovering causal laws and mostly quantitative; whereas the interpretivist paradigm is often referred to as anti-positivist. Various researchers have asserted that both paradigms have their own associated advantages and disadvantages in different fields of research in one way or another but reasonably the main concern remains the same (Saunders *et al.*, 2009; Creswell and Plano Clark, 2011). Before deliberating these two philosophies in detail, the researcher finds it essential to throw light on the assumptions that principally build these research philosophies.

### 3.2.1 Ontology (What is the nature of being?)

The word ontology is comprised of two Greek words 'onto' meaning 'being' and 'logos' meaning 'discussion, study or theory' (Johnson and Duberley, 2000). Bryman (2004) elucidates that the ontological assumption deals with the nature of being, structure of the world, reality and truth. This assumption particularly

answers the questions having the nature of: to what extent can an external reality exist? Rather, is it purely related with the discovery of the theory behind the truth and how to understand existence? Bryman further explains that in the social sciences, the ontological assumption embraces claims that make up social reality.

Moreover, Saunders *et al.* (2009) have specifically focused on the two main aspects of ontology. The first aspect is objectivism, wherein it is assumed that social and natural reality exists but they are truly outside of human thoughts, beliefs and conceptions. Thus, the association between research and social phenomena are separated from each other. The second aspect is related to subjectivism/idealism. This aspect is mostly viewed that social phenomena are created from the perceptions of social actors. Saunders and colleagues clarify that truth is made up of the views of a specific individual(s) and it has different versions depending on the context. Consequently, it is argued that there is no absolute truth which is a part of human conception.

### 3.2.2 Epistemology (How research builds the knowledge?)

Similar to ontology, the word epistemology is derived from two Greek words: 'episteme' which means 'knowledge' and 'logos' which means 'discussion, theory', or simply it can be inferred that epistemology is a theory behind the knowledge (Johnson and Duberley, 2000). Epistemology mostly aims to develop knowledge and theories that are built on achieving knowledge of the world. It can be reasoned that epistemology is concerned with organising and explaining knowledge related to theories (Johnson and Duberley, 2000). Johnson and Duberley are of the opinion that epistemology includes a set of assumptions which have justified beliefs about a social phenomenon. It is fundamental to know that it begins with arguments and the researcher seeks knowledge which in the true sense justifies his/her arguments (Saunders *et al.*, 2009).

### 3.2.3 Axiology (Judgment about Value)

According to Saunders *et al.* (2009, p.116), *"axiology is a branch of philosophy that studies judgements about value"*. Indeed, an individual's values are the

guiding reason for their actions. Considering the research philosophy and research approach, it is significant for researchers to reflect how values could play an important role in each stage of the research process. Saunders *et al.* (2009) further state that an individual's values are the base for making judgements about the research topic and research method; rather, it is a demonstration of their axiological skills. For instance, employing surveys rather than interviews would recommend that rich personal interaction is not something that is valued as highly as the need to gather a large data set. Thus, it is argued that an understanding of one's own values and their clarification is a part of the research process. This means the research is strengthened in terms of transparency, the opportunity to minimise bias or in defending the research choices and the creation of a personal value statement. Table 3.1 further clarifies the assumptions of the research philosophy.

**Table 3.1: Assumptions of the research philosophy**

| Questions | Positivism | Interpretivism |
|---|---|---|
| What is the nature of reality? **(Ontology)** | external $\Longleftrightarrow$ socially constructed | |
| | objective $\Longleftrightarrow$ subjective | |
| What is considered acceptable knowledge? **(Epistemology)** | observable phenomenon $\Longleftrightarrow$ subjective meaning | |
| | law-like generalisations $\Longleftrightarrow$ details of specifics | |
| What is the role of values? **(Axiology)** | value-free $\Longleftrightarrow$ value-bound | |

Source: Saunders *et al.* (2009, p.119).

### 3.2.4   Positivist Philosophy

Positivism is a widely used philosophy in the fields of natural and social sciences because it is mainly concerned with truth and reality. It is often used in the fields of social sciences on the grounds that it follows the scientific method of enquiry (Neuman, 2013). In fact, the approach of positivists is mostly related to numerical data collection to examine human attitudes and behaviours which focuses on

measuring the scale, range and frequencies of the phenomena (Collis and Hussey, 2003).

According to Neuman (2013), positivists usually relate theories, variables, hypotheses and numbers in an objective style that suits the statistical method of data analysis. He has also acknowledged that researchers pursue rigorous, precise measures and objective research and assess the causal hypotheses by prudently analysing the facts through the developed measures. Generally, a quantitative research approach mostly looks to elucidate and predict that what is happening in the social world, to recognise and evaluate any incident to present an acceptable justification for the prediction (Saunders *et al.*, 2009; Neuman, 2013). Researchers have largely established that the quantitative method is best for conducting research within a positivist paradigm (Zikmund, 2002; Collis and Hussey, 2003). Positivists have confidence in the objective nature of the data and thus they believe that the external world exists independently of human perception, which is agreeable to quantitative measurement (Saunders et al., 2009). Mostly, researchers endeavour to use a scientific method of enquiry for finding reliable and valid ways of data collection for viewing social reality, which can be statistically interpreted and analysed (Bryman and Bell, 2011; Tashakkori and Teddlie, 2010).

Scholars have also elucidated that appropriate selection of the research method(s) has its own philosophical position. For instance, Easterby-Smith *et al.* (1991) have clearly differentiated between the positivist as deductive (theory testing) and interpretivist, often called phenomenologist as inductive (theory building), to observe the relationships. The positivists normally emphasise that 'science' is not the only source of theories and hypotheses; rather it is a process by which those ideas are tested and justified for more clarity and transparency in understanding the complex phenomenon. Contrary to that, subjectivists or phenomenologists underline the interpretation of social actions (Zikmund, 2002; Bryman and Bell, 2011).

Positivists generally consider that management research aims to generate laws which govern the ways in which organisations function (Johnson and Duberley,

2000; Creswell and Plano Clark, 2011). Johnson and Duberley have further reported that generation of causal relationships enables management or managers to become more scientific, to perfectly predict and control their surroundings. Thus, it is immensely important to understand the methodological paradigms debate to better conceptualise and understand the importance of method(s) selection while dealing any issue. The paradigm of choices abundantly reveals that different methods are suitable for different circumstances (Creswell and Plano Clark, 2011). Table 3.2 presents the summary of some of the strengths and weaknesses and features of both positivist and anti-positivist paradigms.

**Table 3.2: Comparison of strengths and weaknesses of research paradigms**

| Paradigm | Strengths | Weaknesses |
|---|---|---|
| Positivist (Quantitative) | This can provide a wide coverage of the situation. | Methods used tend to be rather inflexible and artificial. |
| | Can be fast and economical. | Not very effective in understanding the processes or the significance that people normally attach to actions. |
| | Statistics are aggregated from large samples which may be of considerable relevance to policy decisions. | Not helpful in generating theories as they focus on what is, or what has been recently, they make it hard for policy makers to infer what changes and actions should take place in the future. |
| Interpretivist (Qualitative) | Data-gathering methods seen more natural than artificial. | Data collection can be more boring and may require more resources. |
| | Ability to look at the change in processes over time. | Analysis and interpretation of data can be difficult. |
| | Ability to understand people's meaning. | Harder to control the pace, progress and end point of the research process. |
| | Ability to adjust to new issues and ideas as they emerge to contribute to theory generation. | Policy makers may give low credibility to results from a qualitative approach. |

Source: Amaratunga *et al.* (2002, p.20).

### 3.2.5   Interpretivist Paradigm

This paradigm has attracted a broader attention of many researchers since the early 1960s on the grounds that over that time there were many problems associated with the usage of the positivist philosophy, i.e. lack of developed statistical software (Sekaran and Bougie, 2010). Most academicians have identified that researching a social phenomenon is to form a belief, so the world cannot be viewed as an objective reality but it must be clearly understood with certain subjective interpretations of human behaviour and their prior experiences (Bryman and Bell, 2011; Neuman, 2013).

According to Neuman (2013), every individual in the world has his or her own subjective experiences or interpretations in a text. When studying their manuscripts, researchers or readers can become able to comprehend their viewpoints. In doing so, they also become able to develop a strong opinion about how each part of the text relates to the phenomenon as a whole. However, it is usually supposed that true meaning is hardly apparent on the surface but in a real sense it is always a hidden one (Johnson and Duberley, 2000). Viewing this difficulty, researchers constantly endeavour to have interpretive explanations to seek the connections among the parts in order to have a meaningful understanding of the issues.

Most often, researchers call this paradigm qualitative research, which is normally connected with exploratory data collection, observation and field research to profoundly understand individuals' attitudes and behaviour in workplaces (Neuman, 2013). Thus, it is obvious that the exploratory processes involve researchers in dedicating several hours to finish the assigned task. Not only this, but it also increases the financial burden on them because they have to make direct personal contact with the respondents. Besides some difficulties, this paradigm has many advantages as well. For example, it tends to describe the genuineness of research in a meaningful way as professed by the respondents to explicate significant human actions (Denzin and Lincoln, 2011). Thus, it is worth noting here that both paradigms are mutually exclusive from the philosophical point of view and truly both have their own merits and demerits (Easterby-Smith

*et al.*, 1991; Saunders *et al.*, 2009). Table 3.3 further clarifies the distinction between the two paradigms.

**Table 3.3: Main features of the positivist and phenomenologist paradigms**

| Theme | Positivist Paradigm | Interpretivist Paradigm |
|---|---|---|
| **Basic beliefs** | World is external and objective | The world is socially constructed and subjective |
| | Observer is independent | Observer is part of what is observed |
| | Science is value-free | Science is driven by human interests |
| **Researcher should** | Focus on facts | Focus on meanings |
| | Look for causality and fundamental laws | Try to understand what is happening |
| | Reduce phenomena to simplest elements | Look at the totality of each situation |
| | Formulate hypotheses and test them | Develop ideas through induction from data |
| **Preferred method** | Operational single concepts so that they can be measured | Using multiple methods to establish different views of the phenomena |
| | Taking large samples | Small samples investigated in depth or over time |

Source: Easterby-Smith *et al.* (1991, p.27).

### 3.2.6 Pragmatist Paradigm

Bryman and Bell (2011) have described that quantitative and qualitative paradigms are not poles apart, but these can be mixed together in a pragmatist paradigm to deal with the complex issues of any research. Similarly, Tashakkori and Teddlie (2010) have also explained that the pragmatist approach involves both qualitative and quantitative approaches. Strauss and Corbin (1998) and Tashakkori and Teddlie (2010) have also underlined the relationship between quantitative and qualitative data analysis. They put forward an opinion that the procedure of combining both approaches will surely help researchers in cross-

validating or authenticating collected data. Essentially, a pragmatic approach needs an epistemological justification to address the main research question(s) which seems to be a pluralist phenomenon (Saunders *et al.*, 2009). A comparative analysis of the paradigms is presented in Table 3.4.

**Table 3.4: Comparative analysis of the paradigm**

|  | Positivist | Anti-positivist | Pragmatist |
|---|---|---|---|
| **Methods** | Quantitative | Qualitative | Quantitative + Qualitative |
| **Logic** | Deductive | Inductive | Deductive + Inductive |
| **Ontology** | Naive realism | Relativism | Accept external reality and choose explanations that produce desired results. |
| **Epistemology** | Objective point of view. Knower and known are separate. | Subjective point of view. Knower and known are inseparable. | Both objective and subjective points of view. |
| **Axiology** | Inquiry is value-free. | Inquiry is value-bound. | Values play a large role in interpreting results. |
| **Causal linkages** | Real causes temporally precedent to or simultaneous with effects. | All entities simultaneously shaping each other. It is impossible to distinguish causes from effects. | There may be causal relationships, but we will never pin them down. |

Source: Tashakkori and Teddlie (2010).

Essentially, Table 3.4 compares and contrasts the functioning of all three paradigms with regard to methods, logic, ontology, epistemology, axiology and causal linkages. Researchers reveal that the main advantage of linking both qualitative and quantitative data is that it enables the researchers to cross-validate the data for finding an accuracy and authenticity of the data (Tashakkori and Teddlie, 2010; Creswell and Plano Clark, 2011). In addition, there is much

evidence in the prevailing literature that mixed-methodology is the influential tool in resolving multifaceted problems. However, depending too much on any single method can challenge the reliability and validity of the results of any study (Strauss and Corbin, 1998; Tashakkori and Teddlie, 2010).

## 3.3 Research Method and Approach

According to Saunders *et al.* (2009), there are two types of research approach, namely, deductive and inductive. It is very important to associate both of the research approaches to different research philosophies: deduction generally owes more to positivism and induction owes more to interpretivism. Most notably, Saunders *et al.* (2009) in this regard demonstrate that this sort of labelling can be a potentially destructive and misleading and can turn out to be of no real value.

### 3.3.1 Deductive Approach: Theory Testing

Traditionally, in the deductive approach researchers usually examine existing theories and concepts in order to justify the relationship among the variables or simply, it involves the development of theory which is subjected to rigorous reviews and tests (Saunders *et al.*, 2009; Bryman and Bell, 2011). For this reason, this approach dominates in the field of natural sciences where generally laws lay the foundation of the explanations, allow the expectation of phenomena, envisage their happening and consequently, license them to be controlled (Collis and Hussey 2003).

In the deductive approach there is a real search to clarify the causal relationships between the study variables (Collis and Hussey 2003). In many explanatory studies, researchers have tried to establish the relationship between the variables and then develop a set of hypotheses to test them (Bryman and Bell, 2011). To test the developed hypotheses, the researcher generally employs another characteristic, i.e. the collection of quantitative data. The key characteristic of this approach is generalisation, wherein frequently researchers go from the general to the particular case (Zikmund, 2002). To generalise the consistencies in human social behaviour, it is necessary to select samples of sufficient numerical size and

then to generalise the findings. Particularly, within the positivist paradigm researchers mostly use a deductive approach to test theories, develop hypotheses and collect data for analysis (Easterby-Smith *et al.*, 1991; Saunders *et al.*, 2009).

### 3.3.2   Inductive Approach: Theory Building

In an inductive approach, researchers usually interview respondents in order to discover their experiences and understandings (Yin, 2009; Zikmund, 2002). Simply, researchers try to build theories and concepts to frame research hypotheses (Saunders *et al*., 2009; Sekaran and Bougie, 2010). According to Bryman and Bell (2011), theory testing is related to quantitative research and theory building is related to qualitative research. It is profusely evidenced in the literature that the interpretivist paradigm usually follows the inductive approach for finding a case, observing the situations, relationships and finally constructing a theory to cover all cases in detail (Easterby-Smith *et al.*, 1991; Saunders *et al.*, 2009). Figure 3.1 clarifies the dissimilarity between the two.
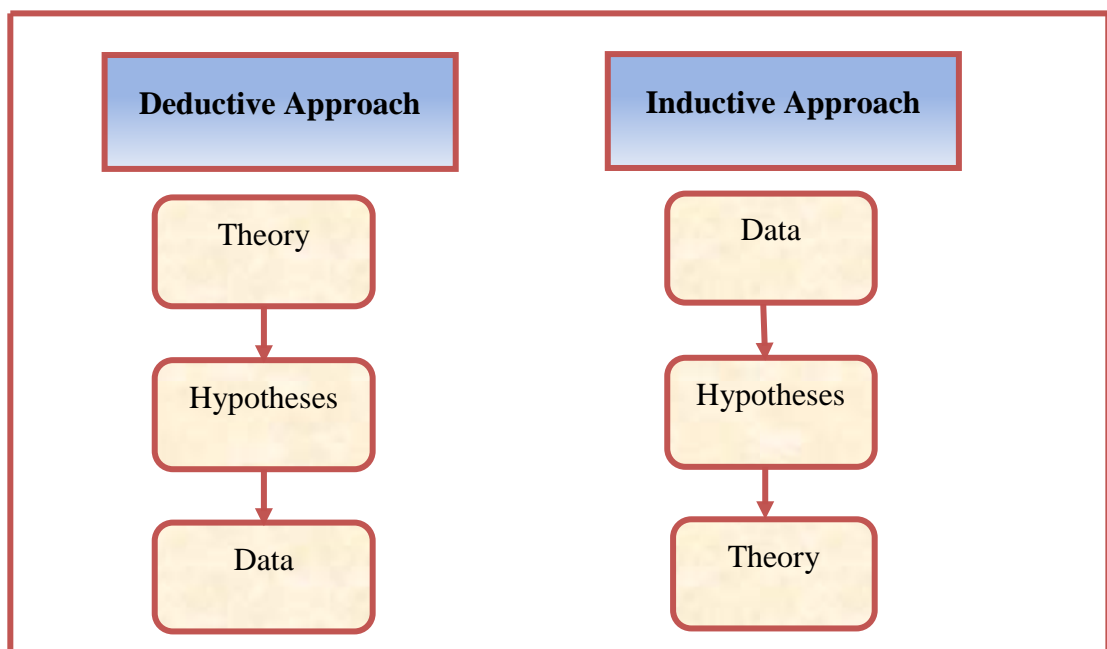


**Figure 3.1: Deductive and inductive reasoning**

### 3.3.3  Research Approach Employed in this Study

A detailed discussion of the research philosophy has helped the researcher to a great extent to choose an appropriate research approach for the current study. After a broad investigation on the features and advantages, the researcher has chosen a deductive approach for the data collection to address the main research question(s) of the study through a survey questionnaire. This research is exploratory as well as explanatory in nature as it develops and examines the relationship among the selected independent, intervening and dependent variables. The researcher has developed a conceptual framework and a set of hypotheses to test the relationships among the study's constructs. In view of these facts, the current study adopts a deductive approach on the grounds that the conceptual framework and hypotheses are derived from the surveyed literature in the domain (Saunders *et al.*, 2009; Creswell and Plano Clark, 2011).

In addition, there are certain other grounds behind the selection of a deductive approach for the present investigation. Firstly, this investigation examines the relationship between the variables. Secondly, the ontological position recommends that objectivism necessitates a social fact. Thirdly, supposition is a part of human nature and they make this according to their surroundings and determinism. Finally, there can be methodological concerns pertaining to the measurement and recognition of the basic themes.

### 3.4  Why Quantitative Methodology: Justification

Broadly speaking, the deductive approach and quantitative method are generally used to substantiate and validate the developed hypotheses by using scientifically accepted procedures to attain the study results. In fact, both are used to assess the validity of the theoretical propositions outlined in the earlier investigations which are already hypothetically tested (Tashakkori and Teddlie, 2010). According to Collis and Hussey (2003), quantitative methodology generally relates to the enquiries carried out on corporate issues and it also supports the testing of existing theories and concepts, which are composed of several sets of variables. A quantitative research is also drawn to establish the validity of theoretical

generalisations, which at present is a common in the field of social science and business studies (Neuman, 2013). More importantly, it is a widely used method in the field of social sciences due to its ability to quickly predict the cause and effect relationship among the study variables (Collis and Hussey, 2003).

As discussed in Section 3.2.2, epistemology firmly stresses hard human facts and related reasons. Based on this assertion, this study highlights the practicality of the quantitative perspective with regard to the facts and rationale of the social phenomena. This is done to capture accurately the details of the empirical social world because it is generally assumed that the social world is comprised of empirical artefacts which can be recognised and measured through the approaches driven from the natural sciences (Zikmund, 2002; Neuman, 2013).

Furthermore, to achieve the aim of this research, it was felt appropriate to identify and understand the nature of talented FLMs' attitudes and behaviours in the workplace. However, previous chapters have also reported that numerous attitudes influence talented FLMs' turnover intentions and actual turnover (behaviour). This indicates that there are many organisational and individual factors that affect talented FLMs' attitudes and consequently their behaviours (Park *et al.*, 1994; Abii *et al.*, 2013). Thus, it is interesting to mention that the current study was conducted on the talented FLMs of the private banks of Pakistan, where they can develop their attitudes and behaviours in order to fulfil their psychological, social and financial needs. Thus, a need for an appropriate methodology would help to comprehend precisely the talented FLMs' attitudes, intentions and behaviours from both psychological and financial perspectives.

This study is quantitative in nature as it collects numerical data and uses statistical analysis to reach significant conclusions (Neuman, 2013). Selected HRMPs, i.e. training, development, pay, promotion, recognition and job security, are examined as independent variables. Besides, talented FLMs' organisational commitment has been used as a mediating variable, while talented FLMs' turnover intention is a dependent variable.

Importantly, turnover studies carried out so far are mainly quantitative theory testing using cross-sectional designs (Huselid, 1995; Khilji and Wang, 2007; Park *et al.*, 1994; Martin, 2011; Chew, 2004; Yamamoto, 2012; Trevor *et al.*, 1997). Based on these studies, the present investigation has been conducted from the quantitative perspective to answer the main research question. The study follows a quantitative method to explain in detail the context of the study. The explanatory nature of this research, with its key objective of determining the perceptions, attitudes and intentions of the FLMs, justifies the focus on quantitative tools, i.e. a survey to know about the perceptions of FLMs for the analysis. Table 3.5 further justifies the selection of the quantitative research for the present study.

**Table 3.5: Studies that help in justifying the use of quantitative methodology**

| Title, author(s), year and journal name | Antecedents of turnover | Country and organisation | Sample size Response rate | Instrument | Findings |
|---|---|---|---|---|---|
| Organisational and environmental determinants of functional and dysfunctional turnover: Practical and research implication. Park *et al.* (1994), *Human Relations* | Organisational incentives, pay, fringe benefits and employee wellness programmes. Environmental presence of union directors, size of company, unemployment and Size of Company) | USA, Small manufacturing organisations | 105 | Questionnaire | The findings of this research indicate that functional turnover is negatively associated with pay and positively associated with the availability of individual incentives whereas, dysfunctional turnover is positively associated with the availability of group incentives. |
| New evidence in an old debate: Investigating the relationship between HR satisfaction and turnover. Khilji and Wang (2007), *International Business Review* | Organisational HRMPs T&D, recruitment, career development, reward & recognition performance appraisal, job security and management support. | Pakistan, Local and multinational banks | 508 from 12 organisations 42% | Questionnaire | HRMPs are negatively related to turnover. Employee age and organisational performance are also found to moderate this relationship significantly. Good HRMPs were helpful in reducing the turnover in Pakistani organisations |
| Employee-organisation exchange relationships, HRM practices and quit rates of good and Poor performers. Shaw *et al.* (2009), *Academy of Management Journal* | A direct relationship has been examined in this study between HRMPs i.e. inducements and investments, expectation-enhancing and functional and dysfunctional turnover | USA, Trucking industry | Study 1 = 380, response rate 37%. Study 2 = 363, response rate 25% | Questionnaire | Results disclose that inducements and investments HRMPs are negatively related to good performers' turnover, while expectation-enhancing practices are negatively related to talented employees' turnover in study 1 and positive to poor ones in study 2 |

| | | | | | |
|---|---|---|---|---|---|
| Optimal and Dysfunctional Turnover: Toward an Organisational Level Model. Abelson and Baysinger (1984) *Academy of Management Review* | Individual, organisational and environmental factors influence talented individuals to leave the organisation | USA | - | Conceptual paper | Hence, it is expected that talented turnover rates of the employees for the organisation would rise if the organisational, individual and environmental factors are not handled properly |
| Retaining Core Staff: The impact of human resource practices on organisational commitment. Chew *et al.* (2005) *Journal of Comparative International Management* | HRMPs: Selection; reward & recognition, career development and job design. Organisational factors: leadership behaviour, teamwork, company culture and work environment | Australia Participating organisations were health-care, higher education, manufacturing, engineering and high-tech | 456 Response rate was 57% | Questionnaire | The finding of this investigation recommends that all four HRMPs (selection; reward and recognition, career development and job design) positively influence an employee's organisational commitment, which ultimately reduces the turnover of talented (core) employees. |

Studies reported in Table 3.5 have demonstrated that a survey questionnaire provides pertinent information with regard to employees' perceptions of organisational practices and even on their own attitudes and behaviours (Chew *et al.*, 2005; Khilji and Wang, 2007). Based on this, quantitative research has been employed in this research, as it is a widely used approach in the management and social sciences (Dumas, 1999). It is worth considering that quantitative research spotlights the objective type of questions, the what, when, where, who etc. (Collis and Hussey, 2003; Saunders *et al.*, 2009). By looking at the research questions of this study, it can be seen that all of them are objective in nature. Thus, the factors above make a stronger case for this research to address the research questions from the quantitative perspective.

## 3.5    Research Design

According to Creswell and Plano Clark (2011), a research design fundamentally assists researchers to draw the limitations of the study, its setting, type of scrutiny, unit of analysis and other associated study concerns. Yin (2009) also describes that research design is an important part of reliable and valid investigation. Furthermore, Cooper and Schindler (2001) have defined it as a plan of the research project to investigate and obtain the answers to the developed research questions. According to them, there are three main types of research designs, namely, exploratory, descriptive and causal or explanatory research design; these are briefly discussed below.

### 3.5.1   Exploratory Research

In most circumstances, exploratory research is typically conducted to obtain the contextual information about the research problem. Researchers usually develop hypotheses rather than only testing or confirming the hypotheses (Neuman, 2013). Moreover, exploratory research seeks to identify the research problem or to address an issue when little or no prior research has been done to offer enough

information about the subject under scrutiny (Saunders *et al.*, 2009). In fact, exploratory research design mainly focuses on disclosing new ideas and insights about any proposition. Thus, it is beneficial when the researcher does not know the essential variables to be investigated (Creswell and Plano Clark, 2011). It must be flexible to gather different aspects about a research problem. It follows three methods: a search of the literature, interviewing subject experts and conducting focus group interviews to explain the phenomena thoroughly (Saunders *et al*., 2009).

### 3.5.2   Descriptive Research

Descriptive research portrays the features of a certain problem, event, individual or group (Denzin and Lincoln, 2011). Descriptive research offers an explanation of the position of the affairs as they exist. Researchers mostly seek to collect data about some factors for example, frequency of shopping and demographic questions (Fraenkel and Wallen, 2006; Yin, 2009). It is mainly related with counting or frequencies. For collecting this sort of data, researchers employ survey methods for the purpose of comparative and correlation analyses (Neuman, 2013). Researchers often use descriptive research to explain the characteristics of the study participants and also to determine the frequencies, percentages, averages and standard deviations of the selected variables. It is also important to explain here that descriptive research could not explain the relationship among the study variables (Saunders *et al*., 2009; Neuman, 2013).

### 3.5.3   Explanatory (Causal) Research

In explanatory research, the researcher normally aims to answer the question of why some variables have an effect on the other variables. Or simply, it seeks to test a theory which is a set of clearly organised principles, rules, assumptions, statements and propositions that are basically used to clarify, describe and predict any phenomenon. Numerous prior theories demonstrate the critical effects of the

relationships between the variables or constructs. They hypothesise the direction of the relationship (positive or negative) and the strength and causal relationship between or among the variables. In explanatory research, investigators usually measure these variables and provide evidence to approve or reject the developed hypotheses.

### 3.5.4 Suitable Research Design for the Current Study

Exploratory and explanatory research designs are found suitable for the current investigation as in this study the researcher develops the hypotheses and in addition it also tests the relationship among the variables. Specifically, exploratory research seeks to identify the research problem or to address an issue when little or no prior research has been done to offer enough information about the subject under exploration (Saunders *et al*., 2009).

Contrary, explanatory research endeavours to find out the relationship(s) among the study variables. As discussed above, the current study endeavours to test the relationships between the variables as well as developing the HRM bundles (skills- and motivation-enhancing practices) which is an exploratory approach. Fundamentally, it goes beyond the findings of descriptive research design to understand the real reasons behind the phenomenon (Saunders *et al*., 2009). In reality, the drive of any research is determined by the type of research questions and research objectives. In view of this, it seems that the current research is explanatory as well as exploratory in nature because it tests and develops the relationships among the variables of the study. The researcher has recognised the research constructs and developed hypotheses emerged from the existing literature in the domain.

This research is comprised of two skills-enhancing practices (training, development opportunities) and four motivation-enhancing practices (pay, promotion, recognition and job security) as independent variables. Moreover, one

mediator and one dependent variable, namely, OC and talented FLMs' turnover intentions, respectively, were included in the study (see Figure 2.2). The main aim is to examine the factors which impact on turnover intentions of talented FLMs of the private banks of Pakistan. To understand this phenomenon, the researcher choses to adopt an exploratory and explanatory research designs which enables the researcher to understand and examine the cause and effect relationships among the variables. In addition, this approach actually fits the purpose of the present study in a way that the research design involves a quantitative approach to achieve the aim/objectives.

The relationship among the variables has been measured through structural equation modelling (SEM) using the Smart-PLS (Partial Least Square) technique. The present study employed a two-step approach in the structural equation modelling (SEM) analysis. In step one, measurement model evaluation has been carried out in order to examine the reliability and validity of the latent constructs; and in the second step, structural model procedure has been used to scrutinise the hypothesised relationships among the variables. Figure 3.2 clearly explains the research design of this study.
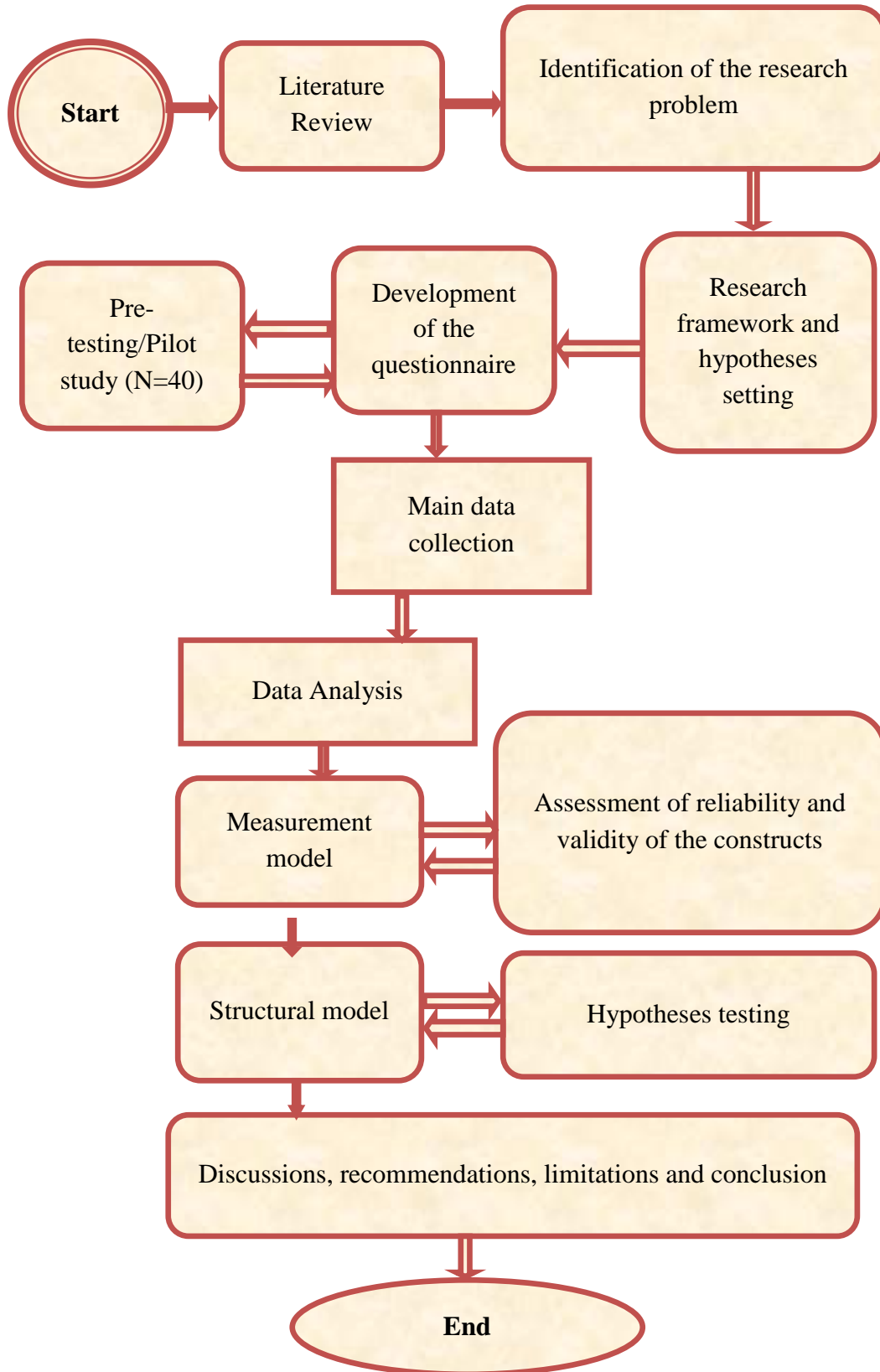
**Figure 3.2: Research design of the study**

3-102

## 3.6    Research Strategies

The strategy for designing and conducting a research study depends on the nature of the research, whether quantitative or qualitative (Neuman, 2013). Essentially, research strategies are used to identify the sources of the data collection and research limitations such as money, time and location. These mainly provide data that can answer the research question(s) or can help in reaching the research aim and objectives. There are many types of research strategies, such as experiment, survey, case study, action research, ethnography, archival research and grounded theory (Saunders *et al.*, 2009), and these are briefly discussed below.

### 3.6.1   Experimental Research Strategy

Experimental research is empirical quantitative research which follows the positivist paradigm and seeks knowledge through objective and systematic methods (Sekaran and Bougie, 2010; Neuman, 2013). Its main purpose is to test the research hypotheses and it is mainly carried out in the fields of natural sciences (Neuman, 2013). In experimental research strategy, the researcher manipulates either the independent variable or experimental group subject to some special programme (Saunders *et al.*, 2009). Saunders and colleagues have further stated that experimental research seeks to determine either cause and effects or explanatory variables which must be defined and measured properly. Compared to other strategies, the experimental research strategy offers the strongest tests of causal relationships (Neuman, 2013).

### 3.6.2   Survey Strategy

Survey strategy is a very widely used data gathering procedure in the social science fields because it provides accurate, valid and reliable information in a short period of time (Neuman, 2013). Neuman stresses that despite its extensive use and acceptance, without proper consideration a survey can effortlessly yield more distorted results. Usually, the survey strategy is selected to answer questions

like who, what, how much and how many (Saunders *et al.*, 2009). Survey strategy is mostly applied in the case of descriptive and explanatory research designs because they are mainly related to the deductive approach (Johnson and Duberley, 2000). Mostly quantitative data are collected through questionnaires or structured interviews. The data used in questionnaires and structured interviews explain the relationships among the study variables. This strategy uses statistical analysis to achieve the research results (Saunders *et al.*, 2009). There are six important steps in the survey research and they can be seen in Figure 3.3.

**Step 1:**
- Develop hypotheses
- Decide on type of survey (mail, interview, telephone)
- Write survey questions
- Decide on response categories
- Design layout

**Step 2:**
- Plan how to record data
- Pilot test survey instrument

**Step 3:**
- Decide on target population
- Get sampling frame
- Decide on sample size
- Select sample

**Step 4:**
- Locate respondents
- Conduct interviews
- Carefully record data

**Step 5:**
- Enter data into computers
- Recheck all data
- Perform statistical analysis on data

**Step 6:**
- Describe methods and finding in research repot
- Present findings to others for critique and evaluation
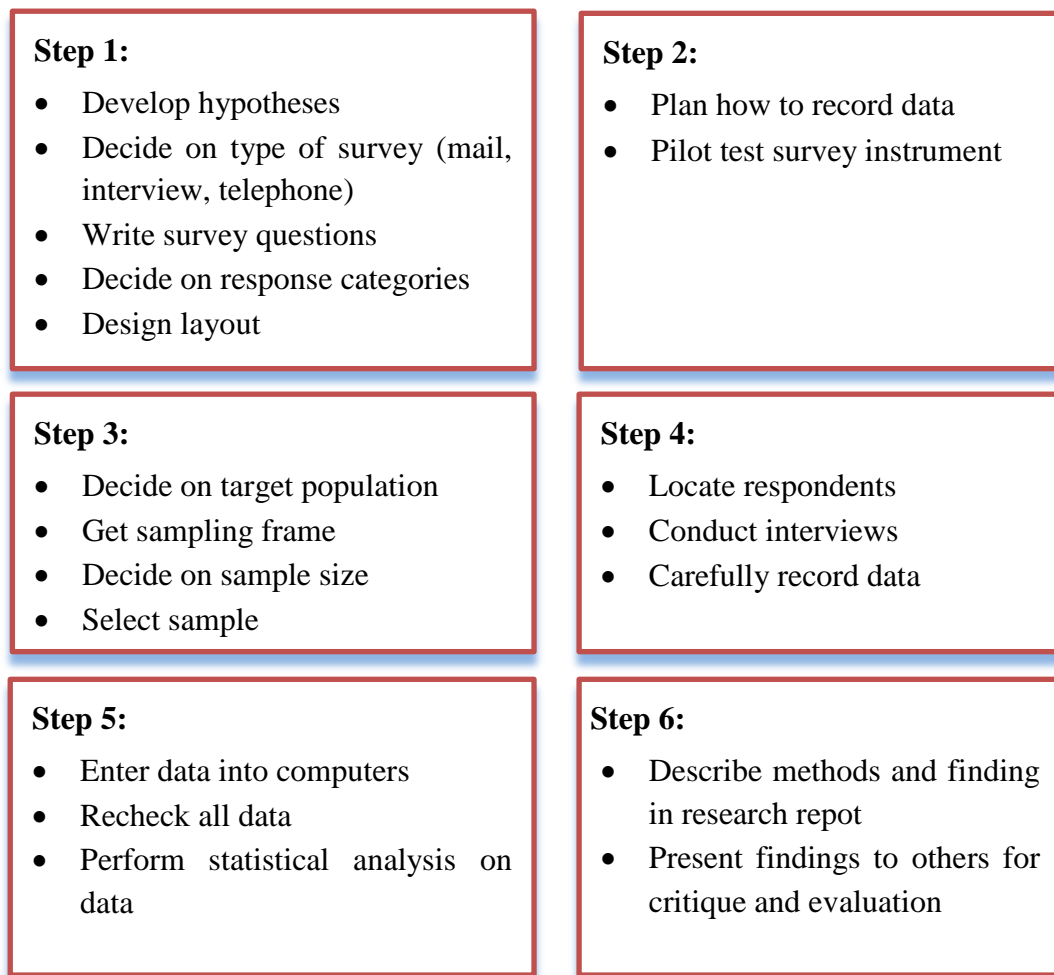
**Figure 3.3: Steps in survey research**

### 3.6.3   Case Study

Yin (2009) defines case study as an empirical analysis that examines an existing phenomenon within its real life context when the boundaries between phenomenon and context are not noticeably drawn and multiple sources of evidence are used. It is a very popular strategy used in qualitative research which basically aims to collect data or to observe a social unit, i.e. a person, a family, a cultural group, an organisation or a whole community. In fact, it is concerned with studying the phenomena in depth rather than in a narrow way (Creswell and Plano Clark, 2011). The main feature of the case study is that the researcher fully examines a limited number of events or conditions and their interrelationships. Essentially, it is a rigorous analysis of any particular unit under specific considerations and offers a deeper understanding of a complex issue or topic (Yin, 2009). Studies in social sciences have comprehensively used qualitative research methods in analysing real life situations and in providing basic information for the application of research ideas. It attempts to answer the questions related to 'how' and 'why' (Saunders *et al.*, 2009).

### 3.6.4   Action Research

Action research is a practice of joint self-reflective investigation carried out by the researchers in social situations to develop rationality and impartiality of their own social or educational practices; not only this but also the researchers' understanding of these practices and the situations in which these practices are undertaken (Johnson and Duberley, 2000). Simply, it is an active collaboration between researchers and their clients (O'Brien, 2001). Its epistemological underpinnings separate it from other strategies of research and truly it is not about hypotheses testing and producing empirically generalisable outcomes but it is consistent with the definition of the scholarship of teaching and learning (Bryman and Bell, 2011). O'Brien (2001) defines action research as learning by doing; here

a group of individuals endeavour to explore a problem and then try to invent the best elucidation at the earliest to resolve the issues of the organisation.

### 3.6.5 Ethnographic Research Strategy

Ethnography basically defines cultural anthropology: 'Ethno means people or folk and graphy refers to writing about or describing something' (Neuman, 2013, p.435). Neuman further simply illustrates that it is description of people and their culture. Researchers often declare it as a part of field research that vitally focuses on the detailed discussion of the culture of a particular setting as an insider for better understanding of the phenomenon. In ethnography, examiners collect data through the individual's observation, open-ended interviews and from various documents to understand and explain their viewpoints (Yin, 2009). It is a strategy purely used in qualitative research.

### 3.6.6 Archival Research

For non-historians, this research may seem like a standardised and transparent system of investigation which is mostly undertaken in libraries and collections rooms. Even for social scientists today, questions of 'historiology' appear to be divorced from what they think historians do at and with the archives. But there are several different kinds of archives, such as different agents, agency letter writers, households, firms, parties, unions, universities, states that produce and save their own records. With other critical sources and strategies for reconstructing the past and detecting the future in the present, researchers need to be reflective about the range of unpublished and observed inventories.

### 3.6.7 Grounded Theory

In qualitative research, researchers build theory during the data collection process and at the same time the researcher grounds the theory in the data. This adds flexibility and alongside it also allows the theory and data to interact with each

other (Neuman, 2013). It starts with the collection of the data and has no initial conceptual framework but is based on the data generated by a series of observations (Saunders *et al.,* 2012). The key feature of this strategy is that it is always open with no rigidity. A researcher can change the course of the study or even sometimes abandon the original main research question in the middle of the project if he/she finds something new and exciting (Neuman, 2013). Flexibility is a crucial characteristic of it.

### 3.6.8   Why Survey Strategy?

The present study follows a survey strategy to analyse the relationship between selected skills- and motivation-enhancing practices, OC and talented FLMs' turnover intentions. Broadly speaking, the survey strategy is generally employed to answer questions of the nature what, how much and how many. In fact, it is a highly related tool as it enables the researcher to collect data quantitatively (Alreck and Settle, 1995; Veal, 2005). Upon considering numerous other research strategies, a survey strategy has been used to recommend possible justification of the association among the study variables. For more details of the justification see Section 3.7.3.

### 3.7     Data Collection

Before discussing the data collection tool of this study, it is important for the researcher to explain the types of data first to better recognise the issue. There are two types of data, i.e. primary data and secondary data (Saunders *et al.*, 2009; Bryman and Bell, 2011). Primary data is usually gathered for a particular problem. It could be either quantitative (can be done through questionnaires and structured interviews) or qualitative (done through interviews, semi-structured or unstructured; focus groups; observations and case studies). In the case of secondary data, it is available to any researcher to obtain what is required and so,

it is not created for particular areas. Secondary data mostly embraces raw data and published summaries (Zikmund, 2002; Saunders *et al.*, 2009).

Data can be collected through questionnaires and interviews. It is quite obvious that the method of data collection is an essential part of the research design, wherein the opinions and beliefs of the respondents from the target population on any particular issue are collected (Sekaran and Bougie, 2010). There are different methods and techniques for collecting the required data for any research problem. For example, interviews can be conducted face-to-face, by telephone, or be computer-assisted to get the desired data. Questionnaires can be deployed through self-administered surveys such as mail survey, electronic survey (Zikmund, 2002; Saunders *et al.*, 2009). Importantly, the selection of data collection method necessitates a clear understanding of the important elements such as required sample size, nature of the research question(s), content, number of questions in the survey instrument, costs of accessibility to research participants and time to finish the process (Creswell and Plano Clark, 2011).

### 3.7.1 Questionnaires

Questionnaires are mostly employed in descriptive and explanatory research but their use is probably inappropriate when the nature of research is exploratory, which requires numerous open-ended questions (Saunders *et al.,* 2009). In fact, questionnaires work well with standardised or close-ended questions. According to Frazer and Lawley (2000), a questionnaire survey is the most suitable data collection method in the field of business and social sciences. Frazer and Lawley further state that compared to the cost levied on interviews, questionnaires cost less in terms of both time and money. There are two main types of questionnaire, namely, self-administered and interview-administered questionnaires. Self-administered questionnaires are mostly sent to respondents by post, internet or delivered and received by hand; whereas, in the case of interviewer-administered questionnaires, they are usually recorded by the interviewer on the basis of each

respondent's answers. If recorded by telephone they are called telephone questionnaires. The final category, structured interviews (often called interview schedules) denote those questionnaires wherein researchers physically meet the study participants and probe some questions face–to-face (Saunders *et al.,* 2009). Figure 3.4 explains the types of questionnaire.
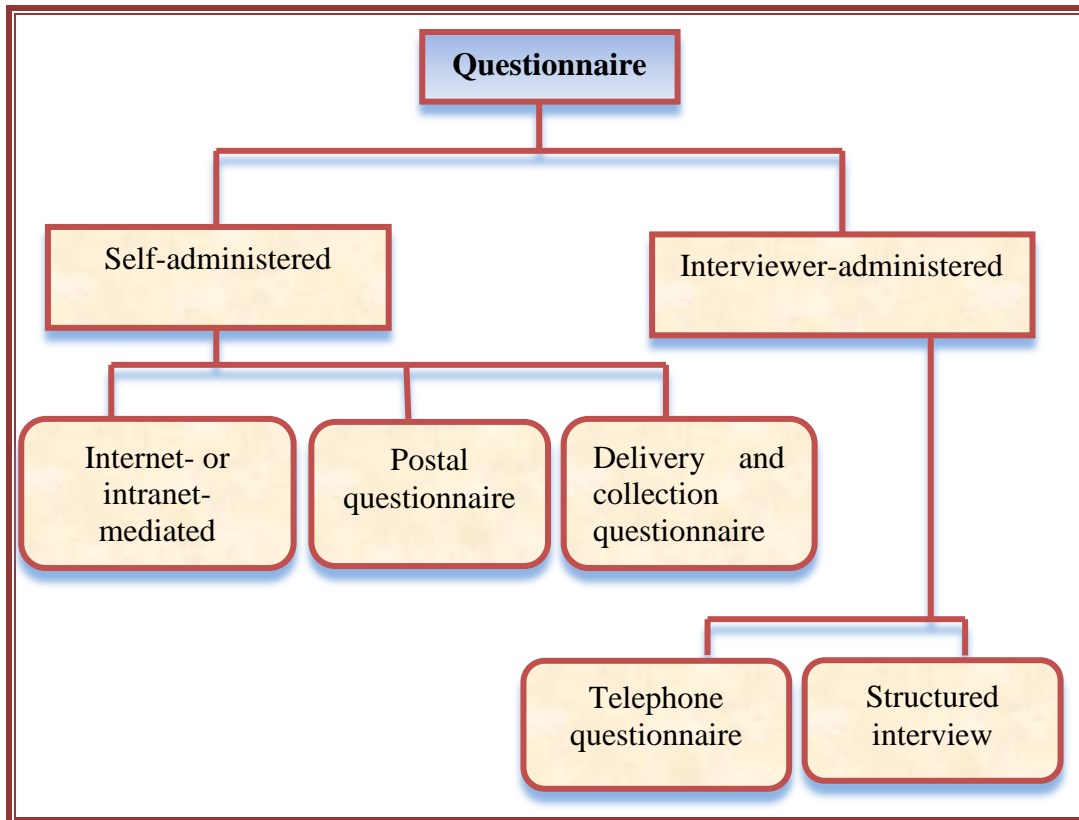


**Figure 3.4: Types of the questionnaire**
Source: Saunders *et al.* (2009, p.363).

### 3.7.2   Interviews

Interviews are mostly used in qualitative research. Simply, an interview is a purposeful and focused conversation between two or more than two individuals to collect significant information about the issue under observation (Yin, 2009; Bryman and Bell, 2011). Most often, interviews help researchers to collect valid and reliable data in order to answer the research question(s) and objectives of the study.

Interviews can be structured, semi-structured and un-structured. However, structured interviews (often called interviewer-administered questionnaires) have been discussed in Section 4.5.1. So, here the researcher only focuses on semi-structured and unstructured interviews (in-depth interviews). The semi-structured interview formats are not highly formatted. In fact, they are comprised of standardised questions, i.e. age, gender, educational qualifications, and open-ended questions whose aim is to collect more qualitative information from the respondents (Creswell and Plano Clark, 2011). The real advantage of semi-structured interviews is that information obtained on any issue can be different from one respondent to another and they are quite flexible in nature when compared to structured interviews (Collis and Hussey, 2003).

The final category of interviews is unstructured interviews which are mostly open-ended questions. It offers an enormous flexibility to the respondents to answer the queries as they find appropriate (Saunders *et al.*, 2009; Yin, 2009). Essentially, unstructured interviews always endeavour to explore the individuals' behaviours, feelings and experiences and they do not compel individuals to limit their responses (Creswell and Plano Clark, 2011). Figure 3.5 further explains the interviews typology.
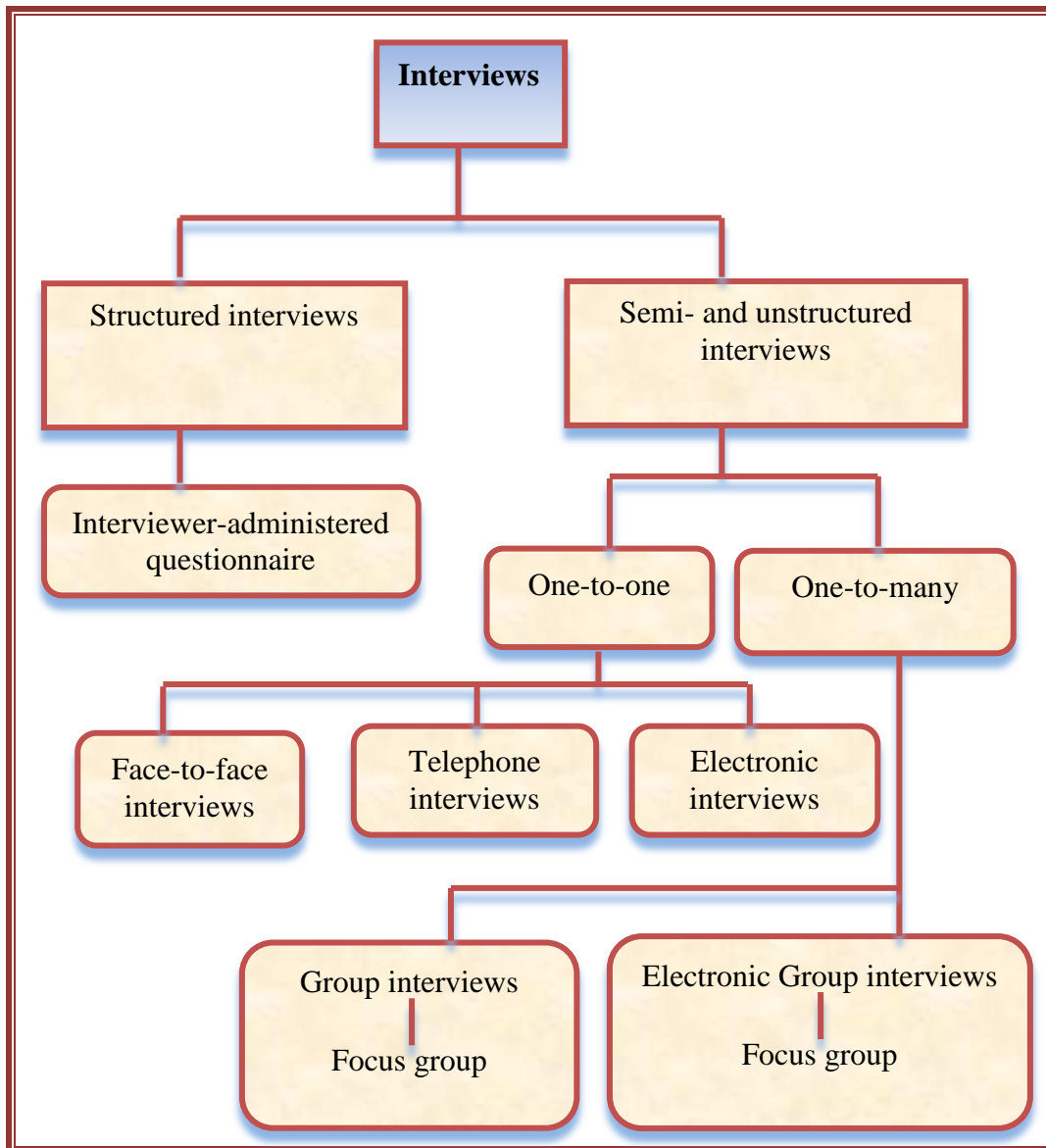
**Interviews**

Structured interviews

Semi- and unstructured interviews

Interviewer-administered questionnaire

One-to-one

One-to-many

Face-to-face interviews

Telephone interviews

Electronic interviews

Group interviews

Focus group

Electronic Group interviews

Focus group

**Figure 3.5: Types of interview**
Source: Saunders *et al.* (2009, p.321).

### 3.7.3 Justification of the Questionnaire as a Data Collection Tool

In this study, the self-administered survey questionnaire method has been employed for the primary data collection. Zikmund (2002) explicated that a self-administered questionnaire is generally printed on paper or attached to mail. The main justification behind the selection of this data collection tool is that it is a widely used strategy in social sciences and is designed to deal more directly with

3-111

the participants' perceptions, particularly when collecting information regarding attitudes and behaviours (Zikmund, 2002). This approach offers a more accurate means of assessing information about the sample and also enables the researcher to draw conclusions in generalising the findings (Creswell and Plano Clark, 2011). Besides, it is also considered as a quick, economical and efficient method in administering a large sample size (Zikmund, 2002; Sekaran and Bougie, 2010; Neuman, 2013). In addition, respondents are not generally willing to spare much time for the personal interviews owing to their busy schedule and unrelenting job commitments.

In view of the above facts, a self-administered questionnaire was determined as the most appropriate tool as it is a practical approach for collecting data from the large number of individuals in a short period of time (Saunders *et al.*, 2009). The motivation behind this is to obtain a higher response rate and respondents' queries can be dealt instantaneously (Veal, 2005). Through this instrument, the researcher can measure the employees' perceptions of the selected study variables. This self-administered survey questionnaire contains 51 questions to determine the respondents' demographic and perceptions related information (Appendix A).

## 3.8    Time Horizon: Cross-sectional

According to Saunders *et al.* (2009), deciding the time horizon is a basic requirement for the research design, independent of the research methodology employed. There are two types of time horizon, namely, cross-sectional and longitudinal horizons. Cross-sectional studies are usually limited to a specific time frame, whereas longitudinal studies are repeated over an extended period of time and they basically focus on investigating a particular phenomenon over a certain period of time and these studies can have different waves. Typically, cross-sectional studies are predominantly concerned with the study of a particular phenomenon at a specific time called a 'snapshot' (Hair *et al.*, 2003; Saunders *et al.*, 2009). According to Easterby-Smith *et al.* (1991), surveys are the preferred

tool in cross-sectional studies. Given the time-constrained nature of the present research, a cross-sectional research design has been preferred over a longitudinal design as it provides a snapshot of the study at one particular point in time.

## 3.9 Research Population and Sampling

The research population is a most important part of the research design as it is a research population that answers the research problem (Bryman, 2004). In general, the sample within the research is defined as a carefully chosen segment of the study population which must be selected to draw the conclusions that are generalisable to the total targeted population (Saunders *et al.*, 2009; Sekaran and Bougie, 2010; Bryman and Bell, 2011; Neuman, 2013). Sampling is a process of selecting individuals from a larger group of people in order to draw assumptions of accurate representation of how the larger group of people act or what they truly believe (Fraenkel and Wallen, 2006). Researchers ideally start their effort by identifying and defining the population to which they look forward to examine and then go on to draw a sample representative of that target population (Kalleberg *et al.*, 1990; Saunders *et al.*, 2009).

### 3.9.1 Sampling Frame and Sampling Size

A sampling frame is a comprehensive list of all cases in the target population from which a sample can be drawn (Saunders *et al.,* 2009). Moreover, Kalleberg *et al.* (1990) have demonstrated that a sampling frame is a researcher's own operational perspective of the population and the validity of generalisations from a sample is conditional on the adequacy of the frame. They also narrate that a suitable sampling frame basically helps the researcher towards an unbiased sample drawn for any research. In the field of social sciences, researchers rarely have direct access to the whole population. Hence, they merely rely on the sampling frame to represent all of the elements of the population of interest (Sekaran and Bougie, 2010).

In probability sampling, when defining the sampling frame researchers usually identify and define the population whom they want to generalise for. This means, if the sampling frame is a list of all individuals of an organisation then researchers can only generalise the findings based upon the sample applied to population (Saunders *et al.*, 2009). For this study, the researcher has collected data about the respondents from the responding bank headquarters (HQ). However, the researcher has not been able to collect data from Baluchistan province due to the law and order situation there. Table 3.6 provides the details of the study population province-wise.

**Table 3.6: Sampling frame of the study**

| **Provinces = 4** | **Study Population = 10,028** | **Questionnaires obtained** |
|---|---|---|
| 1: Punjab | 3,956 | 165 |
| 2: Sindh | 3,212 | 123 |
| 3: Khyber-Pakhtunkha | 1,957 | 67 |
| 4: Baluchistan | 903 | Zero |

Note: This data was obtained from the headquarters of the 10 responding banks.

The selection of the sample size is a quite crucial and multifarious job (Kalleberg *et al.*, 1990). If the sample size is lower than the projected size it may lead towards less convergence, improper solution and lower precision of constructs (Hair *et al.*, 2003). On the other hand, if a sample size is too large then it might be a waste of time, expenses and process to obtain the data (Zikmund, 2002; Hair *et al.*, 2003; Bryman and Bell, 2011). Consequently, it is essential to know how large a sample size would need to be so it could be generalised for the entire population with reliable results.

In this study, the sample has been drawn by observing the most cited rules of thumb within multivariate analysis and the requirements of the data analysis technique, i.e. structural equation modelling (SEM) using PLS (component-based or variance-based). In line with the literature, the SEM model fit largely depends on the sample size as it supports sufficient statistical convergence, power and precision of the parameter estimates (Monecke and Leisch, 2013; Hair *et al.*, 2014). While using PLS, the sample size should be a minimum 100 to 200 cases (Garson, 2012). Kline (2011) has also claimed that a sample size would be unreasonable in PLS models if the number is less than 100. However, researchers should decide the level of certainty, of which the normally used level is 95%, and margin of error which explains the accuracy of the estimated population. According to Krejcie and Morgan (1970), for determining the sample from the given population, if the total population is 10,000 then the sample size would be a minimum of 370. As the population of this study was 10,028, the researcher selected a sample of 500 respondents randomly from the population.

### 3.9.2 Sampling Technique and Sampling Unit

From the generalisability perspective, there are two main types of sampling method, i.e. probability sampling and non-probability sampling (Saunders *et al.*, 2009; Yin, 2009). In probability sampling, the research question could be answered and generalised across the target population through the responses of the selected sample. While in the case of non-probability sampling, researchers do not involve random selection from the target population. This does not mean that non-probability sampling is non-representative of the target population, certainly it is but it cannot depend upon the rationale of probability theory (Easterby-Smith *et al.*, 1991; Creswell and Plano Clark, 2011).

Probability sampling is mostly used in survey-based research and in it, five main techniques are employed, namely, simple random, systematic, stratified random, cluster and multi-stage sampling (Saunders *et al.,* 2009). In the context of the

current research, a probability sampling technique has been selected to generalise the findings. The targeted population of this study is talented FLMs (sampling unit) working in the private banks of Pakistan.

In this research, the responses of all groups are required on an equal basis. However, non-probability sampling could only be selected in those situations when the study aim is to target a particular group, e.g. male or female, graduate or undergraduate etc. (Sekaran and Bougie, 2010). According to these authors, when there are time or other related factors rather than generalisability concerns, then in many cases non-probability sampling is preferred over the former technique. Keeping in view the importance of the generalisability concept, random sampling has been used for the data collection because it allows the researcher to contact employees randomly.

The sampling unit is said to be a particular group of people of whom questions can be asked in order to collect the required data (Hair *et al.,* 2003; Neuman, 2013). Before selecting a sample, researchers must decide about the sampling unit, that can be a social unit such as a family, a geographical unit like a city or village, or a construction unit, namely, a flat, or an individual (Saunders *et al.*, 2009). Since the aim of this study is to find out the factors which influence talented FLMs' turnover intentions, it is important to elucidate that data collection for this study only emphasises the perception of these talented FLMs about the selected HRMPs of their respective banks.

### 3.9.3 Access to Respondents

It is true that the sample of any research needs several factors to be considered, such as, the unit of analysis, measures that will be employed and size of the sample to be examined (Kalleberg *et al.*, 1990; Bryman and Bell, 2011). With regard to the unit of analysis, present research analyses the impact of

organisational factors (HRMPs) on the FLMs' overall organisational commitment and turnover intentions.

This research was carried out at an individual unit of analysis wherein, only talented FLMs were selected as the respondents. The identification of their talents was made by the HRDs of the responding banks on the basis of their performance appraisal reports, having remarks like outstanding or very good during the year 2011-12 (Dalton *et al.*, 1982; Park *et al.*, 1994; Kwon, 2009). Jackofsky (1984) suggests that employees' performance appraisals can help in classifying good, average and poor performers.

By using the responding banks' performance appraisal reports, a group of talented FLMs' were classified either one of the two following conditions was met: firstly, the employees who received 'Super rating' (e.g., outstanding) in the annual performance appraisal. Importantly, every year less than 5% of total employees get this rating. Secondly, the FLMs' have received 'A rating' which is often remarked as very good (This rating is given to the top 10% performers in the banks). On the other hand, FLMs who received B, C, or D in their performance appraisals, which were given to other FLMs, were classified into a group of average and poor performers. The setting of this research is that it only focused on the talented FLMs (having outstanding and very good remarks in their performance appraisals). Notably, this research did not consider FLMs who were having average and poor remarks in their performance appraisals.

The performance of the employees in the private banking sector is annually evaluated by checking their performance, accuracy of work done, efficiency and target achievement (Shafiq, 2014). Fundamentally, all private banks in Pakistan use performance management system for making better their employees' performance because it leads to achieve organisational performance (Kwon, 2009). More specifically, banks in Pakistan measure employees' performance through two key dimensions such as, task performance on the basis of

management by objectives (MBOs) and their competencies, including several sub-dimensions e.g. task specific and general competencies (State Bank of Pakistan, 2012). The exemplary items for competencies are leadership, communication, teamwork and collaboration. The weights for task performance and competencies were approximately 60% and 40%, respectively. The performance rating of each FLM is usually measured by three steps: first, employee's self-appraisal; second, immediate supervisors' evaluation; and final evaluation by the human resource department (HRD) (see performance appraisal template in Appendix J). The consistency was maintained among the responding organisations and measurements used.

As discussed earlier, the information about talented FLMs was obtained from the HRD of the responding banks including their addresses, location, branch and phone numbers in some cases. Subsequent to that data was collected from the respondents with the cooperation of their HRD managers. In this regard, initial contact was made with the HR managers/Directors of the private banks, notifying them of the purpose of the study. Thereafter, the researcher had contacted the respondents for the collection of the questionnaire. In some cases, the researcher collected sealed questionnaires filled by FLMs from the HRD managers of the responding banks.

## 3.10    Measures of the Study

Towards attaining the aim and objectives of the research, designing and selecting a precise instrument with great relevancy and accuracy is considered to be an important step in the research process (Zikmund, 2002). He further suggests that while designing and selecting an appropriate instrument, it should be kept in mind whether the instrument would be able to answer the research question(s) about what is to be measured (construct validity) and how it is to be measured (construct reliability). In view of the above facts, the researcher has followed Frazer and Lawley's (2000) approach to develop an appropriate instrument, which

fundamentally emphasises three key stages: (a) instrument content development by solving issues of item selection, categorisation, scales and coding (before analysis), (b) items wording and (c) layout of the instrument. Moreover, this section also outlines the variables of the study, i.e. independent, mediating and dependent variables. The independent variables are skills-enhancing practices and motivation-enhancing practices; whereas, the mediating variable is OC and the dependent variable in the study is talented FLMs' turnover intention. This section of the study also presents the measures used in this research.

With regard to the measurement of human attitude, Sekaran and Bougie (2010) have categorised two main groups of scales as rating and ranking scales. Within the rating scale, the authors have defined ten further scaling types. Among the types, the items selected for various constructs in this study are based on the Likert scale (e.g. five-point). The major reason for selecting the Likert scale is that it is the common and convenient method for gathering information from respondents using survey method (Sekaran and Bougie, 2010).

Positivists usually recommend Likert scale survey questionnaires to measure individuals' attitudes and behaviours (Saunders *et al.*, 2009). This study is comprised of a variety of measures adapted from diverse and widely used literature to confirm consistency among the variables. All items included in this questionnaire have been measured by using a five-point Likert-scale (1=strongly disagree and 5=strongly agree) except the demographic variables (gender, age, education, experience, salary range and name of the bank). To avoid possible un-informed response errors, the option 'neutral' was also included in the questionnaire (Frazer and Lawley, 2000). Notably, the above demographic factors were included in the study to justify the sample as a representative of the proposed population.

### 3.10.1 Reflective and Formative Constructs

The most important step in developing the study measures is to dedicate some time and effort to carefully consider and articulate what the researcher is actually going to measure before designing or adopting a questionnaire (Roy and Tarafdar, 2012; Hair *et al.*, 2014). Developing a measurement model is a theoretical exercise which needs accuracy and precision for developing the study hypotheses (Christophersen and Konradt, 2012). Thus, it is important to establish a clear conceptual definition of each construct. In addition, the researchers must understand how to measure the constructs before collecting the data. It is also important that conceptualisation and operationalisation of the constructs must match each other. If it is theorised and conceptualised reflectively, then it should be modelled reflectively or vice versa (MacKenzie *et al.*, 2005; Finn and Wang, 2014).

A construct can be modelled in two ways, reflective and formative. For the assessment of latent variables (LVs), both kinds of (reflective and formative) measurement models can be employed which vary in the underlying assumption of causal relationship between the LVs and its evident/observed indicators (Bollen and Lennox, 1991; Wong, 2013). In the reflective measurement model, a construct is observed as the cause of measures or indicators. Principally, a construct decides its indicators; whereas, in a formative measurement model, indicators decide a construct (Hair *et al.*, 2014). In fact, such formative measures are viewed as 'causing' the latent construct; here, the items are not assumed to co-vary (MacKenzie *et al.,* 2005). Notably, in both circumstances the direction of causality between the construct and its indicators is different from each other (MacKenzie *et al.*, 2005; Roy and Tarafdar, 2012; Hair *et al.*, 2014).

### 3.10.1.1 Common Latent Construct Model with Reflective Indicators

Common latent variable models generally hypothesise that co-variance among the measures is always described by the variation in the construct (MacKenzie *et al.*, 2005). This is why construct indicators are referred to as effect indicators and they are reflective of the underlying construct (MacCallum and Browne, 1993; Finn and Wang, 2014). As illustrated in Figure 3.6 (Section A), arrows proceed from the construct to a set of indicators. MacKenzie *et al.* (2005) are of the opinion that it is a commonly used model in behavioural and organisational literature. In the common latent construct models, indicators of the construct should be highly correlated, the reason being indicators mainly reflect the construct, hence, they should show a higher level of internal consistency (Bollen and Lennox, 1991; MacCallum and Browne, 1993). According to Bollen and Lennox, the effects of uni-dimensional indicators are mostly interchangeable. They, further, have stated that each measure of the study is sampled from the same field which embodies all features of it. This also suggests that removing one or two indicators from the construct would not change its meaning at all. Accordingly, in such models the error is normally concomitant to the individual measures rather than the whole construct (Hair *et al.*, 2014).

### 3.10.1.2 Composite Latent Construct Model with Formative Indicators

A composite latent construct model takes the opposite direction for causal link between the LVs and their manifest indicators. Here, indicators are expected to cause the LVs; high correlations between formative indicators may occur but are not generally expected to do so (Hair *et al.*, 2014; Henseler *et al.*, 2009). However, any elimination of relevant formative indicators could result in decline of the content validity of the construct (MacKenzie *et al.*, 2005; Christophersen and Konradt, 2012). In developing formative LVs, researchers have encountered two major issues. Firstly, the formative construct approach does not allow estimating the parameters within the structural equation model without connecting

it to at least one of the other LVs (Bollen and Lennox 1991). Secondly, these estimates of the parameters could be biased in case of a critical degree of multicollinearity among the formative indicators (Westlund *et al.*, 2001). Westlund and colleagues recommend that the only way to handle this issue is to aggregate all those indicators which demonstrate a higher degree of multicollinearity into a common index. Hence, understanding of both reflective and formative models from theoretical and empirical perspectives is important in developing a measurement model. However, the use of an incorrect measurement model would possibly de-stabilise the content validity of the study constructs. Not only this, but it may misrepresent the structural model relationships and ultimately reduce the usefulness of management theories for researchers and practitioners (Hair *et al.*, 2014).

Owing to the increasing acceptance of Structural Equation Modelling (SEM) technique, researchers nowadays are better able to assess both measurement and structural models. These models are either covariance-based, i.e. techniques implemented in statistical packages such as LISREL and AMOS, or component-based, e.g. PLS (Petter *et al.*, 2007). It is true that SEM allows researchers to simultaneously examine the measurement and structural models, yet they tend to focus on the structural model rather than fully considering the relationships between the measures and their relevant constructs (MacKenzie *et al.*, 2005). In view of the above facts, some of the study variables (each HRM practice separately, mediating and dependent variables) have been measured as first-order factors with reflective indicators wherein each construct is measured with multi-item scales. However, some of the factors, i.e. skills- and motivation-enhancing practices (HRM bundles) have been measured as formative (second order latent variables).
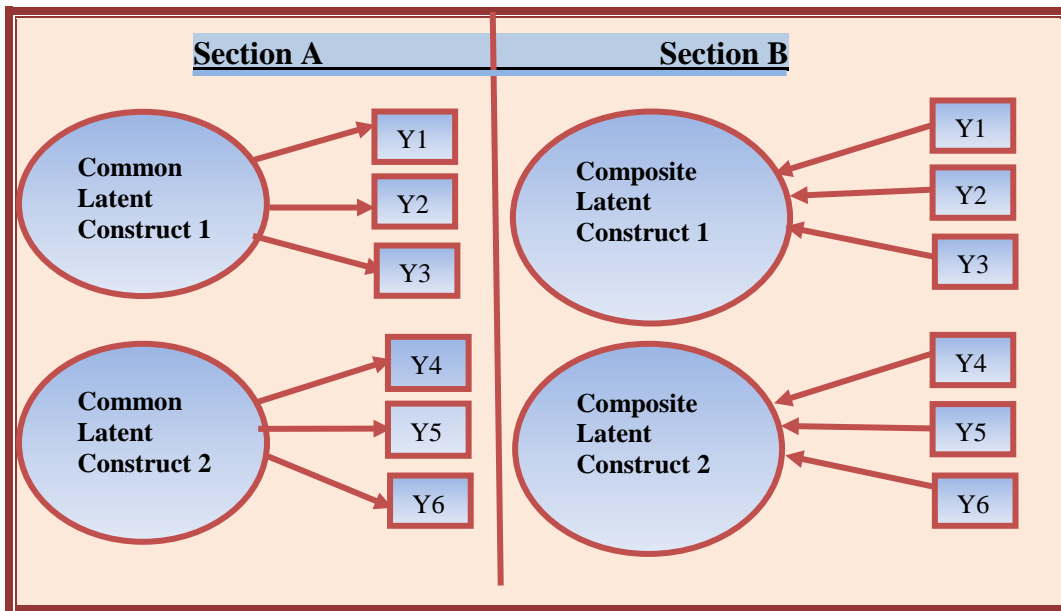
**Figure 3.6: Factor specification, reflective- (A) and formative indicators (B)**

Source: MacKenzie *et al.* (2005, p.711)

### 3.10.2 Measures of Skills- and Motivation-Enhancing Practices

A total of six specific HRMPs characterised as skills- and motivation-enhancing practices have been selected. Two skills-enhancing practices, namely, training and development opportunities, have been selected as these mainly help employees to improve their skills in the workplace on a regular basis. Four motivation-enhancing practices, namely, pay, promotion, recognition and job security, are selected that assist employees to stay in the organisation with motivation. These individual HRMPs (first-order) have been bundled as SEPs and MEPs (second-order) (see Appendix H). Moreover, the HRMPs mentioned above are common in the existing HRM literature; when used appropriately these can reinforce individuals' skills and motivation in the workplace which consequently strengthens the retention rate of the quality performers and subsequently encourages non-performers to quit (Shaw *et al.*, 2009).

To measure training and development opportunities variables, four items for each variable have been adapted from Delery and Doty's (1996) study. These variables

have attained a Cronbach's alpha of .571 and .650, respectively. Furthermore, four items about pay have been adapted from the scale developed by Price and Mueller (1986). The Cronbach's alpha for this variable is .623.

According to Huselid and Day (1991), measurement items from two or more sources are acceptable to make a new construct in the new study. In case of the promotion variable, two items from Gaertner and Nollen (1989) and three items from Tessema and Soeters (2006) have been adapted for this study to make an appropriate construct to answer the research questions. After merging these two different scales, the developed construct has a Cronbach's alpha of .720. With regard to the recognition variable, five items have been adapted from Pare and Tremblay's (2007) scale, having alpha .776. Besides, four items on job security have been adapted from Delery and Doty (1996). The Cronbach alpha of this scale is .804. Table 3.7 presents the items of these constructs and sources.

**Table 3.7: Measures of skills- and motivation-enhancing practices**

| Constructs | Items | References |
|---|---|---|
| **Training (TRAIN)** | ➤ Extensive training programmes are provided to employees in this job<br>➤ Employees in this job normally go through training after every few years<br>➤ There are formal training programmes to train new employees to enhance their skills to perform their jobs well<br>➤ Formal training is provided to employees to increase their promotability | Delery and Doty (1996); Vandenberg *et al.* (1999) and Khan (2009) |
| **Development Opportunities (DO)** | ➤ Employees in this job have clear career paths in this bank<br>➤ Employees in this job have less promising future in this bank<br>➤ Employees' career aspirations are known to the immediate supervisors in this bank<br>➤ Employees in this job who desire promotion have more than one potential position they could be promoted for | Delery and Doty (1996) |

| | | |
|---|---|---|
| **Pay (PAY)** | ➤ Compared to other employees my pay is good due to my education<br>➤ Compared to others my pay is good due to my efforts that I put in my job<br>➤ Compared to other employees my work reward is good<br>➤ Compared to others my pay is good in view of my work responsibilities | Price and Mueller (1986) |
| **Promotion (PMTN)** | ➤ Promotions are regular with my (employer) bank<br>➤ There is a very good chance to get ahead with my employer<br>➤ The practice of beginning at the bottom and working up is widespread in this bank<br>➤ Practice of internal promotion is not widespread in this bank<br>➤ I am in a dead-end situation in this bank | Gaertner and Nollen (1989); Vandenberg *et al.* (1999) and Tessema and Soeters (2006) |
| **Recognition (RECO)** | ➤ Employee suggestions are seriously taken into account<br>➤ In this bank, appreciative follow-ups are regularly given to employees concerning prior suggestions they had made<br>➤ In this bank, supervisors use different ways to recognise employees' efforts (tickets for cultural events, free dinners etc.)<br>➤ Employees in this bank receive recognition in writing from their supervisors (e.g. appreciation letters)<br>➤ Supervisors regularly congratulate sub-ordinates in recognition of their good efforts | Pare and Tremblay (2007) |
| **Job Security (JSEC)** | ➤ Employees expect to stay in this job for as long as they wish<br>➤ It is very difficult to dismiss an employee's job in this bank<br>➤ Job security is guaranteed to employees in this bank<br>➤ If this bank will encounter economic problems, employees in this job would be the last to be fired. | Delery and Doty (1996) |

Note: All items of the variables were measured on the five-point Likert scale

### 3.10.3 Measures of OC and Turnover Intentions

OC has been measured with Porter *et al.*'s (1974) fifteen-item scale, which is one of the most widely used measures (Mowday *et al.*, 1979). This scale has been

selected in this research as it takes into account all dimensions of the commitment, i.e. affective, continuance and normative commitment. For each item, respondents were asked to indicate the extent of their personal agreement using a five-point Likert scale (1=strongly disagree; 5=strongly agree). A higher score on the scale indicates a higher level of respondents' OC. The Cronbach's alpha of this variable is .919.

Employees' turnover intentions have been measured with a four-item scale adapted from Cammann *et al.* (1979). This scale is employed in order to know about talented FLMs' intentions about the job. Indeed, it is a widely used scale as many researchers have used it in their studies (Mathieu and Zajac, 1990; Griffeth *et al.*, 2000; Lambert *et al.*, 2001; Chew *et al.*, 2005). Participants have been asked to indicate the likelihood that they will stay in or quit the organisation in the near future. This scale is worded so simply and the researcher has felt no need to make changes or rephrase the original scale. This scale measures the degree to which the respondents are thinking of leaving, intend to search and intend to quit. A higher score on the scale indicates a high degree of turnover intentions and vice-versa. The Cronbach's alpha for this study is .839. Table 3.8 presents the items and sources for the constructs.

**Table 3.8: Shows the measures of employees' OC and turnover intentions**

| Construct | Items | References |
|---|---|---|
| Organisational Commitment (OC) | ➤ I am willing to put a great deal of effort beyond normal expectations to help this bank to be a successful one<br>➤ I speak about this bank to my friends as a great organisation to work for<br>➤ I feel less loyal to this organisation<br>➤ I would accept any type of job assignment to keep working for this bank<br>➤ I find my values and bank values quite similar to each other<br>➤ I am proud to tell others that I am a part of this bank<br>➤ I can work for other banks as well if the work is same<br>➤ This organisation greatly inspires me to perform well<br>➤ I am very glad that I chose this bank instead of others<br>➤ There is not much to be gained by sticking with this bank<br>➤ I really care about the future of this bank<br>➤ Often, I find it difficult to agree with this bank's practices on important matters related to employees<br>➤ Deciding to work for this bank was my definite mistake<br>➤ For me, this is a best of all possible banks for which to work<br>➤ It would take very little change in my present situations to cause me to leave this bank | Porter *et al.* (1974) |
| Turnover Intentions (TI) | ➤ I plan to work at my present job for as long as possible<br>➤ I will most certainly look for a new job in the near future<br>➤ I plan to stay in this job for at least two to three years<br>➤ I would be reluctant to leave this job. | Cammann *et al.* (1979); Mathieu and Zajac (1990); Griffeth *et al,* (2000); Lambert *et al.* 2001; Chew *et al.(* 2005) |

## 3.11    Questionnaire Design

A questionnaire is an effective method of data collection to measure the variables of interest in order to achieve meaning and precision of the research (Zikmund, 2002; Sekaran and Bougie, 2010; Neuman, 2013). The drawback of using questionnaires for primary communication might be that some participants may misunderstand the central idea of the questions. Viewing this difficulty, simple and easy questions were included in the questionnaire for better understanding.

The questionnaire development process is guided by the objectives of the study (Oppenheim, 1992; Veal, 2005). This involves setting up clear aim and objectives, comparing questionnaire design with related studies, using multiple items to measure each construct (Churchill, 1987) and pretesting the preliminary versions of the questionnaire (pilot questionnaire) before the main fieldwork. Questionnaire preparation in this study follows the processes suggested by Frazer and Lawley (2000) which comprises of question content development, wording, response formatting and importantly its layout. Literature suggests that participants can provide appropriate responses when questionnaire development is based on the principles of good question design such as brief questions, using positive questions and avoiding two statements in one question (Frazer and Lawley, 2000; Zikmund, 2002), the reason being that the wordings of this questionnaire have been kept brief and simple. The researcher also attempts to avoid ambiguity and leading questions. Standard wording principles have been strictly followed and terms used are similar to those found in the context of the local organisations.

In addition, the researcher incorporates different response formats, depending on the nature of the questions to avoid the response bias and encourage participation. In fact, response bias is associated with the way respondents respond to the questions due to their mentality or pre-disposition (Alreck and Settle, 1995). Question format focuses its attention to reduce the amount of thinking, energy and time of the participants in answering the questions (Hair *et al.*, 2003). Scale response formats have been applied to measure respondents' degree of agreement with the constructs (Alreck and Settle, 1995). Regarding this, a five-point Likert scale has been used for all questions except demographic variables. All the questions were grouped by topic and placed in a logical sequence by using a 'funnel' approach, starting with broad questions and narrowing them down in scope.

It is also endeavoured to make the questionnaire's layout brief, neat, attractive and easy to achieve the study objectives. It is mainly done to get precise data, minimise participants' fatigue, increase response rates and keeping respondents interested throughout the survey process (Oppenheim, 1992; Veal, 2005). A brief description of the significance of the survey with a clear and concise message has been followed by a message of thanks on the cover page to encourage participants. Moreover, the researcher's name, correspondence address, email address and phone numbers have been provided as well (see Appendix A).

The time and length of the questionnaire is also kept in mind. The 51–item questionnaire requires 20 to 25 minutes to complete as observed in the pilot study process. The total length of this questionnaire is equal to only five pages of A4 paper. The total number of pages are less than the upper limit set by common business research practice not to intimidate the respondent's motivation (Neuman, 2013). The survey has been designed to reduce the respondents' tiredness by trimming down the line of questioning and focusing their efforts on the important questions related to the objectives of the study. The pilot study has also helped the researcher in designing this questionnaire as revealed by face validity and content validity.

## 3.12 Data Sorting and Analysis

It is highly important to make a decision on how to analyse gathered data prior to data analysis to avoid collecting data incorrectly and subsequently getting inaccurate findings (Cooper and Schindler, 2001; Neuman, 2013). At the outset, data coding has been done for the study to give numbers to study scales in a way which could facilitate the measurement process (see Appendix G). It is a fact that a well-organised questionnaire can reduce the time spent on coding; not only this but it also increases the accuracy of the data collected through the survey (Luck and Rubin, 1987; Hair *et al.*, 2014). Secondly, data entry can be done immediately after questionnaire completion. For the purpose of data entry, SPSS version-21.0

has been used and the researcher ensured that the data has been entered correctly. Thirdly, data tabulation (both one-way tabulation and cross-tabulation) have been used to compute summary statistics on several questions. Simple statistical summaries such as means, standard deviations and percentages are used to profile sample respondents and establish characteristics of the participants who responded differently. Descriptive statistics e.g. means and standard deviations are used to determine the similarities and differences in respondents' opinions in the survey.

Fourthly, reliability and validity of the research has been considered carefully. Reliability refers to the degree to which measures are free from error and yield consistent results (Zikmund, 2002; Sekaran and Bougie, 2010). Whereas, validity refers to the accuracy of measurement, whether the conceptual and operational definitions are truly the reflection of the underlying concept to be measured (Hair *et al.*, 2014). Although it is impossible to have absolute reliability and validity in the real world, the researcher has tried to improve the accuracy of measurement and to increase the reliability of measures in this study using different assessment strategies. The results from this study must not only be reliable but they must be valid and practical in terms of operational requirements. For the main data analysis PLS-SEM has been used. The justification of this approach is discussed in following sections.

### 3.12.1 Structural Equation Modelling (SEM): Justification

SEM is an analytical procedure to scrutinise the developed hypotheses statistically. Recently, it has taken up a noticeable role, whenever relationships among constructs have been studied (Hair *et al.*, 2014; Monecke and Leisch, 2013). These authors have elucidated that SEM should be the likely methodology of choice when relationships are tested, particularly when these are complex in nature. Generally, it is used to measure the pattern of effects among the LVs. Truly speaking, SEM has emerged as the most important second-generation data analysis technique. Hair *et al*. (2014) further claim that while considering a model

or paths, two important concerns need to be considered, the order of the latent constructs and the relationship between them. Both concerns are highly significant in SEM as they represent the hypotheses and their relationships.

The data collected through questionnaires have been statistically analysed using (SPSS) for the descriptive data, i.e. means and standard deviations for all study variables, as this sort of data provides a clear understanding about the respondents' average responses. Before carrying out the PLS-SEM, it is better to have clarity in understanding the terms frequently used in it. For instance, exogenous and endogenous constructs (inner model/structural model) are generally referred to in SEM (Bollen and Long, 1993; Hair *et al.*, 2014). An exogenous construct has path arrows pointing outwards to other variables and none leading to it. While in case of an endogenous construct, at least one path leads to it and represents the effects of other constructs (Wong, 2013; Hair *et al.*, 2014). These constructs are also known as variables that may be independent and dependent within the regression concept (Kline, 2011; Hair *et al.*, 2014).

The variables can be either latent or observed variables (Petter *et al.*, 2007; Kline, 2011). Realistically, latent constructs cannot be directly measured; whereas observed variables (OVs) can be measured directly. Notably, OVs can be employed as a measure to deduce the latent constructs (Hair *et al.*, 2014; Finn and Wang, 2014). In the measurement model, OVs are often considered as outer model elements (Wong, 2013, p.2). Moreover, SEM includes the identification of causal connections among the latent constructs to inspect the path specified in the proposed conceptual model as well as the OVs and how these load onto their respective constructs (Schumacker and Lomax, 2010). SEM can be done in two stages, i.e. measurement model wherein internal consistency, individual reliability and average variance extracted are normally taken into consideration in PLS-SEM. In the second stage, the structural model is evaluated, wherein path analysis is employed (Kline, 2011; Hair *et al.*, 2014). Both stages offer an indication of

how well exogenous variables predict the endogenous variable(s). It is recognised that each exogenous variable has a residual value, meaning they are not impeccably associated to other variables in the model; however, the residual value is represented by an error term within the structural model (Kline, 2011). Moreover, an error can also be used within the measurement model associated with the OVs, because these are not perfect indicators of the construct(s). Once the measurement model is confirmed, then researchers heed towards that structural model which fundamentally recommends the rules for determining the relationships between the exogenous and endogenous variables (MacKenzie *et al.*, 2005; Wong, 2013).

Generally, the structural model or path analysis embraces the simultaneous analysis of a number of regression models which theoretically shape the causal relationships among the observed variables (Schreiber *et al.*, 2006; Kline, 2011). Predominantly, SEM differs from the conventional regression model approaches as a variable can actually act as independent or dependent or as the case may be. This is why its use has dramatically increased to a wider extent in many disciplines including social sciences on the ground that it has got a number of advantages over the first generation of conventional/regression techniques (Tenenhaus *et al.*, 2005; Hair *et al.*, 2014).

The major advantage-cum-purpose of using SEM is to scrutinise the consistency between the developed model and the sample data. It is largely referred to as the statistical technique combining variables and paths to measure a full structural model (Schreiber *et al.*, 2006; Hair *et al.*, 2014). Moreover, SEM analysis has distinct features that make it a more suitable analytical tool for research when compared to regression-based approaches (Kline, 2011). Its features allow multiple equations and have an ability to study the equations simultaneously. It helps in understanding and examining the complex models. The reason why it has been considered as a suitable analytical technique for investigating the primary

research questions precisely (Kaplan, 2000). Moreover, its crucial ability to include constructs and account for errors in the measurement model facilitates statistical estimation of the improved relationships among the constructs.

The setting of this study finds it appropriate to apply the two-stage SEM process as proposed by (Anderson and Gerbing, 1988; Hair *et al.*, 2014). The problem addressed in the present study comprises of a theoretical and hypothesised network of constructs which includes several predicted constructs such as talented FLMs' turnover intentions and OC (endogenous variables) and exogenous LVs, namely, skills-enhancing practices (SEPs) and motivation-enhancing practices (MEPs), which is the reason why this research focuses on the two-stage SEM, wherein at the first stage research revolves around the measurement model. Once it is ready for the observed data then the researcher moves towards the next stage to examine the structural model. Both models could be examined at the same time, which empowers construct assessment, convergent and discriminant validities, then hypotheses testing. Figure 3.7 shows the steps used in this research for the assessment of both measurement and structural model.

**Step 1**

**Defining the individual constructs**

What items are best used as measured variables?

**Step 2**

**Develop and specify the measurement model**

Make measured variables with constructs

Draw diagrams for the measurement model

**Step 3**

**Designing a study to produce empirical results**
Assess the adequacy of the sample size
Select the estimation method and missing data approach

**Step 4**

**Assessing Measurement Model**
Assess the indicator and composite reliability,
convergent and discriminant validity of model

Refine measures and design new study

**No**

Measurement model valid

**Yes**

Proceed to test structural model with step 5 and 6

**Step 5**

**Specify structural model**
Convert measurement model into structural model

**Step 6**

**Assess structural model validity**
Assess coefficients and significance $R^2$, $Q^2$, $f^2$

Refine model and test with new data

**No**

Structural model valid

**Yes**

Draw substantive conclusions and recommendations

**Figure 3.7: Six-step SEM process**
Source: Hair *et al.* (2014).

### 3.12.2 Hypotheses Testing: Why PLS, Why not AMOS and LISREL?

As discussed in Section 3.12.1, Partial Least Square (PLS) has the ability to simultaneously measure the measurement and structural models. It examines all the constructs of the study at one time, when compared to most linear modelling techniques, and it is mainly employed to develop theories in exploratory research. In fact, it does this by focusing on elucidating the variance in the dependent variables of the study when analysing the model (Hair *et al.*, 2014). Fundamentally, this technique offers an alternative to covariance-based SEM (CB-SEM). In fact, PLS-SEM is particularly appropriate for those situations when the data is not normally distributed (Tenenhaus *et al.*, 2005).

It particularly focuses on explaining the variance of construct/s whereas CB-SEM focuses on the covariance among the constructs. Besides, it offers an examination that maximises the explained variance. This is why this modelling is referred to as a soft modelling technique as it has minimum demands with regard to the sample sizes, measurement scales and residual distributions (Monecke and Leisch, 2013; Hair *et al.*, 2014). According to these authors, in conditions when theory is not well-developed researchers mainly prefer PLS-SEM over CB-SEM as their approach to answer the research questions or research objectives.

Furthermore, there are several reasons why PLS-SEM is different and advantageous from other SEM techniques. For example, PLS is usually estimated with a regression-based technique, whereas AMOS (Analysis of Moment Structures) and LISERAL (Linear Structural Relations) are commonly estimated using a covariance approaches (Hair *et al.,* 2014). Moreover, PLS has an ability to use and estimate both reflective and formative measures (Teo *et al.*, 2011). This study contains both formative and reflective constructs (first- and second order LVs), hence justifying the usage of PLS-SEM.

Typically, PLS has a unique ability to even estimate models that consist of one- and two-item scales, however in the case of AMOS and LISERAL approaches, it would be difficult to estimate the model when the number of items are low (Finn and Wang, 2014). As discussed earlier, PLS does not need to have a normally distributed data, contrary to CB-SEM. The former can be used with both small and large samples, but the later cannot be used with small samples <100; if this would be the case results would definitely become unstable (Hair *et al.,* 2014).

The research problem in this study was identified as 'what is the impact of skills- and motivation-enhancing practices on talented FLMs' turnover intentions in the banking sector of Pakistan? The research model tested in this study comprised of four main constructs and five main hypotheses. The researcher had different preconceptions of the relationships between HRMPs and turnover intentions based on the existing literature. Judging from the number of constructs and related hypotheses, the model proposed in this study could be considered to be multivariate and therefore, required a multivariate analysis method such as PLS.

For the descriptive statistics and factor analysis, SPSS-21 software was employed for the first stage of data analysis to summarise the information from many variables in the proposed model into a smaller number of factors. After having descriptive statistics, a multivariate technique using PLS-SEM was undertaken in the second step of the data analysis. It was mainly selected in this study because of its exploratory and explanatory ability to deal with complex issues at one time (Hair *et al.*, 2014). They further revealed that it offers a comprehensive statistics of the model testing process and its usage is parsimonious as it has the ability to develop stronger models by testing theories on the specified relationships. PLS-SEM was undertaken to simultaneously test the hypotheses as direct and indirect paths of the research model (Hair *et al.,* 2014). It was preferred over AMOS and LISREL to allow the integration of variables with a relatively small number of items. The goal of PLS is similar to that of multiple regressions to maximise

variance explained while ensuring that all relationships are statistically significant (Hair *et al.*, 2003; Monecke and Leisch, 2013).

However, it is different from the multiple regressions in a way that it simultaneously takes into account the correlations, models of interactions, measurement and correlated errors for both multiple latent independent and dependent variables (Tenenhaus *et al.*, 2005; Hair *et al.*, 2014). In fact, PLS is computationally more effective and efficient than AMOS and LISREL in the sense that a components analysis is faster than the maximum likelihood of factor analysis. Hair *et al.* (2014) have clearly demonstrated this point by noting that large models consisting of many indicators and factors can be estimated in a matter of minutes. Keeping in view the present study's model which contains several constructs and paths, PLS-SEM has been used to measure the relationships among the selected variables.

### 3.13 Pre-testing or Pilot Study

The main purpose of the pilot study was:

➢ To develop a research design to be followed in the main study.
➢ To check the reliabilities of adopted scales for the measurement of variables.
➢ To improve the sentence structure and phrasing of the items, if needed.
➢ To observe the reactions of study participants' on the five-point Likert scale for question readability and understanding for the useful feedback.

A pilot survey is an important step to pre-test the questionnaire before conducting the main survey. Pilot survey checks the viability in terms of reliability and validity and mainly to exclude the possible weaknesses and flaws of the instrument (Zikmund, 2002). These weaknesses can be recognised by testing the questionnaire wording, layout, respondents understanding of the technical terms, response rate, completion time and analysis procedure. According to Luck and Rubin (1987), the sample for the pilot study should be 10 to 30 respondents from

the study population. The results of the pilot study carried out are presented in detail below.

The pilot study was conducted in January 2013 and the responses for the pilot survey were satisfactory. Its quality was assured by the process of questionnaire review by academic experts and the supervisory team. In this pilot study, a total of 60 questionnaires were sent, 12 each to five local private banks operating in Sindh, a province of Pakistan. This region (Sindh) has been selected due to the researcher's ease of access and limited time frame. Out of the 60 self-administered questionnaires, 40 were returned, showing a response rate of 67%. The minimum time taken by the respondents was 15 minutes and the maximum was 20 minutes. The sample for this study was selected through simple random sampling. In random sampling, the researcher recognises the subset of the statistical population wherein each member has an equal probability of being selected and importantly, it is simply an unbiased representation (Frazer and Lawley, 2000; Saunders *et al.*, 2009). The data was collected from $2^{nd}$ to $22^{nd}$ January, 2013. Before the data collection, participants were thoroughly informed about the research and their consent was received. Some of the questionnaire items were coded in reverse in order to minimise the response bias.

### 3.13.1 Analysis and Discussion of the Pilot Study

The results of the pilot study showed consistency in this regard (see Table 3.9). In this survey, the HRDs of the responding banks refused to provide data about the salary, item number 6 of the demographic variable, on the grounds that they do not want to reveal this information given the existence of stiff competition within the sector. Hence, this item was deleted before the distribution of the questionnaire. However, due to the significance of the salary item, it was then modified to a salary range with the suggestions of the supervisory team for the main study. Alongside, another variable was added: 'name of the bank' for identification of the respondent's institute.

A range of participants, both male and female, participated in this survey. The participants were 72.5% (n=29) male and 27.5 % (n=11) female. They were between 20 and 50 years old, of which 55% (n=22) were between 20 and 29. A majority (85%, n=34) of the participants had a Master's degree and most of them (45%, n=18) had 1 to 5 years of work experience as frontline bank managers.

Even though the measures of this instrument were adapted from prior studies, the reliability of each variable was scrutinised with Cronbach's alpha. A brief description about the research was given to the respondents to fill in the questionnaire. Importantly, they were asked to answer the question based on their experience in the bank. The instrument's overall reliability was .897 which showed higher internal consistency than among the study variables. The reliability of the current study's variables varied for each, ranging from .57 to .84. Regarding this, the variable development opportunities (DO) had reliability less than .60, i.e. .57. Regarding the low Cronbach's alpha as found in this study, Pallant (2010) describes that sometimes it is difficult to get a decent Cronbach's alpha owing to the small number of items and respondents. However, the sample size in the main study will be large and it is possible that Cronbach's alpha value of this variable may increase. Table 3.9 presents the reliability of all the study's constructs.

**Table 3.9: Cronbach's alpha of the pilot study variables**

| Variable | Cronbach's Alpha | Items |
|---|:---:|:---:|
| **Reliability of the instrument** | **.897** | **45** |
| Training (TRAIN) | .811 | 4 |
| Development opportunities (DO) | .633 | 4 |
| Pay practices (PAY) | .843 | 4 |
| Promotion (PMTN) | .770 | 5 |
| Recognition practices (RECO) | .808 | 5 |
| Job security (JSEC) | .774 | 4 |
| Organisational commitment (OC) | .792 | 15 |
| Turnover intentions (TI) | .801 | 4 |
| Demographic Questions | ---- | 6 |

### 3.13.2  Validity of the Pilot Study Questionnaire

The concept of validity refers to the extent to which an instrument measures what it is supposed to measure (Bryman and Bell, 2011). They further stated that validity of the measure heavily relies on the definitions of the variable which is used to design any measure. Literature demonstrates that there are four types of validity: face validity, content validity, criterion-related validity, and construct validity. Each of the types is discussed below.

Face validity is the degree to which the instrument appears on the face of it, to be an appropriate measure in attaining the chosen information from the respondents. It is usually checked, whether question(s) appear to relate directly to the construct or not (Creswell and Plano Clark, 2011; Tashakkori and Teddlie, 2010). It is mainly concerned with whether or not the measure 'looks valid' to the respondents (Saunders *et al.*, 2009). In fact, it a subjective assessment since it

mainly depends on the judgment of experts in the field who check the tool for suitability, confirmation and logical flow perspective. The face validity of this instrument has been checked by the supervisory team and two professors at the researcher's parent university in Pakistan. They were happy with the face validity of the instrument.

Content validity represents the universe of items from which items are drawn and it is particularly suitable when evaluating the usefulness of tests that sample any particular area of knowledge (Bryman and Bell, 2011). Simply, content validity is the extent to which the indicators measure the different aspects of the study concept (Saunders *et al.*, 2009). Expert validity is achieved by inviting experts in a particular topic to evaluate it. They should look at whether the measures include adequate coverage of the subject being studied. In fact, it depends on the quality of the literature and the theories which are used to develop an instrument (Oppenheim, 1992; Frazer and Lawley, 2000).

This study tested the relationship between selected skills- and motivation-enhancing practices and FLMs' turnover intentions. After analysing the literature review, the study was conducted through six main HRMPs namely; training, development, pay, promotion, recognition and job security which might affect the individual's turnover intentions. For checking the content validity, questionnaire was emailed to six faculty members of the Business faculty of the University of Sindh, Jamshoro, Pakistan having specialisations in HRM, OB knowledge management and banking. At the same time, it was also checked by five PhD students in the business management field in order to check how well they could comprehend and understand the questions. Most of the feedback from the faculty members confirmed that the items were related to their constructs; however, my fellow PhD colleagues suggested that some items be rephrased in order to have a clearer understanding.

In addition, construct validity was checked whether items reflect the concept or variable whereby these items are used to measure that variable (Collis and Hussey, 2003; Tashakkori and Teddlie, 2010). In social sciences, many concepts are not measured or observed directly; thus, items are often used to measure constructs (Hair *et al.*, 2014). It is always good to measure the construct validity as it checks on the perceived overall validity of the measure or instrument as whole. If any measure has attained a higher construct validity, it indicates that it is built well on some theoretical construct (Creswell and Plano Clark, 2011). Construct validity of the constructs can be convergent or discriminant and both are mostly assessed in the measurement model.

Convergent validity refers to the extent to which the correlation between the items of a construct exist strongly or in measuring a construct, convergent validity is an association between indicators which are theoretically similar (Collis and Hussey, 2003; Hair *et al.*, 2014). To get the convergent validity in a construct, there should be high correlation coefficients among the indicators (Wong, 2013) because these indicators measure the same construct. Average variance extracted (AVE) is mostly used to evaluate the convergent validity (Chin, 1998, 2010). AVE means the overall amount of variance in the items or indicators accounted for a construct (Hair *et al.*, 2014).

The researcher used the following formula to calculate AVE:

$$AVE = \Sigma \lambda i^2 / \Sigma \lambda i^2 + \Sigma \text{Var.} (\varepsilon I)$$

Where:
- $\lambda i$ represents the standardised factor loadings between a variable and its indicators (factor loading for each construct)
- Var. is the variance
- $\varepsilon$ was the measurement error of the indicators of the construct.

To designate a sufficient convergent validity, the AVE must be ≥0.5 (Hair *et al.*, 2014). If the researcher has convergent validity issues, this is because within their variable(s), the items do not correlate well with each other and there may be a latent factor which is not explained appropriately by the observed variables. Composite reliability, often known as CR, reflects how error affects the scale. It confirms the validity of the constructs. Hair *et al.* (2014) further described that CR ought to be equal to or more than 0.70 to become acceptable in the field of social and management sciences.

The discriminant validity refers to the extent to which the constructs of the study differ from other related constructs (Hair *et al.*, 2014). It exists if there is no significantly strong relationship between the study constructs. Each construct should be distinct from the others. Consequently, high discriminant validity provides evidence that a construct is unique (Hair *et al.*, 2014). Discriminant validity is assessed by the square root of AVE; this must be greater than the correlations between the constructs for the reflective constructs (MacKenzie *et al.*, 2005; Petter *et al.*, 2007). For each construct, the AVE is greater than its shared variance with any other construct. Discriminant validity issues arise because items in the study are highly correlated with items outside their designated factor, i.e. the latent factor is explained better by some other items (from the other variables), than by its own observed variables.

### 3.13.3 Participants' Comments

Furthermore, HRDs of institute 1 and institute 6 (Appendix B) suggested that it will be easier for them to provide data about talented FLMs for the year 2011 and 2012 instead of 2010 and 2011 because current files could be easily accessible to them for providing the requested data. Moreover, participants of the study also made recommendations on the clarity and significance of the questionnaire items and viewed that the word 'organisation' should be replaced with the word 'Bank' as it would be more comprehensible for them during the response.

### 3.14 Ethics and Confidentiality

Ethical approval was sought from the University of Bedfordshire's ethics approval committee and the application was approved in February 2012. Maintaining integrity in research is imperative, thus ethical protocols were completely followed during the research design phase in this study so that all stakeholders, i.e. participants, researcher and the University of Bedfordshire, did not suffer any harm, discomfort or embarrassment.

The researcher provided a consent form to the study respondents, explaining the ethical and confidentiality protocols for their participation (Cooper and Schindler, 2001). They were assured of the privacy of the information they provided through the survey instrument and their identities would not be revealed to the management of the organisation at any cost (Saunders *et al.*, 2009). It was also made clear to them that participation is voluntary and they have a definite right to refuse or to withdraw their participation at any time. Before handing over the survey questionnaire to respondents, the purpose of the investigation and the expected outcome were explained by the researcher to them in order to offer a contented atmosphere in which they can elicit their honest answers to the questions. To maintain the confidentiality and privacy of the participants, only aggregate outcomes are reported in this thesis.

Importantly, the survey instrument included the demographic information as in accordance with the recommendations of the pilot study from the participants in explaining the background and motives for pursuing the said information. It was anticipated that this sort of engagement could encourage respondents to give genuine and precise responses. FLMs from the each bank were selected randomly and then they were provided the questionnaires to complete and handover to the researcher or their HRD managers in the provided sealed envelope.

## 3.15    Conclusion

This chapter has described the current study in terms of the research design, methodology, population of the study, operationalisation and data analysis procedures. Regarding this, the positivist paradigm has been justified with a critical overview of the other philosophical choices. Methodologically, the present research has been positioned in a quantitative approach with a survey strategy for data collection. Importantly, this study has justified the above paradigm, approach and strategy because in this research the researcher basically tested the developed hypotheses and also investigated the relationships among the variables.

The target population for the study was talented FLMs of the local private banks in Pakistan. The sample size has been carefully selected keeping in mind population-to-sample rules and data analysis techniques-to-sample rules. The minimum sample size using probability random sampling method is estimated to be 500. A self-administered survey questionnaire has been developed, following the steps of content and operational-item relevancy towards the research objectives along with proper wording and layout to collect the data quickly. Procedures for data analysis applied in this study included descriptive statistics, followed by SEM using variance or component-based PLS. In fact, this technique has been primarily employed to scrutinise the measurement and structural models which is also the case in this study. Detailed findings from the statistical analyses are presented in Chapter 4.

# CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

## 4.1 Introduction

This chapter presents the analysis and findings of the quantitative data and correspondingly, seeks to test the proposed research hypotheses. As discussed in Chapter three, the current study is quantitative in nature. Therefore, a survey questionnaire has been used to obtain the data from the respondents with regard to selected skills- and motivation-enhancing practices and their OC and turnover intentions. After collecting data through the questionnaire, statistical techniques using Statistical Package for Social Sciences (SPSS) version 21.0 and SEM using Smart-PLS version-3 have been employed to analyse the main data in order to investigate the constructs of the developed model.

This chapter presents data examination, including missing data, detection of outliers and elaborated demographic analysis. This is followed by the findings of both reflective and formative measurement models and provides the confidence in the reliability and validity of the constructs. Additionally, this chapter examines the five main hypotheses (structural model) including the evaluation of the path coefficients in the specified model. The model testing seeks to understand the underlying impact of skills- and motivation-enhancing practices on talented FLMs' turnover intentions via the mediating role of OC.

## 4.2 Data Examination

It is generally thought that data examination or data screening is an ordinary and inconsequential process but in a true sense it is a highly important step towards the data analysis and better understanding of the data, particularly when researchers anticipate the use of SEM (Hair *et al.*, 2014). It also assists the

researcher to make sure that necessary conditions of the data underlying analysis are carefully considered. In the process of data screening, researchers usually endeavour to observe the missing data, detection of the outliers and to test the normality assumptions (Tabachnick and Fidell, 2007). Concerning this, the researcher only analysed the missing values and the detection of the outliers. However, it does not embrace the normality assumption test owing to the fact that PLS-SEM applies prediction-oriented measures (Chin, 1998). In addition, descriptive statistics are also reported in Sections 4.3 and 4.4 along with the analysis of representativeness of the sample data and relationships among the study variables.

### 4.2.1 Missing Data

Missing data occurs when respondents fail to answer one or more survey questions willingly or unwillingly (Veal, 2005). In the field of social sciences, the occurrence of missing data is a common problem for researchers (Neuman, 2013). According to Hair *et al.* (2014, p.51), *"when the amount of the missing data on a questionnaire exceeds 15%, the observation is typically removed from the data file"*. Hair and colleagues further claim that a data can be removed from the data set even if the percentage of missing data is below 15%. Mostly, the missing data happens in those cases when respondents have not answered the whole construct owing to the construct's sensitive nature. Apart from this, there are several other reasons behind the occurrence of missing data, e.g. respondents forgot to answer some of the questions or skipped answering the questions. It has also been noticed that sometimes this happens due to the design of the questionnaire such as an excessively long questionnaire which often intimidates the respondents (Kline, 2011).

According to Hair *et al.* (2014), missing data may have negative effects on the findings of the study, e.g. may produce biased estimates or may weaken the model's fit. These authors also report that variables or cases ought to be omitted if

these contain missing values. In this research, all five cases have been omitted from the final data set and data analysis owing to the fact that these cases have contained missing values above 15% and notably, some of them were containing missing data of more than 50%. After taking them out, the final number of responses has been reduced to N=350 (before detecting outliers) questionnaires which were found to be enough for PLS-SEM analysis. Indeed, the removal of five missing cases out of 355 accounts for 1.41% of the total which according to Tabachnick and Fidell (2007, p.63), does not cause problems for the outcome of the analysis.

## 4.2.2   Detecting Outliers

An outlier is an observation point that is very distant from other observations (Zikmund, 2002). Outliers are unusual or extreme values which appear on one or more variables. Outliers can lead to negative effects in data analysis and can lead to negative variance estimates which consequently distort the statistical finding of the study hence, these results cannot be generalised (Brown, 2006). According to Hair *et al.* (2014), outliers can take place as a result of an error in the data file (incorrect value or an error in recoding variables or a failure to identify the missing data correctly. Outliers can be univariate, related to cases with an extreme value on a single variable, or these values exist in cases of two or more variables, so bivariate or multivariate, respectively (Kline, 2011).

Literature suggests that there are three main approaches for locating outliers, univariate, bivariate and multivariate. However, the current study only identified outliers from two perspectives, namely, univariate and multivariate outliers. The bivariate outliers method has been found incompatible as it requires a large number of graphs and testing of two variables simultaneously (Kline, 2011). Kline stressed that the univariate outliers method usually examines each variable to find out the unique observation; whereas, the multivariate method generally analyses each observation across the combination of the study's variables.

In order to find univariate outliers, researchers usually employ the frequency distributions of $z$-scores. If the $z$-score is $> 3.29$ with $p < 0.001$ (two-tailed) then it is reflected that there is an existence of univariate outliers in the data (Pallant, 2010). Following this criterion, a total of six outlier cases has been found in this study (see Appendix G). Several options are available to treat outliers, for instance, to check whether identified cases were entered appropriately and there are no any sorts of data entry errors. Having checked these identified cases, the researcher found that there were no entry errors. As a result, the researcher removed all six outlier cases from the original data.

It is also important to mention here that the robust technique of covariance matrices such as SEM can be employed to handle this issue for multivariate outliers (Kline, 2005). In fact, multivariate outliers are the combination of scores on two or more than two variables. According to Hair $at$ $el.$ (2011), multivariate outliers can be identified through Mahalanobis $D^2$ measure in which the evaluation of each observation can be done across a set of variables. In this test, the $D^2$/df (degree of freedom) value generally exceeds 2.5 in small samples and 3 or 4 in large samples.

### 4.3 Demographics

Table 4.1 details the demographic characteristics of the respondents.

**Table 4.1: Demographic characteristics of the sample**

| Characteristic | Category | Frequency | Percentage |
|---|---|---|---|
| Gender | Male | 222 | 64.5 |
| | Female | 122 | 35.5 |
| Age Group | 20-29 years | 209 | 60.8 |
| | 30-39 years | 125 | 36.3 |
| | 40-49 years | 8 | 2.30 |
| | 50 years and above | 2 | 0.60 |
| Education level | Bachelor's degree | 126 | 36.6 |
| | Master's degree | 217 | 63.1 |
| | Higher than Master's | 1 | 0.03 |
| Work experience | 1 to 5 years | 176 | 51.2 |
| | 6 to 10 years | 138 | 40.1 |
| | 11 to 15 years | 21 | 6.1 |
| | Above 15 years | 9 | 2.6 |
| Salary range | Below Rs: 80,000 pcm | 09 | 2.6 |
| | Rs: 81,000 to 100,000 pcm | 205 | 59.6 |
| | Rs: 101,000 to 120,000 pcm | 119 | 34.6 |
| | Above Rs: 120,000 pcm | 11 | 3.2 |
| Bank name | Habib Bank Limited | 52 | 15.1 |
| | United Bank Limited | 51 | 14.8 |
| | Soneri Bank Limited | 36 | 10.5 |
| | Muslim Commercial Bank | 40 | 11.6 |
| | JS Bank Limited | 23 | 6.7 |
| | Bank Al-Habib Ltd | 22 | 6.4 |
| | Askari Bank ltd | 24 | 7.0 |
| | Faysal Bank Ltd | 36 | 10.5 |
| | Allied Bank Ltd | 33 | 9.6 |
| | Bank Al-Falah Ltd | 27 | 7.8 |

The sample of study comprises of 222 males (64.5%) and 122 females (35.5%). Here, the number of males was higher, as Pakistan is a male-dominated society wherein the majority of employees are males (Khilji, 2003). Furthermore, 60.8%

of the participants were between 20-29 years of age followed by 36.3% who were of aged between 30-39 years.

The majority of the respondents, 217, had a Master's degree (63.1%) and 126 respondents (36.6%) had a Bachelor's degree. Over 91% of the respondents had 1 to 10 years of work experience. Almost 60% of the FLMs' salaries were in the range Rs. 81,000 to 100,000 pcm (per calendar month). A good number of participants, 143, participated from HBL, UBL and MCB (the three oldest banks) which constitutes about 32% of the overall sample. The descriptive analysis of responses is presented in the next section.

## 4.4    Descriptive Statistics of the Study Variables

The data was transformed into a form which would be easy for the researcher to understand and interpret the matter in a better way (Zikmund, 2002; Neuman, 2013). Descriptive statistics that encompass frequencies, means and standard deviations of study variables have been drawn to present the key characteristics of the sample.

Importantly, the items of all latent constructs of the study are rated on the five-point Likert scale with score of '5' indicating strong agreement and a score of '1' indicating strong disagreement with each of the non-demographic questions in questionnaire survey. Means of all items are presented in Table 4.2. The mean values of all the items demonstrate a strong overall level of agreement among respondents on each of the statements used for measuring variables in the survey. Notably, all the items are defined in Chapter 1 (Section 1.7) and Chapter 3 (Tables 3.7 and 3.8).

**Table 4.2: Means and standard deviations of HRMPs items**

|  | Items | N | Mean | Std. Deviation |
|---|---|---|---|---|
| TRAIN | TRAIN1 | 344 | 2.48 | 1.372 |
|  | TRAIN2 | 344 | 2.90 | 1.350 |
|  | TRAIN3 | 344 | 2.51 | 1.316 |
|  | TRAIN4 | 344 | 2.74 | 1.237 |
| DO | DO1 | 344 | 3.00 | 1.308 |
|  | DO2 | 344 | 2.93 | 1.277 |
|  | DO3 | 344 | 2.84 | 1.337 |
|  | DO4 | 344 | 2.74 | 1.290 |
| PAY | PAY1 | 344 | 3.00 | 1.380 |
|  | PAY2 | 344 | 2.80 | 1.299 |
|  | PAY3 | 344 | 2.89 | 1.356 |
|  | PAY4 | 344 | 2.81 | 1.415 |
| PMTN | PMTN1 | 344 | 2.99 | 1.351 |
|  | PMTN2 | 344 | 2.96 | 1.303 |
|  | PMTN3 | 344 | 2.97 | 1.152 |
|  | PMTN4 | 344 | 2.88 | 1.179 |
|  | PMTN5 | 344 | 3.13 | 1.311 |
| RECO | RECO1 | 344 | 2.83 | 1.380 |
|  | RECO2 | 344 | 2.51 | 1.130 |
|  | RECO3 | 344 | 2.46 | 1.085 |
|  | RECO4 | 344 | 2.58 | 1.273 |
|  | RECO5 | 344 | 2.66 | 1.159 |
| JSEC | JSEC1 | 344 | 2.83 | 1.290 |
|  | JSEC2 | 344 | 2.52 | 1.173 |
|  | JSEC3 | 344 | 2.81 | 1.218 |
|  | JSEC4 | 344 | 2.50 | 1.195 |
| OC | OC1 | 344 | 3.64 | 1.090 |
|  | OC2 | 344 | 2.90 | 1.158 |
|  | OC3 | 344 | 3.31 | 1.395 |
|  | OC4 | 344 | 2.97 | 1.240 |
|  | OC5 | 344 | 2.77 | 1.276 |

| | | | | |
|---|---|---|---|---|
| | OC6 | 344 | 2.80 | 1.407 |
| | OC7 | 344 | 3.83 | 1.041 |
| | OC8 | 344 | 2.56 | 1.215 |
| | OC9 | 344 | 2.39 | 1.420 |
| | OC10 | 344 | 3.27 | 1.127 |
| | OC11 | 344 | 3.01 | 1.438 |
| | OC12 | 344 | 2.65 | 0.935 |
| | OC13 | 344 | 2.90 | 1.429 |
| | OC14 | 344 | 2.97 | 1.476 |
| | OC15 | 344 | 2.92 | 1.097 |
| TI | TI1 | 344 | 2.99 | 1.161 |
| | TI2 | 344 | 2.65 | 1.363 |
| | TI3 | 344 | 3.16 | 1.326 |
| | TI4 | 344 | 3.27 | 1.481 |

*Note: TRAIN = training practices; DO = development opportunities, PAY = pay practices, PMTN = promotion practices, RECO = recognition practices, JSEC = job security, OC = overall organisational commitment, TI = turnover intentions.*

## 4.5    Evaluation of the Measurement Model

PLS-SEM generally aims to examine the relationships between one or more exogenous and endogenous variables (Hair *et al.*, 2014). It is generally employed to measure the extent to which the hypothetical constructs are fit for the collected data (Wong, 2013). Specifically, the measurement model embraces unidirectional predictive interactions between the latent variables (LVs) and their observed indicators, often referred to as manifest indicators. Importantly, multiple relations are not acceptable here; hence, indicator variables are generally associated with a single latent construct (Hair *et al.*, 2014).

It is also worth noting here that researchers mostly use PLS-SEM as they believe that it can easily measure the model's predictive capabilities in a better way and additionally helps in judging the quality of the research model (Hair *et al.*, 2014). Prior researchers have suggested that the observed variables can be measured

directly, whereas the latent variables cannot be measured directly but can be measured through two or more observed or manifest variables (Kline, 2011; Henseler *et al.*, 2009; Hair *et al.*, 2011). Moreover, PLS-SEM proposes a value prospective for furthering theory development and this is why it has emerged as a widely used approach in the social sciences (Hair *et al.*, 2014).

Smart PLS has some advantages when complex relationships with multi-dimensions are tested. The measurement models generally measure all the relationships among the constructs simultaneously (Hair *et al.*, 2014). PLS-SEM cannot work correctly without prior knowledge (Wong, 2013). This indicates that a conceptual framework or relationships between the constructs must be built on the extensive literature review (Tabachnick and Fidell, 2007). The present study uses PLS-SEM to develop measurement and structural models. The assessment of both models is principally made on the set of non-parametric assessment criteria which uses procedures such as bootstrapping (Hair *et al.*, 2014).

Researchers believe that PLS is a variance-based analysis approach and it is frequently employed for theory development. As a matter of fact, it examines and validates the exploratory models, since it estimates the complex models with several manifest and latent variables (Chin, 1998-2010). Chin further suggests that PLS-SEM does not need normality and large sample sizes as it has a better ability to deal with linear and non-linear relationships. Mostly, it is concerned with addressing the issues of both reflective and formative constructs and relationships among the study constructs (Hair *et al.*, 2014). Reflective constructs show that the indicators are affected by the same underlying concept or simply indicators are the functions of latent variables; whereas, a change in the latent variables is reflected in change in the manifest indicators (Finn and Wang, 2014). At times, these indicators might be regarded as causal factors rather than being caused by the latent variables measured through indicators which are known as formative

constructs (MacCallum and Browne, 1993; Hair *et al.*, 2014). Hence, changes in the indicators may lead to changes in the latent constructs.

Precisely, this analysis is divided into two parts; firstly, the measurement model which identifies the relationship between the indicators and their latent variables (outer model); secondly, the structural model which is concerned with the relationships between the exogenous and endogenous variables (inner model) (Wong, 2013; Hair *et al.*, 2014). According to Hair *et al.* (2014, p.97), a reflective measurement model is normally evaluated by the individual reliability, construct reliability and convergent and discriminant validity to discover the extent to which these measures have adequate internal consistency; whereas, the formative measurement model is assessed in terms of the convergent validity, collinearity among indicators and significance and relevance of the outer weights. So, before the analysis of both measurement models, it is vital to appropriately name the study's constructs as either reflective or formative. Any type of misspecification may lead to type I and type II errors which can inflate or deflate the structural model (MacKenzie *et al.*, 2005; Petter *et al.*, 2007). Table 4.3 clarifies the measurement model's specifications.

**Table 4.3: Specification of measurement constructs and indicators**

| Constructs specification | Indicators | References |
|---|---|---|
| Skills-Enhancing Practices (SEPs) **(Formative)** | **TRAIN**: Training practices bring systematic changes in the individuals' behaviour through learning which eventually assist them to get knowledge and skills needed to perform work effectively and efficiently | (Delery and Doty, 1996) |
| | **DO**: Development opportunities offer individuals a continuous and dynamic development of skills which are aimed at long-standing career growth | |
| Motivation-Enhancing Practices (MEPs) **(Formative)** | **PAY**: Pay practices offer individual a due return for their rendered services | (Price and Mueller, 1986) |
| | **PMTN**: Promotion practices offer probable movement of employees from lower to higher levels as its provision bind them to their employers | (Gaertner and Nollen 1989; Tessema and Soeters, 2006) |
| | **RECO**: Recognition is a process in which the abilities and contributions of individuals are fairly recognised and appreciated by the management | (Pare and Tremblay, 2007) |
| | **JSEC**: Job security enhances individuals' stay decisions in the job | (Delery and Doty, 1996) |
| Organisational Commitment (OC) **(Reflective)** | I speak about this bank to my friends as a great bank to work for<br>I find my values and bank values quite similar to each other<br>I am proud to tell others that I am a part of this bank<br>This organisation greatly inspires me to perform well<br>I am very glad that I chose this bank instead of the other banks | (Porter *et al.*, 1974) |
| Talented FLMs' Turnover Intentions (TI) **(Reflective)** | I plan to work at my present job for as long as possible<br>I will most certainly look for a new job in the near future<br>I plan to stay in this job for at least two to three years<br>I would be reluctant to leave this job | (Cammann *et al.*, 1979; Mathieu and Zajac, 1990; Griffeth *et al*, 2000; Lambert *et al*. 2001; Chew *et al*. 2005) |

4-156

### 4.5.1 Assessment of the Reflective Measurement Model

Regarding the assessment of the measurement models, researchers must clearly differentiate between the reflective and formative constructs at the outset (Roy and Tarafdar, 2012; Finn and Wang, 2014). This is because the evaluation of measurement model places importance in finding the statistical significance of the path coefficients and likely fit of the model. Precisely, the reflective constructs are commonly assessed through the internal consistency and validity of the constructs. These constructs take into account the composite reliability, convergent validity and discriminant validity. It is true that the criteria set for the reflective measurement model cannot be employed in the case of the formative measurement model as both carry different features from the conceptualisation and operationalisation perspectives (Hair *et al.*, 2014). In the following sections, the researcher assesses the criteria set for the reflective measurement model.

### 4.5.1.1 Internal Consistency Reliability

The first criterion for the reflective measurement model is the assessment of internal consistency which is usually measured through the Cronbach's alpha that offers the estimates of the reliability based on the inter-correlations of the manifest variables (Hair *et al.*, 2014). Realistically, its values are quite sensitive to the number of measurement items in the scale particularly, with small scales, i.e. scales with less than ten items. Scales with fewer items generally have low Cronbach's alpha values, e.g. 0.5 (Briggs and Cheek, 1986). It generally estimates that all observed variables are equally reliable or simply have equal outer loadings on to their respective constructs (Tenenhaus *et al.*, 2005). Importantly, PLS-SEM gives preference to the observed variables according to their individual reliability (Hair *et al.*, 2014). With the emergence of different SEM approaches, researchers have considered Cronbach's alpha as a conservative measure of the internal consistency (Monecke and Leisch, 2013; Hair *et al.*, 2014).

Owing to its limitations, it is exceptionally suitable to employ the different measures of the internal consistency such as composite reliability (CR) which takes into account the different outer loadings of the observed variables (Henseler *et al.*, 2009). The higher values fundamentally indicate the higher level of CR. It is generally interpreted in a similar way to Cronbach's alpha. CR values of .60 to .70 are generally considered satisfactory in exploratory research but in the case of more advanced stages values between .70 to .90 are ideally acceptable (Nunnally and Bernstein, 1994). They further cautioned that CR values >.90 and particularly >.95 are not desirable at all as this indicates that all the selected indicators are assessing the same phenomenon hence, questionable as a valid measure of the construct. It can be seen in Table 4.4 that the composite reliability of all constructs of the study is above .70 in fact, most of the variables have CR above .80 which indicates that no construct of the study lacks internal consistency.

**Table 4.4: Cronbach's alpha and composite reliability of constructs**

|        | Cronbach's Alpha | Composite Reliability |
|--------|------------------|-----------------------|
| SEPs   | 0.647            | 0.767                 |
| TRAIN  | 0.571            | 0.778                 |
| DO     | 0.650            | 0.811                 |
| MEPs   | 0.881            | 0.902                 |
| PAY    | 0.623            | 0.791                 |
| PMTN   | 0.720            | 0.824                 |
| RECO   | 0.776            | 0.856                 |
| JSEC   | 0.804            | 0.872                 |
| OC     | 0.919            | 0.939                 |
| TI     | 0.839            | 0.892                 |

**4.5.1.2  Individual Item Reliability**

In addition to internal consistency, the researcher has evaluated individual item reliability through the combined loadings. This has been done to identify whether all the items of the study load on to their respective theoretical specific latent constructs or not. It has been found that thirty items had the required internal consistency and they have loaded on to their respective latent variables.

However, fifteen items from all variables had low reliability. Owing to this, these were deleted from the data set. Table 4.5 indicates the thirty observed variables that loaded onto their specified latent variables. Notably, theoretical specific values of these items must be always between -1 and +1 (Tenenhaus *et al.*, 2005; Wong, 2013).

Hair *et al.* (2014) recommended that the loadings ought to be 0.50 or above and *p*-values related to the individual item loadings should be < 0.05. Table 4.5 shows that all individual items loaded on to their respective variables and importantly, all items have attained *p*-values < 0.001. As far as item loading is concerned, with the exception of some items such as PAY2, PMTN4, PMTN5, TRAIN1 and TRAIN 4. The mentioned indicators also loaded on to their respective LVs but their loading was <.70. Notably, the loadings for these indicators was very close to .70, except PAY2 which had loading of 0.551, yet it is within the acceptable limit (Hair *et al.*, 2014). The results indicate that these measurement items were satisfied according to the set criteria and they had acceptable individual item reliability.

**Table 4.5: Outer loadings of the study's constructs**

| Items | DO | JSEC | OC | PAY | PMTN | RECO | TI | TRAI | *p* value |
|-------|------|------|------|------|------|------|--------|------|-----------|
| DO2 | **0.750** | 0.286 | 0.320 | 0.304 | 0.177 | 0.200 | -0.217 | 0.193 | **<0.001** |
| DO3 | **0.798** | 0.208 | 0.221 | 0.224 | 0.223 | 0.173 | -0.188 | 0.216 | **<0.001** |
| DO4 | **0.753** | 0.235 | 0.286 | 0.302 | 0.180 | 0.166 | -0.228 | 0.256 | **<0.001** |
| JSEC1 | 0.269 | **0.791** | 0.558 | 0.275 | 0.517 | 0.623 | -0.484 | 0.535 | **<0.001** |
| JSEC2 | 0.314 | **0.842** | 0.611 | 0.371 | 0.500 | 0.631 | -0.522 | 0.531 | **<0.001** |
| JSEC3 | 0.229 | **0.793** | 0.546 | 0.256 | 0.438 | 0.625 | -0.439 | 0.502 | **<0.001** |
| JSEC4 | 0.175 | **0.746** | 0.603 | 0.249 | 0.390 | 0.434 | -0.442 | 0.403 | **<0.001** |
| OC2 | 0.320 | 0.564 | **0.855** | 0.453 | 0.529 | 0.473 | -0.743 | 0.655 | **<0.001** |
| OC5 | 0.280 | 0.558 | **0.806** | 0.333 | 0.353 | 0.522 | -0.642 | 0.516 | **<0.001** |
| OC6 | 0.403 | 0.744 | **0.934** | 0.454 | 0.636 | 0.601 | -0.772 | 0.697 | **<0.001** |
| OC8 | 0.233 | 0.605 | **0.847** | 0.361 | 0.566 | 0.506 | -0.745 | 0.576 | **<0.001** |
| OC9 | 0.312 | 0.680 | **0.902** | 0.404 | 0.480 | 0.535 | -0.771 | 0.685 | **<0.001** |
| PAY2 | 0.234 | 0.123 | 0.205 | **0.551** | 0.166 | 0.077 | -0.169 | 0.136 | **<0.001** |
| PAY3 | 0.265 | 0.273 | 0.358 | **0.789** | 0.312 | 0.319 | -0.392 | 0.365 | **<0.001** |
| PAY4 | 0.318 | 0.366 | 0.434 | **0.879** | 0.366 | 0.371 | -0.429 | 0.428 | **<0.001** |
| PMTN1 | 0.299 | 0.643 | 0.547 | 0.356 | **0.807** | 0.669 | -0.471 | 0.683 | **<0.001** |
| PMTN2 | 0.141 | 0.349 | 0.460 | 0.346 | **0.782** | 0.516 | -0.499 | 0.493 | **<0.001** |
| PMTN4 | 0.204 | 0.399 | 0.450 | 0.224 | **0.664** | 0.477 | -0.409 | 0.409 | **<0.001** |
| PMTN5 | 0.032 | 0.228 | 0.220 | 0.192 | **0.679** | 0.329 | -0.226 | 0.290 | **<0.001** |
| RECO1 | 0.126 | 0.472 | 0.506 | 0.259 | 0.514 | **0.753** | -0.455 | 0.515 | **<0.001** |
| RECO2 | 0.185 | 0.655 | 0.471 | 0.269 | 0.412 | **0.704** | -0.366 | 0.463 | **<0.001** |
| RECO3 | 0.150 | 0.589 | 0.446 | 0.264 | 0.530 | **0.812** | -0.430 | 0.535 | **<0.001** |
| RECO5 | 0.253 | 0.560 | 0.461 | 0.373 | 0.700 | **0.823** | -0.422 | 0.560 | **<0.001** |
| TI1 | -0.275 | -0.506 | -0.788 | -0.460 | -0.537 | -0.470 | **0.844** | -0.658 | **<0.001** |
| TI2 | -0.267 | -0.523 | -0.631 | -0.330 | -0.452 | -0.446 | **0.801** | -0.521 | **<0.001** |
| TI3 | -0.132 | -0.417 | -0.657 | -0.333 | -0.468 | -0.429 | **0.803** | -0.504 | **<0.001** |
| TI4 | -0.223 | -0.509 | -0.688 | -0.400 | -0.387 | -0.425 | **0.836** | -0.552 | **<0.001** |
| TRAI1 | 0.169 | 0.419 | 0.583 | 0.311 | 0.382 | 0.442 | -0.589 | **0.693** | **<0.001** |
| TRAI2 | 0.281 | 0.564 | 0.548 | 0.359 | 0.706 | 0.627 | -0.509 | **0.807** | **<0.001** |
| TRAI4 | 0.179 | 0.377 | 0.464 | 0.312 | 0.352 | 0.387 | -0.415 | **0.698** | **<0.001** |

**4.5.1.3 Validity Assessment – Convergent Validity**

Validity generally refers to the ability of a construct to measure what it is basically intended for and it must agree perfectly with the real world (Saunders *et al.*, 2009). However, the term 'convergent validity' is a measure of how well the items in a construct converge or load together on to their theoretically justified constructs (Petter *et al.*, 2007). According to Hair *et al*. (2014), the observed variables of the reflective constructs are treated differently to measure the construct. Hence, the indicators of a particular construct must converge and share a high proportion of the variance.

In order to find the convergent validity, scholars usually consider outer loadings of the observed variables and average variance extracted (AVE). In fact, higher outer loadings for constructs indicate that other associated indicators have much in common to share which is taken by the construct. These outer loadings are often referred to as the indicators' reliability which could be ideally acceptable if it is ≥0.708. Nevertheless, if the number of indicators on a particular construct are less than ten, loading of greater than 0.50 is acceptable (Hair *et al.*, 2014). They further endorsed that indicators with loadings between 0.40 and 0.70 should be deleted only in those cases when their omissions increase the construct's composite reliability or AVE above the set threshold. In view of the above justifications, the researcher has evaluated AVE, the mean variance extracted for the items loading on to their designated constructs. Researchers suggest that the required threshold of AVE should be at least 0.50 however, above 0.50 is considered good for reliable validity (Chin, 2010). Table 4.6 clearly demonstrates that for each latent variable of the study, the AVE is >0.50. This indicates that all constructs of this study are consistent with the rule of convergent validity (Hair *et al.*, 2014).

**Table 4.6: Convergent validity of the reflective constructs**

| Constructs | Convergent Validity (AVE) |
|------------|---------------------------|
| TRAIN | 0.540 |
| DO | 0.589 |
| PAY | 0.566 |
| PMTN | 0.541 |
| RECO | 0.599 |
| JSEC | 0.630 |
| OC | 0.757 |
| TI | 0.674 |

### 4.5.1.4  Validity Assessment – Discriminant Validity

Discriminant validity refers to the extent to which one construct, e.g. A, discriminates from the other constructs, e.g. B, C, D, by means of empirical standards (Hair *et al.*, 2014). This suggests that there is no strong relationship between the latent constructs (Chin, 2010). Once it is found that there are high construct inter-correlations, then there arises an immense need to evaluate the discriminant validity to have confidence in the succeeding research outcomes (Tabachnick and Fidell, 2007).

It is generally assessed by the square root of the AVE and it must be greater than the correlation between the latent constructs (Fornell and Larcker, 1981). Fornell and Larcker further assert that if the AVE for each construct is greater than its shared variance (which is the amount of variance that a variable is able to explain in another variable) with any other latent construct, discriminant validity is supported. They further demonstrate that there is similarity between AVE and shared variance. In fact, the former deals with the average amount of variance in observed variables that any latent construct is able to explain; whilst, the latter one

is the amount of variance in observed variables linking to other latent construct(s) of the study that a construct is able to explain.

Table 4.7 illustrates that the square root of AVE is greater than the correlations between the latent constructs, except the two formative constructs MEPs and SEPs, thus they are not reported. However, this condition is satisfied for the reflective constructs, i.e. OC and TI. Moreover, the analysis and demonstration of the Fornell and Larcker criterion in the table also exhibits that the PLS path model has eight reflective constructs and two formative constructs. Only reflective constructs are assessed using the Fornell and Larcker criterion because formative constructs are exceptions to this; subsequently AVE value is not important for such constructs (Hair *et al.*, 2014).

**Table 4.7: Measurement of the discriminant validity**

| Latent Constructs | MEPs | OC | SEPs | TI |
|---|---|---|---|---|
| MEPs | Formative | | | |
| OC | 0.752 | **0.870** | | |
| SEPs | ----- | ----- | Formative | |
| TI | -0.669 | -0.796 | -0.646 | **0.821** |

Note: The square root of AVE values is shown in bold for all constructs.

### 4.5.2 Assessment of the Formative Measurement Model

After learning how to evaluate the reflective measurement model in Section 4.5.1, this study now shifts its focus to the measurement procedure and the findings of the formative measurement model. As discussed in Section 4.5, both reflective and formative measurement models have their own peculiarities thus, different tests are employed in both cases (Bollen and Lennox, 1991; Finn and Wang, 2014; Hair *et al.*, 2014). For example, the reliability perspective is highly

encouraged for reflective models but it is not necessarily employed in the case of formative models, since the latter does not essentially correlate highly (Bollen and Lennox, 1991; Henseler *et al.*, 2009).

Henseler *et al.* (2009) are of the opinion that formative indicators are often presumed to be error-free; therefore, the reliability concept is unsuitable in this case. Any effort to refine the formative items based on correlation configurations can have detrimental effects on the construct's validity (Hair *et al.*, 2014). Moreover, evaluating the discriminant validity using analogous standards employed in reflective models is not at all important in the case of formative measurement models (Chin, 2010).

Fundamentally, PLS-SEM presumes that formative items must completely capture the content realm of the construct(s) under examination (Petter *et al.*, 2007). Thus, instead of using measures such as composite reliability or AVE, researchers should depend on other measures to assess the substance of the formative measurement models (Henseler *et al.*, 2009). Additionally, this section of the study also focuses on the criteria needed for the assessment of the formative constructs. This includes an argument for the bootstrapping method which enables the testing of PLS-SEM estimates including the indicator weights (Hair *et al.*, 2014). In order to measure the model formatively through the PLS-SEM, Hair *et al*. (2014) find the following steps very important for the analysis.

### 4.5.2.1  Convergent Validity

Henseler *et al.* (2009) demonstrate that there are two ways to examine the validity of formative constructs. The first way to assess formative validity is to use a theoretical justification. Concerning this, the validation of two formative constructs (SEPs and MEPs) specified in this study have been fully addressed during the framework development in Sections 2.4.5 and 2.4.6. Besides, the generation of the measurement items has been based on an extensive review of the related empirical studies and the pilot testing of the survey instrument. Hence, it

can be argued that the development of said formative measurement constructs specified for this study is theoretically grounded.

The second way to assess the validity of both constructs consists of statistical analyses at construct and indicator levels. At the construct level, the question arises as to whether these construct(s) behave/s within a net of hypotheses as expected or not. It is preferable that interactions between the formative construct(s) and other constructs in the path model should be strong and significant. In the statistical analysis at the indicator level, the question arises as to whether each observed indicator categorically carries an influence on the formative construct(s) by carrying out the proposed meaning. According to Hair *et al.* (2014, p.121), *"convergent validity is the extent to which a measure correlates positively with other measures (indicators) of the same construct"*.

Predominantly, dealing with the formative measurement models, researchers must examine whether the formatively measured construct is highly associated with the reflective measures of the same construct. This analysis is also referred to as 'redundancy analysis' (Chin, 1998). Researchers generally use formative constructs as exogenous latent constructs forecasting endogenous latent construct/s which are operationalised by one or more reflective indicators. Notably, the strength of path coefficients between them is an indicative of the study's validity of developed formative indicators in selecting the desired latent constructs (Hair *et al.*, 2014).

### 4.5.2.2 Assessment of the Collinearity Issues among the Indicators

Henseler *et al.* (2009) demonstrate that high correlations are not expected between the items in the case of formative constructs. The high correlations between the formative indicators is often referred to as 'collinearity' (Hair *et al.*, 2014). They further stated that collinearity issues can be technical from the operational and interpretational points of view. When more than two indicators are involved, this condition is called 'multi-collinearity'. Sometimes, severe collinearity ensues

when two or more formative indicators are put in the same block of the indicators which exactly exhibit the same type of information rather perfectly correlated. Researchers frequently endeavour to identify collinearity issues as they affect the research model estimations (MacKenzie *et al.*, 2005).

A note of caution, while assessing the formative construct(s), the significance of estimated indicator weights must be considered (Tenenhaus *et al.*, 2005; Chin, 2010). While assessing the constructs' indicators, researchers should measure the degree of multi-collinearity among the formative indicators (Westlund *et al.*, 2001; Hair *et al.*, 2014). Researchers have to think seriously to remove one of the corresponding indicators when its variance inflation factor (VIF) value is above 5. Generally, the assessment of VIF values for all predictor constructs should range between 1.0 and 10 (Westlund *et al.*, 2001).

However, removing indicators is only needed when remaining indicators still capture the construct's content from the theoretical perspective (Hair *et al.*, 2014). Table 4.8 exhibits that VIF values are below the critical level (5.0) for all formative indicators and constructs. It also demonstrates that the measurement items of both formative constructs are not affected by multi-collinearity issues. Thus, there is no need to treat this issue or on the other hand to dismiss the formative constructs. This allows the researcher to analyse the significance of the outer weights and then interpret the formative indicators contributions in both absolute and relative terms.

**Table 4.8: Collinearity statistic (VIF) factor results**

| Skills-Enhancing Practices (SEPs) | | | | | | Motivation-Enhancing Practices (MEPs) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Development | | Training | | Pay practices | | Promotion | | Recognition | | Job Security | |
| | VIF | | VIF | | VIF | | VIF | | VIF | | VIF |
| DO2 | 1.276 | TRAI1 | 1.147 | PAY2 | 1.235 | PMTN1 | 2.548 | RECO1 | 1.606 | JSEC1 | 1.581 |
| DO3 | 1.362 | TRAI2 | 1.316 | PAY3 | 1.361 | PMTN2 | 2.011 | RECO2 | 1.971 | JSEC2 | 1.883 |
| DO4 | 1.220 | TRAI4 | 1.198 | PAY4 | 1.642 | PMTN4 | 1.453 | RECO3 | 2.085 | JSEC3 | 1.664 |
| | | | | | | PMTN5 | 1.370 | RECO5 | 1.702 | JSEC4 | 1.521 |
| Inner VIF values | | | | | | | | | | | |
| First set (SEPs) | | | | | | Second set (MEPs) | | | | | |
| Formative indicators | | VIF | | | | Formative indicators | | | | VIF | |
| DO | | 1.092 | | | | PAY | | | | 1.229 | |
| TRAIN | | 1.092 | | | | PMTN | | | | 2.082 | |
| | | | | | | RECO | | | | 2.898 | |
| | | | | | | JSEC | | | | 2.247 | |

### 4.5.2.3 Significance and Relevance of the Outer Weights

The weights of observed indicators are mainly evaluated to provide information concerning the relative importance of the formative indicators towards the formation of a formative construct (Hair *et al.*, 2014). Essentially, indicators' weights are used to assess the validity of formative measurement models (Henseler *et al.*, 2009). The significance of the assessed indicator weights have been determined by the means of bootstrapping which offers evidence of validity for the formative measurement models. The weights and *p*-values for each formative indicator are given in Table 4.9.

The effects of both weights and *p*-values of the measurement indicators of two formative constructs namely; SEPs and MEPs demonstrate that all weights of the indicators are significant at $p < 0.001$. For obtaining the validity of formative constructs, MacKenzie *et al.* (2005) have clearly cautioned that formative measurement indicators should not be thrown away on the basis of statistical results because this act may considerably alter the content of the formative index. Similarly, Henseler *et al.* (2009) have also advised that the researchers must keep both significant and non-significant formative indicators in the measurement model as long as they are theoretically correct.

The outer weights, outer loadings and *p*-values are within the required critical values (see Table 4.9). Further, it in noted that lowest outer loading value for all six indicators was 0.551, which shows the significance of the outer loadings for *p* <0.001 (see Appendix F). Additionally, conceptual examinations of the indicators indicate significant weights; hence, no indicator (which formed a formative construct) was removed. This also supports the theoretical justification of the study's objectives to examine the impact of formative constructs (SEPs and MEPs) on talented FLMs' commitment and turnover intentions. Keeping this in view, all indicators are retained. Notably, none of the measurement indicators of the formative constructs have outer weights less than 0.1.

**Table 4.9: Formative constructs outer weights and significance testing**

| Formative Constructs | Formative Indicators | Indicators | Outer weights | Outer loadings |
|---|---|---|---|---|
| Skills-Enhancing Practices (SEPs) | TRAIN | TRAIN1 | 0.431*** | 0.693*** |
| | | TRAIN2 | 0.509*** | 0.807*** |
| | | TRAIN4 | 0.416*** | 0.698*** |
| | DO | DO2 | 0.416*** | 0.811*** |
| | | DO3 | 0.438*** | 0.798*** |
| | | DO4 | 0.449*** | 0.753*** |
| Motivation-Enhancing Practices (MEPs) | PAY | PAY2 | 0.233*** | 0.551*** |
| | | PAY3 | 0.475*** | 0.789*** |
| | | PAY4 | 0.565*** | 0.879*** |
| | PMTN | PMTN1 | 0.440*** | 0.807*** |
| | | PMTN2 | 0.344*** | 0.782*** |
| | | PMTN4 | 0.316*** | 0.664*** |
| | | PMTN5 | 0.244*** | 0.679*** |
| | RECO | RECO1 | 0.298*** | 0.753*** |
| | | RECO2 | 0.307*** | 0.704*** |
| | | RECO3 | 0.329*** | 0.812*** |
| | | RECO5 | 0.356*** | 0.823*** |
| | JSEC | JSEC1 | 0.326*** | 0.791*** |
| | | JSEC2 | 0.343*** | 0.842*** |
| | | JSEC3 | 0.315*** | 0.793*** |
| | | JSEC4 | 0.273*** | 0.746*** |

Note: ***$p < 0.001$

The assessments of the measurement models using both reflective and formative approaches have attained a satisfactory reliability and validity. In addition, both of the measurement models have confirmed the sufficient robustness required to carry on the assessment of the structural model and hypotheses testing processes.

## 4.6 Assessment of the Structural Model

Once it is identified that the study's constructs are reliable and valid, the next step is to look for the evaluation of the structural model which is often referred to as the inner model (Chin, 2010; Wong, 2013). Continuing to follow Hair *et al.*'s (2014) approach and upon acceptance of the study's measurement model, the structural model was evaluated. The structural model of the present research is composed of several latent constructs, namely, SEPs and MEPs as independent variables, OC as a mediator and TI as the dependent variable (see Figure 4.2). The structural model generally helps in identifying how well the empirical data support the existing theories and concepts (Hair *et al.*, 2014, pp.167-8). Its evaluation is mainly employed to determine the explanatory power of the research model and to test the developed hypotheses. Additionally, it encompasses the model's predictive capabilities and relationships among the exogenous and endogenous variables (Hair *et al.*, 2014).

Hair *et al.* (2014) further noted that the structural model can be generally assessed in terms of collinearity issues, significance of relationships among the constructs, evaluation of the $R^2$, effect sizes and assessment of the predictive relevance $Q^2$. In fact, the key assessment measures of the structural model are the $R^2$ values of endogenous constructs and the level and significance of the path coefficients. Principally, the goal of this prediction-oriented approach is to elucidate the variance of endogenous constructs. Notably, their level of $R^2$ should be >0.50 (see Table 4.10). Compared to other SEM approaches, PLS does not support the concept of statistically testing the model's overall Goodness of Fit (GoF) (Tenenhaus *et al.*, 2005). However, it is based on the assumption of distribution-free variance thus, non-parametric statistical tests are generally employed to assess the overall model fit (Hair *et al.*, 2014). Generally, PLS-SEM considers the quality of the complete measurement model in terms of AVE and the quality of the complete structural model in terms of average $R^2$.

Moreover, the structural model supports in identifying the causal relationships among constructs as it ultimately aims to test the research model (Wong, 2013).

For finding the overall model fit, fit indices need to be assessed through the following three measures: average path coefficient, average R-squared and average variance inflation factor (Hair *et al.*, 2014). They further suggest that average path coefficient and average R-squared should be significant ($p < 0.05$); whilst the average variance inflation factor value must be less than 5. Here, researchers usually use the bootstrapping re-sampling method to produce more stable resample path coefficients and consistent *p*-values. For these path coefficients and significant levels, researchers use effect sizes ($f^2$) to assess the extent to which the predictor latent variables affect the predicted latent variable (Chin, 2010).

**Table 4.10: Criteria for the evaluation of the structural model**

| Criterion | Description | Acceptable fit |
|---|---|---|
| $R^2$ of endogenous variable | Coefficient of determination explains the variability in endogenous variables accounted by the exogenous variables (Tabachnick and Fidell, 2007; Hair *et al.*, 2014). It is similar to squared multiple correlation coefficients in CB-SEM | The acceptable $R^2$ fit values of 0.67, 0.33 and 0.19 are large, moderate and weak respectively (Chin, 2010). |
| Effect sizes $f^2$ | It represents the ratio of the improvement in prediction that results from the model fitting (Tabachnick and Fidell, 2007). | Values 0.02, 0.15 and 0.35 are weak, medium and significant effect sizes respectively (Cohen, 1988; Chin, 1998). |
| Predictive relevance $q^2$ | Evaluation of model's capability to predict $R^2$ by sample reuse/cross-validation (Hair *et al.*, 2014). | Same as above. |

### 4.6.1   R-Squared Coefficient determination

The determination of the coefficient $R^2$ provides the percentage of variation in exogenous variable/s explained by endogenous variable/s (Chin, 2010). Moreover, $R^2$ represents the level of latent variables explained variance and consequently measures the regression function (Hair *et al.*, 2014). Its value essentially ranges from 0 to 1, higher values indicting higher levels of predictive accuracy.

Essentially, the value of $R^2$ varies according to the number of measuring exogenous variables, i.e. a higher number of such variables mostly produce a higher value of $R^2$ and vice-versa. According to Chin (1998), models having $R^2$ as 0.67, 0.33 and 0.19 are considered as significant, moderate and weak respectively. In this case, if the inner path model structures explicate endogenous latent variables by a few (e.g. one or two) exogenous latent variables, moderate $R^2$ would be acceptable (Chin, 1998). If there are a good number of exogenous variables then the value of $R^2$ must exhibit a significant level.

**Table 4.11: Results of $R^2$ and $Q^2$ values (Redundancy)**

| Formative Indicators | Latent Constructs | $R^2$ value | Inference | $Q^2$ value | Inference |
|---|---|---|---|---|---|
| TRAIN DO | SEPs | Formative | ------ | 0.351 | Large PR |
| PAY PMTN RECO JSEC | MEPs | Formative | ------ | 0.391 | Large PR |
| | OC (Reflective) | 0.628[***] | Medium | 0.472 | Large PR |
| | TI (Reflective) | 0.720[***] | Large | 0.478 | Large PR |

Note: [***]p < 0.001 and PR stands for predictive relevance.

The findings reveal that two predictor variables, namely, SEPs and MEPs explained variances of 0.628 and 0.720 on talented FLMs' OC and TI, respectively (see Table 4.11). The *p*-values for both endogenous latent constructs (OC and TI) are significant at <0.001. Notably, both SEPs and MEPs were the formative constructs.

### 4.6.2 Estimates of Path Coefficients and Hypotheses Testing

After running PLS-SEM, the estimates are attained for the structural model relationships, e.g. path coefficients that designate the hypothesised relationships among the study constructs (Kaplan, 2000; Wong, 2013). Generally, the path

coefficients have standardised values between +1 and -1; projected path coefficients close to +1 demonstrate strong positive relationships and vice-versa (Tenenhaus *et al.*, 2005; Hair *et al.*, 2014). The path coefficients closer to zero are weaker and very low values close to zero are mostly non-significant (see Appendix D). According to Hair *et al.* (2014), every significant coefficient eventually depends on the standard error which is usually obtained by means of bootstrapping.

It is also true that bootstrapping standard error helps in computing both *t*-values and *p*-values. Moreover, the strength of path coefficients can be measured through the direct and indirect effects (see Appendix F). The sum of both direct and indirect effects is referred to as 'total effects' and this analysis is mainly helpful in those studies which are aimed at exploring the differential impact of different latent variables on the dependent variable/s through the mediator/s (Hair *et al.*, 2014). Table 4.12 presents the paths for all constructs of the study.

The hypothesis testing has been done to understand the signs, size and statistical significance of the estimated path coefficients between the constructs. Higher path coefficients suggest stronger effects between the predictor and predicted variables. The significance of the supposed relationships has been established by measuring the significance of the *p*-values for each path with threshold equalling $p < 0.05$, $p < 0.01$ $p < 0.001$ be used to assess the significance of the path coefficient estimations (Henseler *et al.*, 2009; Hair *et al.*, 2014). Later, the inferences have been drawn for all hypotheses based on the significance of *p*-values at the above-mentioned conventional levels. The *p*-values and inference of hypotheses are shown in Table 4.12. The findings of this study reveal that hypotheses 1 and 2 are not supported as variables do not show significant direct relationship; however, the rest of the hypotheses of are significant at $p < 0.001$.

**Table 4.12: The summary results of hypothesis testing**

| Hypothesis | Exogenous Variables | Mediator | Endogenous | Path Coefficients | VAF | Inference | Mediating Effect |
|---|---|---|---|---|---|---|---|
| **Direct effects** | | | | | | | |
| H1 | SEPs | | TI | $-0.067^{ns}$ | | Not supported | |
| H2 | MEPs | | TI | $-0.045^{ns}$ | | Not supported | |
| H5 | OC | | TI | $0.764^{***}$ | | Supported | |
| **Indirect effects** | | | | | | | |
| H3 | SEPs | OC | TI | $-0.274^{***}$ | 0.803 | Supported | Full mediation |
| H4 | MEPs | OC | TI | $-0.377^{***}$ | 0.893 | Supported | Full mediation |

Note: $^{***}$p < 0.001, ns=not significant, VAF>0.80= full mediation, VAF> 0.20 <.80= partial mediation and VAF <0.20, no mediation.

**First Order LVs**

**Second order LVs**

**Dependent Variable**

TRAI

0.697***

DO

0.542***

SEPs

-0.318***

TI

R²=0.497

PAY

0.171***

PMT

0.302***

MEPs

-0.443***

REC

0.357***

JSEC

0.373***
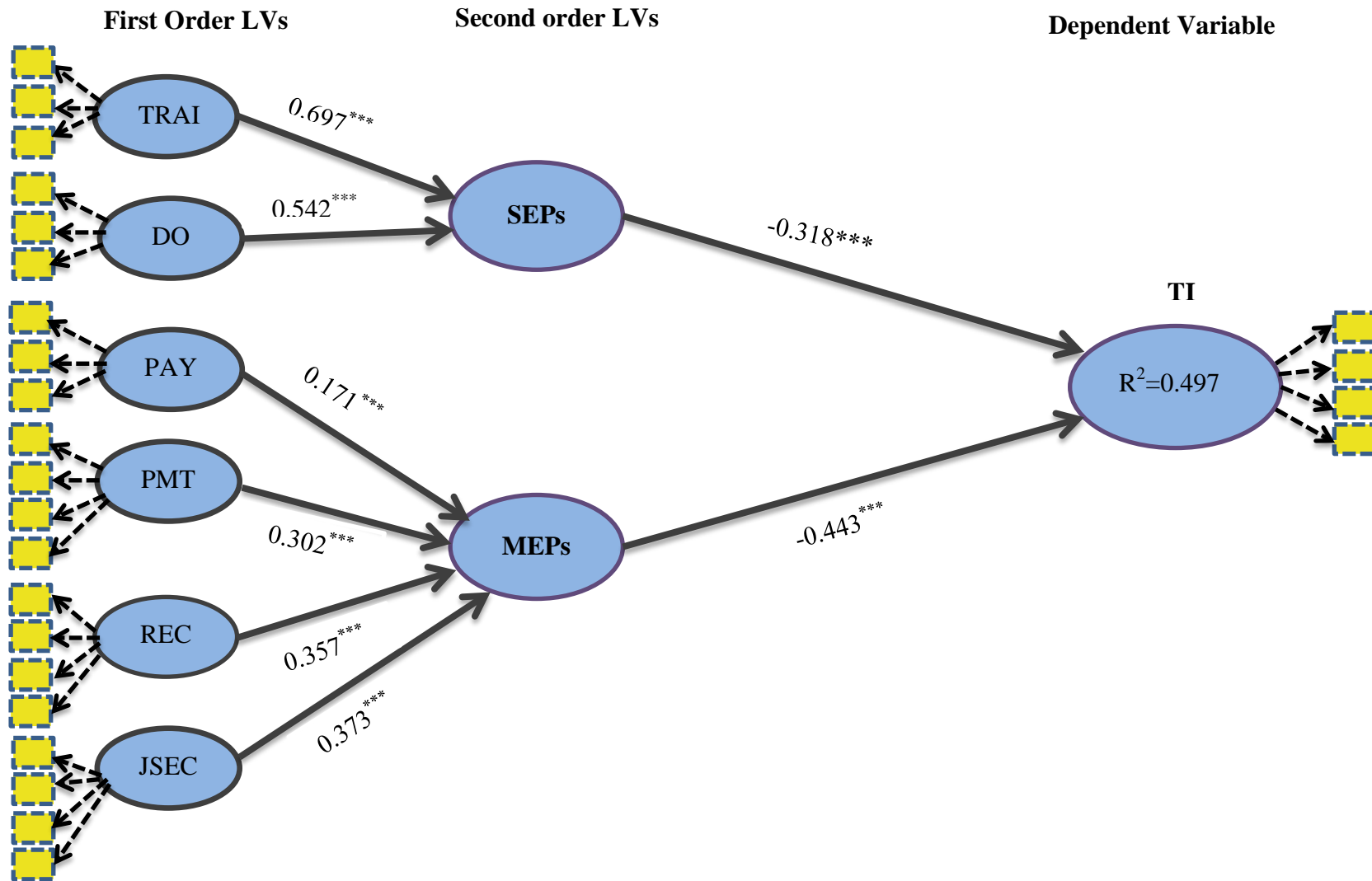
**Figure 4.1: Structural model with direct effects**

4-175

**Figure 4.2: Structural model with mediator**

Note: $^{***}$ $p < 0.001$ and dashed lines in inner model represent not significant relationship (ns)
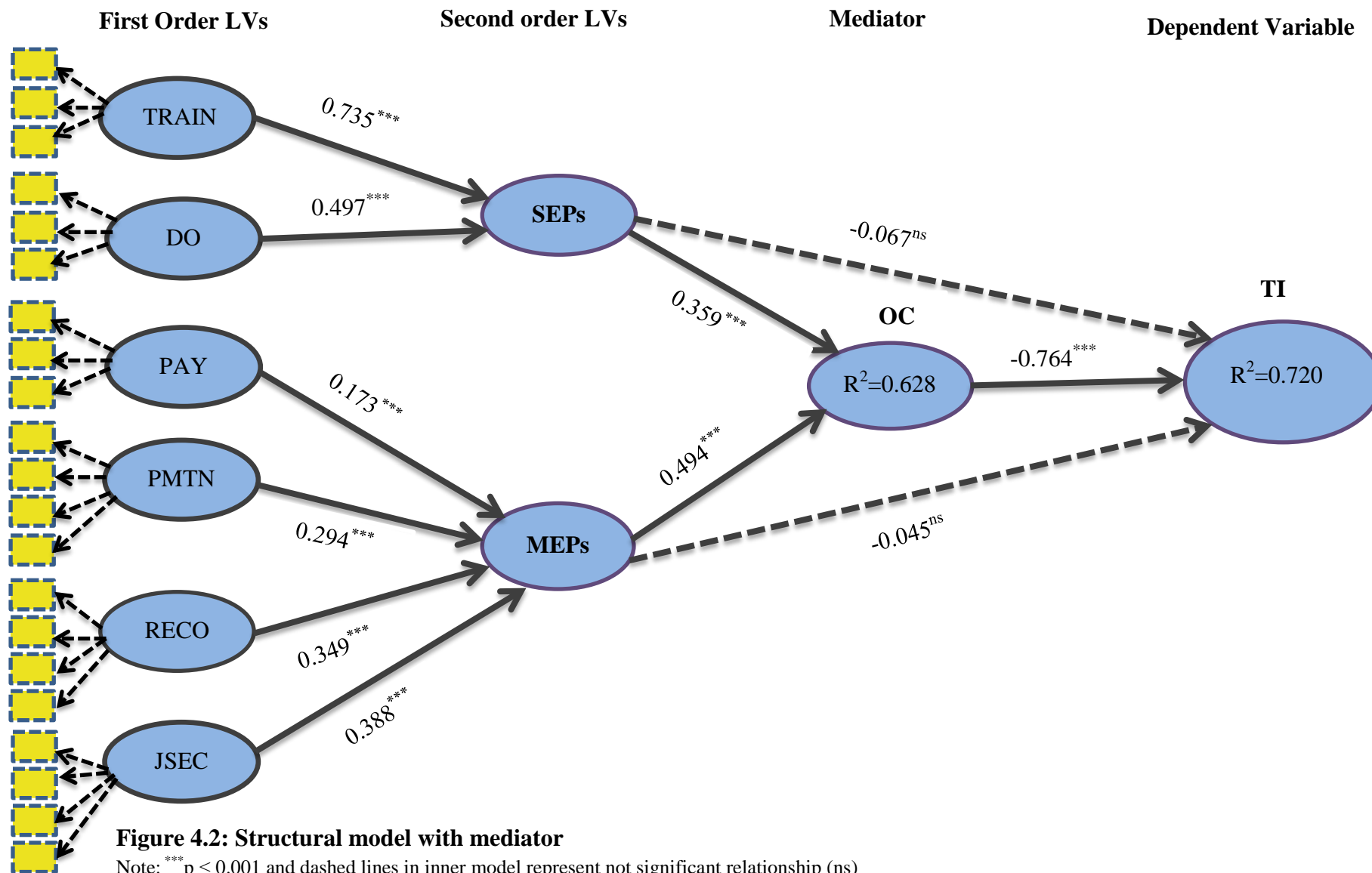
### 4.6.2.1 Confirmation of Significant Effects of OC (Mediator)

The simple mediation model illustrates that X is the independent variable, M is the mediator and Y is the dependent variable (Figure 4.3). This figure demonstrates that the standardised path coefficient from independent variable to mediator is denoted by a; the standardised path coefficient from mediator to dependent variable is denoted by b; however, the standardised path coefficient from independent variable to dependent variable is denoted by c´. It is in favour of the mediation effect if both a and b standardised path coefficients are significant (Iacobucci *et al.*, 2007; Preacher and Hayes, 2008).
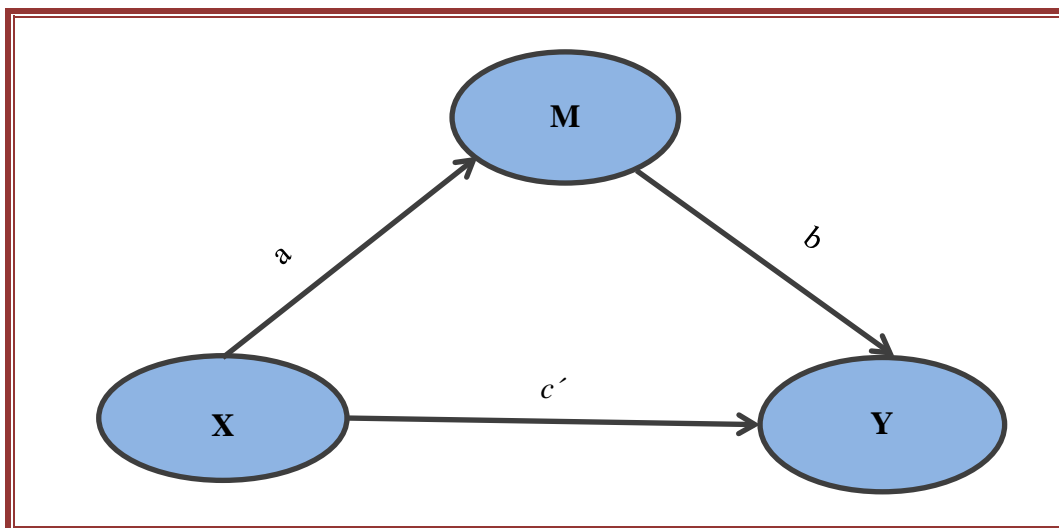


**Figure 4.3: Simple mediation model**

According to Iacobucci *et al.* (2007), the mediation effect (relative size of indirect versus direct paths) could be determined by comparing the magnitude of the 'indirect' to 'total effects' (direct + indirect effects). This could be achieved using the following equation:

$$\text{Mediation} = a \times b \, / \, (a \times b) + c´$$

The following section presents the findings of mediation for the present study.

**Table 4.13: Mediating effects of OC on SEPs, MEPs and TI relationships**

| Structural Paths | Indirect effects | | Direct | VAF | Mediating Effect |
|---|---|---|---|---|---|
| | SEP—OC | OC—TI | SEP—TI | | |
| SEP-OC-TI | 0.359*** | -0.764*** | -0.067$^{ns}$ | 0.803 | Full Mediation |
| MEP-OC-TI | 0.494*** | -0.764*** | -0.045$^{ns}$ | 0.893 | Full mediation |

Note: ***$p < 0.001$ and ns = not significant

As shown in Table 4.13, standardised path coefficients from SEPs and MEPs to OC and OC to FLMs' TI are significant. The table also presents the VAF values. Since the VAF values in both sets are above 0.80 (SEP—OC—TI and MEP—OC—TI) which confirm that OC fully mediates the relationship between SEPs and FLMs' turnover intentions and MEPs and FLMs' turnover intentions. Thus, hypotheses H3 and H4 assessing OC as a mediator between SEPs, MEPs and FLMs' turnover intentions are fully supported.

In addition, mediation has also been measured through Baron and Kenny's principle of mediations. They suggest that some external physical events take on internal psychological significance. Generally speaking, their perspective of mediation principally focuses on the theoretically established indirect paths between the exogenous and endogenous variables through the mediating variable/s (Hair *et al.*, 2014).

As propounded by Baron and Kenny (1986), a variable can be considered as a mediator when it meets the following conditions.

➢ There should be a significant relationship between independent variable/s (IVs) and the dependent variable/s (DVs).

➢ IVs must be significantly related to mediating variable/s (MV/s).

➢ Both predictors (IVs and MVs) must be significantly related to DVs.

> Lastly, when a mediator is introduced in the equation it must change the significance level.

Baron and Kenny suggest that if with the introduction of a mediator the impact of an IV becomes non-significant, this is a perfect case of complete mediation. In this case, if the effect of a predictor is reduced to a certain extent but is not zero after the insertion of mediator then it is known as partial mediation.

The finding of this study meets Baron and Kenny's three conditions, firstly results reveal that the direct effect of SEPs had a significantly negative effect on FLMs' TI (path coefficient = -0.318, $p$ <0.001 and its $R^2$ was 0.497. Similarly, the direct effect of MEPs had a significant negative effect on talented FLMs' TI (the path coefficient = -0.443 $p$ <0.001) and its $R^2$ was 0.497. The PLS path model estimations without the mediator in both cases demonstrate that paths are significant (see Figure 4.1).

Secondly, results of this study confirm that there is a significant positive relationship between both IVs (SEPs and MEPs) and the mediator (OC) (see Figure 4.2). Thirdly, it also illustrates that MV is significantly and negatively related to the DV (-0.764, $p$ <0.001). However, when the mediator is introduced in the equation the significance level in both of the sets (SEPs-TI and MEPs-TI) has become insignificant which suggests that OC fully mediates the relationship between the IVs and DV (see Table 4.13). The findings of this study meet Baron and Kenny's criteria of mediation as well. Consequently, hypotheses H3 and H4 are fully supported.

### 4.6.3 Effect Size ($f^2$)

According to Wong (2013), the inner model path coefficient could decrease with the increase in the number of indirect relationships and as a result direct relationships become insignificant. The effect size would be higher exactly when the mediating variable(s) have a spurious effect on the direct paths. For the purpose of model fitting, it is essential to keep the total effects (direct and indirect effects in the inner model) relatively constant; consequently, a reasonable

explanation for the proposed hypotheses could be justified for the study (Chin, 1998).

The inner model change in the relationships with respect to the effect size is calculated by means of Cohen's (1988) $f^2$ function. The $f^2$ is similar to the conventional partial *F*-test. The conventional *F*-test normally benefits examination of the increase in $R^2$ relative to the extent of variance of endogenous variable(s) which remain unexplained (Hair *et al.*, 2014). As opposed to it, $f^2$ does not discuss the sample size but it discusses the basic population of the analysis, thus, no degree of freedom is needed to compute the $f^2$ value.

According to Cohen (1988, p.413), the values for $f^2$ of 0.02, 0.15 and 0.35 for the significant exogenous latent variables represent weak, moderate and significant effects, respectively. The effect size ($f^2$) findings and inference concerning the estimated impact of different predicting latent variables on the predicted latent variables (OC and TI) across the structural model is presented in Table 4.14. The results of the study suggest that SEPs and MEPs have a weak significant effect on the dependent variable (i.e. TI). On the other hand, SEPs and MEPs have a moderate effect on the mediating variable, namely, OC. However, the mediating variable, i.e. OC, has a significant large impact on the FLMs' turnover intentions.

**Table 4.14: Effect sizes ($f^2$)**

| Latent construct paths | $f^2$ | Inference |
|---|---|---|
| **SEPs-TI** | 0.070 | Small effect |
| **SEPs-OC** | 0.166 | Medium effect |
| **MEPs-TI** | 0.030 | Small effect |
| **MEPs-OC** | 0.316 | Medium effect |
| **OC-TI** | 0.777 | Large effect |

### 4.6.4 Predictive Relevance ($q^2$)

The predictive relevance of the model has been calculated through the blindfolding procedure which is mostly referred to as the Stone-Geisser Q-square test for predictive relevance (Hair *et al.,* 2014). It is typically calculated by using the Stone-Geisser (Stone, 1974; Geisser, 1975) criterion which fundamentally claims that a model must be able to provide a prediction of the endogenous variable(s) measuring items. The criterion of $q^2$ is also referred to as the sample reuse technique which basically facilitates the assessment of the model cross-validation (Chin, 1998; Henseler *et al.*, 2009). They further outlined that if $q^2$ is larger than zero the model is considered to have predictive relevance, if not; it lacks predictive relevance.

In the PLS-SEM, two kinds of predictive relevance or validities are estimated for the measurement model, i.e. cross-validated communality ($H^2$) and cross-validated redundancy ($F^2$). The former is calculated through the measurement of the model capability to assess the path model such that block of measuring items are directly derived from their own constructs (Tenenhaus *et al.*, 2005). The prediction of these measuring items of the endogenous block is measured using only the measuring items of that particular block. Mostly, cross-validated communality is obtained through the prediction of the omitted data points in the measuring variable block, which is made by the underlying construct (Chin, 1998).

However, the latter measures the predicative relevance of the path model to predict the endogenous measuring items indirectly from the prediction of their own constructs using related structural relationship through cross-validation (Tenenhaus *et al.*, 2005, pp.181-182). In fact, cross-validated redundancy measures the quality of the structural model by taking into account the measurement model. Thus, the researcher used cross-validated redundancy as a measure of $q^2$ as it includes the key elements of the structural model to predict the eliminated data points.

For this study, predictive validities, i.e. $q^2$ and $F^2$, have been computed using the 'blindfolding procedure' which is a parameter estimation method where some data for a particular block is removed from the sample and is treated as missing data. In the next step, a block of the missing data is treated as part of the estimation process by ignoring another part of the data and the procedure is repeated until every data point is omitted and estimated (Hair *et al*., 2014). The omission and estimation of the data points in this procedure is dependent on the omission distance (G). According to Chin (1998), the omission distance is feasible between 5 and 10. Considering Chin's recommendations, blindfolding for this study has been carried out using an omission distance G =7.

The predictive relevance of four constructs in Table 4.11 demonstrates a significant predictive relevance of the latent constructs. Precisely, TI has a $q^2$ value of 0.478, suggesting that construct's measurement items have large predictive relevance. Similarly, OC has a $q^2$ value of 0.472, indicating larger predictive relevance. Moreover, two formative constructs, namely, SEPs and MEPs, suggest large predictive relevance 0.351 and 0.391, respectively. This shows that all four predicted constructs have robust predictive relevance and have a sound level of model-fit. The indices for cross-validated redundancy ($F^2$) were obtained through the blindfolding method. Notably, cross-validated redundancy like $R^2$ is only computed for the path model to predict the endogenous variables. The findings of this study reveal that all blocks presented larger cross-validated redundancy indices. None of the indices was negative which suggests that the corresponding constructs are not badly estimated (Tenenhaus *et al.,* 2005).

## 4.7 Conclusion

This chapter reports the results of study which comprise the testing of the talented FLMs' commitment and turnover intentions. It has been conducted by the assessment of the measurement (reflective and formative) and structural models. The reflective and formative measurement models have been evaluated through a series of construct validation processes, i.e. reliability and validity of variables and corresponding measurement items. Notably, the inconsistent measurement indicators have been removed and the models are revaluated. The measurement

model has illustrated a good reliability and convergent and discriminant validities. Its findings exhibit sufficient robustness to test the relationships among the constructs of the structural model.

The structural model was assessed by using the magnitude of variance explained by $R^2$, effect size and explanatory power of the structural model. The findings reveal that the model has a large predictive relevance to predict the FLMs, commitment and turnover intentions. The research hypotheses have been tested by looking at the signs, size and statistical significance of the path coefficients between the constructs in the structural model. Five hypotheses were formulated regarding the relationships among the reflective and formative constructs. Overall, three out of the five hypotheses regarding the relationships between the constructs have been supported. All supported hypotheses are significant at $p < 0.001$. The next chapter sets out the interpretation, discussion and relevance of the results.

# CHAPTER FIVE: DISCUSSION AND CONCLUSION

## 5.1    Introduction

This chapter summarises and discusses the key empirical findings of the quantitative analysis discussed in the preceding chapter. This is followed by the contributions to literature, recommendations for practice, research limitations and avenues for future research. Furthermore, the discussion of the findings from the data analysis also provides relevant insights about the scenario under investigation. This chapter fundamentally addresses the study's research questions (see Section 1.2). Precisely, the discussion of the study relates to the outcomes based on the preceding empirical findings and theoretical arguments in the relevant research domain.

## 5.2    Research Questions Revisited

The overarching research question of this study is to examine the impact of skills- and motivation-enhancing practices (SEPs and MEPs) on talented FLMs' OC and turnover intentions. This has been further divided into four sub-questions. The first and second sub-questions aim at empirically examining the impact of SEPs and MEPs on talented FLMs' turnover intentions. The third sub-question aims at testing the impact of OC on talented FLMs' turnover intentions in the private banking sector of Pakistan. The final sub-question aims to determine the simultaneous relationships in the structural model, the mediating role of OC in affecting the relationship between the both HRM bundles and talented FLMs' turnover intentions. Given the scope and intensive nature of the research, this study intends to investigate the efforts to-date, aimed at structural modelling and understanding of the influence of SEPs and MEPs on talented FLMs' turnover intentions through the mediating process of OC. Notably, all of the above questions are based on the existing literature in the relevant domain.

In addition, it is also worth mentioning that the present study employs both exploratory and explanatory quantitative methods to answer the above-mentioned research questions appropriately. In fact, both approaches help to a great deal to measure the magnitude of all available relationships between SEPs, MEPs and talented FLMs' OC and turnover intentions. While addressing the above research questions, this study discusses in detail the findings to understand the direct and indirect relationships.

## 5.3 Discussion of the Findings

The discussion of the findings is principally planned around the developed research questions of the study. Specifically, this section of the study addresses the problems raised and the gaps identified in existing literature by exploring the relevant literature discussed in Chapter 2, with the findings reported in Chapter 4. Specifically, the present research has a number of empirical findings that are of enormous importance: some findings regarding FLMs and the banks are consistent with the existing literature; whereas, others differ from the findings of prior empirical studies. Based on the study's findings, the four research questions mentioned in Section 5.2 are discussed in detail.

### 5.3.1 RQ1: What is the impact of skills-enhancing practices (SEPs) on talented FLMs' turnover intentions in the private banks of Pakistan?

This research question mainly endeavours to test the following hypothesis.

*H1: Skills-enhancing practices are negatively related to talented FLMs' turnover intentions (SEPs—TI).*

The PLS-SEM results reported in Chapter 4 demonstrate that SEPs are significantly and negatively related to FLMs' turnover intentions when direct effects are tested ($\beta = -0.318$, $p < 0.001$). However, findings for the same relationship become non-significant when mediator (OC) is introduced in the equation ($\beta = -0.067$, $p = 0.147$) (see Figures 4.1 and 4.2 respectively). This finding indicates that any change in SEPs tends to predict 6.7% change in FLMs' turnover intentions, which to required standards is very low (see Table 4.12).

Thus, it is concluded that H1 (SEPs—TI) is not supported. The findings indicate that SEPs play a minor role in reducing the talented FLMs' turnover intention, as was revealed by Rose (2005).

Moreover, the present study findings are in agreement with the findings of Shaw *et al.* (1998) and Batt *et al.* (2002). These studies found no statistically significant relationship between HRMPs, such as training and development practices and turnover intentions. In fact, these studies found no evidence that HRMPs had a turnover-reducing effect in trucking and telecommunication organisations, respectively. They further reflected that there can be some attitudinal factors which play a role of either moderator or mediator. Additionally, Fairris (2004) found a small, negative relationship between training and development practices and employees' turnover intentions.

On the other hand, the results of prior investigations suggest that HRMPs which enhance employees' skills are significantly and negatively related to turnover intentions (Huselid, 1995; Pare and Tremblay, 2007; Haines *et al.*, 2010; Kim, 2012; Abii *et al.*, 2013). The direct relationship found in the above studies could be due to the contextual factor, which, according to Aycan *et al.* (2000), impacts on the outcome. Surprisingly, the results of this study are not in line with the majority of prior investigations in both public- and private-sector organisations, including banks.

Thus, the researcher speculates that this finding could be due to several reasons, such as with the provision of the skills-enhancing practices, the FLMs become noticeable and more valuable capital in the market and as a result they can have more employment choices and, in spite of their need for satisfaction, feel less loyal, and can have higher turnover intentions. Prior literature supports this assertion that when individuals are provided with skill-enhancing opportunities, such as training and development, their turnover intention would tend to mount; hence, they become more inclined to quit the organisation (Way, 2002; Moynihan and Pandey, 2007; Haines *et al.*, 2010; Oldroyd and Morris, 2012). In this way, the current study tends to reject H1 which indicates that there is a negative

186

relationship between skills-enhancing practices and talented FLMs' turnover intentions in the private banks of Pakistan. The main difference between the present and prior research is that this study has scrutinised the synergistic effects of HRMPs on FLMs' turnover intentions; whereas, prior studies have examined the impact of individual HRMPs on turnover intentions. This could be the reason why the results are characteristically different from the others in the local context.

### 5.3.2   RQ2: Do motivation-enhancing practices (MEPs) impact on talented FLMs' turnover intentions?

This research question addresses the following research hypothesis:

*H2: Motivation-enhancing practices are negatively related to talented FLMs' turnover intentions (MEPs—TI).*

The PLS-SEM results with regard to this hypothesis demonstrate that MEPs are significantly and negatively related to FLMs' turnover intentions when direct effects are tested ($\beta$ = -0.443, $p$ < 0.001). Nonetheless, the results for the same relationship become non-significant when mediator (OC) is introduced in the equation ($\beta$ = -0.045, $p$ = 0.462) (see Figures 4.1 and 4.2, respectively). This finding suggests that any change in MEPs tends to predict a 4.5% change in turnover intentions of talented FLMs of Pakistani private banks, which by required standards is quite low. Similar to that of H1, the results for H2 as well surprisingly contradict the findings of the majority of the prior studies, which found that there is a significant relationship between different HRMPs and FLMs' turnover intentions. This indicates that H2 (MEPs—TI) is not supported.

This finding is in line with the findings of Rose (2005) and Khatri *et al.* (2001) suggesting that HRMPs, such as pay and incentive practices, are not significantly related to employees' turnover intentions in the work group of public sector organisation in Australia and both manufacturing and services companies in Singapore, respectively. Similarly, the findings regarding H2 are also consistent with the findings of Samgnanakkan (2010) who suggested that the HRMPs—turnover relationship largely depends on the organisation itself. He further

statistically proved that HRMPs, such as performance management, development opportunities and communication, did not significantly affect employees' turnover intentions in the Indian ICT industry. Nevertheless, taking the distinctive characteristics of the banks into account could be beneficial because this might deliver a more precise view of the contribution of HRM bundles to individuals' turnover intentions.

It is also significant to note that Schwab (1991) and Trevor *et al.* (1997) statistically proved that promotional opportunities motivate employees to quit the organisation. This is because promotions from the employer actually make them more visible in the market which gives positive signals to market competitors; hence, they can be easily targeted. Schwab (1991) further revealed that employees' promotion in the organisation positively influences individuals' turnover intentions.

Contrary to the present study results, many prior studies have found organisational HRMPs are negatively related to employees' turnover intentions (Batt and Valcour, 2003; Mahmud and Idrish, 2011; Chew, 2004; Haines *et al.*, 2010). Towards considering the impact of individual HRMPs on turnover intentions, many existing studies have statistically proved that HRMPs such as pay (Phillips *et al.*, 1989; Trevor *et al.*, 1997; Shaw *et al.*, 2009), promotion (Park *et al.*, 1994; Wager, 2003; Alfes *et al.*, 2012; Sthapit, 2014), recognition (Urichuk, 1999; Abbasi and Hollman, 2000; Newaz *et al.*, 2007; Chew and Chan, 2008) and job security practices (Arnold and Feldman, 1982; Cotton and Tuttle, 1986; Batt, 2002; Boon *et al.*, 2011) are the key factors which tend to cause turnover intentions.

Generally, the findings appear to validate the concept that HRMPs modelled and used in other countries may have different results, as suggested by (Brewster and Mayrhofer, 2012). As found in this research, MEPs are not significantly related to talented FLMs of the private banks of Pakistan. Therefore, local bank managers need to focus on FLMs' OC as it is found as a key catalyst to reduce their turnover intention. Besides, perceptions of HRMPs could be different; thus,

management should be aware of FLMs' perception regarding MEPs which makes them more committed with reduced intentions to leave. The discussion of the findings tends to reject H2 as well, which was to investigate the relationship between MEPs and talented FLMs' turnover intentions. Overall, the results of this study are different from the prior studies owing to the fact that HRMPs of similar nature are put in this bundle (MEPs), and it is found that the combined effect of HRMPs are better predictors of the talented FLMs' turnover intentions than the individual HRMPs.

### 5.3.3 RQ3: Does organisational commitment mediate the relationship between SEP and MEPs and talented FLMs' turnover intentions?

In this research question, two hypotheses are tested.

*H3: Organisational commitment mediates the relationship between skills-enhancing practices and talented FLMs' turnover intentions (SEPs—OC—TI).*

The findings reported in the preceding chapter (see Table 4.12) regarding H3 reveal that OC fully mediates the relationship between the SEPs and FLMs' turnover intentions ($\beta$ = -0.274, $p < 0.001$ and VAF value is 0.803). The findings indicate that H3 is generally supported. From this finding, it can be inferred that SEPs basically help orient FLMs towards increasing their OC which in turn negatively influences turnover intentions. It is worth noting that this finding has reduced the direct impact of SEPs on FLMs' turnover intentions relationship but has not changed the nature of influence. The empirical evidence reveals that elevated skill levels lead to turnover is only indirect.

This study finding contradicts the prior research findings, which have evidenced that the relationship between HRMPs and turnover intentions is direct (Huselid, 1995; Guthrie, 2001; Allen, 2008; Haines *et al.*, 2010; Nouri and Parker, 2013). According to Agarwala (2003), individuals recognise HRMPs as a sign of the organisation's commitment towards them and this consequently leads them to a reduced level of turnover intentions. As discussed in research question 3 above, individuals with low OC generally have higher turnover intention, and are always inclined to work for other employers who offer them better job prospects (Chew

*et al.*, 2005; Carmeli and Weisberg, 2006). Hence, it can be concluded that when organisations tend to increase employee commitment through different HRMPs, this would lead to a reduced turnover rate. This finding should be taken seriously by banks on the ground that FLMs who have low commitment do not feel compelled to stay.

### H4: Organisational commitment mediates the relationship between motivation-enhancing practices and talented FLMs' turnover intentions (MEPs—OC—TI).

Similar to H3, H4 is also supported. The findings regarding this hypothesis demonstrate that OC fully mediates the relationship between MEPs and FLMs' turnover intentions ($\beta$ = -0.377, $p < 0.001$ and VAF value is 0.893). This evidently reveals that motivation-enhancing practices increase FLMs' OC which in turn negatively influences their turnover intentions. To some extent, this finding is in line with the existing literature which suggests that individual HRMPs such as reward and recognition increase individuals' commitment to the organisation and as a result decrease their turnover intentions (Chew *et al.*, 2005; Newaz *et al.*, 2007; Vandenberghe and Tremblay, 2008; Bryant and Allen, 2013). The findings of this study categorically suggest that greater use of motivation-enhancing practices, such as pay, promotion and recognition, satisfies competence and affiliation needs which results in increased FLMs' OC and subsequently reduced turnover intentions. It is also true that these HRMPs signal positive valuation of individuals' efforts by the organisation (Ogilvie, 1986; Meyer and Allen, 1997; Appelbaum *et al.*, 2000; Chew and Chan, 2008).

Contrary to the findings of this study, prior investigations have found that the relationship between different HRMPs and turnover intentions is direct (Porter and Steers, 1973; Arthur, 1994; Dyer and Reeves, 1995; Guthrie, 2001; Batt and Colvin, 2011; Bergiel *et al.*, 2009). By looking at these studies, it can be inferred that context and constructs of the study play an important role. As all of the above-cited studies have been conducted in Western countries, this could be the reason why their findings are different to this study. Moreover, H4 predicted that MEPs have an indirect negative relationship with FLMs' turnover mediated by

OC. Notably; MEPs have a non-significant and negative relationship with FLMs' turnover intentions independent of OC. In conclusion, the findings of this study clearly demonstrate that FLMs' turnover intentions can be influenced by the joint effects of SEPs, MEPs and OC. More specifically, it is found that OC fully mediates the relationship between selected HRM bundles and turnover intentions.

### 5.3.4 RQ4: What is the impact of organisational commitment on talented FLMs' turnover intentions?

This research question addresses the following hypothesis.

*H5: There is a negative relationship between OC and talented FLMs' turnover intention' (OC—TI).*

The findings of the study for this hypothesis have produced a strongly significant and negative relationship between OC and FLMs turnover intentions ($\beta$ = -0.764, $p < 0.001$), which suggests that H5 is supported. This means that any change in OC tends to predict 76% change in turnover intentions of the talented FLMs. This empirical finding is in agreement with the prior research studies (Mathieu and Zajac, 1990; Firth *et al.*, 2004; Chew *et al.*, 2005; Carmeli and Weisberg, 2006; Shukla *et al.*, 2013; Al-Arkoubi *et al.*, 2013). The present study findings suggest that OC is the strongest and most consistent predictor of the FLMs' turnover intentions. The findings further reveal that the more committed the individual is to their organisation, the fewer their turnover intentions would be (Porter *et al.*, 1974; Mobley, 1977; Al-Arkoubi *et al.*, 2013). The finding of the study shows that those FLMs who are strongly committed to their respective banks would be less inclined to leave.

Thus, it is postulated that banks who want to reduce FLMs' turnover intentions and related withdrawal behaviours need to take steps to recognise the primary drivers influencing OC. Furthermore, by verifying the provision of suitable HRMPs which are generally considered as key antecedents of OC. Regarding this, many researchers have suggested that turnover intentions are the immediate antecedents of actual turnover (Mobley, 1982; Bluedorn, 1982; Steel and Ovalle,

1984; Muliawan *et al.*, 2009; Al-Arkoubi *et al.*, 2013). Hence, paying attention to factors which promote individuals' OC could be helpful in reducing the talented FLMs' turnover as well. This discussion leads towards the successful investigation of H5 aimed at examining the impact of organisational commitment on talented FLMs' turnover intentions.

## 5.4    Conclusion

In addition to the discussion of the study findings, this chapter also throws light on the contributions, limitations and future avenues of the research. In order to determine how banks build HR systems to reduce the FLMs' turnover intentions, this thesis has developed a model illustrating the direct and indirect relationships between the selected HRM bundles and talented FLMs' turnover intentions (see Figure 4.2). Broadly speaking, this study has mainly used a quantitative method to investigate the above-discussed research questions/relationships. As discussed in Chapters 1 and 2, banks in Pakistan are facing an immense rate of employee turnover, in particular the turnover of talented FLMs (Khilji and Wang, 2007; Jaffari *et al.*, 2011). It has also been witnessed that the main reason for FLMs' departure was their dissatisfaction with the banks' conventional HRMPs. In order to cope with this issue, banks must use a variety of competitive HRMPs to reduce the turnover rate.

### 5.4.1    Contribution to the Literature

The present research has made some contributions to the existing literature in the domain of HRMPs—turnover relationships. One such contribution is derived from the lack of empirical research that has examined the turnover intentions of the talented frontline managers. Additionally, this study has provided a new direction and support for study's research question, which has made important contributions to HRM literature, as follows. As discussed in Chapters 1 and 2, the review of literature reveals numerous directions for further research in the field of turnover. Hence, it is important to briefly highlight the research gaps before discussing the study's major contributions.

Firstly, there has been long debate on general turnover intentions but very few studies have focused on talented employees turnover intentions (Hancock *et al.*, 2011; Kidwell, 2011; Boles *et al.*, 2012). Despite the importance, earlier studies have only concentrated on the practitioner's gut instincts rather than solid empirical evidence (Bryant and Allen, 2013). Secondly, current research also seeks to fill this void to examine the impact of selected SEPs, MEPs and OC on talented FLMs' turnover intentions. This study also contributes to the literature as two bundles of HRMPs, namely, skills-enhancing and motivation-enhancing practices have been developed. Thirdly, this study considers OC as a mediator of the relationship between selected HRM bundles and talented FLMs' turnover intentions. This area of research has lacked researchers' attention because researchers were previously focused on studying the HRMPs–performance relationship (organisation-related outcomes) and effects of different HRMPs separately (Arthur, 1994; Snape and Redman, 2010; Jiang *et al.*, 2012). Keeping in view the above research gaps, the present study provides the following contributions to the existing HRM literature.

The first contribution of this research is that it provides deep insights into the mediating role of OC in the relationship between selected HRM bundles (SEPs and MEPs) and FLMs' turnover intentions. In fact, this study has examined the role of OC as a mediator in the said relationship. Many prior researchers have offered a variety of streams and explanations of the relationships among different HRMPs, OC and turnover intentions. However, the findings of this study reveal that OC fully mediates the relationship between both the HRM bundles and the talented FLMs' turnover intentions, which is a major contribution of this research. The findings of this study also support the suggestions of the mediating effects found in the studies of Arthur (1994) and Way (2002) and adds value to the literature reflecting upon the fact that OC plays an important role in HRMPs—TI relationships.

The second key contribution of this investigation is the development and classification of the SEP and MEP bundles (second-order latent constructs) that are comprised of several HRMPs as a first-order constructs (see Appendix I).

Existing literature does not reflect upon examining the different HRMPs in terms of specific bundles such as SEPs (training and development / first-order) and MEPs (pay, promotion, recognition and job security / first-order). As identified in the literature, the combined effects of both HRM bundles can have better effects on the individual and organisational-related outcomes (Khilji, 2002; Herdman, 2008; Subramony, 2009). Hence, the identification of both SEPs and MEPs support the general approach to manage employees through attractive HRMPs and further adds value to the existing body of knowledge. In fact, the HRMPs in each bundle (SEPs and MEPs) tend to complement each other and their synergistic effects are better predictors of outcomes as compared to individual HRMPs.

The third contribution of this study is that it is the first of its kind which purely focuses on the talented FLMs' turnover intentions. Previously, many studies have been conducted on general employee turnover (i.e. talented, average and poor-performing individuals) and notably many of them have focused on the turnover frequency rather than turnover functionality (Johnson *et al.*, 2000; Phillips *et al.*, 1989; Park *et al.*, 1994; Boles *et al.*, 2012). Thus, this empirical study is an addition to the existing body of literature as it focuses on the talented FLMs' turnover intentions rather than general turnover.

Finally, this study also contributes to the literature on the local context. As highlighted in Chapters 1 and 2, there is a dearth of literature on the subject at educational and organisational levels (Khilji and Wang, 2007). Therefore, the application of the proposed model to a sample of talented FLMs of the private banks of Pakistan is also considered as an empirical progress in the existing knowledge.

### 5.4.2 Reflections on the Theoretical Contributions

After reviewing the extant literature in the domain, a conceptual framework was developed on the basis of FLMs' perceptions of combined HRMPs, which indirectly influence their turnover intentions through the intervening mechanism of organisational commitment. As, this study was conducted in Pakistan, where it

is proposed that skills- and motivation-enhancing practices influence talented FLMs' attitudes and behavioural intentions.

This study makes several contributions to theory, particularly with regard to the social exchange theory (SET) and alternative theories, including organisational support theory (OST) and ability motivation opportunity (AMO) theory. The contribution of these theories will be discussed first, followed by the contribution to theory regarding HRM bundles and their impact on FLMs' attitudes and behavioural intentions. The findings of this study endorse numerous essential factors of these theories. For suppose, when employees are satisfied with the outcomes of their organisational social and economic exchanges, they will be more inclined to respond with higher commitment (Agarwala, 2003; Paul and Anantharaman, 2004; Chew and Chan, 2008). This confirms the SET approach, suggesting that FLMs reciprocate the relationship. It further endorses that FLMs' positive perceptions of skills- and motivation-enhancing practices are significantly related to their overall organisational commitment.

Past studies suggest that SET stresses on the importance of employee needs in the causal chain between HRMPs and employee-related outcomes (Meyer and Allen, 1997; Gould-Williams *et al.*, 2013). The findings of this study are in line with the SET causal chain relationship approach, which shows that selected HRM bundles generate favourable employee-related outcomes largely through satisfaction of the needs for autonomy and relatedness. This clearly suggests that employees who are surrounded by attractive HRM bundles are more likely to experience a sense of autonomy and relatedness, which in turn enriches their organisational commitment and resultantly reduces their turnover intentions. Besides, this study provides an increased understanding into SET, as study findings implies that FLMs may reciprocate with favourable attitudes, if their basic psychological and socio-economic needs for autonomy and relatedness are fulfilled.

As discussed in Chapter two, Section 2.4, this research contributes to literature by making use of various theories in examining the HRM bundles and turnover relationship. Prior research advocates that multi-theoretical approach improves the

understanding and at the same time also helps in exploring the complex phenomenon (Macduffie, 1995; Jiang *et al.*, 2012). As, this research examines the direct and indirect influence of selected HRM bundles on FLMs' turnover intentions. Hence, it is not quite simple and straight forward to comprehensively elucidate the research problem through a single theory (Jiang *et al.*, 2012). In view of this, present research uses a multi-theoretical approach, which provides richness in terms of gathering and assessing the employee-related outcomes from several theoretical stances.

Existing studies also suggest that much of the theories used in HRM investigation are theoretical concepts, which are largely borrowed from the different fields, e.g. sociology, psychology, economics and strategic management (Watson, 2008). Importantly, SET has been found as a widely accepted theory in these fields. It suggests that when organisations provide employees both economic and social exchanges in response they tend to become more loyal to their organisations (Allen *et al.*, 2003; Cropanzano and Mitchell, 2005). Importantly, the theories used in the research are not contradictory to each other; rather these can be used together in elucidating the complex nature of the study more clearly. This study incorporates various theories, which is a step further in seeking appropriate methodologies that adequately explicate the relationship among the study constructs.

Surprisingly, this study divulges that there is no direct relationship between talented FLMs' perceptions of selected HRMPs and turnover intentions but this relationship is mediated by the organisational commitment. The examination of these relationships actually provides a clear contribution to theory. To the best of the researcher's knowledge, these factors have never been analysed simultaneously. Consequently, this research provides an enhancement to SET about how the concepts applied in the present study relate to one another in a simultaneous model.

Moreover, present investigation is the first empirical work that has synthesised the relevant concepts of the selected theories such as, SET, OST and AMO. These

theories help in understanding the impact of HRM bundles on talented FLMs' turnover intentions through the intervening mechanism of the organisational commitment. All these theories evaluate the participants' attitudes and intentions in a more holistic way and in the context of Pakistan in particular. This research has developed an integrative model that combines the factors associated with talented FLMs' commitment and turnover intentions. In fact, a broader approach that takes development and understanding of FLMs perceptions regarding HRM bundles has not been tested. Although many studies about employees' turnover intentions have been conducted and all of them revealed that the relationship between the HRMPs and turnover intentions is direct. Nevertheless, this study goes against the traditional wisdom and suggests that relationship is not direct.

Literature suggests that environmental factors such as, strong economic conditions play an important role in shaping employees turnover intentions (Mobley *et al.*, 1979; Moynihan and Pandey, 2007). The perceived availability and evaluation of alternative job opportunities in the market impact on employees' turnover intentions (March and Simon, 1958; Cotton and Tuttle, 1986; Park *et al.*, 1994; Holtom *et al.*, 2008). Thus, employees working in these environments with positive economic conditions and ample attractive job opportunities are more likely to quit their jobs (Abelson and Baysinger, 1984). These findings strongly indicate that geographical conditions and economic variations play an important role in influencing turnover and turnover intentions. According to Llorens and Stazyk (2010), strong economic environment surrounding a particular labour market significantly affects the flow of employees' in particular talented ones from one sector to another.

This study also provides some support for the relationships among the HRM bundles, organisational commitment and turnover intentions in the Pakistani cultural context may be similar to the UK and US. The long periods of British colonial rule has probably resulted in a more Anglo orientation consistent with many other Asian countries (Khilji, 2003; Islam, 2004). Although, this research did not measure cultural attributes of Pakistan but results may offer some more indirect insights into the culture. Additionally, findings supporting arguments

based on present research in the private sector adds to the growing body of literature of minimal differences between the private and public sectors.

This study is a first of its kind, collecting valuable data from Pakistani organisations. This study contributes to the limited knowledge on how employees (talented) in Pakistani organisations can be encouraged to remain committed to their respective organisations. In this regard, the researcher has addressed the questions which influence employees' attitudes and behavioural intentions. In this respect, the researcher has combined a set of key variables, such as, training and development as a (skills-enhancing bundle) and pay, promotion, recognition and job security as a (motivation-enhancing bundle) to assess their direct and indirect influence on the talented FLMs' turnover intentions.

Another theoretical contribution of this study relates to the fact that this study brings empirical evidence from relatively a new cultural context. As, much of the studies on relevant areas have been conducted in the developed world e.g. UK, USA, Australia, Canada and New Zealand. Nevertheless, this is the first study which reports on the talented FLMs commitment and turnover intentions in the Pakistani context. This is significant in approving the test of a broader validity of the study findings derived from research conducted in the South Asian contexts.

### 5.4.3 Contributions to Practice

With regard to contributions, this research could provide many benefits to local private banks. The findings of this study could help bank management to review their skills- and motivation-enhancing practices as these are the key catalysts to develop FLMs' commitment, which ultimately help banks in retaining their talented individuals. From this study, it appears that findings could provide deeper insight to practitioners about the potential impact of combined HRMPs on FLMs' OC and turnover intentions, which in turn, may have effects on bank performance. Owing to this, banks should exercise such practices to keep FLMs' commitment undamaged.

Another contribution to practice is that banks in particular must manage the turnover of talented FLMs as they help banks to generate new ideas to improve business processes, customer services and operational matters. Accordingly, it is be important for local banks to retain their valuable FLMs, who have better skills and motivation to create and apply new ideas for ensuring the prosperity of banks. Principally, banks should build long-term relationships with their employees by focusing on their needs, maintaining their satisfaction and designing training and development programmes for them in order to flourish. Moreover, this will help them to prioritise their investments which eventually influence important individual-related outcomes such as OC and turnover intentions. Hence, banks should consider the above-mentioned factors to avoid this, particularly, keeping in view the globally competitive environment.

On the other hand, the findings of the study further suggest that the relationship between selected HRM bundles and turnover intention is indirect. Hence, local banks should examine options for improving their skills- and motivation-enhancing practices which further enhance FLMs' commitment. Instead of simply increasing the number of HRMPs, developing HRM bundles can create positive outcomes by creating synergy among different HRMPs.

Since OC is a best predictor of FLMs' turnover intentions, banks should endeavour to provide them an environment that enhances their OC. This may offer information beneficial for examining and modifying HRMPs that would help to improve the deficiencies. Since this study has produced different results on the perceptions of FLMs toward HRMPs, bank management should share experiences and best HRMPs with each other to improve the commitment and reduce turnover intentions for FLMs. Nevertheless, this recommendation could be particularly interesting in the context of Pakistan, where it has been found that conventional HRMPs are in operation in the banking sector of Pakistan (Khilji and Wang, 2007).

Overall, the findings of this study lead towards several theoretical and practical implications. These implications basically designate that contemporary

organisation in present scenario need to focus on the use of attractive HRM bundles to understand the positive employee- and organisation-related outcomes. The implications for theory embrace that increased organisational commitment and reduced turnover intentions reflect the ability, motivation and opportunity of the talented individuals to work more enthusiastically in a more professional manner. The findings of this study clearly endorse the AMO theory, suggesting that provision of attractive HRMPs are the main levers of FLMs organisational commitment and turnover intentions.

As discussed in the above section and Chapter two, Section 2.4, the employer and employee relationships for this study are examined and based on the SET, OST and AMO theories. The potential limitations regarding the generalisation, these findings are consistent with prior studies, which advocate that organisations should embrace attractive HRMPs practices as they produce more positives for both employees and themselves (Shaw *et al.*, 2009; Haines *et al.*, 2010; Jiang *et al.*, 2012).

Current study further implies that organisations need to combine HRMPs or make synergistic bundles to manage their valued employees in order to avoid the failure in the market. This study also suggests that there is a strong relationship between the selected HRM bundles and FLMs' organisational commitment. This relationship shows that employees' perceptions matter much in influencing their attitudinal outcomes, e.g. organisational commitment and turnover intentions. Both of these outcomes are important in stimulating the discretionary efforts, which in turn, affect organisational performance (Arthur, 1994; Huselid, 1995; Jiang *et al.*, 2012).

Regardless of the encouraging outcomes, there are some limitations of the study which need to be carefully noted, and as possible to be addressed in future research. For example, examining the talented employees' attitudes and intentions only in private banking sector may limit the generalisability of the findings in the other contexts such as public and foreign banks. It is possible that people who seek employment in public, multinational, educational, textile and other

institutions react differently to the provided HRMPs or HRM bundles. Accordingly, the variables of present study theoretical framework should be tested in other organisations in the same culture may present confounding effect in the other sectors and institutions. Consequently, further tests are necessary to reinforce the study's generalisability. In addition, present study was conducted in private banks of Pakistan, thus there is also a limitation of the research outcomes for generalisation particularly for organisations in developed and Western countries.

### 5.4.4 Limitations and Future Research Perspectives

When considering and interpreting the findings of this study, several limitations need to be considered in assessing the reported outcomes. The limitations of this study, at the same time, also uncover a number of potential areas for future researchers which are briefly discussed here.

Firstly, there is no agreement upon which HRMPs could be used when testing the relationship between selected HRM bundles and FLMs' turnover intentions. Accordingly, the six HRMPs selected for this study may not be representative of skills- and motivation-enhancing practices employed in local banks. However, HRMPs included in the current study are among the most widely used practices in private banking sector studies. Consequently, future researchers need to be careful while grouping different practices to make the appropriate HRM bundles (Macduffie, 1995; Subramony, 2009).

Secondly, the present study has tested the hypotheses with the help of a survey questionnaire that provided only cross-sectional data, yet it does not gather longitudinal data to observe the impact of SEPs and MEPs on talented FLMs' turnover intentions. It is also true that cross-sectional data cannot conclusively determine causality as do longitudinal data (Chew, 2004). In-depth research, possibly including a longitudinal approach into organisational components that impact on FLMs' turnover intentions, is also recommended. In this way, potential interactions and discrepancies could be examined in a more suitable way (Bryman and Bell, 2011). Hence, it can be recommended that this approach may provide

more robust data about employees' turnover intentions. Therefore, future investigations may benefit from testing the present study's model through a longitudinal research design, so as to investigate these relationships with more clarity.

Thirdly, the present study makes use of responses based on self-perceptions of talented FLMs, which are prone to lead towards the issues of common method bias and social desirability effects (Bryman and Bell, 2011; Neuman, 2013). However, voluntary turnover data could have been obtained from the HRD managers of the responding banks. Subsequently, future researchers need to obtain organisational data (turnover) rather than self-reported data for the better understanding of these relationships. Although this study makes use of talented FLMs as sample respondents, future research using a sample of different levels of banks' managers (top and middle) would increase the generalisability of the results, and eventually may provide further clarification and refinement of the research model. Researchers should also use multi-source data made up of both subordinates and managers' responses.

Fourthly, this study has only investigated the turnover intentions of talented FLMs of local private banks. Future studies can investigate the turnover intentions of the non-talented employees (average and poor) to fully understand organisational perspectives and to initiate some comparative studies among different-level employees. In fact, a comparative study might have provided better results. Thus, it is important that future studies should focus on all forms of employees (good, average and poor), which is still awaiting phenomena to be discovered.

Fifthly, despite the empirical endorsement for many of the present study's findings regarding OC, future studies should investigate in detail the dimensions relating to OC, such as affective, normative and continuance commitment, separately for the relationships between HRMPs and turnover intentions.

Finally, this study has only tested the research model in the private banks of Pakistan, which is undoubtedly a narrow focus. This may restrict the capacity to generalise the findings not only across other sectors but also within the banking

sector in developed and developing economies. Consequently, the results of this study may not be applicable to the banking sector in developed countries because of the immense differences in social and cultural settings.

Along with the above limitations, the present study has some methodological challenges as well. The inability to demonstrate the direction of causality between the selected HRM bundles and talented FLMs' turnover intentions is a key methodological limitation. The issue of causality basically requires the collection of longitudinal data (Bryman and Bell, 2011; Chew, 2004). This approach allows for the examination and comparison of the relationship between the different HRM bundles, individuals' OC and turnover intentions with both past and present measures.

Overall, the above-discussed limitations can create possibilities for prospective researchers to follow this study. Hence, this could lay the ground for further studies on precursors of withdrawal attitudes and behaviours (e.g. turnover intentions and actual turnover).

### 5.4.5  Conclusion

This research has addressed the identified research gaps by examining the relationship among independent (SEPs, MEPs), mediating (OC) and dependent variables (FLMs' TI) in the private banks of Pakistan. Precisely, this investigation contributes to an improved understanding of the measurement of different HRM bundles. The findings reported include an enriched mastery of the relationship of these various measures to proximal and distal outcomes. Fundamentally, this examination has gone beyond the demonstration of the direct effects of HRM bundles on FLMs' turnover intentions relationship and targeted the intervening mechanism responsible for this effect. The findings of this study are congruent with the existing literature and others have driven some surprising results, e.g. the non-significant relationship between both HRM bundles and talented FLMs' turnover intentions. However, this study largely supports the indirect effects of OC on the said relationships.

203

Overall, this study has theoretically and empirically established the relationship skills and motivation-enhancing practices and proposed employee-related outcomes. Study findings also support the view that when individuals are endowed, they can become a resource to the organisation and their discretionary efforts matter in influencing both employee and organisational-related outcomes. Moreover, the findings of this study also provide important inputs to bank HR managers, policy-makers and planners in designing their HR maintenance, retention plans and HR strategies.

### 5.4.6 Final Thoughts

This investigation has gone a considerable way towards meeting the main research aim, which was to examine the influence of skills- and motivation-enhancing practices on the talented FLMs' turnover intentions through the mediating role of OC in the local private banks in Pakistan. This study has produced a new turnover model (see Figure 2.3) suitable for future use by HR practitioners as a great help in deciding what steps banks/organisations should adopt to control the turnover intentions of talented individuals. The complete process and experience of conducting this research has allowed the researcher to collect some of the best experiences in his personal, social and academic life. This research has allowed the researcher to broaden his own horizon not only as a researcher but also as a human being. The process of conducting research at PhD level has enriched the researcher's acumen and understanding in general and on the subject matter in particular.

# References

Abbasi, S. M. and Hollman, K. W. (2000). Turnover: The real bottom-line. *Public Personnel Management*, 29 (3), p.333–342.

Abelson, M. A. and Baysinger, B. D. (1984). Optimal and dysfunctional turnover: toward an organizational level model. *Academy of Management Review*, 9 (2), p.331–341.

Abii, F. E., Ogula, D. C. . and Rose, J. M. (2013). Effects of individual and organizational factors on the turnover intentions of information technology professionals. *International Journal of Management*, 30 (2), p.740–757.

Addae, H. M., Parboteeah, K. P. and Velinor, N. (2008). Role stressors and organizational commitment: public sector employment in St Lucia. *International Journal of Manpower*, 29 (6), p.567–582. [Online]. Available at: doi:10.1108/01437720810904220.

Agarwal, R. and Ferratt, T. W. (1999). *Coping with labor scarcity in IT: Strategies and practices for effective recruitment and retention*. Cincinnati, OH: Pinnaflex.

Agarwala, T. (2003). Innovative human resource practices and organisational commitment : an empirical investigation. *International Journal of Human Resource Management.*, 14 (2), p.175–197.

Al-Arkoubi, K., Bishop, J. W. and Scott, D. (2013). An investigation of the determinants of turnover intention among truck drivers in the USA. *Advances in Management*, 6 (3), p.55–62.

Alfes, K., Shantz, A. and Truss, C. (2012). The link between perceived HRM practices, performance and well-being: the moderating effect of trust in the employer. *Human Resource Management Journal*, 22 (4), p.409–427.

Allen, D. G. (2008). *Retaining talent: A guide to analysing and managing employee turnover, Society for Human Resource Management.*

Allen, D. G., Bryant, P. C. and Vardaman, J. M. (2010). Retaining talent : Replacing misconceptions with evidence-based strategies. *Academy of management Perspectives*, 24, p.48–65.

Allen, D. G. and Griffeth, R. W. (2001). Test of a mediated performance-turnover relationship highlighting the moderating roles of visibility and reward contingency. *The Journal of applied psychology*, 86 (5), p.1014–1021.

Allen, D. G., Shore, L. . and Griffeth, R. W. (2003). The role of perceived organizational support and supportive human resource practices in the turnover process. *Journal of Management*, 29 (1), p.99–118.

Alreck, P. . and Settle, R. B. (1995). *The survey research handbook*. 2nd editio. Chicago: Irwin.

Amaratunga, D., Baldry, D., Sarshar, M. and Newton, R. (2002). Quantitative and qualitative research in the built environment: application of 'mixed' research approach. *Work Study*, 51 (1), p.17–31.

Anderson, J. C. and Gerbing, D. W. (1988). Structural Equation Modeling in Practice : A Review and Recommended Two-Step Approach. *Psychological Bulletin*, 103 (3), p.411–423.

Ansari, N. G. (2011). Employee perception of HRM practices: Impact on commitment to the organization. *South Asian Journal of Management*, 18 (3), p.122–149.

Appelbaum, E., Bailey, T., Berg, P. and Kalleberg, A. L. (2000). *Manufacturing Advantage: Why high-performance work systems pay off*. Ithaca, NY: Cornell University Press.

Armstrong, M. (2006). *Human resource management practice*. London: Cambridge university press.

Arnold, H. J. and Feldman, D. C. (1982). A multivariate analysis of the determinants of job turnover. *Journal of Applied Psychology*, 67 (3), p.350–360.

Arthur, J. B. (1994). Effects of human resource systems on manufacturing performance and turnover. *Academy of Management Journal*, 37 (3), p.670–687.

Aycan, Z., Kanungo, R., Mendonca, M., Yu, K., Deller, J., Stahl, G. and Kurshid, A. (2000). Impact of culture on human resource management practices: A 10-country comparison. *Applied Psychology*, 49 (1), p.192–221.

Babatunde, M. A. and Laoye, O. M. (2011). Assessing the effects of employee turnover on the performance of small and medium-scale enterprises in Nigeria. *Journal of African Business*, 12 (2), p.268–286.

Bailey, T. (1993). Organizational i nnovation in the apparel industry. *Industrial Relations Relations*, 32, p.30–48.

Balogun, A. G. and Olowodunoye, S. A. (2012). Psychological factors as predictors of turnover intention among employees of post- consolidation banks in Nigeria. *European Scientific Journal*, 8 (20), p.81–95.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17 (1), p.99–120.

Baron, R. M. and Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategicand statistical considerations. *Journal of personality and social psychology*, 51 (6), p.1173–1182.

Bartlett, K. R. (2001). The relationship between training and organizational commitment: A study in the health care field. *Human Resource Development Quarterly*, 12 (4), p.335. [Online]. Available at: doi:10.1002/hrdq.1001.

Baruch, Y. (2006). Organizational career planning and management techniques and activities in use in high-tech organizations. *Career Development International*, 1 (1), p.40–49.

Bassi, L. J. and Buren, M. E. (1999). Sharpening the leading edge. *Training and Development*, 53 (1), p.23–31.

Batt, R. (2002). Managing customer services: Human resource practices, quit rates, and sales growth. *Academy of Management Journal*, 2000 (45), p.587–597.

Batt, R. and Colvin, A. J. S. (2011). An Employment Systems Approach to Turnover: Human Resources Practices, Quits, Dismissals, and Performance. *Academy of Management Journal*, 54 (4), p.695–717.

Batt, R., Colvin, A. J. S. and Keefe, J. (2002). Employee voice , human resource practices , and quit rates : Evidence from the telecommunications industry. *Industrial and Labor Relations Review*, 55, p.573–594.

Batt, R. and Valcour, P. M. (2003). Human Resources Practices as Predictors of Work-Family Outcomes and Employee Turnover. *Industrial Relations*, 42 (2), p.189–220.

Bergiel, E. B., Nguyen, V. Q., Clenney, B. F. and Taylor, G. S. (2009). Human resource practices, job embeddedness and intention to quit. *Management Research News*, 32 (3), p.205–219.

Bernhardt, D. and Scoones, D. (1993). Promotion, Turnover and Preemptive Wage offers. *American Economic Review*, 83, p.771–792.

Blake, R. (2006). Employee retention: What employee turnover really costs your company . *Web Pro News /Business*, p.1–4.

Blau, G. and Boal, K. (1987). Conceptualizing how job involvement and organizational commitment affect turnover and absenteeism. *Academy of Management Review*, 12 (2), p.288–300.

Blau, P. M. (1964). *Exchange and power in social life*. New York: John Wiley.

Bloom, J. R., Alexander, J. A. and Nuchols, B. A. (1992). The effect of the social organization of work on the voluntary turnover rate of hospital nurses in the United States. *Social Science and Medicine*, 34, p.1413–1424.

Bluedorn, A. C. (1982). A unified model of turnover from organizations. *Human Relations*, 35 (2), p.135–153.

Boles, J. S., Dudley, G. W., Onyemah, V., Rouziès, D. and Weeks, W. A. (2012). Sales force turnover and retention : A research agenda. *Journal of Personal Selling & Sales Management*, 32 (1), p.131–140.

Bollen, K. A. and Long, J. S. (1993). *Testing structural equations models*. Thousand Oaks, Sage.

Bollen, K. and Lennox, R. (1991). Conventional wisdom on measurement: A structural equation perspective. *Psychological Bulletin*, 110 (2), p.305–314.

Boon, C., Den Hartog, D. N., Boselie, P. and Paauwe, J. (2011). The relationship between perceptions of HR practices and employee outcomes: examining the role of person–organisation and person–job fit. *The International Journal of Human Resource Management*, 22 (1), p.138–162.

Bowen, D. E. and Ostroff, C. (2004). Understanding HRM-firm performance linkages: The role of the 'Strength' of the HRM system. *The Academy of Management Review*, 29 (2), p.203–221.

Boxall, P., Macky, K. and Rasmussen, E. (2003). Labour turnover and retention in New Zealand: The causes and consequences of leaving and staying with employers. *Asia Pacific Journal of Human Resources*, 41 (2), p.196–214.

Boxall, P. and Purcell, J. (2000). Strategic human resource management: where have we come from and where should we be going? *International Journal of Management Reviews*, 2 (2), p.183–203.

Brewster, C. and Mayrhofer, W. (2012). *Handbook of Research on Comparative HRM*. Cheltenham: Edward Elgar.

Briggs, S. R. and Cheek, J. M. (1986). The role of factor analysis in the development and evaluation of personality scales. *Journal of Personality*, 54 (1), p.106–148.

Brown, T. A. (2006). *Confirmatory Factor Analysis for Applied Research*. New York, NY: Guilford Press.

Bryant, P. C. and Allen, D. G. (2013). Compensation, Benefits and Employee Turnover: HR Strategies for Retaining Top Talent. *Compensation & Benefits Review*, 45 (3), p.171–175.

Bryman, A. (2004). *Social Research Methods*. 2nd ed. Oxford: Oxford University Press.

Bryman, A. and Bell, E. (2011). *Business research methods*. 3rd Ed. Oxford University Press.USA.

Buck, J. M. and Watson, J. L. (2002). Retaining Staff Employees : The Relationship Between Human Resources Management Strategies and Organizational Commitment. *Innovative Higher Education*, 26 (3), p.175–193.

Budhwar, P. S. and Debrah, Y. A. (2001). *Human Resource Management in Developing Countries.* London: Routledge.

Campion, M. (1991). Meaning and measurement of turnover: Comparison of alternative measures and recommendations for research. *Journal of Applied Psychology*, 76 (2), p.199–212.

Cappelli, P. (2000). Managing Without Commitment. *Organizational Dynamics*, 28 (4), p.11–24.

Cappelli, P. (2008). *Talent on Demand: Managing Talent in an Age of Uncertainty*. Boston: Harvard Business School Press.

Carmeli, A. and Weisberg, J. (2006). Exploring turnover intentions among three professional groups of employees. *Human Resource Development International*, 9 (2), p.191–206.

Cascio, W. . (2006). *Managing Human Resources: Productivity, Quality Of Work Life, Profits*. 7th ed. Burr Ridge: McGraw Hill Irwin.

Chen, T.-Y., Chang, P.-L. and Yeh, C.-W. (2004). An investigation of career development programs, job satisfaction, professional development and productivity: the case of Taiwan. *Human Resource Development International*, 7 (4), p.441–463.

Chew, J. C. L. (2004). *The influence of Human Resource Management practices on the retention of core employees of Australian organisations : An empirical study*. Murdoch University, Perth, Western Australia.

Chew, J. and Chan, C. C. A. (2008). Human resource practices, organizational commitment and intention to stay. *International Journal of Manpower*, 29 (6), p.503–522.

Chew, J., Girandi, A. and Entrekin, L. (2005). Retaining core staff : The impact of human resource practices on organisational commitment. *Journal of Comparative International Management*, 8 (2), p.23–42.

Chin, W. (1998). The partial least squares approach for structural equation modeling. In: Marcoulides, G. A. (ed.), *Modern methods for business research*, London: Lawrence Erlbaum Associates., p.295–236.

Chin, W. (2010). How to write up and report PLS analysis. In: Vinzi, V. ., Chin, W ., Henseler, J. and Wang, H. (eds.), *Handbook of partial least squares, concepts, methods and applications.*, Berlin: Springer.

Christophersen, T. and Konradt, U. (2012). Development and validation of a formative and a reflective measure for the assessment of online store usability. *Behaviour & Information Technology*, 31 (9), p.839–857.

Cohen, J. (1988). *Statistical power analysis for the behavioral sciences*. 2nd ed. Hillsdale, NJ: Erlbaum.

Collins, C. J. and Clark, K. D. (2003). Strategic human resource practices, top management team social networks, and firm performance: The role of human resource practices in creating organizational competitive advantage. *Academy of Management Journal*, 46 (6), p.740–751.

Collis, J. and Hussey, R. (2003). *Business research. A practical guide for undergraduate and postgraduate students*. 2nd Editio. New York: Palgrave Macmillan.

Combs, J., Liu, Y., Hall, A. and Ketchen, D. (2006). How Much Do High-Performance Work Practices Matter? a Meta-Analysis of Their Effects on Organizational Performance. *Personnel Psychology*, 59 (3), p.501–528.

Cooper, D. R. and Schindler, P. S. (2001). *Business research methods.* New York, NY: McGrew-Hill Companies.

Cotton, J. L. and Tuttle, J. M. (1986). Employee turnover: A meta-analysis and review with implications for research. *The Academy of Management Review*, 11 (1), p.55–70.

Creswell, J. W. and Plano Clark, V. L. (2011). *Designing and conducting mixed methods research*. 2nd editio. California: Thousand Oaks, CA: Sage.

Cropanzano, R. and Mitchell, M. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31 (6), p.874–900.

Curtis, S. and Wright, D. (2001). Retaining employees—the fast track to commitment. *Management Research News*, 24 (8), p.59–64.

Dalton, D. R., Krackhardt, D. M. and Porter, L. W. (1981). Functional turnover: An empirical assessment. *Journal of Applied Psychology*, 66 (6), p.716–721.

Dalton, D. R., Todor, W. D. and Krackhardt, D. M. (1982). Turnover overstated: The functional taxonomy. *The Academy of Management Review*, 7 (1), p.117–123.

Davy, J. A., Kinicki, A. J. and Scheck, C. L. (1991). Developing and testing a model of survivor responses to layoffs. *Journal of Vocational Behavior*, 38, p.302–317.

DeCieri, H. and Kramar, R. (2008). *Human resource management in Australia.* 3rd ed. Sydney.: McGraw Hill Irwin.

Delaney, J. T. and Godard, J. (2001). An IR perspective on the high-performance paradigm. *Human Resource Management Review*, 40, p.472–489.

Delaney, J. T. and Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39 (4), p.949–969.

Delery, J. E. and Doty, D. H. (1996). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency and configurational performance predictions. *Academy of Management Journal*, 39 (4), p.802–835.

Denzin, N. K. and Lincoln, Y. S. (2011). *Handbook of qualitative research.* London: Sage Publication Inc.

Dessler, G. (1999). How to earn your employee's commitment. *Academy of Management Executive*, 13 (2), p.58–67.

Dibble, S. (1999). *Keeping your valuable employees—Retention strategies for your organization's most important resource*. New York: John Wiley and Sons. Inc.

Dries, N. and Pepermans, R. (2008). 'Real' high-potential careers An empirical study into the perspectives of organisations and high potentials. *Personnel Review*, 37 (1), p.85–108.

Dumas, J. (1999). *Usability testing methods: Subjective measures*.

Dyer, L. and Reeves, T. (1995). Human resource strategies and firm performance : what do we know and where do we need to go ? *International Journal of Human Resource Management*, 6 (3), p.656–670.

Easterby-Smith, M., Thorpe, R. and Lowe, A. (1991). *Management Research: an Introduction*. London: Sage Publication Inc.

Eisenberger, R., Huntington, R., Hutchison, S. and Sowa, D. (1986). Perceived organizational support. *Journal of Applied Psychology*, 71 (3), p.500–507.

Eisenberger, R., Stinglhamber, F., Vandenberghe, C., Sucharski, I. L. and Rhoades, L. (2002). Perceived supervisor support: Contributions to perceived organizational support and employee retention. *Journal of Applied Psychology*, 87 (3), p.565–573.

Entrekin, L. and Court, M. (2001). *Human resources management practice: adaptation and change in an age of globalization.*

Fairris, D. (2004). Internal Labor Markets and Worker Quits. *Industrial Relations*, 43 (3), p.573–594.

Farrell, D. and Rusbult, C. E. (1981). Exchange variables as predictors of job satisfaction, job commitment, and turnover: The impact of rewards, costs, alternatives, and investments. *Organizational Behavior and Human Performance*, 28 (1), p.78–95.

Federico, S. M., Federico, P. and Lundquist, G. W. (1976). Predicting women's turnover as a function of extent of met salary expectations and biodemographic data. *Personnel Psychology*, 29 (4), p.559–566.

Felps, W., Mitchell, T. R., Hekman, D. R., Lee, T. W., Holtom, B. C. and Harman, W. S. (2009). Turnover contagion: How co-workers' job embeddedness and job search behaviours influence quitting. *Academy of Management Journal*, 52 (3), p.545–561.

Fey, C. F., Björkman, I. and Antonina, P. (2000). The effect of human resource management practices on firm performance in Russia. *The International Journal of Human Resource Management*, 11 (1), p.1–18.

Finn, A. and Wang, L. (2014). Formative vs. reflective measures: Facets of variation. *Journal of Business Research*, 67 (1), p.2821–2826.

Firth, L., Mellor, D. J., Moore, K. a. and Loquet, C. (2004). How can managers reduce employee intention to quit? *Journal of Managerial Psychology*, 19 (2), p.170–187.

Fishbein, M. and Ajzen, I. (1974). Attitudes toward objects as predictors of single and multiple behavioral criteria. *Psychological Review*, 81, p.59–74.

Fisher, C. D. (2002). Antecedents and consequences of real-time affective reactions at work. *Motivation and Emotion*, 26, p.3–30.

Fornell, C. and Larcker, D. . (1981). Evaluating structural equation models with un observable variables and measurement error. *Journal of Marketing Research*, 18 (1), p.39–50.

Fraenkel, J. R. and Wallen, N. E. (2006). *How to design and evaluate research in education*. 5th ed. New York, NY: McGraw-Hill Publishing.

Frazer, L. and Lawley, M. (2000). *Questionnaire Design and Administration: a Practical Guide*. John Wiley & Sons Australia.

Gaertner, K. N. and Nollen, S. D. (1989). Career experiences, perceptions of employment practices, and psychological commitment to the organization. *Human Relations*, 42 (11), p.975–991.

Gardner, T. M. (2005). Interfirm competition for human resources: Evidence from the software industry. *Academy of Management Journal*, 48 (2), p.237–256.

Gardner, T. M., Wright, P. M. and Moynihan, L. M. (2011). The impact of motivation, empowerment, and skill-enhancing practices on aggregate voluntary turnover: The mediating effect of collective affective commitment. *Personnel Psychology*, 64 (2), p.315–350.

Garson, G. D. (2012). *Testing statistical assumptions*.

Geisser, S. (1975). The predictive sample reuse method with applications. *Journal of the American Statistical Association*, 70 (350), p.320–328.

Gomez-Mejia, L. ., Balkin, D. . and Cardy, R. . (1995). *Managing human resources*. Englewood Cliffs, NJ: Prentice-Hall, Inc.

Gould-Williams, J. (2003). The importance of HR practices and workplace trust in achieving superior performance: A study of public-sector organizations. *The International Journal of Human Resource Management*, 14 (1), p.28–54.

Gould-Williams, J. and Gatenby, M. (2010). The Effects Of Organizational Context And Teamworking Activities On Performance Outcomes. *Public Management Review*, 12 (6), p.759–787.

Gould-Williams, J. S., Bottomley, P., Redman, T., Snape, E., Bishop, D. J., Limpanitgul, T. and Mostafa, A. M. S. (2013). Civic duty and employee outcomes: Do high commitment human resource practices and work overload matter? *Public Administration*, p.1–17.

Griffeth, R. W., Hom, P. . and Gaertner, S. (2000). A Meta-analysis of antecedents and correlates of employee turnover: Update, moderator tests, and research implications for the next millennium. *Journal of Management*, 26 (3), p.463–488.

Griffeth, R. W. and Hom, P. W. (2001). *Retaining valued employees*. California: Thousand Oaks: Sage.

Guthrie, J. P. (2001). High-involvement work practices, turnover and productivity: Evidence from New Zealand. *Academy of Management Journal*, 44 (1), p.180–190.

Haines, V. Y., Jalette, P. and Larose, K. (2010). The influence of human resource management practices on employee voluntary turnover rates in the Canadian non government sector. *Industrial and Labor Relations Review,* 63 (2), p.228–247.

Hair, J. ., Bush, R. . and Ortinau, D. . (2003). *Marketing research: Within a changing information environment*. 2nd Ed. Boston: McGraw Hill Irwin.

Hair, J. ., Hult, G. T. M., Ringle, C. M. and Sarstedt, M. (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Thousand Oaks, CA: Sage Publication, Inc.

Hair, J. F., Ringle, C. M. and Sarstedt, M. (2011). PLS-SEM: Indeed a Silver Bullet. *The Journal of Marketing Theory and Practice*, 19 (2), p.139–152.

Hamna Shafiq. (2014). Performance Evaluation of Banking Sector in Pakistan. *European Journal of Business and Management*, 6 (23), p.216–220.

Hancock, J. I., Allen, D. G., Bosco, F. a., McDaniel, K. R. and Pierce, C. a. (2011). Meta-Analytic Review of Employee Turnover as a Predictor of Firm Performance. *Journal of Management*, 39 (3), p.573–603.

Harrison, D. A., Newman, D. A. and Roth, P. L. (2006). How Important are Job Attitudes? Meta - analytical Comparisons of Integrative Behavioral Outcomes and Tim e Sequences. *Academy of Management Journal*, 45 (2), p.305–332.

Harvard business review. (2014). *Frontline Managers: Are They Given the Leadership Tools to Succeed?*

Hausknecht, J. P. and Trevor, C. O. (2010). Collective Turnover at the Group, Unit, and Organizational Levels: Evidence, Issues, and Implications. *Journal of Management*, 37 (1), p.352–388.

Henseler, J., Ringle, C. M. and Sinkovics, R. R. (2009). The use of partial least squares path modeling in international marketing. Henseler, J., Ringle, C. M. and Sinkovics, R. R. (eds.). *Advances in International Marketing*, 20 (2009), Bingley: Emerald Group Publishing, p.277–319.

Herdman, A. O. (2008a). *Explaining the relationship between HR systems and firm performance*. Blacksburg, Virginia.

Herdman, A. O. (2008b). *Explaining the relationship between the HR system and firm performance: A test of strategic HRM framework*.

Hiltrop, J. (1999). The quest for the best: Human resource practices to attract and retain talent. *European Management Journal*, 17 (4), p.422–430.

Hollenbeck, J. R. and Williams, C. R. (1986). Turnover functionality versus turnover frequency: A note on work attitudes and organizational effectiveness. *Journal of Applied Psychology*, 71 (4), p.606–611.

Holtom, B. C., Mitchell, T. R., Lee, T. W. and Eberly, M. B. (2008). 5 Turnover and Retention Research: A Glance at the Past, a Closer Review of the Present, and a Venture into the Future. *The Academy of Management Annals*, 2 (1), p.231–274.

Hom, P. W. and Griffeth, R. W. (1995). *Employee turnover*. South Western college publishing , Cincinnati, OH:

Homans, G. (1961). *Social Behavior*. New York, NY: Harcourt, Brace & World.

Hornby, A. S. (2006). *Oxford advanced learner"s dictionary of current English*. In: Wehmeier, S., McIntosh, C., Turnbull, J. and Ashby, M. (eds.), 7th ed, Oxford: Oxford New York: Oxford University Press.

Houser, J. (2008). *Nursing research: reading, using, and creating evidence*. Boston: Jones and Bartlett Publishers.

Hulin, C. L. (1968). Effects of changes in job-satisfaction levels of employee turnover. *Journal of Applied Psychology*, 52 (2), p.122–126.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38 (3), p.635–672.

Huselid, M. A. and Day, N. E. (1991). Organizational commitment, job involvement, and turnover: A substantive and methodological analysis. *Journal of Applied Psychology*, 76 (3), p.380–391.

Hussian, I. (2010). *Pakistan's banking sector: Current situation and critical issues*. Karachi, p.5.

Hussian, S. W., Asmatullah, Saeed, M. and Rafiq, M. (2012). Banking industry - post privatization performance in Pakistan. *Journal of Money, Investment and Banking*, 23 (23), p.39–48.

Iacobucci, D., Saldanha, N. and Deng, J. X. (2007). A meditation on mediation: Evidence that structural equations models perform better than regressions. *Journal of Consumer Psychology*, 17 (2), p.140–154.

Imran, A. and Ahmed, M. (2012). Impact of human resource practices on organizational commitment: A study among service sector employees in Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, 4 (2), p.81–90.

Irshad, A. and Toor, S. (2008). Problems and challenges in human resource management: A Case of large organization in Pakistan. *Pakistan Journal of Commerce and Social Sciences*, 1, p.37–47.

Islam, N. (2004). Sifarish, sycophants, power and collectivism: Administrative culture in Pakistan. *International Review of Administrative Sciences*, 70 (2), p.311–330.

Jackofsky, E. F. (1984). Turnover and job performance: An integrated process model. *Academy of Management Review*, 9 (1), p.74–83.

Jaffari, A., Aziz, J., Hussain, Z., Akhtar, N. and Rehman, K. (2011). Prime and sub-prime factors of employees' voluntary turnover in boom phase of industry: Empirical evidence from banking sector of Pakistan. *African Journal of Business Management*, 5 (15), p.6408–6414.

Jardine, E. and Amig, S. (2001). Managing human capital. *Behavioral Health Management*, 21 (2), p.22–26.

Jiang, K., Lepak, D. P., Hu, J. and Baer, J. C. (2012). How Does Human Resource Management Influence Organizational Outcomes? A Meta-analytic Investigation of Mediating Mechanisms. *Academy of Management Journal*, 55 (6), p.1264–1294.

Joarder, M. H. R., Sharif, M. Y. and Ahmmed, K. (2011). Mediating role of affective commitment in HRM practices and turnover intention relationship : A study in a developing context. *Business and Economics Research Journal*, 2 (4), p.135–158.

Johnson, J. T., Griffeth, R. W. and Griffin, M. (2000). Factors discriminating functional and dysfunctional sales force turnover. *Journal of Business & Industrial Marketing*, 15 (6), p.399–415.

Johnson, P. and Duberley, J. (2000). *Understanding management Research: An Introduction to Epistemology*. London: Sage Publications.

Juhdi, N., Pa'wan, F. and Hansaram, R. M. K. (2013). HR practices and turnover intention: the mediating roles of organizational commitment and organizational engagement in a selected region in Malaysia. *The International Journal of Human Resource Management*, 24 (15), p.3002–3019.

Kalleberg, A. L., Marsden, P. V, Aldrich, H. E. and Cassell, J. W. (1990). Comparing Organizational Sampling Frames. *Admmistrative Science Quarterly*, 35, p.658–688.

Kaplan, D. (2000). *Structural Equation Modeling: Foundations and Extensions*. California: Sage, Newbury Park.

Karsh, B., Booske, B. C. and Sainfort, F. (2005). Job and organizational determinants of nursing home employee commitment, job satisfaction and intent to turnover. *Ergonomics*, 48 (10), p.1260–1281.

Keaveney, S. M. (1992). Empirical investigation of the dysfunctional turnover. *Journal of Retailing*, 68 (2), p.145–173.

Kehoe, R. R. and Wright, P. M. (2010). The Impact of High-Performance Human Resource Practices on Employees' Attitudes and Behaviors. *Journal of Management*, 39 (2), p.366–391.

Khan, M. A. (2009). *The Potential and Impact of Perceived Internal Service Quality in Business Process of Pakistani Banks and its Relations to Organizational Performance*. National University of Modern Languages, Islamabad.

Khan, M. A., Rehman, K., Rehman, I., Safwan, N. and Ahmad, A. (2011). Modeling link between internal service quality in human resources management and employees retention: A case of Pakistani privatized and public sector Banks. *African Journal of Business Management*, 5 (3), p.949–959.

Khatri, N., Budhwar, P. and Fern, C. . (2001). Explaining employee turnover in an Asian context. *Human Resource Management Journal*, 11 (1), p.54–74.

Khilji, S. E. (2002). Modes of convergence and divergence: an integrative view of multinational practices in Pakistan. *The International Journal of Human Resource Management*, 13 (2), p.232–253.

Khilji, S. E. (2003). To adapt or not to adapt: Exploring the role of national culture in HRM - A study of Pakistan. *International Journal of Cross Cultural Management*, 3 (1), p.109–132.

Khilji, S. E. (2004). Whither tradition? Evidence of generational differences in HR satisfaction from Pakistan. *International Journal of Cross Cultural Management*, 4 (2), p.141–156.

Khilji, S. E. (2012). Does South Asia matter? Rethinking South Asia as relevant in international business research. *South Asian Journal of Global Business Research*, 1 (1), p.8–21.

Khilji, S. E. and Wang, X. (2007). New evidence in an old debate: Investigating the relationship between HR satisfaction and turnover. *International Business Review*, 16 (3), p.377–395.

Kidwell, M. (2011). *An analysis and management strategies and incentives for workplace retention in competitive organizations*. Capella University.

Kim, S. (2012). The impact of human resource management on state government IT employee turnover intentions. *Public Personal Management*, 41 (2), p.257–280.

Kim, S. W., Price, J. L., Mueller, C. W. and Watson, T. W. (1996). The determinants of career intent among physicians at a U.S. Air Force hospital. *Human Relations*, 49 (7), p.947–976.

Kinnie, N., Hutchinson, S., Purcell, J. and Rayton, B. (2005). HR practices and commitment to the organisation: why one size does not fit all. *Human Resource Management Journal*, 15 (4), p.9–29.

Kline, R. . (2011). *Principles and practice of structural equation modeling*. 3rd ed. The Guilford Press; London.

Krejcie, R. V and Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurment*, 30, p.607–610.

Kwon, K. (2009). *Human resource management, High performer turnover and firm performance*. University of Illinois at Urbana-Champaign.

Kyndt, E., Dochy, F., Michielsen, M. and Moeyaert, B. (2009). Employee retention: Organisational and personal perspectives. *Vocations and Learning*, 2 (3), p.195–215.

Lacity, M. C., Iyer, V. V. and Rudramuniyaiah, P. S. (2008). Turnover intentions of Indian IS professionals. *Information Systems Frontiers*, 10 (2), p.225–241.

Lambert, E. G., Hogan, N. L. and Barton, S. M. (2001). The impact of job satisfaction on turnover intent: a test of a structural measurement model using national sample of workers. *The Social Science Journal*, 38, p.233–250.

Lee, T., Gerhart, B., Weller, I. and Trevor, C. O. (2008). Understanding voluntary turnover: Path-specific job satisfaction effects and the importance of unsolicited job offers. *Academy of Management Journal*, 51 (4), p.651–671.

Lee, T. W. and Mowday, R. T. (1987). Voluntarily leaving an organization: An empirical investigation of Steers and Mowday's model of turnover. *Academy of Management Journal*, 30 (4), p.721–743.

Leonard, J. S. (1987). Carrots and sticks: Pay, supervision and turnover. *Journal of Labor Economics*, 5, p.136–152.

Lepak, D. P. and Snell, S. a. (1999). The human resource architecture: toward a theory of human capital allocation and development. *The Academy of*

*Management Review*, 24 (1), p.31. [Online]. Available at: doi:10.2307/259035.

Lew, T. (2009). The relationships between perceived organizational support , felt obligation , affective organizational commitment and turnover intention of academics working with private higher educational institutions in Malaysia. *European Journal of Social Sciences*, 9 (1), p.72–87.

Lewis, G. (1991). Turnover and the quiet crisis in the federal civil service. *Public Administration Review*, 51 (2), p.145–155.

Llorens, J. J. and Stazyk, E. C. (2010). How important are competitive wages? Exploring the impact of relative wage rates on employee turnover in State Government. *Review of Public Personnel Administration*, 31 (2), p.111–127.

Loquercio, D., Hammersley, M. and Emmens, B. (2006). *Understanding and addressing staff turnover in humanitarian agencies*. 44 (55).

Luck, D. J. and Rubin, R. S. (1987). *Marketing research*. 7th ed. Prentice-Hall, Englewood Cliffs, NJ.

MacCallum, R. C. and Browne, M. W. (1993). The use of causal indicators in covariance structure models: Some practical issues. *Psychological Bulletin*, 114 (3), p.533–541.

Macduffie, J. P. (1995). Human resource bundles and manufacturing performance: organizational logic and flexible production systems in the world auto industry. *Industrial and Labor Relations Review*, 48 (2), p.197.

MacKenzie, S. B., Podsakoff, P. M. and Jarvis, C. B. (2005). The problem of measurement model misspecification in behavioral and organizational research and some recommended solutions. *The Journal of applied psychology*, 90 (4), p.710–730.

Macky, K. and Boxall, P. (2007). The relationship between 'high-performance work practices' and employee attitudes: an investigation of additive and interaction effects. *The International Journal of Human Resource Management*, 18 (4), p.537–567.

Maertz, C. P. and Campion, M. A. (1998). 25 Years of voluntary turnover research: A review and critique. In C. L. Cooper, & I. T. Robertson (Eds.). *International Review of Industrial and Organizational Psychology*, 13, p.49–83.

Maertz, C. P. and Campion, M. a. (2004). Profiles in Quitting: Integrating Process and Content Turnover Theory. *Academy of Management Journal*, 47 (4), p.566–582.

Mahmood, N. (2008). *Money and credit/Economic Survey of Pakistan*. Islamabad.

Mahmud, K. and Idrish, S. (2011). The Impact of human resource management practices on turnover of Bank Employees in Bangladesh. *World Review of Business Research*, 1 (2), p.71–83.

March, J. G. and Simon, H. (1958). *Organizations*. New York: John Wiley and Sons.

Martin, M. J. (2011). *Influence of human resource practices on employee intention to quit*. State University.

Mathieu, J. E. and Zajac, D. M. (1990). A review and meta-analysis of the antecedents, correlates, and consequences of organizational commitment. *Psychological Bulletin*, 108 (2), p.171–194.

Mathis, R. L. and Jackson, J. H. (2004). *Changing Nature of Human Resource Management*. 11th ed. Prentice-Hall.

McElroy, J. C., Morrow, P. C. and Rude, S. N. (2001). Turnover and organizational performance: A comparative analysis of the effects of voluntary, involuntary, and reduction-in-force turnover. *Journal of Applied Psychology*, 86 (6), p.1294–1299.

Memon, S. B., Panhwar, I. A. and Rohra, C. L. (2010). Investigating the mediating role of HR policies in employee retention. *Australian Journal of Basic and Applied Sciences,* 4 (8), p.4046–4057.

Meyer, J. P. and Allen, N. J. (1991). A three-part conceptualisation of organisational commitment. *Human Resources Management Review*, 1 (1), p.61–89.

Meyer, J. P. and Allen, N. J. (1997). *Commitment in the workplace*. Thousand Oaks, CA: Sage Publications.

Meyer, J. P. and Smith, C. a. (2000). HRM practices and organizational commitment: Test of a mediation model. *Canadian Journal of Administrative Sciences*, 17 (4), p.319–331.

Milkovich, G. T. and Newman, J. M. (2005). *Compensation*. 8th ed. New York, NY: McGraw-Hill/Irwin.

Miller, J. G. and Wheeler, K. G. (1992). Unraveling the mysteries of gender differences in intentions to leave the organization. *Journal of Organizational Behavior*, 13 (5), p.465–478.

Mitchell, T. R., Holtom, B. C. and Lee, T. W. (2001). How to keep your best employees: Developing an effective retention policy. *Academy of Management Executive*, 15 (4), p.96–108.

Mobley, W. H. (1977). Intermediate linkages in the relationship between job satisfaction and employee turnover. *Journal of Applied Psychology*, 62 (2), p.237–240.

Mobley, W. H. (1982). *Employee Turnover: Causes, Consequences, and Control. Reading*. Addison-Wesley.

Mobley, W. H., Griffeth, R. W., Hand, H. H. and Meglino, B. M. (1979). Review and conceptual analysis of the employee turnover process. *Psychological Bulletin*, 86 (3), p.493–522.

Monecke, A. and Leisch, F. (2013). *semPLS : Structural Equation Modeling Using Partial Least Squares*. (1989), M¨unchen, p.1–32.

Morrell, K., Loan-Clarke, J. and Wilkinson, A. (2001). Unweaving leaving: the use of models in the management of employee turnover. *International Journal of Management Reviews*, 3 (3), p.219–244.

Mowday, R. T., Steers, R. M. and Porter, L. W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14, p.224–247.

Moynihan, D. P. and Pandey, S. K. (2007). The ties that bind: Social networks, person-organization value fit, and turnover intention. *Journal of Public Administration Research and Theory*, 18 (2), p.205–227.

Muliawan, A. D., Green, P. F. and Robb, D. . (2009). The turnover intentions of information systems auditors. *International Journal of Accounting Information systems*, 10 (3), p.117–136.

Mullins, L. J. (2005). *Management and Organisational Behaviour*. 7th ed. Pearson Education Limited, Essex, England.

Neuman, W. L. (2013). *Social Research Methods: Qualitative and Quantitative Approaches*. 7th ed. Harlow: Pearson Education Ltd.

Newaz, M. K., Ali, T. and Akhter, I. (2007). Employee perceptions regarding turnover decision-in context of Bangladesh banking sector. *BRAC University Journal*, 4 (2), p.67–74.

Ngo, H., Turban, D., Lau, C.-M. and Siu-Yun. (1998). Human resource practices and firm performance of multinational corporations : Influences of country origin. *The international Journal of Human Resource Management*, 9 (4), p.632–652.

Nouri, H. and Parker, R. J. (2013). Career growth opportunities and employee turnover intentions in public accounting firms. *The British Accounting Review*, 45 (2), Elsevier Ltd, p.138–148.

Nunnally, J. C. and Bernstein, I. H. (1994). *Pschometric theory*. 3rd ed. New York: McGraw-Hill Inc.

O'Brien, R. (2001). *An Overview of Methodological Approach of Action Research, In Roberto Richardson (ed.), Theory and Practice of Action Research*. Joao Pesso, Brazil.

Ogilvie, J. R. (1986). The role of human resource management practices in predicting organizational commitment. *Group & Organization Studies*, 11, p.335–359.

Oldroyd, J. B. and Morris, S. S. (2012). Catching Falling Stars: A Human Resource Response to Social Capital's Detrimental Effect of Information Overload on Star Employees. *Academy of Management Review*, 37 (3), p.396–418.

Oppenheim, A. N. (1992). *Questionnaire design, interviewing and attitude measurement, Continuum*. London.

OReilly III, C. A., Chatman, J. and Caldwell, D. F. (1991). People and organisational culture: A profile comparision approach to assessing person-organisation fit. *Academy of Management Journal*, 34 (3), p.487–516.

Pallant, J. (2010). *SPSS Survival manual*. 4th ed. Maidenhead: Open University Press.

Pare, G. and Tremblay, M. (2007). The influence of high-involvement human resources practices, procedural justice, organizational commitment, and citizenship behaviours on information technology professionals' turnover intentions. *Group & Organization Management*, 32 (3), p.326–357.

Park, H. Y., Ofori-Dankwa, J. and Bishop, D. R. (1994). Organizational and environmental determinants of functional and dysfunctional turnover: Practical and research implications. *Human Relations*, 47 (3), p.353–366.

Parnell, J. and Crandall, W. R. (2003). Propensity for participative decision making, job satisfaction, organisational commitment, organisational citizenship behaviour and intentions to leave among the Egyptian managers. *The Multinational Business Review*, 11 (1), p.45–65.

Paul, A. K. and Anantharaman, R. N. (2004). Influence of HRM practices on organizational commitment: A study among software professionals in India. *Human Resource Development Quarterly*, 15 (1), p.77–88.

Pepermans, R., Vloeberghs, D. and Perkisas, B. (2003). High potential identification policies: an empirical study among Belgian companies. *Journal of Management Development*, 22 (8), p.660–678.

Petter, S., Detmar Straub and Arun Rai. (2007). Specifying formative constructs in information systems research. *MIS Quarterly*, 31 (4), p.623–656.

Pfeffer, J. (1998). Seven Practices of Successful Organizations. *California Management Review*, 40 (2), p.96–124.

Pfeffer, J. (2005). Producing sustainable competitive advantage through the effective management of people. *Academy of Management Executive*, 19 (4), p.95–106.

Pfeffer, J. and Veiga, J. F. (1999). Putting people first for organizational success. *Academy of Management Perspectives*, 13 (2), p.37–48.

Phillips, P. L., Griffeth, R. W., Griffin, M., Johnston, M. W., Hom, P. W. and Steel, R. P. (1989). Turnover functionality reborn: Personal and work-related factors that differentiate among high and low performing quitters and stayers. In: *Proceedings of the Southern Management Association*, 1989, p.130–132.

Porter, L. W. and Steers, R. M. (1973). Organizational, work, and personal factors in employee turnover and absenteeism. *Psychological Bulletin*, 80 (2), p.151–176.

Porter, L. W., Steers, R. M., Mowday, R. T. and Boulian, P. V. (1974). Organizational commitment, job satisfaction, and turnover among psychiatric technicians. *Journal of Applied Psychology*, 59 (5), p.603–609.

Preacher, K. J. and Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40 (3), p.879–891.

Price, J. L. (1977). *The study of turnover*. Ames: Iowa State University. Press.

Price, J. L. and Mueller, C. W. (1986). *Handbook of organizational measurement*. Cambridge, MA: Ballinger.

Purcell, J. and Hutchinson, S. (2007). Front-line managers as agents in the HRM-performance causal chain: Theory, analysis and evidence. *Human Resource Management Journal*, 17 (1), p.3–20.

Qayyum, A., Sukirno and Mahmood, A. (2011). A Preliminary investigation of employee motivation in Pakistan' s banking sector. *Research and Practice in Human Resource Management*, 19 (1), p.38–52.

Ramlall, S. (2003). Organizational application managing employee retention as a strategy for increasing organizational competitiveness. *Applied HRM Research*, 8 (2), p.63–72.

Rogers, E. W. and Wright, P. M. (1998). Measuring organizational performance in strategic human resource management : Problems and prospects. *Human Resource Management Review*, 8, p.311–331.

Rose, D. (2005). *Human resources, high involvement work and work outcomes: An exploratory study*. Queensland University of Technology.

Roy, S. and Tarafdar, M. (2012). The effect of misspecification of reflective and formative constructs in operations and manufacturing management. *Electronic Journal of Business Research Methods*, 10 (1), p.34–52.

Ryan, T. D. and Sagas, M. (2009). Relationships between pay satisfaction, work family conflict and coaching turnover intentions. *Team Performance Management*, 15 (3-4), p.128–140.

Sager, J. and Johnston, M. W. (1989). Antecedents and outcomes of organizational commitment: Astudy of salespeople. *Journal of Personal Selling & Sales Management*, 9 (2), p.30–41.

Samgnanakkan, S. (2010). Mediating Role of Organizational Commitment on HR Practices and Turnover Intention among ICT Professionals. *Journal of Management Research*, 10 (1), p.39–61.

Samuel, M. O. and Chipunza, C. (2009). Employee retention and turnover : Using motivational variables as a panacea. *African Journal of Business Management*, 3 (8), p.410–415.

Sarwar, N. (2013). *The strategic role of the HR function in the banking sector of Pakistan : Analysis of evidence and influencing factors*. University of Manchester.

Saunders, M., Philip, L. and Thornhill, A. (2009). *Research methods for business student*. 5th Ed. Harlow: Pearson Education limited.

SBP. (2008). *Pakistan 10 years strategy paper fro the banking sector reforms*.

Schlicht, E. (1978). Labour turnover , wages structure , and natural unemployment. *Journal of Institutional and Theoretical Economics*, 134, p.337–364.

Schreiber, J. B., Nora, A., Stage, F. K., Barlow, E. A. and King, J. (2006). Reporting structural equation modeling and confirmatory factor analysis results: A review. *The Journal of Educational Research*, 99 (6), p.323–337.

Schumacker, R. E. and Lomax, R. G. (2010). *A beginner's guide to structural equation modeling*. 3rd ed. New York: Routledge.

Schwab, D. P. (1991). Performance turnover relationships. *Academy of Management Journal*, 34 (4), p.966–975.

Sekaran, U. and Bougie, R. (2010). *Research Methods for Business: A Skill Building Approach*. 5th editio. New Jersey: John Wiley and Sons.

Selden, S. C. and Moynihan, D. P. (2000). A model of voluntary turnover in state government. *Review of Public Personal Administration*, 20, p.63–65.

Shaw, J. D., Delery, J. E., Jenkins, G. D. and Gupta, N. (1998). An organization-level analysis of voluntary and involuntary turnover. *Academy of Management Journal*, 41 (5), p.511–525.

Shaw, J. D., Dineen, B. R., Fang, R. and Vellella, R. F. (2009). Employee-organization exchange relationships, HRM practices, and quit rates of good and poor performers. *Academy of Management Journal*, 52 (5), p.1016–1033.

Shaw, J. D. and Gupta, N. (2007). Pay System Characteristics and Quit Patterns of Good, Average, and Poor Performers. *Personnel Psychology*, 60 (4), p.903–928.

Shaw, J. D., Gupta, N. and Delery, J. E. (2005). Alternative conceptualizations of the relationship between voluntary turnover and organizational performance. *Academy of Management Journal*, 48 (1), p.50–68.

Shukla, A., Srinivasan, R. and Chaurasia, S. (2013). Impact of work related attitudes on Turnover Intention. *Indian Journal of Industrial Relation*, 49 (1), p.111–122.

Snape, E. and Redman, T. (2010). HRM Practices, Organi zational Citizenship Behaviour, and Performance: A Multi-Level Analysis. *Journal of Management Studies*, 47, p.1219–1247.

Sohail, N., Muneer, A., Tanveer, Y. and Hussain, T. (2011). Losing your best talent: Employee retention the dilemma of textile industry. *Interdisciplinary Journal of Contemporary Research in Business*, 3 (8), p.896–906.

State Bank of Pakistan. (2012). *Web links/financial links*. p.n.a. [Online]. Available at: http://www.sbp.org.pk/index.asp.

Staw, B. (1980). The consequences of turnover. *Journal of Occupational Behaviour*, 1 (4), p.253–273.

Steel, R. P. and Ovalle, N. K. (1984). A review and meta-analysis of research on the relationship between behavioral intentions and employee turnover. *Journal of Applied Psychology*, 69., p.673–686.

Sthapit, A. (2014). What Drives Employees to Switch Organisations? A Study of Factors Affecting Inter-bank HR-turnover. *The Lumbini Journal of Business and Economics*, 3 (2).

Stiglbauer, B., Selenko, E., Batinic, B. and Jodlbauer, S. (2012). On the link between job insecurity and turnover intentions: moderated mediation by work involvement and well-being. *Journal of occupational health psychology*, 17 (3), p.354–364.

Stokes, S. (1995). Rewards and recognition for teams. *Information Systems Management*, 12 (3), p.61–65.

Stone, M. (1974). Cross-validatory choice and the assessment of statistical predictions (with discussion). *Journal of the Royal Statistical Society*, 36, p.111–133.

Stovel, M. and Bontis, N. (2002). Voluntary turnover: knowledge management – friend or foe? *Journal of Intellectual Capital*, 3 (3), p.303–322.

Strategies, E., Allen, D. G., Bryant, P. C. and Vardaman, J. M. (2008). Retaining Talent : Replacing Misconceptions With. *Academy of management Perspectives*, p.48–65.

Strauser, D. R., Ketz, F. . and Keim, J. . (2002). The impact of self-efficacy and locus of control on work adjustment. *Journal of Rehabilitation*, 168 (1), p.20–26.

Strauss, A. and Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. 2nd ed. California: Thousand Oaks, CA: Sage.

Subramony, M. (2009). A meta-analytic investigation of the relationship between hrm bundles and firm performance. *Human Resource Management*, 48 (5), p.745–768.

Tabachnick, B. G. and Fidell, L. S. (2007). *Using multivariate statistics*. 5th ed. Boston, MA: Allyn and Bacon.

Tarique, I. and Schuler, R. S. (2010). Global talent management: Literature review, integrative framework, and suggestions for further research. *Journal of World Business*, 45 (2), p.122–133.

Tashakkori, A. and Teddlie, C. (2010). *Handbook of Mixed Methods in Social and Behavioral Research*. California: Thousand Oaks, CA: Sage.

Taylor, S., Beechler, S. and Napier, N. (1996). Toward an integrative model of strategic international human resource management. *Academy of Management Review*, 21 (4), p.959–985.

Tenenhaus, M., Vinzi, V. E., Chatelin, Y.-M. and Lauro, C. (2005). PLS path modeling. *Computational Statistics and Data Analysis*, 48 (1), p.159–205.

Teo, S. T. T., Le Clerc, M. and Galang, M. C. (2011). Human capital enhancing HRM systems and frontline employees in Australian manufacturing SMEs. *The International Journal of Human Resource Management*, 22 (12), p.2522–2538.

Tessema, M. T. and Soeters, J. (2006). Challenges and prospects of HRM in developing countries: testing the HRM-performance link in the Eritrean civil service. *The International Journal of Human Resource Management*, 17 (1), p.86–105.

Trevor, C. ., Gerhart, B. and Boudreau, J. . (1997). Voluntary turnover and job performance: Curvilinearity and the moderating influences of salary growth and promotions. *Journal of Applied Psychology*, 82 (1), p.44–61.

Trevor, C. . and Nyberg, A. J. (2008). Keeping your headcount when all about you are losing theirs: Downsizing turnover rates and the moderating role of HR Practices. *Academy of Management Journal*, 51, p.259–276.

Tzafrir, S. S., Harel, T. L. G. H., Baruch, Y. and Dolan, S. L. (2004). The consequences of emerging HRM practices for employees' trust in their managers. *Personnel Review*, 33 (6), p.628–647.

Tziner, A. and Birati, A. (1996). Assessing employee turnover cost. A revised approach. *Human Resource Management Review*, 6 (2), p.113–122.

Ulrich, D. and Smallwood, N. (2011). *What is Talent?* The RBL Group, p.55–61.

Urichuk, B. (1999). Employee recognition and praise. 24(2), 27-29. *The Canadian Manager*, 24 (2), p.27–29.

Vandenberg, J. R. and Nelson, J. B. (1999). Disaggreatives the motives underlying turnover in tentions: When do intentions predict turnover behaviour. *Human Relations*, 52, p.1340–1352.

Vandenberghe, C. and Tremblay, M. (2008). The role of pay satisfaction and organizational commitment in turnover intentions: A two-sample study. *Journal of Business and Psychology*, 22 (3), p.275–286.

Veal, A. J. (2005). *Questionnaire Surveys in Business Research Methods. A managerial approach*. 2nd Ed. Pearson Education Australia.

Wager, T. (2003). *Looking to retain managent staff? Here's how HR makes a difference*. Toronto.

Wallace, J. and Gaylor, K. P. (2012). A Study of the dysfunctional and functional aspects of voluntary employee turnover. *SAM Advanced Managemnet Journal*, p.27–36.

Watson, T. (2008). Organization theory and HRM. In: Boxall, P., Purcell, J. and Wright, P. M. (eds.), *The Oxford Handbook of Human Resource Management.*, Oxford: Oxford University Press., p.108–127.

Way, S. a. (2002). High performance work systems and intermediate indicators of firm performance within the US small business sector. *Journal of Management*, 28 (6), p.765–785.

Westlund, H. A., Cassel, C. M., Eklöf, J. and Hackl, P. (2001). Structural analysis and measurement of customer perceptions, assuming measurement and specifications errors. *Psychological Bulletin*, 12 (7), p.873–881.

Williams, L. J. and Hazer, J. T. (1986). Antecedents and consequences of satisfaction and commitment in turnover models: A reanalysis using latent variable structural equation methods. *Journal of Applied Psychology*, 71 (2), p.219–231.

Wong, K. K. (2013). Partial Least Squares Structural Equation Modeling ( PLS-SEM ) Techniques Using SmartPLS. *Marketing Bulletin*, 24, p.1–32.

Yamamoto, H. (2012). The relationship between employees ' perceptions of human resource management and their retention : from the viewpoint of attitudes toward job- specialties. *The International Journal of Human Resource Management*, 24 (4), p.747–767.

Yasmin, R. (2008). A Study on the effects of strategic HRM systems on performance: The case of Pakistani manufacturing companies. *Japanese Journal of Administrative Science*, 21 (1), p.47–60.

Yin, R. K. (2009). *Case study research: Design and methods*. 4th Ed. Sage Publications.

Zaidi, S. A. (2005). *Issues in Pakistan's economy*. Karachi: Oxford University Press.

Zikmund, W. G. (2002). *Business Research Methods*. 7th ed. Harcourt:USA: Thomson, South-Western.

**Appendix A: Survey Questionnaire**

University of Bedfordshire

**Subject:** **Participation in a Survey Questionnaire.**

Dear Respondent,

I am writing to introduce my PhD study titled "The Impact of HRM Bundles and Organisational Commitment on Managers' Turnover Intentions". This study is sponsored by the Higher Education Commission of Pakistan, which is being carried out at the Business and Management Research Institute, University of Bedfordshire, UK.

This investigation involves the completion of a questionnaire which includes questions about the demography, selected HRM practices, organisational commitment and FLMs' turnover intentions. The participants of this study are the frontline managers from the private Banking Sector of Pakistan. With hope of your participation, I am enclosing here the consent form if you are happy to proceed please complete it. Your name, position and answers will be kept anonymous and strictly confidential. If you require any further assistance whilst filling in the questionnaire, please do not hesitate to contact me

I look forward for your cooperation.

Sincerely yours,

**Hakim Ali Mahesar,**
Ph.D student, BMRI
University of Bedfordshire, UK.
hakim.mahesar@beds.ac.uk
0092-300-3034132

**Research Consent Form**

Required for research involving human participation

**Title: "The Impact of HRM Bundles and Organisational Commitment on Managers' Turnover Intentions"**

Researcher: Hakim Ali Mahesar, Ph.D student, BMRI, University of Bedfordshire.

**What is involved in participating?**

I request you to complete the following survey questionnaire, if you agree to participate in this research. Your participation is voluntary and you can choose to decline to answer any question or even to withdraw at any point from the project. Anything you say will only be attributed to you with your permission, if not; the information will be kept confidential and will not identify anyone involved in this survey reported in such a way as to make a direct association with yourself impossible.

Consent:

I wish to be identified in the report

Yes    ☐        No   ☐    (tick as appropriate)

I have read the above information and agreed to participate in the study.

Date: _____

## Section A: Demography

## Please tick one appropriate Box

| 1. Gender: | | | |
|---|---|---|---|
| ☐ Male | ☐ Female | | |
| **2. Age group:** | | | |
| ☐ 21-30 | ☐ 31-40 | ☐ 41-50 | ☐ 51 & Above |
| **3. Education:** | | | |
| ☐ Bachelor's Degree | ☐ Master's Degree | ☐ Higher than Master's Degree | |
| **4. Work Experience:** | | | |
| ☐ 1 to 5 years | ☐ 6 to 10 years | ☐ 11 to 15 years | ☐ 16 years & above |
| **5. Salary Range per calendar month (PCM):** | | | |
| ☐ Below Rs.80000 | ☐ Rs. 81000 to 100000 | ☐ Rs. 101000 to120000 | ☐ Above 120000 PCM |
| **6. Name of Bank:** | | | |

### Section B: Selected Skills- and Motivation-enhancing Practices

**Please tick the relevant box ranging from 1- (Strongly Disagree) 2- (Disagree) 3- (Neutral) 4- (Agree)  5- (Strongly Agree)**

| Training Practice | (1 Strongly Disagree ⟷ (5 Strongly Agree) |
|---|---|
| 7. Extensive training programmes are provided to employees in this job | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 8. Employees in this job normally go through training after every few years | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 9. There are formal training programmes to train new employees to enhance their skills to perform their jobs well | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 10. Formal training is provided to employees to increase their promotability | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |

| Development Opportunities | (1 Strongly Disagree)◄───► (5 Strongly Agree) |
|---|---|
| 11. Employees in this job have clear career paths in this bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 12. Employees in this job have less promising future in this bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 13. Employees' career aspirations are known to the immediate supervisors in this bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 14. Employees in this job who desire promotion have more than one potential position they could be promoted for | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| **Pay Practices** | (1 Strongly Disagree)◄───► (5 Strongly Agree) |
| 15. Compared to other employees my pay is good due to my education | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 16. Compared to others my pay is good due to my efforts that I put in my job | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 17. Compared to other employees my work reward is good | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 18. Compared to others my pay is good in view of my work responsibilities | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| **Promotion Practices** | (1 Strongly Disagree)◄───► (5 Strongly Agree) |
| 19. Promotions are regular with my (employer) bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 20. There is a very good chance to get ahead with my employer | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 21. The practice of beginning at the bottom and working up is widespread in this bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 22. Practice of internal promotion is not widespread in this bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |
| 23. I am in a dead-end situation in this bank | ☐ SD ☐ D ☐ N ☐ A ☐ SA |

| Recognition Practices | (1 Strongly Disagree)◄——► (5 Strongly Agree) |
|---|---|
| 24. Employee suggestions are seriously taken into account | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 25. In this bank, appreciative follow-ups are regularly given to employees concerning prior suggestions they had made | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 26. In this bank, supervisors use different ways to recognise employees' efforts (tickets for cultural events, free dinners etc.) | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 27. Employees in this bank receive recognition in writing from their supervisors (e.g. appreciation letters) | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 28. Supervisors regularly congratulate sub-ordinates in recognition of their good efforts | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| **Job Security** | (1 Strongly Disagree)◄——►(5 Strongly Agree) |
| 29. Employees expect to stay in this job for as long as they wish | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 30. It is very difficult to dismiss an employee's job in this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 31. Job security is guaranteed to employees in this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 32. If this bank will encounter economic problems, employees in this job would be the last to be fired | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| **Section C: Organisational Commitment** (1 Strongly Disagree)◄——►(5 Strongly Agree) | |
| 33. I am willing to put in a great deal of effort beyond normal expectations to help this bank to be a successful one | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 34. I speak about this bank to my friends as a great organisation to work for | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 35. I feel less loyal to this organisation | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 36. I would accept any type of job assignment to keep working for this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |

| | |
|---|---|
| 37. I find my values and bank values quite similar to each other | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 38. I am proud to tell others that I am a part of this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 39. I can work for other banks as well if the work is same | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 40. This organisation greatly inspires me to perform well | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 41. I am very glad that I chose this bank instead of others | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 42. There is not much to be gained by sticking with this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 43. I really care about the future of this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 44. Often, I find it difficult to agree with this bank's practices on important matters related to employees | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 45. Deciding to work for this bank was my definite mistake | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 46. For me, this is the best of all possible banks for which to work | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 47. It would take very little change in my present situations to cause me to leave this bank | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |

## Section D: Turnover Intentions (1 Strongly  Disagree)◄━━━━►(5 Strongly Agree)

| | |
|---|---|
| 48. I plan to work at my present job for as long as possible | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 49. I will most certainly look for a new job in the near future | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 50. I plan to stay in this job for at least two to three years | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |
| 51. I would be reluctant to leave this job | ☐ SD  ☐ D  ☐ N  ☐ A  ☐ SA |

**The End**

**Appendix B: List of Local Private Banks**

| Code No. | Name of Bank |
|----------|--------------|
| 1 | Allied Bank Limited (ABL) |
| 2 | Askari Bank Limited |
| 3 | Bank Alfalah Limited |
| 4 | Bank Al Habib Limited |
| 5 | Faysal Bank Limited |
| 6 | Habib Bank Limited (HBL) |
| 7 | Habib Metropolitan Bank Limited |
| 8 | JS Bank Limited (*NP*) |
| 9 | KASB Bank Limited (*NP*) |
| 10 | Muslim Commercial Bank Ltd |
| 11 | NIB Bank Limited (*NP*) |
| 12 | SAMBA Bank Limited (*NP*) |
| 13 | Silk Bank Limited (*NP*) |
| 14 | Soneri Bank Limited (SBL) |
| 15 | Standard Chartered Bank Pak (*NP*) |
| 16 | Summit Bank Limited (*NP*) |
| 17 | United Bank Limited (UBL) |

Sources: State Bank of Pakistan (SBP) Website, 2012 and Naqvi (2012).

Note: *NP* stands for No Participation (in red). Seven newly established banks declined to participate in the survey as they do not want to reveal this sort of information.

**Appendix C: List of Banks and Branches**

Banks in Pakistan (public, private, Islamic, foreign and cooperative banks)

| | Bank Name | Branches | Web address |
|---|---|---|---|
| **A Public** | First Women Bank Ltd. | 39 | www.fwbl.com.pk |
| | National Bank of Pakistan | 1267 | www.nbp.com.pk |
| | The Bank of Khyber | 42 | www.bok.com.pk |
| | The Bank of Punjab | 273 | www.bop.com.pk |
| | Sindh Bank | 25 | www.sindhbank.com |
| **B Private Banks** | Allied Bank Ltd. | 786 | www.abl.com.pk |
| | Summit Bank. | 36 | www.summitbank.com.pk |
| | Askari Bank Ltd. | 204 | www.askaribank.com.pk |
| | Bank Al-Falah Ltd. | 309 | www.bankalfalah.com |
| | Bank Al-Habib Ltd. | 267 | www.bankalhabib.com |
| | Faysal Bank Ltd. | 136 | www.faysalbank.com.pk |
| | Habib Bank Ltd. | 1457 | www.habibbankltd.com |
| | Habib Metropolitan Bank | 120 | www.hmb.com.pk |
| | JS Bank Ltd. | 40 | www.jsbl.com |
| | KASB Bank Ltd. | 70 | www.kasbbank.com |
| | MCB Bank Ltd. | 1085 | www.mcb.com.pk |
| | NIB Bank Ltd. | 204 | www.nibpk.com |
| | Samba Bank Ltd. | 28 | www.samba.com.pk |
| | Silk Bank Ltd. | 85 | www.silkbank.com.pk |
| | Soneri Bank Ltd. | 156 | www.soneri.com |
| | Standard Chartered Bank Ltd. PK. | 162 | www.standardchartered.com |
| | United Bank Ltd. | 1120 | www.ubl.com.pk |

| | | | |
|---|---|---|---|
| **C Islamic** | Bank Islami Pakistan Ltd | 70 | www.bankislami.com.pk |
| | Dawood Islamic Bank Ltd. | 42 | www.dawoodislamic.com |
| | Dubai Islamic Bank Ltd | 36 | www.dibpak.com |
| | Emirates Global Islamic Bank | 58 | www.egibl.com |
| | Meezan Bank Ltd. | 180 | www.meezanbank.com |
| **D Foreign Banks** | Al- Baraka Islamic Bank B.S.C. (E.C) | 29 | www.albaraka.com.pk |
| | Barclays Bank PLC | 15 | www.barclays.pk |
| | Citibank N.A. | 17 | www.citibank.com.pk |
| | Deutsche Bank AG | 3 | www.db.com |
| | HSBC Bank Middle East Ltd. | 12 | www.hsbc.com.pk |
| | Oman International Bank S.A.O.G. | 3 | www.oiboman.com |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1 | www.btm.co.jp |
| **E Cooperative** | Punjab Provincial Cooperative Bank Ltd. | 159 | www.ppcbl.punjab.gov.pk |
| | Industrial Bank Ltd | 15 | www.idbp.com.pk |
| | SME Bank Ltd. | 13 | www.smebank.org |
| | Zarai Traqiati Bank Ltd. | 349 | www.ztbl.com.pk |

**Appendix D: PLS-Based Path Diagrams without (A) and with Mediator (B)**
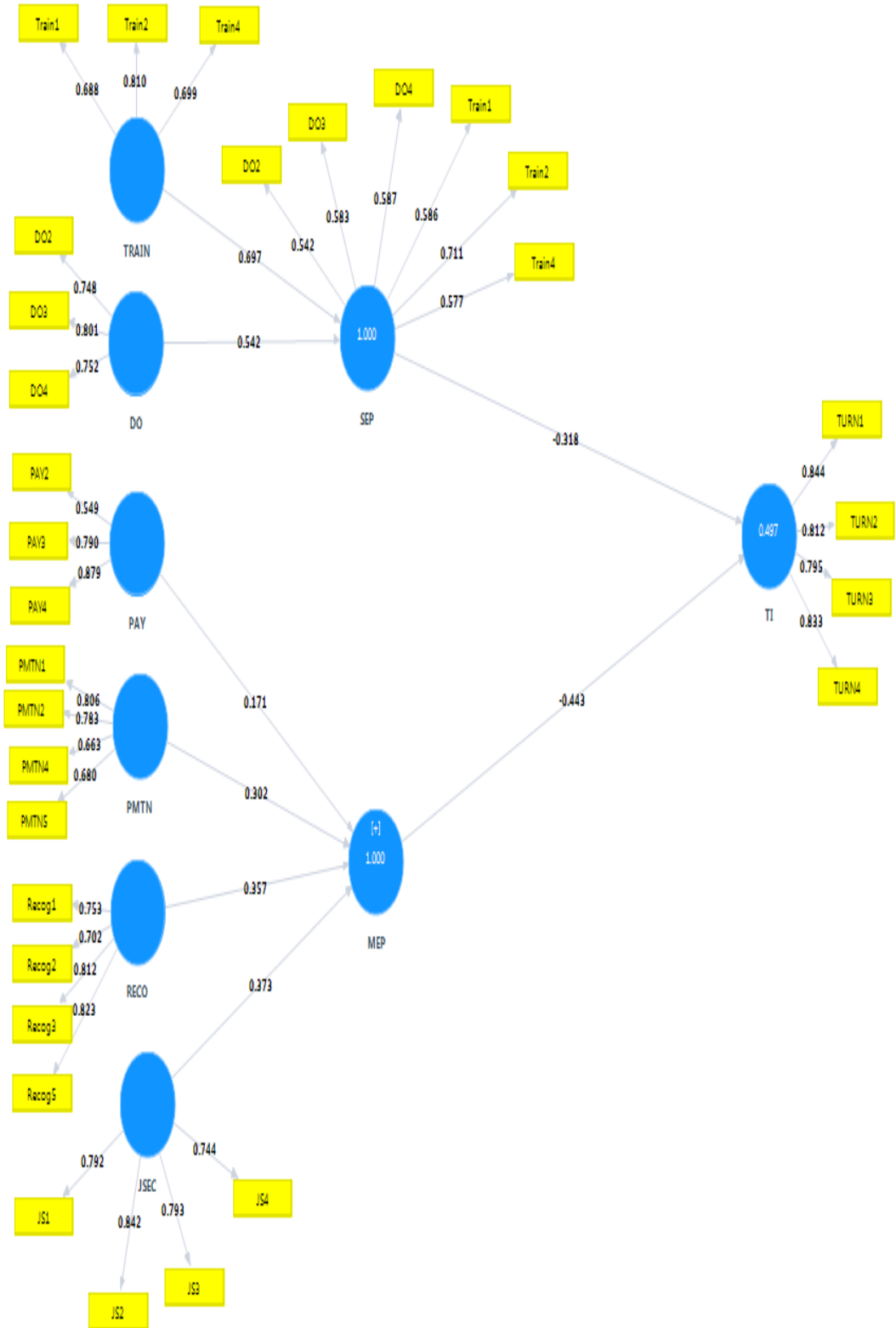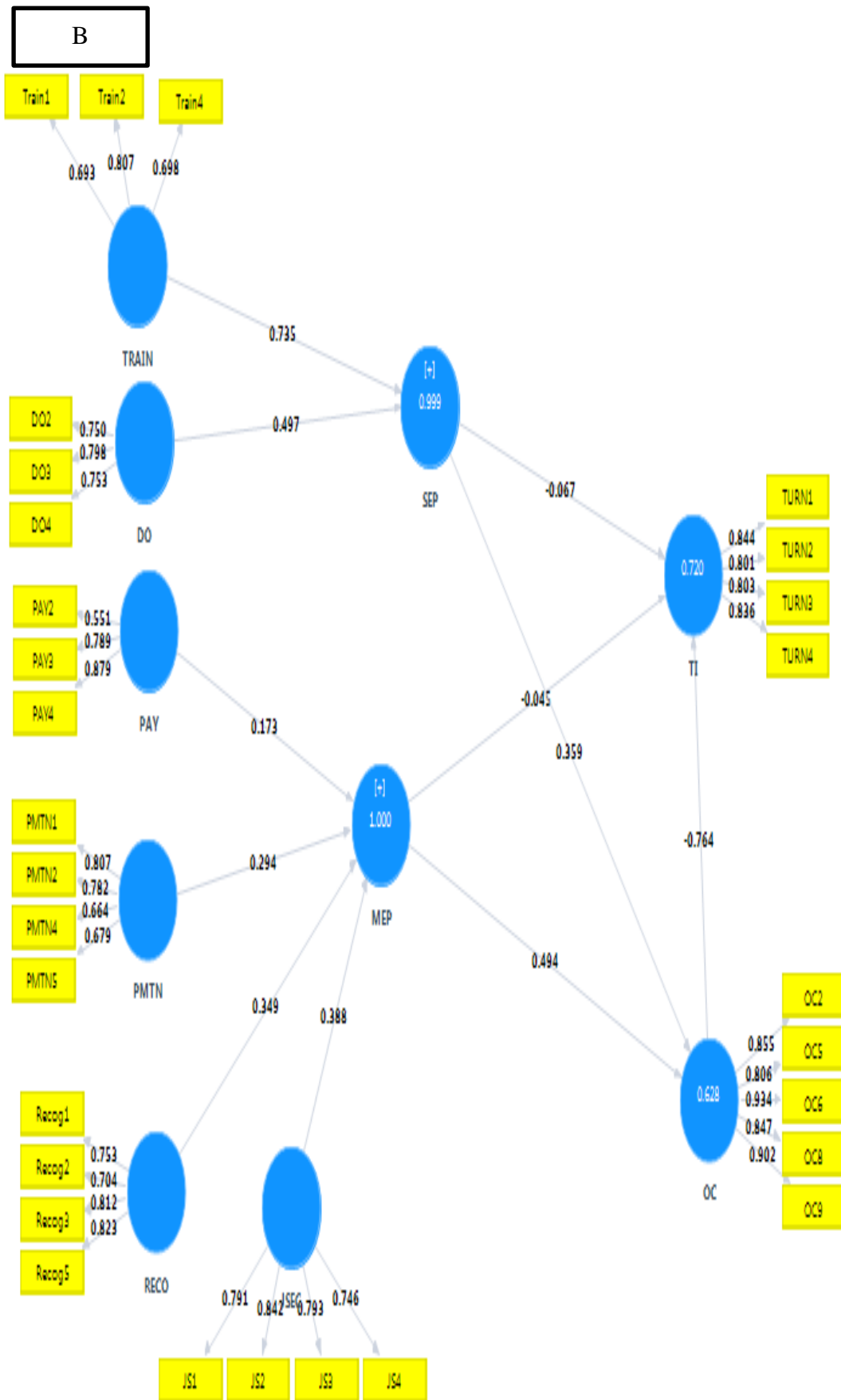
**Appendix E: PLS-Based *t*-values without (A) and with Mediator (B)**

B
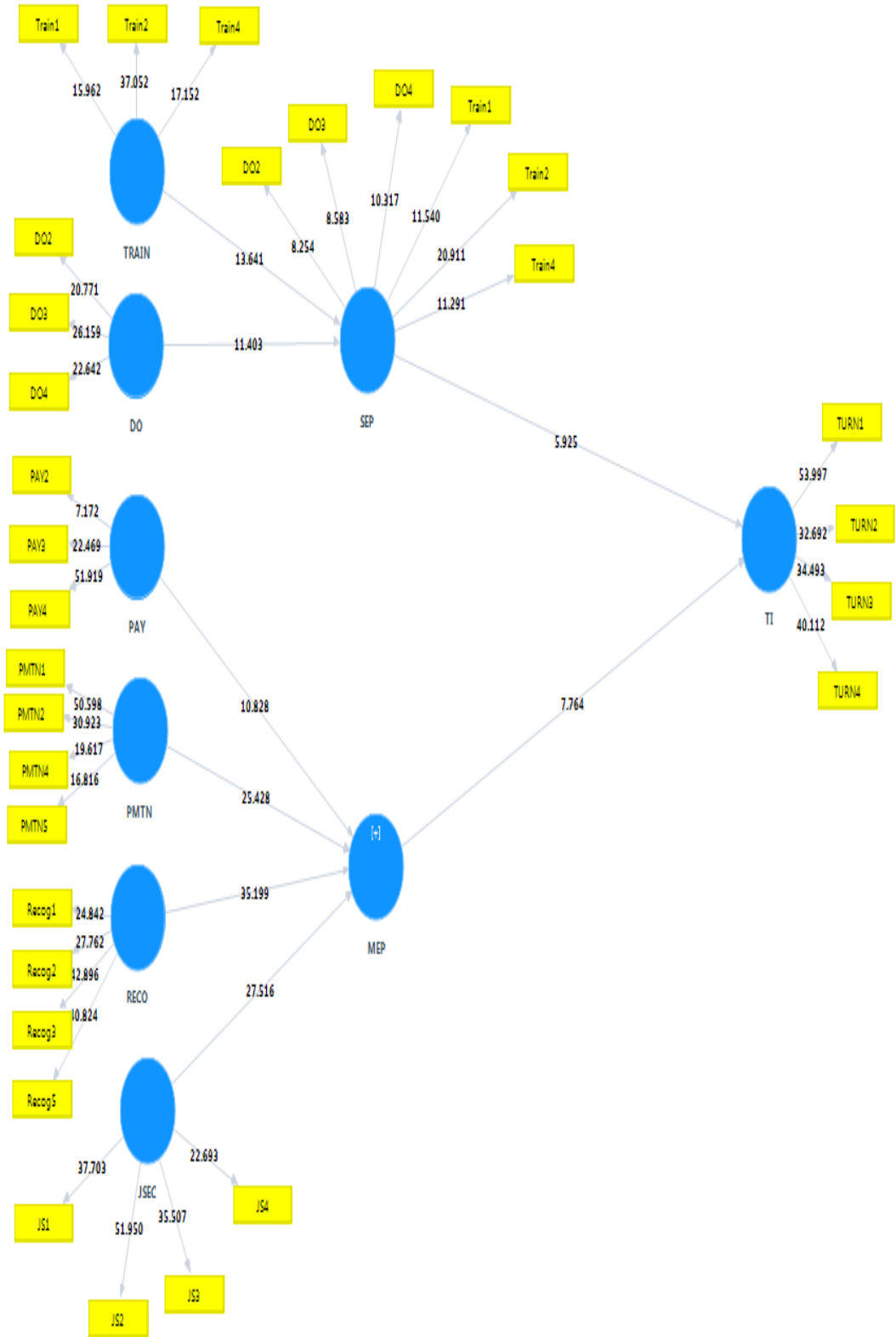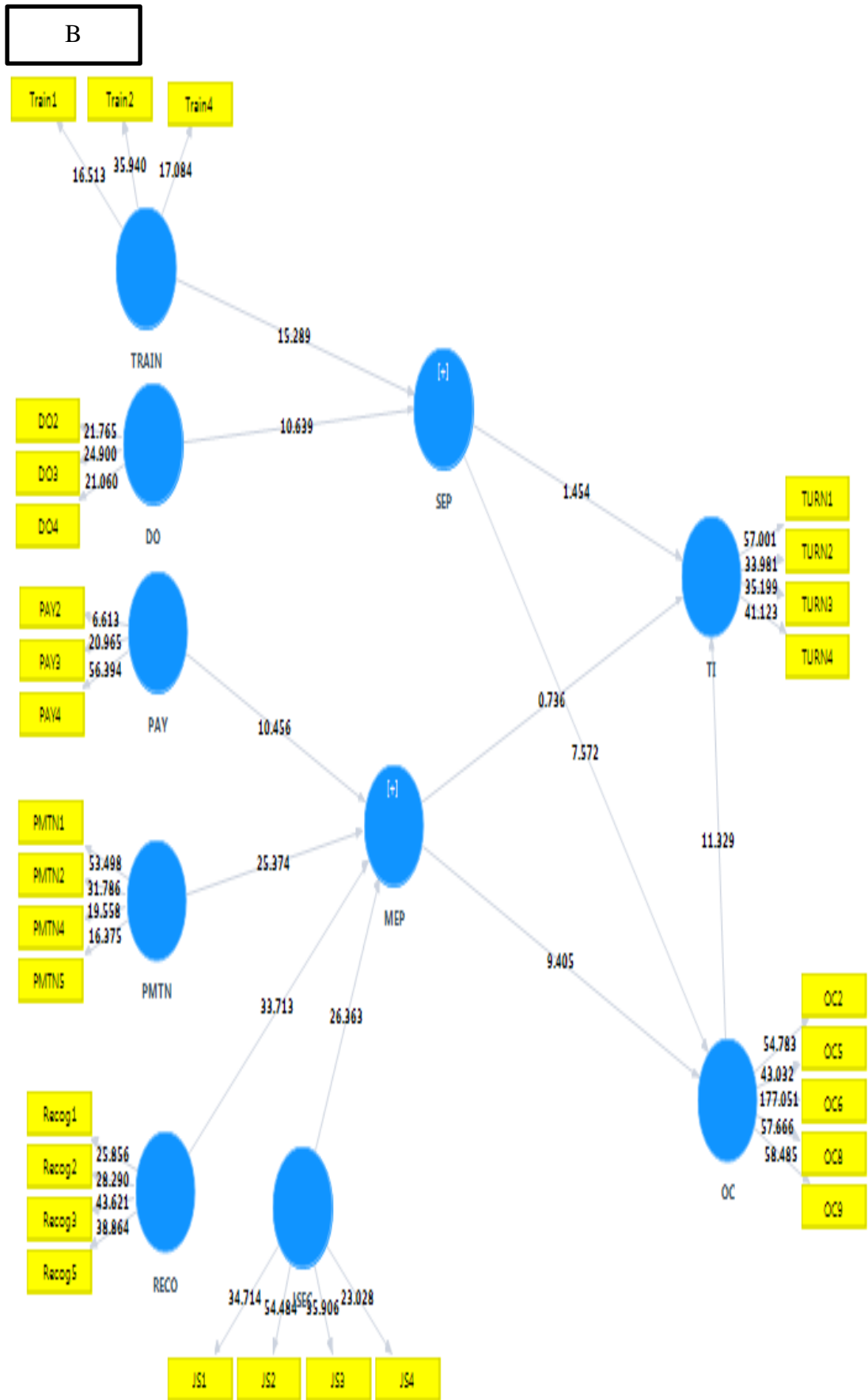
## Appendix F: (A) Direct, Indirect and Total Effects

### Direct Effects

| Paths | Original Sample | (STERR) | t-statistics | p-values |
|---|---|---|---|---|
| DO -> SEP | 0.497 | 0.047 | 10.639 | 0.000 |
| JSEC -> MEP | 0.388 | 0.015 | 26.363 | 0.000 |
| MEP -> OC | 0.494 | 0.053 | 9.405 | 0.000 |
| MEP -> TI | -0.045 | 0.062 | 0.736 | 0.462 |
| OC -> TI | -0.764 | 0.067 | 11.329 | 0.000 |
| PAY -> MEP | 0.173 | 0.017 | 10.456 | 0.000 |
| PMTN -> MEP | 0.294 | 0.012 | 25.374 | 0.000 |
| RECO -> MEP | 0.349 | 0.010 | 33.713 | 0.000 |
| SEP -> OC | 0.359 | 0.047 | 7.572 | 0.000 |
| SEP -> TI | -0.067 | 0.046 | 1.454 | 0.147 |
| TRAIN -> SEP | 0.735 | 0.048 | 15.289 | 0.000 |

### Indirect Effects

| Paths | Original Sample | (STERR) | t-statistics | p-values |
|---|---|---|---|---|
| MEP -> TI | -0.377 | 0.057 | 6.656 | 0.000 |
| SEP -> TI | -0.274 | 0.043 | 6.336 | 0.000 |

### Total effects

| Paths | Original Sample | (STERR) | t-statistics | p-values |
|---|---|---|---|---|
| MEP -> TI | -0.422 | 0.056 | 7.599 | 0.000 |
| SEP -> TI | -0.341 | 0.054 | 6.348 | 0.000 |

**Appendix G: Univariate and Multivariate Outlier Results**

| Univariate outliers | | Multivariate outliers | | |
|---|---|---|---|---|
| Cases with standard values exceeding +2.5 | | Cases with value of $D^2/df>2.5$ | | |
| | | **Cases** | **$D^2$** | **$D^2/df$** |
| TRAIN | 205 | 98 | 42.66 | 3.29 |
| DO | No cases | 335 | 43.12 | 3.32 |
| PAY | 106,265 | | | |
| PMTN | No cases | | | |
| RECO | No cases | | | |
| JSEC | No cases | | | |
| OC | No cases | | | |
| TI | No cases | | | |

Note: All these variables are defined in Table 4.1.

**Appendix H: Survey Questionnaire Coding and Labelling**

| Q. No | Question Code | Question label |
|---|---|---|
| 1 | Gender | Gender |
| 2 | Age | Age |
| 3 | Education | Educational experience |
| 4 | Work Experience | Work experience in the bank |
| 5 | Salary Range | Salary range in the bank |
| 6 | Name of Bank | Name of Bank |
| 7 | TRAIN1 | Provision of extensive training programmes |
| 8 | TRAIN2 | How often employees are given training |
| 9 | TRAIN3 | Formal training programmes |
| 10 | TRAIN4 | Training for promotability |
| 11 | DO1 | Clear career paths |
| 12 | DO2 | Promising future |
| 13 | DO3 | Career aspirations |
| 14 | DO4 | Desirable promotion |
| 15 | PAY1 | Pay is good due to education |
| 16 | PAY2 | Pay is good due to my efforts I put in my job |
| 17 | PAY3 | Compared to other employees my reward is good |
| 18 | PAY4 | Pay is good in view of my work responsibilities |
| 19 | PMTN1 | Regular promotions |
| 20 | PMTN2 | Good chance to get ahead |
| 21 | PMTN3 | Widespread promotions |
| 22 | PMTN4 | Internal promotion |
| 23 | PMTN5 | Dead-end situation |
| 24 | RECO1 | Suggestions are seriously taken into account |
| 25 | RECO2 | Appreciative follow-ups |

| 26 | RECO3 | Supervisors use diverse ways to appreciate |
|----|-------|--------------------------------------------|
| 27 | RECO4 | Receive recognition in writing from supervisors |
| 28 | RECO5 | Supervisors congratulate sub-ordinates |
| 29 | JSEC1 | Stay in job as long as they wish |
| 30 | JSEC2 | Difficult to dismiss an employee |
| 31 | JSEC3 | Job security is guaranteed |
| 32 | JSEC4 | Last to be fired |
| 33 | OC1 | Willing to put in a great deal of effort |
| 34 | OC2 | Speak about this bank to my friends |
| 35 | OC3 | Loyalty |
| 36 | OC4 | Would accept any type of job assignment here |
| 37 | OC5 | My values and bank values are similar |
| 38 | OC6 | Proud to tell others that I am a part of this bank |
| 39 | OC7 | Can work for other banks if the work is same |
| 40 | OC8 | Greatly inspires me to perform well |
| 41 | OC9 | Glad that I chose this bank instead of others |
| 42 | OC10 | Not much to be gained by sticking with this bank |
| 43 | OC11 | Really care about the future of this bank |
| 44 | OC12 | Find it difficult to agree with bank practices |
| 45 | OC13 | Deciding to work was my definite mistake |
| 46 | OC14 | Best among all banks to work for |
| 47 | OC15 | Very little change in my present situations |
| 48 | TI1 | Plan to work here as long as possible |
| 49 | TI2 | Look for a new job in the near future |
| 50 | TI3 | Stay in this job for at least two to three years |
| 51 | TI4 | Reluctant to leave |

# Appendix I: Reflective—Formative stage 1 and 2 for both HRM bundles (First-order and Second-order)

## Reflective—Formative stage 1
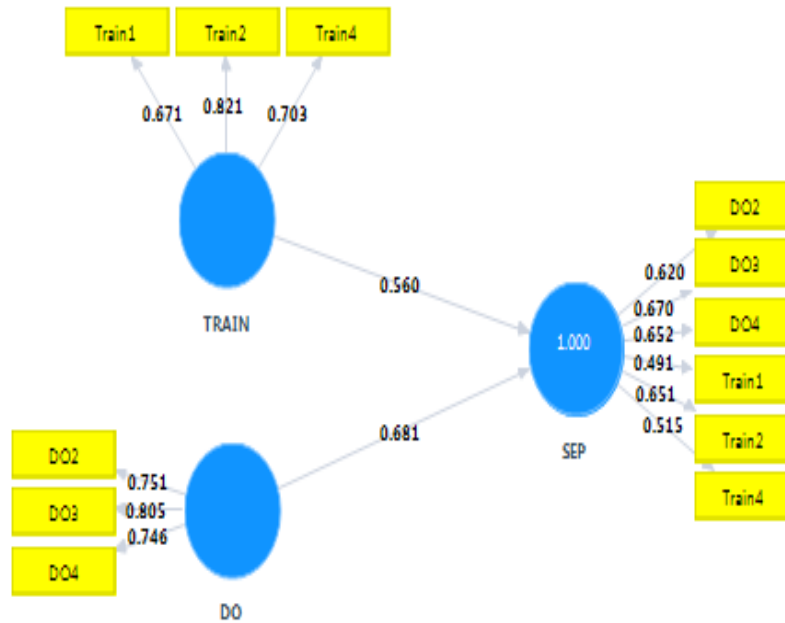


## Reflective—Formative stage 2
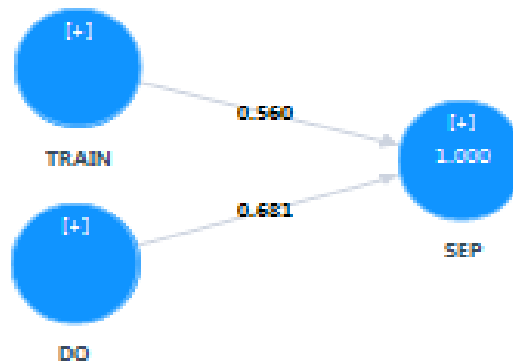
## Reflective—Formative stage 1



## Reflective—Formative stage 2

# Appendix J: Performance Appraisal used in Pakistani Banks

## Individual Performance Goals 2011

| Name: | Mr. Sajjad Ali Soomro | Emp # 096875 | | Functional Title: | Area Manager |
|---|---|---|---|---|---|
| Department: Retail Banking | | Grade: Asst: Vice President | | Place of Posting: Azad Kashmir Branch (0254) | |

| Goals | | | | | | | % | System Rating | Self Rating | Agreed Rating | Weighted Average Rating | Comments / Justification |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. Financial Performance** | | | | | | | | | | | | |

| Mr. Sajjad Ali Soomro | Target Footing | Actual Footing | Incremental Target | Incremental Actual | Achievement % | Weightage | | System Rating | Self Rating | Agreed Rating | Weighted Average Rating | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CASA | 691.48 | 575.14 | 438.75 | 322.41 | 73.48% | 25% | | 3 | 5 | 4 | 0.60 | |
| Deposit Base | 992.77 | 668.96 | 675.00 | 351.19 | 52.03% | 20% | | 2 | 4 | 3 | 0.36 | |
| No of Accounts | 7,394 | 4,531 | 5,040 | 2,177 | 43.19% | 10% | 60% | 2 | 4 | 3 | 0.18 | |
| Trade | 60.00 | 0.00 | 60.00 | 0.00 | 0.00% | 10% | | 1 | 1 | 1 | 0.06 | |
| Advances Base | 395.34 | 349.02 | 54.44 | 8.11 | 14.90% | 10% | | 1 | 1 | 1 | 0.06 | |
| Debit (Nos.) | 3,971 | 2,862 | 2,679 | 1,570 | 58.60% | | | 2 | 4 | 2 | 0.12 | |
| Auto loan (No. of Loans) | 1 | 3 | 0 | 2 | 0.00% | 10% | | 1 | 5 | 1 | 0.00 | |
| Banca (Premium in Rs) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% | | | 1 | 1 | 1 | 0.00 | |
| Profit | -1.41 | -2.42 | -1.41 | -2.42 | 172.21% | 15% | | 5 | 5 | 5 | 0.45 | |

*(Cross Sell)*

| Goals | % | System Rating | Self Rating | Agreed Rating | Weighted Average Rating | Comments / Justification |
|---|---|---|---|---|---|---|
| **2.** Ensure all service Level agreements with respect to customers, processes and controls are met and are in compliance with Audit and SBP regulations. | 10% | 0 | 4 | 4 | 0.4 | |
| Audit & Compliance to guidelines<br>- Ensure Business Health of the Bank is in line with the Prudential regulations (KYC/AML / SBR)<br>- Be fully aware of all revisions, changes, & introduction of new policies & directives.<br>- Mitigate Corporate Risks through 100% resolution of objections raised by Internal, External & SBP auditors.<br>- Ensure there is no repetition of points raised by Internal, External, & SBP audits & inspections | 10% | 0 | 4 | 3 | 0.3 | |
| **4. People**<br>- Ensure Retention of Key staff in your branches<br>- Manage on the Job & off the Job Training& development of self & staff<br>- Capacity Planning exercise carried out & the branch's head count is managed | 10% | 0 | 4 | 3 | 0.3 | |
| **5. Business Initiative**<br>- Timely completion & launch of new branches as per the agreed targeted dates.<br>- Follow up on new business opportunities with the branch teams &ensure new branches are profitable in 6 months & overall branches are profitable in 12 months.<br>- Identify strategic customers & work collaboratively in partnerships to contribute to the growth of the bank.<br>- Cash Levels to be maintained at 3%<br>- Provide leadership in training of RMs & BDOs ensuring sales excellence is achieved<br>- Manage the day to day operational activities of the branches as per the agreed annual plans & policies | 10% | 0 | 3 | 3 | 0.3 | |
| **6. Special Contribution** | | | | | | |

| Final Overall Rating (on the Basis of Weighted Average) | 3.13 |
|---|---|

| Employee's Signature: | Date: | Rating Scale |
|---|---|---|
| | | 5. Outstanding |
| Supervisor's Name: | | 4. Very Good |
| | | 3. Good |
| Supervisor's Signature: | Date: | 2. Average |
| | | 1. Poor |

**Appendix K: Context of the Study/Country-Specific Information**

This appendix endeavours to contextualise the study of HRM in the private banking industry of Pakistan which is highly embedded in labour market dynamics, i.e. the economic, social, cultural and political fabric of Pakistan. As noted in earlier sections, less research has been done on the relationship between HRMPs and talented frontline managers' turnover intentions in Pakistan (Khilji and Wang, 2007). Not only in Pakistan, this sort of study is lacking in many Asian countries as well (Budhwar and Debrah, 2001; Khatri *et al.*, 2001). This is a preliminary study on talented frontline managers' turnover intentions in Pakistan and it further enables the focus on the influence of the country- and sector-specific variables.

Pakistan has witnessed recurrent ups and downs over the years from economic and political perspectives. One of the major issues the economy is facing today is safety and security, since 2004. Ever since Pakistan became the USA's ally on the 'war against terror' after the 9/11 attacks, the economy has faced severe economic, social and political issues. On the other hand, the political milieu of the country is badly affected by corrupt and powerful elite politicians in the absence of strong institutions, and this has acted as a main catalyst in undermining the economic and social circumstances of the country (Islam, 2004). Pakistan has a good geographical location, as it is connected with the major trade corridors of the world (Sarwar, 2013). This location can provide it an easy access to international trade to become a highly powerful economic state. It shares its borders with China, Iran, Afghanistan and India and in addition, it also reaches the seaports of many of the Arab countries.

Pakistan is comprised of four provinces, namely, Punjab, Sindh, Khyber-Pakhtunkha and Balochistan, along with the Federally Administered Tribal Areas (FATA) and a disputed territory, namely, Azad Kashmir. Almost half of the population belongs to the Punjab province. There are various ethnic groups living in Pakistan, i.e. Punjabis (44.68%), Pashtuns (15.42%), Sindhis (14.1%), Baluchi (3.57%), Saraikis (8.38%), Mohajirs (7.57%) and others (6.28%). Almost 95% of the population are Muslims; the rest are Hindus and Christians (Economic Survey of Pakistan, 2013-14). Each province has sub-cultures based on their history and cultural evolution. Urdu is a national language. The following indicators would help to define the economy.

**Gross Domestic Product (GDP) of the Country**

Historically, the agriculture sector had a major share in the economy of the country, but in recent years the performance of the services and manufacturing sectors has grown considerably. It is found that the services sector contributes 58.1% to the GDP of the country, followed by agriculture 21.1% and the industrial sector 20.8%. The investment share of the service sector to the GDP has increased due to the government's many fiscal adjustments and privatisation of telecommunication, energy and banking units (Sarwar, 2013). This was mainly due to greater output from the services sector, particularly from the financial and communication sectors. Surprisingly, the share of the banking sector has decreased from 3.4% in 2005-06 to 3.1% in 2013-14 (Economic Survey of Pakistan, 2013-14). The *Economic Survey of Pakistan (2013-14)* states that GDP as a FC (factor cost) of the country has decreased from 9.0% to 4.1%. The decline in GDP of the country in the following years is mostly ascribed to rising energy prices along with economic problems caused in the past, by the massive October 2005 earthquake which took its toll with rescue and rebuilding efforts. Present political conditions are still causing a low rate of economic growth due to safety and security reasons. However, keen efforts are being taken by the government to improve the structural paucities related to human resource development (HRD), privatisation of state-owned enterprises (SOE) and strict legislation about taxation mechanisms to improve the economy (Economic Survey of Pakistan, 2013-14).

**Per Capita Income (PCI)**

This economic indicator measures the average income of the individual each year and it can be calculated by GDP divided by the total population of the country. The *Economic Survey of Pakistan (2013-14)* showed a positively significant growth trend with an increase from US$724 in 2004-05 to US$1,372 in 2013-14. However, this rise in PCI is attributed to worker remittances from foreign countries, as at present, a large number of Pakistanis are working in different parts of the world, such as the UAE, UK, USA, Canada and the KSA (Kingdom of Saudi Arabia).

**Foreign Direct Investment (FDI)**

FDI is considered as an important factor in the improvement of economic conditions, especially in developing countries (SBP, 2008). Thus, countries with a stable economic atmosphere, availability of skills and importantly, a well-designed financial sector are found to attract more FDI than those economies which struggle for reasons such as law and order, climate and other disadvantages to investors. In the case of Pakistan's economy, FDI has steadily decreased from 2007 and onwards. The telecommunication sector appears to be the most significant recipient of FDI in-flows with the financial sector close behind in second position. This is because of the extensive liberalisation and privatisation in these sectors (Sarwar, 2013). This decrease in FDI of the country is mostly attributed to a number of causes, which include the global economic crisis, lack of a stable infrastructure, particularly in the power sector, and the overall political instability.

**Inflation**

It provides an insight on the state of the economy and it occurs in any economy but with different rates and intensities. Stable inflation is taken as an integral component of sound macro-economic policies. With higher population growth, rapid urbanisation and increase in PCI in developing and emerging economies including Pakistan, inflation with a few exceptions was on the increase over the last couple of years. This is mainly because of rising food prices which pushed up the inflation rate not only in Pakistan but across the region (Mahmood, 2008). The high food prices were a result of the staggering inflation in Pakistan, which is measured through an analysis of the Consumer Price Index (CPI). Some reasons leading to high inflation include the consecutive floods in 2010, 2011 and 2012 which resulted in a disruption in the supply-side due to destroyed food crops.

Moreover, high international fuel costs and a rise in the international food prices coupled with the falling value of the Pakistani currency (the Pakistani Rupee, PKR), in the international markets significantly contributed to the upward inflationary trend. Inflation has been climbing from 7.7% in 2007 to more than 8.69% in 2013-14. By the end of 2012, the inflation rate was around 12% but now it has deceased a

little due to bumper crops and favourable climatic conditions in 2013-14. The country was able to curb the inflationary trend in 2010 through strict and efficient monetary policy; also the latest *Economic Survey of Pakistan (2013-14)* forecasts that inflation might decelerate to some extent due to better output in the agrarian market and the streamlining of the supply chain.

## Menace of Corruption in Society

The issue of corruption in Pakistani society is immense (Khilji, 2012). Within the corporate sector, it resulted in marginalisation of merit-based recruitment, promotions and rewarding employees. It was expected that with the emergence of the new performance-related HRMPs and shift towards a productive culture in the banking sector, this would gradually reduce corrupt employment practices and also cope with the shift towards reliance on merit-based policies and practices in people management issues (Khilji, 2012). In 2012, Pakistan was ranked as the 34th most corrupt nation in the world. Transparency International (2010) has placed Pakistan alongside India, Bangladesh and Sri Lanka in the red zone index of the most corrupt countries. In 2013, the World Bank reported that corruption in society is the second biggest hurdle in the development of the country after safety and security. According to the Global Integrity Report (2010), the rating of Pakistan continues to remain feeble at 68 from a total of 100 countries. Khilji (2012) stated that rampant corruption has destabilised the economic growth and political structure of the country. In fact, it is not a new concept to Pakistan: Benazir Bhutto and Newaz Sharif were both dismissed twice on charges of corruption, from 1990 to 2000. Corruption is now deeply rooted at all levels of government, i.e. federal, provincial and local levels and the extent of it is alarmingly high amongst the general population, too. It comes in the form of misuse of power, bribery, nepotism, theft of government assets, evasion of taxes and electoral fraud, which are prevalent in the society.

According to the Transparency International Pakistan report (2010), major reasons contributing to corruption were the ill-conceived policies and practices of organisations both private and public. The said report also illustrates that dodging the

law to expedite processes; bribery and the reliance on nepotism for instance, to seek employment, are commonly observed issues in Pakistani society. These factors provide room to incapable and incompetent people to head organisations which no doubt negatively affect the growth, stability and success of initiatives embarked for reforms at both government and private levels. Specifically, with reference to the public sector banks which have been the most prominent segment of the financial sector since the 1970s (post-nationalisation), deterioration occurred in their loan portfolios because of immense political interference. Amongst the top defaulters are influential people in Pakistan who misuse power to achieve their ends (Islam, 2004). Fear of political retribution has forced many honest people to remain silent. Evidence of the extent and type of corruption is visible in the example of the police department which is reflective of the rooted existence of this plague in other departments and enterprises in the country. Surprisingly, agencies which fight against corruption, like the National Accountability Bureau (NAB), have themselves fallen prey to corruption due to enormous political influences (Khilji, 2012).

**Education**

Education is a form of learning in which the knowledge, abilities, skills and habits of individuals are transferred from one to the next generation through teaching, training and researching activities. It is a social instrument through which humanity can guide its destiny and shape its future. A knowledge society can be developed by making the education process more effective and efficient. As a result, this endeavor would provide a foundation for the country's socio-economic development. Therefore, its role has become central to develop the knowledge economy since literate and skilled citizens play an essential part in the development of the economy.

**Impact of Culture on HRMPs**

Pakistan is a multi-cultural society (Aycan *et al.*, 2000). There are many ethnic groups living in and all have values and customs different from each other. These values influence the socio-cultural conditions of the country (Khilji, 2003). However, a study of the socio-cultural factors disclose that Pakistan has a close-knit family structure, wherein the senior male member is the head of the house and the

tribe provides the basic support system for the other individuals (Aycan *et al.*, 2000; Khilji, 2003). Families heavily depend on their male head, who is expected to be their bread earner (Khilji, 2003). Women are conventionally expected to be housewives, but nowadays, a considerable percentage of the female population is engaged in the employed labour force because of the mounting inflation of food and non-food items and decreasing size of the GDP (Sarwar, 2013). A strong kinship culture is dominant in the society because of the prevailing collectivist culture and a high power distance which often promotes nepotism therein (Islam, 2004).

Organisational culture and the way HRM is organised play an important role in understanding how business is conducted in a particular environment, e.g. Pakistan (Khilji, 2003). According to her, multinational corporations (MNCs) working in Pakistan play a vital role in shaping good organisational culture; this holds true not just for Pakistan; MNCs can affect the way businesses are conducted in any other developing country contexts. The organisational culture in Pakistani has appeared as an amalgamation of bureaucracy and formalisation, which stems from the religious, cultural and political stances, extensive deregulation and privatisation processes (Islam, 2004).

The deregulation and privatisation processes have played a key role in the streamlining of the business divisions of organisations particularly in the private sector to come to par with the new styles of people management practices (Hussian *et al.*, 2012). According to Khilji and Wang (2007) and Sarwar (2013), HRM in Pakistani organisations both private and public is still in the embryonic stage and still following conventional HRM approaches. They described that organisational culture in the country is formal with strict hierarchies and a high degree of centralised practices, precisely those linked to HRM. Generally, rigid rules and policies are in practice with conventional styles for example, seniority-based pay, promotion and influence in recruitment practices (Khilji, 2003).

Khilji (2003) illustrates that top management develops and applies HRMPs without bothering to ask the lower-end employees. This behaviour shows that elitist culture is still prevalent in both private and public sector organisations. Her research

supports the idea put forward by Hofstede (1991) and Aycan *et al.* (2000) about the cultural dimensions in Pakistan with high power distance and uncertainty avoidance and medium level of masculinity. It was noticed that this level of power distance also exists in other countries, such as Malaysia, Philippines, Singapore and Thailand. However, this dimension is quite obvious in Pakistan on the grounds that there is a clear gap between the different levels of management. This can create a communication gap among the different hierarchies which may turn into mistrust and create potential chaos.

**Banking Sector of Pakistan**

This section of the study offers a contextual understanding of the banking environment, under which both private and public banks are presently working in Pakistan. Generally, this sector has been characterised by extensive regulatory requirements and competitive and technological shifts (Zaidi, 2005; Khilji, 2012). These shifts have been associated with deregulation coupled with increased inquiry and monitoring of the other facets of banking procedures. According to Zaidi (2005), banking sector has greatly contributed to the economic prosperity of the country since its inception in 1947. This sector comprises of commercial banks, specialised banks (Islamic banks, investment banks and agriculture banks), insurance companies, national saving schemes, stock exchanges, development finance institutions, leasing companies, corporate brokerage houses and microfinance banks and institutions (SBP, 2008).

From amongst these sub-sectors, the banking sector presently performs three leading functions, i.e. the mobilisation of savings, facilitation of the payment system and allocation of funds to stakeholders. A World Economic Forum report (2009) reveals that banks constitute 95% of income of the financial sector of Pakistan and it is ranked 48th from the financial stability perspective. In addition, it is 46th from the soundness point of view amongst 55 countries. The history of the sector can be traced through three different eras: pre-nationalisation (1947-1974), nationalisation (1974-1991), and privatisation and deregulation (1991 and onwards) (Hussian *et al.*, 2012).

Soon after independence in 1947, the first real problem the State Bank of Pakistan (SBP) faced was the formation of the national banking system, for which it recommended the institution of a bank to serve as an agency to the SBP. This resulted in the formation of the National Bank of Pakistan (NBP), under an ordinance in 1949; this bank became adequately strong by 1952 to take over the agency function formerly executed by the Imperial Bank of India. Later, in 1962, a comprehensive banking law was formulated to guide the development of the banking sector and to make fully sure that the interest of the depositors was secured (Hussian *et al.*, 2012).

In the second era, nationalisation of fourteen local commercial banks took place and then all were merged into five banks, which were all put under the authority and ownership of the state. At the same time, the Pakistan Banking Council (PBC) was established to observe and regulate the nationalised banks and the SBP. The main objective of nationalisation was that every citizen can have the ownership of these banks, as before these banks were mainly regulated by twenty-one influential families. Its main purpose was to distribute credit fairly, improve banking sector efficiency, direct lending to certain developing sectors and abolish the malpractices (Sarwar, 2013). Contrary to that, banking sector efficiency was badly affected and it was felt in 1980 that banks were failing to achieve the set objectives and instead were fulfilling the needs of the government organisations rather than for the betterment of the 'common people' (Hussian, 2010).

This era evidenced an increase rather than a reduction in the malpractices due to intervention by the political and industrial elite of Pakistani society (Zaidi, 2005). This negatively affected small and medium enterprises and the housing and agricultural sectors. Further, this deprived the middle class and the low-income groups access to credit. Problems included over-branching and over-staffing, high administration costs, poor customer service, poorly trained human resource, underutilisation of resources, small product range and non-performing loans because of a low recovery rate. These issues turned into increased operating costs and diminished efficiency, thereby negatively affecting bank returns. In view of these issues, economic reforms were launched by the government under which the Banks

(Nationalization) Act 1974 was amended and the ownership of the banks started shifting from public to private ownership. The Privatisations Commission was set up in 1991 for deregulation and privatisation of the government banks. The main purpose was to enhance the performance of the sector from two main perspectives, i.e. to improve the efficiency of the banking sector and to meet the requirements for funding by the World Bank and other donor agencies (SBP, 2008).

**Operational and Structural Reforms**

A number of important initiatives were made by the SBP to support the privatisation process in the banking sector. SBP initiated restructuring and reforms concerning the deregulation of the sector as the first step after the Deregulation Policy of 1990-91. To bring revolutionary, operational and structural changes to the sector, SBP sought to strengthen the operational and management capacity of the private banks to encourage more private parties. SBP also lowered the barriers to entry to attract foreign investors. Regarding this, a number of licensing opportunities were offered to allow them to set up local subsidiaries in Pakistan, in which they could have 49% of the holding interest. If these investors wished to have full ownership of their subsidiaries, they could do so easily by making an investment of USD 5 billion or above.

The entrance of foreign banks against the backdrop of privatisation initiatives in Pakistan had far-reaching consequences for the local banks regarding system procedures and the various human resource policies and practices involved. In order to make banking services more accessible to the under-privileged classes, SBP introduced micro-financing schemes. According to the guidelines laid in the Microfinance Ordinance 2001, SBP laid down a formal legal framework and strict regulations for micro-finance banks. In order to facilitate those segments of the consumers who had been under-represented till then, the SBP introduced the concept of Islamic banking. There have been a total of six micro-finance and five Islamic banks operating in the country as a result of these positive reforms.

SBP also removed the ceilings and floors applicable on the interest rates as one of the most important operational reforms in the sector. It also completely abolished the

concessional lending schemes which only benefitted the elite industrial class in the nationalisation period. In collaboration with the Government of Pakistan, the SBP took solid measures for the facilitation of debt recovery. In this connection, the Committee for the Revival of Sick Industrial Units (CRSIU) and the Corporate and Industrial Restructuring Corporation (CIRC) were established (Hussian, 2010). In the area of risk management, SBP issued the guidelines for the banks to facilitate them to identify, monitor and measure the various risks involved in banking. The SBP also incorporated technological changes in banking operations to enhance efficiency and productivity. These technological measures include making the Credit Bureau available online, creating shared ATM networks, the introduction of electronic clearing houses and the automated branch networks to facilitate the collection and payment of utility bills and remittances. These steps went a long way to help both the banks and their customers.

**Management and Productivity Reforms**

For the important management reforms, the SBP presented best management practices and a set of comprehensive regulations at par with international standards. For further effective liberalisation and privatisation, SBP instituted the practice of professional management in banks and monitored the appointment and performance of their board members (SBP, 2008). To bring more transparency and accountability to the management practices, the SBP initiated a plan which included the establishment of a management team, appointment of external auditors and the induction of board of directors. Strict regulations were observed to ensure that the banks adhered to the code of ethics and other governance stipulations in accordance with the International Accounting Standards.

The banks were also required to make public their financial statements on a periodic basis. The SBP also set up a cell of the National Accountability Bureau to process the cases of voluntary defaulters. For rapid disposal of bank loan defaulters, the SBP also introduced banking courts with the government's collaboration. As a result, the SBP was able to recover a debt amounting to PKR 15.1 billion from these defaulters. The SBP passed an anti-money laundering bill and initiated a new corporate

bankruptcy law. It also started banking surveillance to keep an eye on the activities of the various local and foreign banks in order to safeguard the interests of consumers. For the first time in the history of the country, the SBP cancelled the banking license of certain commercial banks which were found guilty of violating the prudential regulations.

## Development of Privatisation in the Banking Sector

The research suggests that privatisation leads to better efficiency, improved competition and better-quality processes in the banking sector of the country. As Hussian *et al.* (2012) stated, it is a mistake to say that the privatisation reforms did not bear fruit in the case of Pakistan. The structural and management reforms introduced by SBP resulted in at least five private banks voluntarily launching their separation schemes. A number of corrupt practices were curtailed by the reformatory measures undertaken during the privatisation process. These included the de-staffing and laying-off of approximately 21,996 employees who had been hired by the banks as a result of pressures from the political and feudal elites. These individuals were also involved in the illegal sanctioning of loans for these ruling elites, which formed a large number of loan defaulters (Sarwar, 2013). Furthermore, 814 non-performing bank branches were shut down during the first phase, while another 1,122 branches were closed during 2001-2003.

Between 2000 and 2005, a total of twelve mergers took place among the various private banks. They and other such mergers between the small struggling banks were facilitated by the SBP. This support was also extended to include mergers between local and foreign banks in the country. This led to more financial stability in the banking sector. These improvements transformed the whole banking scene of Pakistan, thus rendering it efficient and competitive on a par with international standards. According to a report by World Bank, Pakistan's banking sector ranked second amongst the South Asian countries. The banking sector has stood many tests of resilience, such as when it had to face rising pressures resulting from a weakening macro-environment situation prevailing since 2007. The banking sector has gone through a radical change and is on the path of development.

The last decade saw the increase in banking activities in the four major segments: corporate sector, SME sector, consumer banking and agricultural banking. The establishment of Small and Medium Enterprise was instrumental in developing new banking products and introducing new loan programs to support the small and medium-sized business concerns and their needs. Agriculture, on the other hand, also benefitted with the initiation of fourteen authorised commercial banks to deal in agricultural loans. Initially, only the Zarai Taraqiati Bank sanctioned agricultural loans, but realising the importance of the agriculture to the economy of the country, the SBP took these measures to increase the scope of agricultural loans (Hussian, 2010). Agriculture acts as the life-blood of the economy and various facilities were offered to small and medium farmers from the banking sector, such as easy loans, non-interest loans and repayment in easy instalments.

Consumer banking, prior to privatisation, was limited and had no real penetration to the grass roots level in the Pakistani society (Hussian *et al.*, 2012). SBP took measures to boost the system to make it more accessible to the unrepresented classes. With the increase in real incomes and savings, the commercial banking system expanded to cater to the growing needs of the public. More and more people were brought under the banking net and were provided access to banking products and services. Notably, foreign banks were the most successful because of their superior service, brand name and their expertise (SBP, 2008).

**Effects of Privatisation on HRM Practices**

The HRM side of banking includes such matters such as employment opportunities, the emergence of an educated and skilled workforce, the inclusion of foreign personnel in important senior positions and the role of HRMPs in hiring and retention of skilled employees (Khilji and Wang, 2007). The performance of the local banks was mostly overshadowed by that of the foreign banks in the post-privatisation period (Hussian *et al.*, 2012). This was due to the fact that local banks were still using the old, outdated systems of banking while the foreign banks had superior means and technology to support their banking functions (Ansari, 2011). The key reason cited for the obsolete local banking systems is the inefficient

allocation of resources during the nationalisation phase. This also included the old systems of human resource management (Qayyum *et al.*, 2011).

It is quite difficult to measure the effects of privatisation on the employment and job opportunities created. The impact on employees can be measured quantitatively using methods such as the number of employee layoffs, number of new jobs created, the amount of salaries paid and qualitatively using measures like working conditions. Previously, it was believed that privatisation led to unemployment in the economy (Khan *et al.*, 2011). However, later research studies proved this myth wrong. Social security programmes help laid off workers to be protected because of the net welfare gains which they get in most of the cases. Evidence suggests that there has been a general increase of up to 57% in the employment levels post-privatisation in most countries. Contrary evidence suggests that privatisation leads to huge downsizing, at least in the initial phase of privatisation. Nonetheless, both theories concur that privatisation leads to development and growth and the creation of more jobs in the long run.

The government and SBP took effective measures to counter the negative effects of the initial process on the levels of employment in the country (Hussian, 2010). By signing an agreement with the All Pakistan State Enterprise Workers Action Committee, the SBP safeguarded the interests of the employees in the country. Since the state-owned enterprises and those nationalised before were usually over-staffed, there were considerable downsizing experiences witnessed in the early years of the privatisation process. These employees were recruited in these banks against the fair HRMPs and were actually hurting the businesses because of their incompetency and the high salaries. Following privatisation, these corrupt practices were somehow curtailed by the banking sector and HR improvements were seen on modern lines. While the HRDs in these banks initially faced the daunting task of turnover of these incompetent employees, they were eventually successful and initiated the process of hiring educated and competent staff. As the country's economy has been facing a downturn since 2007, the banking sector too has experienced a slowdown in its growth. The deposits fell to only about PKR 3.67 trillion in October 2008. This was due to the global recessionary pressures and unrest in the country; the overall

banking sector has seen bad years and a lower growth rate. The banking system has come a long way from being a weak, public sector to a robust, independent private sector revolutionised and regulated by the SBP. The initiatives taken by the SBP in the transformation of banking in the country and strengthening its operational capacity and management practices have changed the face of the banking system (Sarwar, 2013).