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Article

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Impact of Perceived Organizational Support on Employee Retention with Mediating Role of Psychological Empowerment

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Abstract

Objective of this research is to study the effect of Perceived Organizational support at retention of employees with mediation of psychological empowerment in higher educational Institutions of Pakistan. Questionnaire of 31 items is adopted in which 8 item scales is adopted to measure Perceived organizational support, 12 item scale to measure psychological empowerment and 11 item scale to measure Employee retention. 200 questionnaires were distributed, out of which 170 were returned. Analysis of data is done by using SPSS 18 version. Findings of research document the existence of considerable and affirmative association of Perceived organizational support with employee retention by partial mediation of psychological empowerment. In Pakistan this relationship is studied for first time. This study is carried out in Pakistan where perceived organizational support and psychological empowerment have been scarcely investigated and Psychological empowerment is entirely an ignored variable in this regard.

Keywords: perceived organizational support, psychological empowerment, employee retention, Higher Education Institutes (HEIs).

1. Introduction

Education is the supreme element which contributes significantly in human growth and development. Education is the pillar upon which highly developed cultures are fabricated. In order to strengthen that pillar it is essential to highlight the importance and to upgrade the quality of education. Without quality the pillar becomes a weak foundation and deteriorates everything built upon it. The significance of effective teaching brought in lime light the overlooked issue of retaining good teachers. The academic professionals are of crucial importance for effective performance of an institution. Academic institutions are unable to ensure sustainability and quality over the long period of time because of lack of competent and devoted academic staff. Therefore, higher educational institutions are much more reliant on the academic and creative abilities and commitment of their academic staff than in any other organizations. According to Ng'ethe et al.

(2012), universities serve as storehouse of knowledge for development of human resource needs consequently gratifying the ambition and desire of the nation for superior and benevolent civilization.

Pienaar and Bester (2008) strongly argue that academic profession is elementary for effective operation and performance of universities. Any academic institution cannot survive and perform well without competent and committed academic staff. Therefore universities are more reliant on the scholarly and ingenious abilities and loyalty of the faculty in comparison of the other institutions. Anderson, et al. (2002) states that in Australian universities 68% of the university staff desired to leave higher education. As 79% and 71% of the respondents considers the value of academic profession is dilapidated. South African universities are also confronting same challenging circumstances, where between 5% and 18% academic staff switched off from higher education institutions. Yousaf (2010) examines the renowned challenges regarding academic staff retention experienced by developed states. For instance in case of United States within one academic year from 1997 to 1998, 7.7% of the full time faculty switch to other jobs, out of which only 29% are retirees and rest of the 71% left for variety of reasons.

It has been observed that retention of proficient and competent teachers has become a stumbling block in improving quality of education for Higher Education Institutions (HEIs) in Pakistan as the turnover rate has been significantly increased in recent years. In higher education institutions, which are considered as the hub of knowledge, the retention of knowledge-workers has become a crucial issue.

According to Aycan, et al. (2000), Pakistan is one of the countries where education sector has been a neglected rubric with respect to human resource management. Khuwaja (2012) states that Human resource management is generally an ignored variable in our Pakistani educational sector and need alarming attention in era of competition and globalization. High turnover leads to monetary loss, for example cost for recruiting new staff for replacement, training cost, cost associated with period prior to intentional exit from university as in that time teacher will be less productive and public relation cost. According to Zahra, et al. (2013), with increase in number of universities, the characteristics of business of education are also changing. One of the most important factors is the commercialization of education. This paradigm shift leads to high turnover among academic staff because now they have ample opportunities, on basis of which they can conveniently select the institutions according to their own preferences and satisfactory factors. According to Zhou and Volkwein (2004), when faculty quit, university will bear the loss at individual, departmental and institutional level and also affects negatively the goodwill of institution and availability of services. A large number of universities of Pakistan are predominantly affected with issue of high turnover because in order to cope up with our vigorously shifting business settings universities are under mounting stress to produce graduates even when the availability of skilled faculty is limited. Therefore universities have to handle these changes and deal with the issue of turnover.

1.1 Impact of HEC Reforms

HEC is responsible to make sure the availability of fair and accessible higher education of International standards. HEC of Pakistan introduces the changes which lead to an increase in number and nature of educational Institutions. One of the most important facts is that Education sector is highly privatized, consequently now faculty is available with multiple choices to accept or reject the institutions. This makes retention of professional and qualified teachers, a significant challenge for higher education institutions in Pakistan. According to Osama, et al. (2009), in last five years HEC have introduced following key initiatives

- Awarding 2,825 scholarships for development of academic staff with associations of doctorate from developed states
- Introduce Foreign Faculty Hiring Program (FFHP), under which foreign faculty members are offered with internationally equivalent salaries, joining of 289 faculties from abroad under Tenure Track System (TTS).

Moreover new policies are formulated for hiring of faculty members like from Jan 1, 2015, the eligibility criteria for appointment of a lecturer in universities will be M.Phil./MS or equivalent degree (18 years) or degree in master from a foreign university .Similarly from Jan 1, 2016 eligibility for appointment of an assistant professor in higher educational institution will be PhD. Due to all these above mentioned facts, severe competition in educational structure with respect to gaining knowledge and delivering too, and dissatisfaction with respect to salary ranks, there is a challenge for universities to maintain faculty over a longer period of time especially new hires and providing them systematized structure as per HEC requirement. (HEC, 2012)

2. Literature Review

2.1 Perceived Organizational Support

Chen (2010) states that perceived organizational support gets high consideration since 1980s. Krishnan and Mary (2012) defines Perceived Organizational support as sensitivity and opinion of employee regarding the degree to which their involvement is appreciated and recognized by their institution and cares about their well-being .According to Wann-Yih and Hatik (2011) perceived organizational support is an employee's point of view regarding the extent to which organization is concerned for their welfare and consider its efforts for organization. They put more efforts when there is an indication that all efforts will be owned and will be rewarded by organization. Waseem (2010) found that the job attitudes and behavior of employees is highly affected by different institutional policies and programs which ultimately leads to positive organizational outcomes. It is the belief of an employee that the organization considers their effort in accomplishment of organizational goals. Therefore employees always engage themselves in activities which keep them close and respected to their employer. Ghani (2006) stated that employees lead to organizational success. According to Colakoglu, et al. (2010) organizational support is of great importance for employees and considered by employees as key factor which also enhances the job satisfaction and the organizational commitment of employees.

2.2 Psychological Empowerment

Spreitzer (1995) defines the Psychological empowerment as a set of motivational thoughts or ideas shaped by a work environment and reflecting an individual's active orientation to his or her work role. It has four components: meaning, competence, self-determination and impact. Meaning refers to that how much a task is worth able in relation to individual belief system. According to Zhang and Bartol (2010) meaning refers to the importance of a job a sense of personal connection to work. Competence refers the extent to which an individual is talented to execute an undertaking successfully with all his possessed skills and abilities; Impact refers the extent to which an individual can influence the work ending; Self-determination refers that how much an individual has power, independence and self-sufficiency over his day to day job tasks.

Employees with high level of self-determination possess the ability to affect the individuals and organization more, positively.

Bhatnager (2012) in his study found that psychological empowerment significantly effects the commitment of employee toward his Institution. With an increase in intensity of psychological empowerment turnover intention will get lowered down and employee will feel more autonomous at their job. Kraimer, et al. (1999) and Spreitzer (1995) have associated psychological empowerment with different outcomes, including organizational commitment and Applebaum et al. (2003), states that commitment is significant contributor in employee retention strategies of an organization.

2.3 Employee Retention

Employee retention is defined by Akila (2012) as a course of action in which the employees are expectant to be part of institution for the maximum period of time or until the accomplishment of job. Retention of employees is valuable equally for employees as well as for organization. When employees feel dissatisfied they will switch over to the better opportunity. Therefore task of employer is to retain valuable and talented employees otherwise they will be left with no good employee. Nazia and Begum (2013), defines employee retention as a business effort to retain its current staff by sustaining a supportive working environment. The purpose of various employee retention policies is to enhance the job satisfaction which adds to retention rate and trim down the considerable expenses associated with employing and guiding fresh personnel. According to Samuel and Chipunza (2009), purpose of retention is to prevent the loss beard by Institutions in case when employees quit from their job and it negatively effects production and prosperity.

2.4 Relationship between Perceived Organizational Support and Employee Retention

According to Godfrey (2010), those employees will be more committed and will decide to be part of organization for long period of time that think that their organization appreciates their efforts for organization and cares about their comfort and welfare. Perceived organizational support is negatively associated with turnover intentions. Same findings are also explained by Allen, et al. (2003), which showed that high scores on POS was associated with low scores on turnover intentions and actual turnover.

2.5 Relationship between Perceived Organizational Support and Psychological Empowerment

According to Ahmad, et al. (2010), explains that it is the general point of employees that they feel psychologically more empowered at their workplace when they have organizational support. Employees with perceived organizational support are more certain and positive that they have all of the resources required to perform their job efficiently, appreciation for their efforts and organizational association for their actions. According to Patrick and Laschinger (2006), perceived organizational support and psychological empowerment are positively related with each other

2.6 Relationship between Psychological Empowerment and Employee Retention

According to Mendes and Stander (2011), for financial stability it is very much important to empower and retain the employees. Managers need to understand that how empowerment motivates the employees to remain part of organization. According to Klerk (2013), there exist significant relationship between psychological empowerment and retention. He found that it would be valuable if organizations develop skills in leaders to empower their workforces. This would lead to higher levels of psychological empowerment, work engagement and retention of talent.

Literature is highly enriched with variety of variables which contributes in faculty retention both in local and in international context. According to Tetty (2006), Zahra., et al. (2013) and Mubarak, et al. (2013) Promotion, Institutional authority, working environment, training and development, Salaries and Benefits, remuneration, recognition, supervisor's support and work life policies, pay satisfaction, opportunities of learning and growth appreciably leads to employee retention. However this study focuses on relationship between perceived organizational support and faculty retention with mediation of psychological empowerment.

According to Bogler and Nir (2012), did the study on teacher's perceived organizational support recently but that research was conducted on primary school teachers in western context and highlighted the need to examine the relationship in eastern context and also to test this relationship in higher education sector. Therefore, this study is an attempt to fill this gap by testing relationship between POS and ER in Higher education sector of Pakistan, while this research focus on faculty of universities in Pakistan. Jha (2011) also pointed out that Psychological empowerment is an overlooked variable in this concern. Researches on psychological empowerment and its consequences in service sector are very rare. Psychological empowerment itself is an ignored variable in context of Pakistan (Hashmi & Naqvi, 2012) and prior to this research its mediation effect was not tested. According to Tetty (2006) in developing states the issue of academic staff retention is not renowned well in literature because still this issue is dealt under category of 'brain drain'. After detailed literature, this study finds that there exists no empirical research to explain the impact of perceived organizational support with mediation of psychological empowerment on employee retention. This study bridges up the gap by analyzing the relationship between perceived organizational supports with mediation of psychological empowerment on employee retention.

3. Conceptual Model



Figure 1: Conceptual Model

Following hypothesis summarizes the arguments discussed in literature and developed on the basis of conceptual model.

- **H₁**: Perceived organizational support significantly affects the Psychological empowerment in universities of Pakistan.
- **H₂**: Psychological empowerment significantly affects faculty retention in universities of Pakistan.
- **H₃**: Perceived organizational support significantly affects the faculty retention in universities of Pakistan
- **H₄**: Psychological empowerment mediates the relationship between Perceived organizational support and faculty retention in universities of Pakistan.

4. Methodology

4.1 Measures

Instrument for data collection was the questionnaire. Questionnaire consists of two sections. In the first division, respondents were requested to provide demographic information. In second division Perceived organizational support is measured by using 8 item scale (Rhoades, & Eisenberger, 2002), 12 item scale is used to measure psychological empowerment (Spreitzer, 1995) and 11 item scale to measure Employee retention (Kyndt et al., 2009) is used. The items are anchored on a Likert scale ranging from strongly disagree (coded 1) to strongly agree (coded 7).

4.2 Data Collection and Analysis

Data is collected through survey of faculty members of eight institutions of higher education in Lahore and Gujranwala. Three are public and five are private sector universities in Punjab. Convenience and non-probability sampling techniques are used because of time and cost constraints and sampling frame of teachers of all universities was also not available therefore non-probability sampling technique is used. Total 200 questionnaires were distributed and 170 filled questionnaires were returned at the 85% response rate.

4.3 Statistical treatment of data

For statistical treatment of data Statistical Procedure for social science (SPSS) software 18 version is used to test the proposed hypotheses in the conceptual model .Descriptive

analysis, reliability analysis, Factor analysis and regression analysis are used for the analysis purpose.

5. Results and Discussion

The table1 shows Reliability Statistics of 31 items. The overall value of Cronbach'sAlpha is 0.895 which is considerably good as it is greater than 0.7.

Table 1: Reliability Analysis

Cronbach's Alpha	N of Items
.895	31

The mean score of respondents on POS is 5.0044 with standard deviation of 1.07494. The mean score of respondents on PE is 5.1069with standard deviation of 0.72813. The mean score of respondents on ER is 4.7374 with standard deviation of 0.92284, by which it means that faculty retention is significantly affected by POS and PE.

Table 2: Descriptive Analysis

	N	Mean	Std. Dev.
POS	170	5.0044	1.07494
PE	170	5.1069	.72813
ER	170	4.7374	.92284

The gender wise response showed that there are male=112 and females=58, out of which 42 were single and 128 were married. According to designation, response depicted (lecturer=83, assistant professors=55, associate professors=20 and professors=12) and the age group of the respondents was (Below 30 =42, 31-40 =90, 41-50=26, 51 and above=12). University-wise response to the questionnaires showed (public universities=75, private universities =95).As far as job experience is concerned below 5 years=60,6-10 years=69 and 11 and above there are 41 respondents with diverse salary packages (Below 30,000=14,31000-50,000=63,51000-70000=42 and 71000 and above=51).

Table 3: Frequency Analysis

Demographic Results		
	F	%
Gender		
Male	112	65.9
Female	58	34.1
Status		
Single	42	24.7
Married	128	75.3
Designation		
Lecture	83	48.8
Assistant Prof	55	32.4
Associate Prof	20	11.8
Professor	12	7.1
Age		
Below 30	42	24.7
31-40	90	52.9
41-50	26	15.3
51& above	12	7.1
Sector		
Private	75	44.1
Public	95	55.9
Job Experience		
Below 5	60	35.3
6-10	69	40.6
11& above	41	24.1
Salary		
Below30000	14	8.2
31-50	63	37.1
51-70	42	24.7
71&above	51	30

As a first step, advice of Medsker, Williams and Holohan (1994) is followed and performed an exploratory principal component analysis with varimax rotation on all multiple-scale items to determine item retention. A principle component factor analysis with varimax rotation was conducted to validate the basic structure of POS, PE and ER. In interpreting the factors, only a loading of 0.40 or greater on the factor have been considered. The KMO measure of sampling adequacy value for items was 0.706 indicating sufficient inter-correlations with Bartlett test of spehericity was also found to be significant (*chi-square* =6553.400; *sig*= 0.000, *p*<0.001).

Table 4: Factor Analysis

		Component		
		POS	PE	ER
POS1	The Institution values my contribution to its well-being.	.367		
POS2	My Institution fails to appreciate any extra effort from me	.838		
POS3	The Institution would ignore any complaint from me	.754		
POS4	The Institution really cares about my well-being	.637		
POS5	Even if I did the best job possible, the Institution would fail to notice	.802		
POS6	The Institution cares about my general satisfaction at work.	.687		
POS7	The Institution shows very little concern for me.	.681		
POS8	The Institution takes pride in my accomplishments at work	.460		
PE1	My impact on what happens in my Institution is large		.461	
PE2	I have great deal of control over what happens in my Institution		.620	
PE3	I have a significant influence over what happens in my Institution		.617	
PE4	I have a significant autonomy in determining how I do my job		.775	
PE5	I can decide on my own how to go about doing my work		.822	
PE6	I have considerable opportunity for independence and freedom in how I do my job		.479	
PE7	I am confident about my ability to do my job		.552	
PE8	I am self-assured about my		.525	

	capabilities to perform my work			
PE9	I have mastered the skills necessary for my job		.600	
PE10	The work I do is meaningful		.390	
PE11	The work I do is very important to me		.581	
PE12	My job activities are personally meaningful to me		.197	
ER1	I'm planning on working for another Institution within a period of three years.			.780
ER2	Within this Institution my work gives me satisfaction.			.481
ER3	If I wanted to do another job or function, I would look first at the possibilities within this Institution.			.700
ER4	I see a future for myself within this Institution.			.407
ER5	It doesn't matter if I'm working for this Institution or another, as long as I have work.			.686
ER6	If it were up to me, I will definitely be working for this Institution for the next five years.			.604
ER7	If I could start over again, I would choose to work for another Institution			.632
ER8	If I received an attractive job offer from another Institution, I would take the job.			.654
ER9	The work I'm doing is very important to me.			.611
ER10	I love working for this Institution.			.592
ER11	I have checked out a job in another Institution previously.			.642
Eigen Value		10.968	4.021	3.308
Percent of Variance		24.373	33.310	40.660

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization

In order to confirm the hypothesis of study regression analysis was conducted.

Table 5: Coefficient (Dependent Variable: Psychological Empowerment)

Model	R ²	Standardized B	t-Statistics	F	Sig	Un-Standardized B
1	.286	.535	8.20	67.246*	.000 ^a	3.294
						.362

a. Predictors : (Constant) POS

b. Dependent variable: Psychological empowerment

*Significant at 0.000 Level

Psychological Empowerment = 3.294 + 0.362 Perceived Organizational SupportEq. (1)

Table 5 shows that when Perceived organizational support was regressed on psychological empowerment it explained 28.6% in psychological empowerment variability is caused by perceived organizational support, with significant F-statistics (F=67.246, b=0.535, t=8.20, p<0.01), which proves first hypothesis. Equation 1 indicates that one unit in perceived organizational support would change psychological empowerment by 0.362 units.

Table 6: Coefficient (Dependent variable: Employee Retention)

Model	R ²	B	t-statistics	F	Sig	Un-Standardized B
2	.391	.793	10.392	107.995*	.000 ^a	0.689
						0.793

a. Predictors: (Constant) Psychological empowerment

b. Dependent variable: Employee Retention

*Significant at 0.000 Level

Employee Retention = 0.689 + 0.793 Psychological EmpowermentEq. (2)

Table 6 explains that when Psychological empowerment was regressed on employee retention, it explained 39.1% variability with significant F-statistics (F=107.995, b=7.93, t=10.392, p<0.01), thus proving second hypothesis. Equation 2 indicates that one unit in psychological empowerment would change Employee retention by 0.793 units.

Table 7: Coefficient (Dependent variable: Employee Retention)

Model	R ²	B	t-statistics	F	Sig	Un-Standardized B
3	.189	.362	6.252	39.086*	.000	2.871
						0.373

- a. Predictors: (Constant) POS
 - b. Dependent variable: Employee Retention
- *Significant at 0.000 Level

$$\text{Employee Retention} = 2.871 + 0.373 \text{ Perceived organizational support} \dots\dots\dots \text{Eq. (3)}$$

When Perceived organizational support was regressed on employee retention, (Table 7) it explained 18.9% variability with significant F-statistics (F=39.086, b=0.362, t=6.252, p<0.01), which proves second hypothesis. Although value of R² is smaller than .30 but it is statistically significant. Equation 3 indicates that one unit in perceived organizational support would change Employee retention by 0.373 units.

Table 8: Coefficient (Dependent variable: Employee Retention)

Model	R ²	B	t-statistics	F	Sig	Un-Standardized B
4 a	.189	.698	7.798	107.995*	.000 ^a	0.572
B	.405	.120	1.983	56.906*	.049	0.698
						0.120

- a. Predictors: (Constant) Psychological empowerment
 - b. Predictors: (Constant) Psychological empowerment, POS
 - c. Dependent variable: Employee retention
- *Significant at 0.000 Level

$$\text{Employee Retention} = 0.572 + 0.698 \text{ psychological empowerment} + 0.120 \text{ Perceived Organizational Support} \dots\dots\dots \text{Eq. (4)}$$

Table 8 shows that when Psychological empowerment and perceived organizational support was regressed on employee retention, it explained 18.9% and 40.5% variability with significant F-statistics (F=107.995, 56.906, b=0.689, 0.120, t=7.798, 1.983, p<0.01), thus proving fourth hypothesis. Equation 4 indicates that one unit change in psychological empowerment would change employee retention by 0.689 units and one unit change in POS would change Employee retention by 0.120 units.

In order to test the proposed hypothesis (Baron & Kenny, 1986) method is used. According to that method, to test for mediation three regression equations are followed. Firstly, regressing the mediator on independent variable; secondly regressing the dependent variable on independent variable and thirdly regressing dependent variable on both independent variable and the mediator.

In table 5 we see that when regression is run between Perceived organizational support (independent variable) and psychological empowerment (mediator), with

controlled employee retention (dependent variable), This establishes that there is an association between Perceived organizational support(independent variable) and psychological empowerment (mediator) with $B=.535$ and $p=0.000$.It shows path a . Table 6 shows path b , when regression is run between psychological empowerment (mediator) and employee retention(dependent variable) which establishes that there is an association between psychological empowerment (mediator) and employee retention(dependent variable) with $B=.793$ and $p=.000$.Table 7 shows path c , when regression is run between perceived organizational support (independent variable) and employee retention (dependent variable),which establishes that there exists an association between perceived organizational support and employee retention, which can be mediated. Table 8 shows path c' in which regression is run by considering two predictors perceived organizational support and psychological empowerment with outcome variable, Employee retention. This establishes unique association that each predictor (perceived organizational support and psychological empowerment) has with outcome (Employee Retention). Steps 1-3 establish that zero-order relationships exist among the variables and step 4 proves partial mediation when relationship between perceived organizational support and employee retention is still significant even when path b is controlled.

This study explains the impact of perceived organizational support on employee retention with mediation of psychological empowerment in education sector of Pakistan. The result of this study shows that all of our hypotheses H_1 , H_2 , H_3 and H_4 are supported for this study .This study contribute to literature by providing empirical evidence that institutions can retain their valuable employees by appreciating the perception and views of their employees about their institution and by considering the importance of empowering them.

6. Conclusion

Faculty retention is an important dilemma faced by higher educational institutions .Universities are the institutions which develop the expertise and human resource required to develop the policies, structures, governance, culture and socio-economic aspects of development. Perceived organizational support is the common feeling of employees toward the organization by explaining whether organization appreciates and have concern for them or not and how much it is supportive for its employees. Psychological empowerment makes individuals to be part of decision making process in organizational issues by empowering them with control and independence. This research studies the impact of perceived organizational support on faculty retention in higher educational institutions of Pakistan, with mediation of psychological empowerment. Results of research documents that perceived organizational support has significant relationship with employee retention, with a mediator between perceived organizational support and employee retention. Psychological empowerment has significant relationship with faculty retention and also play role as mediator between perceived organizational support and employee retention. Baron and Kenny (1986) mediation test is used which proves that partial mediation exists between these variables. It shows that due to Psychological empowerment faculty retention can be improved. The entire hypotheses for this study are well supported and proved by the analysis.

7. Limitations and Future Research Directions

There are few confinements of this research. These limitations include use of structured questionnaire, quantitative data analysis and focus on the single service sector, self-report prejudice and cultural issues. For further study it is suggested to include some other theoretical variables on employee retention across diversified sectors and cross cultural settings. Future researchers can also test mediating and moderating mechanisms of other variables in relationship between Perceived organizational Support and Employee Retention by employing sophisticated analytical approaches. This was an empirical study and a qualitative study which can also be conducted by using observation and interviews methods. Future studies can focus on other manufacturing and services sector. Data was collected from 2 cities Lahore and Gujranwala, Punjab. Future researcher can investigate the relationship between variable by collecting data from other provinces as well. In future researcher can do the longitudinal study.

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