HR practices and turnover intention; the mediating role of organizational commitment in Tehran: a cross-sectional study

Mohamad Kashinejad Hassanpour¹, Chin Wei Chong², Siong Choy Chong², Mohammad Khaleel Ibrahim Okour³, Samadi Behrang⁴, Xin Yee Tan¹

¹Faculty of Management, Multimedia University, Cyberjaya, Selangor, 63100, Malaysia
²Senior Office, Finance Accreditation Agency, Kuala Lumpur, Kuala Lumpur, 50480, Malaysia
³Business Administration, Luminus Technical University College, Amman, 11118, Jordan
⁴School of Marketing and Management, Asia Pacific University, Kuala Lumpur, Kuala Lumpur, 57000, Malaysia

Abstract

Background: Employees are increasingly being recognised as a valuable source of information, especially in knowledge-based businesses. Businesses, however, suffer financial and organisational memory losses related to re-hiring and training new staff, and lost productivity and intellectual property because of employee turnover. Hence, employee turnover should be considered an essential part of human resource management. Furthermore, employees’ trust in management and human resource (HR) practices substantially impact organisational commitment (OC). Thus, anticipating employee commitment and turnover intentions is crucial, as people are the sole source for knowledge-based firms to maintain their competitive advantage. In the context of selected Tehran Renewable Energy (RE) firms, this study investigated the mediating impact of OC on the relationship between HR practices (recruitment and selection; training and development opportunities; performance appraisal and evaluation; teamwork; compensation and pay; and job security) and employee turnover intention.

Methods: This is a cross-sectional study in Tehran that involved 90 experts and knowledgeable employees from four of Tehran’s top RE businesses. A questionnaire was distributed to collect data which was later analysed with correlation, regression and bootstrapping analyses.

Results: All six dimensions of HR practices were discovered to have an indirect impact on turnover intention and a direct impact on OC. OC among employees has an indirect effect on turnover intention. It was also revealed that the training and development opportunity has the most considerable effect on OC and turnover intention. OC was not found as a mediator between HR practices and turnover intention.
Conclusions: The outcomes of this study showed that both training and development opportunities; and pay and compensation structure were found to be two significant components of HR practices in the relationship with OC. RE managers should employ appropriate HR strategies, particularly in these two dimensions, to improve an individual's degree of OC and reduce turnover intention.

Keywords
HR practices, turnover intention, organisational commitment, learning organisations, renewable energy industry

This article is included in the Research Synergy Foundation gateway.

Corresponding author: Chin Wei Chong (cwchong@mmu.edu.my)

Author roles: Hassanpour MK: Conceptualization, Data Curation, Formal Analysis, Methodology, Writing – Original Draft Preparation; Chong CW: Conceptualization, Methodology, Writing – Review & Editing; Chong SC: Conceptualization, Methodology; Ibrahim Okour MK: Data Curation; Behrang S: Formal Analysis; Tan XY: Formal Analysis, Writing – Original Draft Preparation, Writing – Review & Editing

Competing interests: No competing interests were disclosed.

Grant information: The author(s) declared that no grants were involved in supporting this work.

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How to cite this article: Hassanpour MK, Chong CW, Chong SC et al. HR practices and turnover intention; the mediating role of organizational commitment in Tehran: a cross-sectional study [version 1; peer review: awaiting peer review] F1000Research 2021, 10:1130 https://doi.org/10.12688/f1000research.73351.1

First published: 08 Nov 2021, 10:1130 https://doi.org/10.12688/f1000research.73351.1
Introduction
Talent management has become more critical as part of companies' strategies to remain competitive by attaining organisational effectiveness. Employers, however, risk losing employees who seek better opportunities elsewhere. Therefore, employers must establish talent management systems that help develop talents and, most importantly, retain personnel to counter the loss of well-trained and experienced personnel. Massive investments in shaping and developing human capital will be nought if staff quit and take their talents and experience to other companies.

Losing good employees can impair an organisation's competitive advantage by diminishing production and quality. Demographics, satisfaction, organisational commitment (OC), and human resource management (HRM) practices having been identified as significant factors influencing turnover intention. OC has been found to impact turnover intention considerably. Therefore, it appears that OC must be included to forecast turnover. Human resource (HR) practices are also reported to affect turnover intention, however, with limited empirical research. Therefore, the need to study factors influencing turnover intention are pertinent to provide more precise insights on how companies can retain their employees. The goals of this study were to look at the impacts of HR practices on OC and turnover intention and investigate if OC may mediate the relationship between HR practices and turnover intention.

The effects of HR practices on organisational commitment
HR practices are how companies shape employee behaviour, perception, and attitude. HR practices like development opportunities, performance evaluation, and compensation have been investigated extensively, and significant impacts on OC were reported. Organisations should achieve their goals primarily dependent on human capital if HR practices are appropriately designed and implemented. As human capital nowadays becomes the primary asset in organisations, managing them to make them perform and think in the ways employers desire is pertinent. The level to which employees are willing to exert extra effort for the company’s success and the degree of alignment between employee and company values is measured by OC. HR practices that directly influence employees' OC significantly influence company success, and OC is an important criterion to measure HRM effectiveness. Employees interpret good HR practices positively and reciprocate with high OC.

Examining the impact of HR practices on OC requires a closer look at HRM elements. Because of their unique characters, each factor should be investigated separately because it may have a different impact on OC. Ideally, HR practices should be integrated and intertwined. They should be regarded as a single entity, but some organisations have yet to develop systematic HR practices and implement them, so examining individual HR practices is still necessary.

Following a review of the research and evaluation of the environmental and cultural circumstances within the RE business in Tehran, six HR practices were identified by the authors as critical antecedents to employee OC:

Recruitment and selection. The recruitment operations and selection process aim to recruit and appoint the best candidate for the vacancy. Hiring the right individual increases organisational productivity, with lesser performance issues and greater job satisfaction, translating into long-term OC and, more importantly, a lower tendency to quit.

Training and development opportunities. The influence of a company's focus on training opportunities on turnover intention was found contradictory. It was asserted that training is an essential aspect that positively and significantly influences an employee's attitude and the efficacy and productivity of an organisation, reducing turnover. However, several studies also suggested that training may not significantly impact OC; hence it’s worth investigating.

Performance appraisal and evaluation. Employee performance is assessed based on several factors, and if performance evaluations are poorly designed and executed, employees will fail to recognise the value of such exercises. This situation could arise because of a faulty link between performance appraisal and compensation or because employees have lost faith in performance appraisal, resulting in lower OC and higher turnover.

Teamwork. The term “teamwork” refers to a group's coordinated actions, and it directly impacts employee OC. Employees who work in teams feel more fulfilled and accomplished at work, which leads to increased employee retention.

Compensation and pay. Fair compensation methods have been demonstrated to have several advantages in employee motivation, retention, and attraction. In addition, researchers discovered an indirect link between intention to leave and performance-based pay. Hence, performance-based compensation has been acknowledged as essential HR practice. However, it is interesting that several studies report that compensation has no significant impact on OC.
Job security. The term “job security” relates to an employee’s sense of how secure they feel in their current position. Employees quit insecure organisations. Job security creates a stable workforce, which leads to essential and pleasant outcomes. As a result, an employee’s intention to quit is lower.1,29

The effects of organisational commitment on turnover intention
Intentions, according to researchers, are the most direct drivers of actual turnover behaviour.12,23 Lack of OC has been shown in previous studies to influence quit intentions.10,24 Thus, managers must pay close attention to employees' increased OC. OC could forecast turnover intentions.20,21,25 OC is one factor contributing to employees’ turnover intentions, according to previous studies that looked into the components influencing turnover intention.6,27

The mediating role of organisational commitment
The literature supports the existence of a link between HR practices and turnover intention.7,11,16 Employees are more likely to stay if their welfare is well-cared for by excellent HR practices. As previously said, the turnover intention is significantly connected with OC.5,9,14 and it is worth investigating which measure might better predict turnover intention at this juncture. However, empirical tests conducted to support the claims are still sparse, especially in the Tehran context. Similar research was restricted to investigating the effectiveness of HRM in OC and failed to show the consequential impact on turnover intention.21

Given the scarcity of research in this area, it's worthwhile considering the role of OC. We previously discussed the critical function of HR practices in managing human capital that might increase OC and reduce employee turnover intention. Therefore, we proposed OC as a mediating factor in the relationship between HR practices and turnover intention.

Conceptual framework of the study
The sector of renewable energy (RE) is considered a knowledge-based business where human capital is uncommon and unique. However, employee turnover is a considerable issue in all fields,37 including RE, which lead to difficulty finding qualified successors due to limited local expertise.

Thus, employers are torn between nurturing talents and the risk of losing their valued employees. That is where the need arises to examine what induces turnover. Although HR practices and turnover intention have been extensively studied,3 this relationship is rarely investigated with the mediating role of moral factors like OC within RE organisations. Therefore, it is imperative that employees’ perceptions and interpretations of HR practices be investigated further in various situations globally. The findings are potentially valuable to employers on which HR strategies are effective in dealing with turnover. Previous studies7,11,16 suggested that OC is a significant mediating factor of HRM on turnover intention. The present study aimed to explore the impact of HR practices on turnover intention regarding OC as the mediating variable in Tehran RE firms. Figure 1 presents the suggested relationships of variables in this study.

Methods
Ethical considerations
The study protocol was approved by the Research Ethics Committee of the Multimedia University Technology Transfer Office (Approval Number: EA0402021).

![Figure 1. Research framework](image-url)
Data collection and research instruments

Purposive sampling method was used to select study subjects, and survey questionnaires were distributed to gather data. Due to scarcity of talent in Tehran’s RE industry, the entire population of expert employees including 90 full-time employees from Tehran’s top four RE firms were invited to share their insights. Employee information were obtained from the firms and questionnaires were sent to those that have been in the RE industry for more than five years and have been specially trained in RE via email. The data was collected between November 2019 and April 2020.

The questionnaire consisted two sections (Table 1: Extended data): section A surveyed HR practices and turnover intention, while section B asked about the respondents' demographic profiles. The 45-item survey employed a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Participants signed their consent before answering the survey, acknowledging their anonymous data to be used. The questionnaire was piloted on 30 people with similar background in Malaysia before being released to ensure face validity.

Reliability of measurement items

The overall Cronbach's alpha values scored 0.905 (above 0.70) and hence the items were considered reliable (HR practices = 0.838; OC = 0.732; and turnover intention = 0.866).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>References</th>
<th>Concept</th>
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<tbody>
<tr>
<td><strong>Mediating Variables</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Q 4</td>
<td>McCann (2007)</td>
<td>Perception of development necessary to perform a job capably.</td>
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<tr>
<td>Compensation and Pay</td>
<td>Q 5, 6,7, 8</td>
<td>Heneman and Schwabab (1985)</td>
<td>Pay Satisfaction Questionnaire (PSQ) – employee’s pay satisfaction.</td>
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<td></td>
<td>Q 9, 10</td>
<td>Strong and Harder (2009)</td>
<td>Fair compensation according to employee’s performance.</td>
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<tr>
<td>Job Security</td>
<td>Q 11, 12, 13, 14, 15</td>
<td>Oldham et al. (1986) and Gaertner and Nollen (1989)</td>
<td>Employees’ perception of their job security.</td>
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<td></td>
<td>Q 17</td>
<td>Manton and van Es (1985)</td>
<td>Understanding the job and tasks by new applicants.</td>
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<td></td>
<td>Q 18, 19</td>
<td>Arnold and Place (2010)</td>
<td>Previous involvement in extension programs.</td>
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<tr>
<td>Teamwork</td>
<td>Q 20, 21, 22, 23, 24</td>
<td>Hoegl and Gemuenden (2001)</td>
<td>Teamwork quality into two groups: task-related and social interaction.</td>
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<td></td>
<td>Q 29, 30</td>
<td>Arnold and Place (2010)</td>
<td>Feedback about the evaluation process by management.</td>
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<tr>
<td><strong>Mediating Variables</strong></td>
<td></td>
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<tr>
<td>Organizational Commitment</td>
<td>Q 31, 32, 33, 34, 35, 36, 37, 38, 39, 40</td>
<td>Allen and Meyer (1990)</td>
<td>Level of employee commitment to organization.</td>
</tr>
<tr>
<td><strong>Dependent Variable</strong></td>
<td></td>
<td></td>
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<tr>
<td>Turnover Intention</td>
<td>Q 41, 42, 43, 44, 45</td>
<td>Mobley et al. (1978)</td>
<td>The extent of employees’ turnover intentions.</td>
</tr>
</tbody>
</table>
Data analysis
The data collected was analysed with SPSS version 19 using correlational, regression and bootstrapping analyses.

Results
Demographic analysis
All respondents approached returned the questionnaire, leading to a 100% response rate. The majority of the participants (67.8%) were male and between 25 and 40 years old (75.6%). Employees who have worked in the same company for one to two years accounted for 28.9%. The lowest percentage (10%) worked for the same company for more than 4 years (Table 2).

Multiple linear regression results: HR practices effects on organisational commitment
Multiple linear regression analysis results confirmed the significant impact of HR practices on turnover intention ($p < 0.05$, $R^2 = 0.073$), with all six dimensions being statistically significant to the prediction. Also, HR practices significantly influence OC ($p < 0.001$, $R^2 = 0.8$) in all six dimensions. Furthermore, the impact of OC on employees’ turnover intention was significant ($p < 0.05$, $R^2 = 0.057$). Therefore, it is suggested that OC has a significant negative impact on employees’ intention to quit RE companies.

Bootstrapping analysis: testing mediating effect of organisational commitment
The mediating effect of OC on the relationship between HR practices and turnover intention was tested on their influence on OC using bootstrapping and path analysis.

HR practices were shown to be positively correlated with RE experts’ OC ($p < 0.001$) (Path a). The direct effect of OC on turnover intention, however, was not significant ($P_{OC} > 0.05$) (Path b). Furthermore, the results of path c demonstrated that HR practices had no significant effect on turnover intention ($p > 0.05$). Therefore, as pathways b and c did not match the conditions, it can be inferred that there was no significant direct effect between the variables (Figure 2).

Furthermore, the indirect impacts of the mediating variables (Path a*b) indicated no significant effect between the variables, as the 0 value occurred between the lower and upper values of all of the investigated variables. Finally, the results demonstrated that the mediating variable’s direct influence (OC) was not statistically significant.

Table 2. Period of service of respondents.

<table>
<thead>
<tr>
<th>Period of service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Less than 12 months</td>
<td>21</td>
<td>23.3</td>
</tr>
<tr>
<td>13-24 months</td>
<td>26</td>
<td>28.9</td>
</tr>
<tr>
<td>25-36 months</td>
<td>23</td>
<td>25.6</td>
</tr>
<tr>
<td>37-48 months</td>
<td>11</td>
<td>12.2</td>
</tr>
<tr>
<td>More than 49 months</td>
<td>9</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Figure 2. The effect of HR practices (IV) on intention to turnover (DV) with the mediating role of OC (MV).
Discussion

The findings showed that HR practices positively impact OC, consistent with previous research concepts and conclusions. Employee turnover could be reduced if HR techniques are applied effectively.1,31,33 Although the R² value was relatively low, the research confirmed the relevance of each of the six HR practices to turnover intention.

Training and development opportunities had the most significant indirect effect on turnover intention than other HR practices.22,26,28,30 Therefore, it implied that many of the RE experts in Tehran are rather unhappy with development opportunities, leading to high turnover. However, this was not the only HR practice affecting turnover. The results also implied a need to look at the other HR practices to mitigate the turnover issue.

The finding that indicates recruitment and selection as a strong predictor of OC suggested that employees who perceive they have the skills and abilities to perform their jobs tend to have higher OC, which is in line with previous studies.8,22 Therefore, the process should gauge one's potential skills and abilities and match them to the right job. Hiring an individual with matching skills and abilities would be critical in making the person a committed worker.

Compensation and pay are also strong predictors for OC. This finding contradicts the outcomes of some research done before 2000, which found no insignificant association,13 and this suggested a change in causes of turnover over time. In Tehran, top managers moving for better salaries was cited as the key reason for the lack of OC. Despite their high OC, they may believe they are underpaid. Given the great demand for their skills elsewhere, they are likely to resign.

The findings validated the argument that employees' OC will be increased by exploiting sound HR practices.1,13,22,35 Furthermore, all the practices predicted OC significantly to different degrees, which attested to the importance of the bundled HR practices and their relations to OC and turnover intention. More importantly, it was observed that the impact of HR practices is much more significant on OC than turnover and indicated that OC is a matter of priority before the turnover issue is addressed. These arguments are very much in support of where OC affects turnover intention.2,33

Contradicting prior studies, OC is not a significant mediator between HR practices and turnover intention.2,21 Instead, it is a significant factor affected by HR practices that affect turnover intention. Nevertheless, more studies are needed to confirm the results of this study.

These findings contribute to both theory and practice. First, despite the modest findings, it contributes to the research from a theoretical aspect by looking at OC as a mediator. Nonetheless, this is a fresh perspective that has hitherto received little attention. Second, this is most certainly Iran's first analysis of the RE sector. Third, the high turnover rate justifies a timely focus on RE firms, from which practical suggestions for bettering the implementation of bundled HR practices can be derived.

There appears to be a need for companies to develop a fair and reliable evaluation method that can accurately assess employees' performance, consider their development needs, and evaluate compensation in increasing retention.1,13,22,35 Furthermore, RE organisations must build a teamwork-encouraging climate and enhance the recruitment process.22 These findings provide broad guidance to RE organisations regarding priority to generate higher OC and reduce turnover intention. This is critical as RE firms aim to retain personnel. Management should be aware that turnover is not solely dependent on HR practices or OC. They must look beyond basic HR practices to apply special techniques that benefit.25

Conclusion

This study established the significant effect of HR practices on OC and turnover intention. It also indicated that OC did not mediate the relationship between HR practices and turnover intention. The findings add to the growing data that HR practices should be well-managed since employees will reciprocate with more outstanding commitment and a decreased turnover intention.

These findings give essential lessons to companies that provide opportunities for career development and more autonomy in jobs might not help to reduce turnover. Instead, what is pertinent is developing HR practices that can boost OC, which subsequently reduces turnover intention.
Data availability
Underlying data

Extended data

This project contains the following extended data:

- Questionnaire sent to respondents
- A key for the readers’ interpretation
- Demographic data of participants

Data are available under the terms of the Creative Commons Zero “No rights reserved” data waiver (CC0 1.0 Public domain dedication).

Acknowledgements
The authors greatly acknowledge the RM firms and the employees for participating in the survey.

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