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# Perceived investment in employee development and turnover intention: A social exchange perspective

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Applying the social exchange theory the study aimed at exploring the relationships between perceived investment in employee development, affective commitment, job satisfaction, and turnover intention. Using a self-administered questionnaire, 177 tellers of private sector commercial banks in Pakistan were randomly selected and surveyed to test a multiple mediation model, to see if the relationship between perceived investment in employee development and turnover intention was mediated by affective commitment and job satisfaction. The causal steps method was used to assess the multiple mediation model. Results indicate that affective commitment and job satisfaction completely mediated the link between perceived investment in employee development and turnover intention. Further, the difference between the two mediated effects was not statistically significant. Implications, limitations, and future lines of research are also discussed in the paper.

**Key words:** Perceived investment in employee development, affective commitment, job satisfaction, turnover intention, multiple mediation, Pakistan.

## INTRODUCTION

Several studies have found that development affects employee attitudes (Saks, 1995; Bartlett, 2001; Scarpello and Campbell, 1983) and affective commitment and job satisfaction are found in several models of development outcomes (Tsui et al., 1997; Kalleberg and Rognes, 2000; Naumann, 1993; Lee and Bruvold, 2003). The models are generally based on social exchange theory and assume that, an individual seeks to reciprocate in positive ways by extending their effort to benefit the organization when he/she receives something of value. Mergers, acquisitions, re-engineering, and downsizing that are now prevalent have led to job insecurity for employees and this situation has created problems for organizations as it undermines the traditional human resource practices to retain committed employees (Benson, 2006).

Several scholars advocate that 'high commitment' human resource practices such as, employee development might supplant the traditional employee-organization

relationship strategy as a basis for shaping employee attitudes and behaviors (Iles et al., 1996; Estienne, 1997; Galunic and Anderson, 2000). Employee development is a signal to employees that the organizations value their contributions and care about their employability and as a result they reciprocate in positive ways by demonstrating attitudes that commensurate with the amount of obligation they feel the organization has for them (Wayne et al., 1997). Developing new skills and competencies gives employees a great sense of control over their career, as they can compete for jobs within the organization and at the same time they make themselves more valuable in external labor market if they decide to leave (Feldman, 1996).

Literature review shows that, although organizational commitment and job satisfaction have shown to be important predictors of turnover intention (Addae et al., 2006; Lee, 1988), very few studies (Lee and Bruvold, 2003) have examined how job satisfaction and organizational commitment are related to the link between perceived investment in employee development and turnover intention. We believe that this study will make some important contributions to the literature. Most importantly,

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it will contribute to an understanding of the nature of the relationship between perceived investment in employee development and turnover intention, by investigating the mediating effects of affective commitment and job satisfaction in the cultural and institutional context of Pakistan. Furthermore, the study will contribute to an understanding of the difference between the two mediated effects (that is mediation through affective commitment and through job satisfaction) in the link between perceived investment in employee development and turnover intention.

The objectives of this study are three-fold. First, we apply the social exchange theory to explore the relationships between perceived investment in employee development, affective commitment, job satisfaction, and turnover intention. Second, we use the multiple mediator model, to examine the mediating role of affective commitment and job satisfaction in the link between perceived investment in employee development and turnover intention simultaneously using the causal steps method. Third, we test the Lee and Bruvold (2003) model among bank tellers in Pakistan, to have a cross-national understanding of the similarities or differences in development-attitude-behavior relationships. In addition, this study provides answers to the following questions:

1. How affective commitment and job satisfaction are related to the link between perceived investment in employee development and turnover intention in the cultural and institutional context of Pakistan? Does affective commitment mediate the relationship between perceived investment in employee development and turnover intention?
2. Does job satisfaction mediate the relationship between perceived investment in employee development and turnover intention?
3. Are the two mediated effects different from each other?

## LITERATURE REVIEW

### Social exchange theory

Social exchange theory is among the most powerful tools for understanding workplace behavior. One of the basic doctrines of social exchange theory is that relationships develop over time into trusting, loyal, and mutual commitments (Cropanzano and Mitchell, 2005). In order to do so, parties must comply with certain rules of exchange. Cropanzano and Mitchell further suggest that, reciprocity or repayment in kind is possibly the best known rule of exchange. Reciprocal interdependence is considered a defining feature of social exchange as it involves mutual and complementary arrangements that reduces risk and enhances cooperation (Molm, 1994). Murstein et al. (1977) are of the opinion that, individuals differ in the degree they endorse reciprocity. Individuals

high in an exchange orientation are more likely to return a good deed than those low in exchange orientation. Eisenberger et al. (1986) findings suggest that, the relationship between perceived organizational support and absenteeism was stronger for individuals with high exchange orientation than those low in exchange orientation. Witt and Broach (1993) found that, strong exchange orientation significantly increased satisfaction with training. Although, the principles of reciprocity may be universally accepted (Gouldner, 1960), the degree to which individuals and cultures apply these principles differ (Parker, 1998).

Tsui et al. (1995) coined the term employee-organization relationship strategy to capture the employer's viewpoint on the employment relationship. The strategy includes employer's expectations about contributions it desires and the inducements that it uses to effect the desired contributions from employees. Tsui et al. (1997) developed four different employee-organization relationship strategies based on the types of resources exchanged. According to Tsui et al. (1997) the two balanced employee-organization relationship strategies are quasi-spot (resembling pure economic exchange) and mutual investment (resembling social exchange). The two unbalanced employee-organization relationship strategies are underinvestment (where the employee undertakes broad obligations, but is awarded short-term rewards) and over investment (where the employee performs only a well-specified set of obligations, but is awarded long-term rewards). The basic difference between economic and social exchange is that, the latter involves unspecified, long-term, and open-ended obligations on the part of both employer and employee (Blau, 1964).

Cropanzano and Mitchell (2005) are of the opinion that, a positive reciprocity orientation involves the tendency to return positive treatment with positive treatment and vice versa. When organizations offer positive inducements in form of development opportunities, employees tend to reciprocate positively by extending their effort to benefit the organization (Kuvaas and Dysvik, 2009; Settoon et al., 1996). Relying on social exchange theory, Lee and Bruvold (2003) tested a model including perceived investment in employee development, affective and continuance commitment, job satisfaction, and intent to leave among nurses in Singapore and US. They found that perceived investment in employee development was positively related to affective commitment and job satisfaction, and that affective commitment and job satisfaction completely mediated the relationship between perceived investment in employee development and intent to leave.

According to Alam (2009) private Higher Education sector in Bangladesh considers education as business goods rather than as public goods. The increasing number of students enrolling with the private sector demonstrates that the sector is doing well however, there

is a need to setup separate governance and regulatory mechanisms for private universities to ensure the rights and representation of entrepreneurs. Tsui et al. (1997) found that affective commitment was significantly higher among employees in the over investment and mutual investment employee-organization relationships than among employees working in quasi-spot and under investment circumstances. They also found that continuance of employment by employees' (intentions to stay) was highest in mutual investment employee-organization relationships and lowest among employees working in underinvestment circumstances.

### **Perceived investment in employee development**

Investment in employee development means equipping employees with new knowledge and competence through organized learning experiences provided by the organization. Perceived investment in employee development refers to "employees' assessment of their organizations' commitment to help employees learn to identify and obtain new skills and competencies that will allow them to move to new positions, either within or outside these organizations" (Lee and Bruvold, 2003, p.983). Several studies have found that perceived investment in employee development is related with important attitudinal and behavioral outcomes such as affective commitment (Saks, 1995; Naumann, 1993; Tsui et al., 1997), job satisfaction (Scarpello and Campbell, 1983; Naumann, 1993; Kalleberg and Rognes, 2000), and intent to leave (McConnell, 1999; Tsui et al., 1997; Colarelli and Monte, 1996).

### **Organizational commitment**

The concept of organizational commitment has received increased attention in the research literature (Steers, 1977; Bateman and Strasser, 1984; Morrow, 1993). The importance of organizational commitment stems from a belief that, if properly managed, it can lead to favorable outcomes such as organizational effectiveness, improved performance, decreased turnover, and decreased absenteeism (Suliman and Al-Junaibi, 2010). According to Allen and Meyer (1996) organizational commitment is a psychological link between the employee and the organization that makes it least likely that the employee will willingly quit the organization.

Allen and Meyer (1990) proposed a three-dimensional attitudinal construct of organizational commitment namely, affective, normative, and continuance commitment. Affective commitment refers to employees' identification with, involvement in, and emotional attachment to the organization. Normative commitment refers to employees' sense of moral obligation to stay with the organization. On the other hand, continuance commitment refers to

employees' recognition of the costs associated with leaving the organization. Stallworth (2004) argued that, affective commitment is the best single predictor of turnover intention. Meyer and Allen (1991) contended that employees with high levels of affective commitment are more likely to stay with their organizations because they wish to maintain their membership, in order to facilitate organizational goals. A number of studies have confirmed that affective commitment has a significant inverse relationship with turnover intention (Aryee and Lau, 1990; Elangovan, 2001; Carmeli and Gefen, 2005).

A study conducted in Trinidad and Tobago among employees in media organizations by Addae et al. (2006) indicated that, perceived organizational support led to affective commitment and the latter, in turn, led to lowered turnover intention. However, employees with high affective commitment who perceived a psychological contract breach were more likely to have intentions to quit their jobs. According to Alam and Hoque (2010) the governments of the third world countries in collaboration with international donor agencies, should strive to provide adequate working environment to their individuals in order to reduce the brain drain.

### **Job satisfaction**

Job satisfaction has received considerable attention by researchers. Job satisfaction is defined as "an attitude that individuals have about their jobs. It results from their perception of their jobs and the degree to which there is a good fit between the individual and the organization" (Ivancevich et al., 1997; p.91). Smith et al. (1969) defined job satisfaction as the extent to which an individual has a positive attitude towards their job, either in general or towards particular dimensions. The attitudinal nature of job satisfaction implies that, an individual would tend to stay with a satisfying job and quit a dissatisfying job (Spector, 1985). Several studies have treated job satisfaction as a predictor of important behavioral outcomes, such as intent to leave, turnover, and absenteeism (Lee, 1988; Elangovan, 2001; Spector, 1985; Clugston, 2000). The mediating role of job satisfaction has also been examined by various researchers (Lok and Crawford, 2001; Yousef, 2002; Lee and Bruvold, 2003; Malik et al., 2010).

### **Turnover intention**

Tett and Meyer (1993) suggested that, turnover intention should be considered a conscious and deliberate willfulness to leave the organization. The voluntary turnover of valuable employees is generally considered detrimental to the organization both in terms of replacement costs and work disruption (Addae et al., 2006). The Mobley model (1977) suggests that, an employee most likely

experiences seven sequential and intermediate stages between job dissatisfaction and turnover decision. The model identifies intent to leave as the last stage having immediate causal effect on eventual turnover. Several researchers reported support in the validity of the Mobley model by including all seven intermediate stages of the model in their studies (Hom et al., 1984; Lee, 1988).

Numerous researchers have recognized intent to leave as the final stage having immediate causal effect on turnover decision (Bedeian et al., 1991; Addae et al., 2006). Mowday et al. (1984) extended the breadth of Mobley model by substituting job satisfaction with organizational commitment. Their results indicated that, organizational commitment can be linked to employee turnover via the Mobley model. Lee (1988) further validated the substitution of job satisfaction with organizational commitment in his comprehensive test of the Mobley model. Several studies have confirmed notable decrements in organizational commitment and job satisfaction, shortly before eventual turnover (Porter et al., 1974; Carmeli and Gefen, 2005; Clugston, 2000).

### Multiple mediator model

In multiple mediator models, the effect of an independent variable is transmitted to a dependent variable through two or more mediators. As for the single mediator model, the simple relationship between X and Y is referred to as the total effect of X on Y denoted by c (Preacher and Hayes, 2004). However, when the relationship between X and Y is mediated by two mediators M1 and M2 the effect of X on Y is referred to as the direct effect denoted by c'. The indirect effect of X on Y is defined as the product of the a<sub>1</sub> and b<sub>1</sub> parameters, a<sub>1</sub>b<sub>1</sub>, and the product of the a<sub>2</sub> and b<sub>2</sub> parameters, a<sub>2</sub>b<sub>2</sub>. The total mediated effect equals a<sub>1</sub>b<sub>1</sub> + a<sub>2</sub>b<sub>2</sub>, which is equal to c - c'. The hypothesized multiple mediation model, is shown in Figure 1.

Baron and Kenny (1986) causal steps method is widely used for mediation analysis in the management literature (Lok and Crawford, 2001; Vandewalle et al., 1995; Suliman, 2002). The causal steps method for single mediator model also applies in multiple mediator models (Mackinnon, 2008). The four regression equations for the two mediator model are as follows:

The dependent variable (Y) is first regressed on the independent variable (X). This step is assessed by estimating the following equation:

$$Y' = \alpha_1 + cX + e_1 \quad (1)$$

where;  $\alpha_1$  is the intercept coefficient and  $e_1$  is the error term)

The purpose of this first test is to establish that there is an effect to mediate. If c is not statistically significant in Equation 1, then the analysis for consistent mediation

stops (Mackinnon, 2008). The first mediating variable (M1) is regressed on the independent variable (X). This step is assessed by estimating the following equation:

$$M1' = \alpha_2 + a_1X + e_2 \quad (2)$$

where;  $\alpha_2$  is the intercept coefficient and  $e_2$  is the error term

The second mediating variable (M2) is regressed on the independent variable (X). This step is assessed by estimating the following equation:

$$M2' = \alpha_3 + a_2X + e_3 \quad (3)$$

where;  $\alpha_3$  is the intercept coefficient and  $e_3$  is the error term

The dependent variable (Y) is simultaneously regressed on the independent variable (X), the first mediating variable (M1), and the second mediating variable (M2). This step is assessed by estimating the following equation:

$$Y'' = \alpha_4 + c'X + b_1M1 + b_2M2 + e_4 \quad (4)$$

where;  $\alpha_4$  is the intercept coefficient and  $e_4$  is the error term)

### Complete and partial mediation

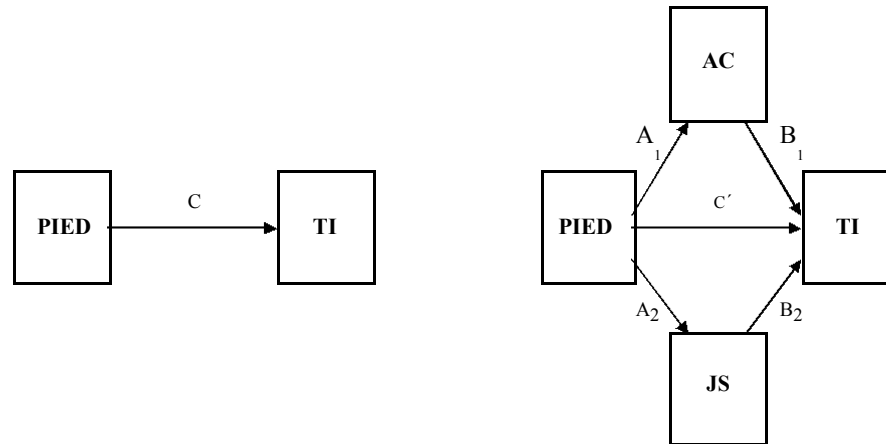
There is evidence for complete mediation when the effect of X on Y with the inclusion of M1 and M2 is insignificant and a<sub>1</sub>b<sub>1</sub> or a<sub>2</sub>b<sub>2</sub> or both are significant. In this case, c' or the direct effect must not be significantly different from zero. However, when the effect of X on Y with the inclusion of M1 and M2 is reduced in magnitude, but remains significant, there is evidence for partial mediation (Mackinnon, 2008). The partial mediation case allows c' to be significant and makes sense that partial mediation is perhaps more realistic than complete mediation in social sciences research because of the many causes of behavior (Baron and Kenny, 1986).

### Theoretical framework

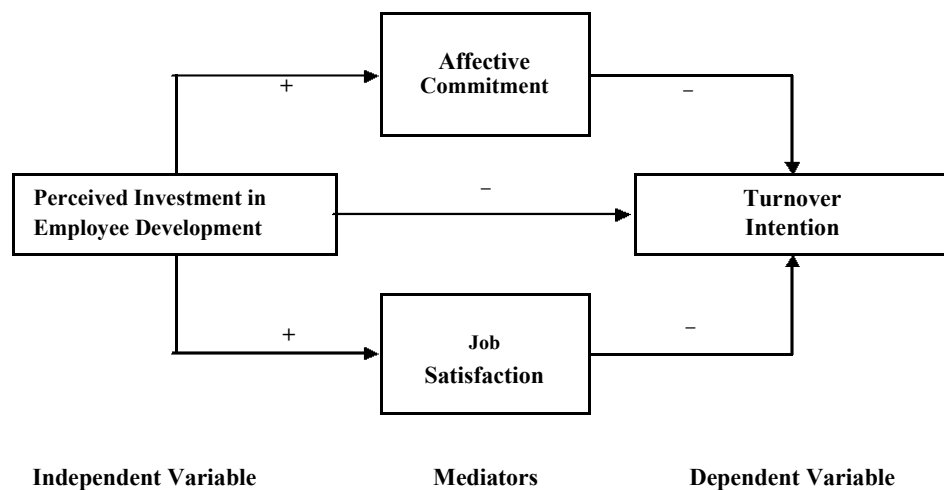
The schematic diagram shows one independent variable, namely perceived investment in employee development, affective commitment and job satisfaction as two mediators, and turnover intention as dependent variable (Figure 2). The relationships are based on review of the literature that tends to support this conceptual model (Whitener, 2001; Lee and Bruvold, 2003).

### METHODOLOGY

Here, the data collection method, sample and the instruments used



**Figure 1.** The hypothesized multiple mediation model.



**Figure 2.** Description of the multiple mediating effects of affective commitment and job satisfaction on perceived investment in employee development and turnover intention.

to measure the variables of the study are discussed

#### Data collection method

Questionnaires are an efficient data collection method when the researcher knows exactly what is required and how to measure the variables of interest (Sekaran, 2003). Following the practice in social sciences, a personally administered questionnaire was used for primary data collection as there were no secondary data available in Pakistan (Qureshi et al., 2010). The questionnaire consisted of two parts; the first part consisted of demographic characteristics of the respondents whereas, the second part measured the main variables of the study.

#### Sample

A pilot study was conducted before distributing the questionnaire, to test the validity of the measures. Convenience sampling a type of nonprobability sampling was used for data collection. This technique was used to obtain a large number of completed responses

quickly and efficiently. All private sector commercial banks operating in Pakistan were selected for the study. A list of these banks was obtained from the official website of the State Bank of Pakistan. A total of 275 questionnaires were personally administered to tellers working in these banks in Islamabad and Rawalpindi. 190 questionnaires were returned back resulting in a response rate of 69%. Of the returned questionnaires, 177 were suitable for data analysis.

Table 1 presents the main characteristics of the sample. Of the subjects, about 96% are male and 4% are female. Of the subjects, about 10% have less than bachelor degree, 86% have bachelor degree, and 4% have master degree. Of the subjects, 38% have been working as teller for less than 5 years and 62% for 5 years or more.

#### Measures

Perceived investment in employee development was measured using a nine-item scale. Two items of the scale were adapted from Tsui et al. (1997) and seven were adapted from Lee and Bruvold (2003). A five-point likert scale was used, ranging from 1 (strongly disagree) to 5 (strongly agree). Examples of the items included in

**Table 1.** The main characteristics of the sample (N = 177).

Characteristic	Frequency	Percent
<b>Gender</b>		
Male	170	96
Female	07	04
<b>Age</b>		
Less than 35 years	41	23
35-45 years	103	58
More than 45 years	33	19
<b>Education level</b>		
Less than Bachelor	17	10
Bachelor	153	86
Master	07	04
<b>Tenure as Teller</b>		
Less than 5 years	68	38
5-10 years	83	47
More than 11 years	26	15

this scale are “My organization provides career counseling and planning assistance to employees” and “My organization provides support when employees decide to obtain ongoing training”. Cronbach’s  $\alpha$  for the scale was 0.77.

Affective commitment was measured using the (Porter et al., 1974; Modway et al., 1979) nine-item scale. A five-point Likert scale was used, ranging from 1 (strongly disagree) to 5 (strongly agree). Examples of the items included in this scale are: “I find that my values and the organization’s values are very similar” and “I am proud to tell others that I am part of this organization”. Cronbach’s  $\alpha$  for the scale was 0.81. Job satisfaction was measured using the shortened version of the Minnesota Satisfaction Questionnaire (Johnson and Weiss, 1971).

This twenty-item scale is considered a global measure of job satisfaction. A five-point Likert scale was used, ranging from 1 (very dissatisfied) to 5 (very satisfied). Examples of the items included in this scale are: “The chance to do something that makes use of my abilities” and “My pay and the amount of work I do”. Coefficient  $\alpha$  for the scale was 0.79. Turnover intention was measured using the (Bluedorn, 1982) three-item scale. A five-point Likert scale was used, ranging from 1 (strongly disagree) to 5 (strongly agree). Examples of the items included in this scale are: “As soon as I can find a better job, I’ll leave the organization” and “I am seriously thinking about quitting my job”. Cronbach’s  $\alpha$  for the scale was 0.83.

## Hypotheses

### *Hypothesis 1*

One could argue that perceived investment in employee development may result in increased affective commitment. This argument has been supported by previous research (Saks, 1995; Naumann, 1993; Tsui et al., 1997; Lee and Bruvold, 2003). Therefore, it could be hypothesized that:

H<sub>1</sub>: Perceived investment in employee development is positively associated with affective commitment.

### *Hypothesis 2*

One could argue that perceived investment in employee development may result in increased job satisfaction. This argument has been supported by previous research (Scarpello and Campbell, 1983; Lee and Bruvold, 2003; Naumann, 1993; Kalleberg and Rognes, 2000). Therefore, it could be hypothesized that:

H<sub>2</sub>: Perceived investment in employee development is positively associated with job satisfaction.

### *Hypothesis 3*

One could argue that perceived investment in employee development should reduce employees’ intent to leave. This argument has been supported by previous research (McConnell, 1999; Kalleberg and Rognes, 2000; Tsui et al., 1997; Colarelli and Montei, 1996). Therefore, it could be hypothesized that:

H<sub>3</sub>: Perceived investment in employee development is negatively associated with turnover intention.

### *Hypothesis 4*

One could argue that as employees become more affectively committed to the organization their intent to leave may reduce. A number of studies have confirmed that, affective commitment has a significant negative impact on intent to leave (Aryee and Lau, 1990; Elangovan, 2001; Carmeli and Gefen, 2005; Addae et al., 2006). Therefore, it could be hypothesized that:

H<sub>4</sub>: Affective commitment is negatively associated with turnover intention.

**Table 2.** Descriptive statistics and correlations (reliabilities in parentheses).

Variables	PIED	AC	JS	TI
PIED	(0.77)			
AC	0.713**	(0.81)		
JS	0.421**	0.497**	(0.79)	
TI	-0.433**	-0.497**	-0.547**	(0.83)
M	3.27	3.43	3.40	2.41
SD	0.775	0.900	1.011	0.859

Note. PIED = Perceived Investment in Employee Development; AC = Affective Commitment; JS = Job Satisfaction; TI = Turnover Intention. \*\*P < 0.01.

### Hypothesis 5

One could argue as job satisfaction increases an employee's intent to leave the organization may decrease. A number of studies have confirmed that job satisfaction has a significant negative impact on an employee's intent to leave (Clugston, 2000; Lee, 1988; Netemeyer et al., 1995; Tate et al., 1997). Therefore, it could be hypothesized that:

H<sub>5</sub>: Job satisfaction is negatively associated with turnover intention.

### Hypothesis 6

One could argue that employees who are well-invested-in by their organizations in terms of development opportunities are more likely to experience increased affective commitment and satisfaction on the job and thus are less likely to leave. This argument has been supported by previous research (Lee and Bruvold, 2003; Ferris and Urban, 1984). Therefore, it could be hypothesized that:

H<sub>6a</sub>: Affective commitment and job satisfaction will mediate the relationship between perceived investment in employee development and turnover intention.

H<sub>6b</sub>: The mediated effect through affective commitment is significantly different from the mediated effect through job satisfaction.

### Data analyses

Statistical Package for Social Sciences (SPSS) Version 16 was used to analyze the collected data. Frequencies and percentages were used to present the main characteristics of the sample. Means, standard deviations, and inter-correlations of the main variables were also calculated. Following the Baron and Kenny (1986) causal steps method, simple and multiple linear regressions were used for testing the mediating role of affective commitment and job satisfaction.

## RESULTS

Table 2 displays the means, standard deviations, and correlations for the study variables. There was significant positive relationship between perceived investment in employee development and affective commitment ( $r = 0.713$ ,  $p < 0.01$ ). In addition, there was significant positive relationship between perceived investment in employee development and job satisfaction ( $r = 0.421$ ,  $p < 0.01$ ). There was a significant negative relationship between

perceived investment in employee development and turnover intention ( $r = -0.433$ ,  $p < 0.01$ ). A significant negative relationship between affective commitment and turnover intention ( $r = -0.497$ ,  $p < 0.01$ ) was found. In addition, a significant negative relationship was found between job satisfaction and turnover intention ( $r = -0.547$ ,  $p < 0.01$ ).

The results indicate that, perceived investment in employee development was positively associated with affective commitment and job satisfaction thus providing support for both H<sub>1</sub> and H<sub>2</sub>. Results also indicate that, perceived investment in employee development was negatively associated with turnover intention providing support for H<sub>3</sub>. Further, results show that affective commitment and job satisfaction were negatively associated with turnover intention thus supporting H<sub>4</sub> and H<sub>5</sub>, which stated that affective commitment and job satisfaction are negatively associated with turnover intention.

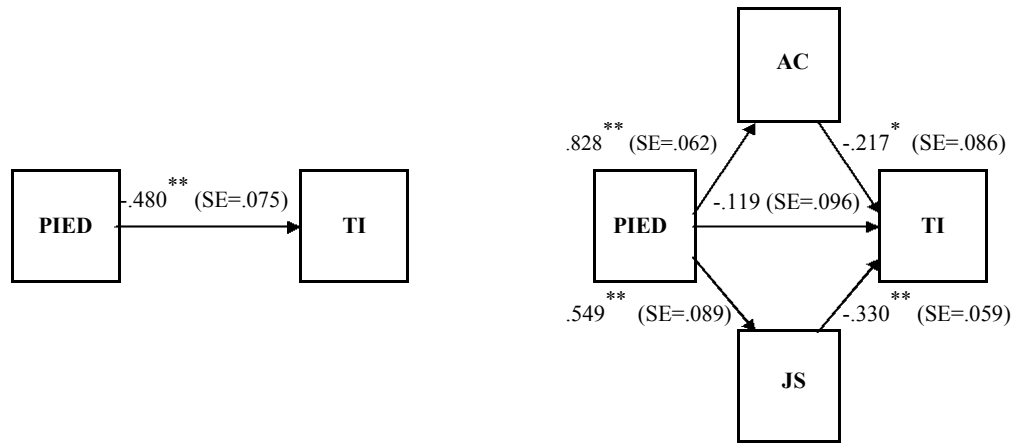
### Results of total mediated effect

The SPSS output for the four regression equations is displayed in Table 3. The estimate of the two mediated effects was equal to  $a1b1 = (0.828) (-0.217) = -0.1797$  for mediation through affective commitment and  $a2b2 = (0.549) (-0.330) = -0.1812$  for mediation through job satisfaction. The total mediated effect of  $a1b1 (-0.1797)$  plus  $a2b2 (-0.1812)$  equaled  $-0.361$ , which was equal to  $c - c' = -0.480 - (-0.119) = -0.361$  (Figure 3). The total mediated effect of perceived investment in employee development on turnover intention was  $-0.361$ , so that a 1 unit change in perceived investment in employee development was associated with a  $-0.361$  effect on turnover intention through the two mediating variables.

The total mediated effect was tested for statistical significance by dividing the estimate of the mediated effect by its standard error. If the absolute value of the ratio exceeds  $\pm 1.96$ , then the mediated effect is significantly different from zero at 5% level of significance (Mackinnon, 2008). Table 4 displays that the standard error of the total mediated effect (that is,  $a1b1 + a2b2$ ) was equal to 0.0948, yielding a z statistic of  $-3.8070$  and lower and upper confidence limits of  $-0.5476$  and  $-0.1751$ , respectively. The total indirect effect of perceived

**Table 3.** SPSS output for the regression equations.

No.	DV	IV	Unstandardized coefficient		T	Sig. t	F	Sig. F	Adj. R <sup>2</sup>
			Beta	SE					
1	TI	PIED	-0.480	0.075	-6.353	0.000	40.362	0.000	0.183
2	AC	PIED	0.828	0.062	13.456	0.000	181.071	0.000	0.506
3	JS	PIED	0.549	0.089	6.141	0.000	37.707	0.000	0.173
4	TI	PIED	-0.119	0.096	-1.237	0.218	34.185	0.000	0.361
		AC	-0.217	0.086	-2.516	0.013			
		JS	-0.330	0.059	-5.569	0.000			

**Figure 3.** The estimated multiple mediation model. The numbers in the figure represent unstandardized regression coefficients and standard errors in parentheses. \*P < 0.05; \*\* P < 0.01.

investment in employee development on turnover intention through affective commitment and job satisfaction was statistically significant, as the 95% confidence intervals did not contain a zero. If a zero is not included in the 95% confidence limits of the estimate, it can be concluded that the indirect effect is statistically significant (Preacher and Hayes, 2008; Mackinnon, 2008).

There was evidence for complete mediation since the effect of perceived investment in employee development on turnover intention with the inclusion of affective commitment and job satisfaction was insignificant ( $\beta = -0.119$ ,  $p > 0.05$ ; Table 3). These findings support H<sub>6a</sub>, which stated that affective commitment and job satisfaction mediates the influence of perceived investment in employee development on turnover intention. These results are in line with previous research findings (Lee and Bruvold, 2003). We proceeded to investigate the significance of the specific indirect effects associated

with the two mediators. The following indirect effects were tested: (1) the indirect effect of perceived investment in employee development on turnover intention through affective commitment, and (2) the indirect effect of perceived investment in employee development on turnover intention through job satisfaction.

### Results of mediated effect through affective commitment

Table 4 displays that, the standard error of the a1b1 mediated effect was equal to 0.0725, yielding a z-statistic of -2.4786 and lower and upper confidence limits of -0.3218 and -0.0376, respectively. The mediated effect of perceived investment in employee development on turnover intention through affective commitment was statistically significant, as the 95% confidence intervals



**Table 4.** Indirect effects of perceived investment in employee development on turnover intention through affective commitment and job satisfaction.

Path	Point estimate	Product of coefficient		Percentile 95% CI	
		SE	Z	Lower	Upper
Indirect effects					
a <sub>1</sub> b <sub>1</sub>	-0.1797	0.0725	-2.4786	-0.3218	-0.0376
a <sub>2</sub> b <sub>2</sub>	-0.1812	0.0437	-4.1465	-0.2669	-0.0955
a <sub>1</sub> b <sub>1</sub> + a <sub>2</sub> b <sub>2</sub>	-0.3609	0.0948	-3.8070	-0.5476	-0.1751
Contrast of indirect effects					
a <sub>1</sub> b <sub>1</sub> - a <sub>2</sub> b <sub>2</sub>	-0.0015	0.0731	-0.0205	-0.1448	0.1418

did not contain a zero.

### Results of mediated effect through job satisfaction

The standard error of the  $a_2b_2$  mediated effect was equal to 0.0437, yielding a z statistic of -4.1465 and lower and upper confidence limits of -0.2669 and -0.0955, respectively. The mediated effect of perceived investment in employee development on turnover intention through job satisfaction was statistically significant, as the 95% confidence intervals did not contain a zero.

### Results of the difference between the two mediated effects

Table 4 shows that the difference between the two mediated effects (that is,  $a_1b_1 - a_2b_2$ ) was equal to -0.0015 with a standard error of 0.0731, yielding a z statistic of -0.0205 and lower and upper confidence limits of -0.1448 and 0.1418, respectively. The difference between the two mediated effects was not statistically significant, as the 95% confidence intervals contained a zero. These findings reject H6b, which stated that the two mediated effects are significantly different.

## DISCUSSION AND IMPLICATIONS

Results suggest that perceived investment in employee development was associated with affective commitment. Employee development opportunities are a signal to employees that the organization has a concern about their well-being and as a result they reciprocate in positive ways by demonstrating job attitudes that commensurate with the amount of obligation they feel the organization has for them (Wayne et al., 1997). This implies that, in order to develop and maintain such positive reciprocity organizations should strive to create cultures where sustained employee development programmes are highly encouraged. Tsui et al. (1997) findings suggest that affective commitment is significantly higher among

employees in the overinvestment and mutual investment employee-organization relationships than among employees working in quasi-spot and underinvestment circumstances. According to Lee and Bruvold (2003) all dimensions of organizational commitment are not associated with perceived investment in employee development. The findings of their study among nurses in two different countries suggest that only affective commitment is associated with perceived investment in employee development.

Another finding of this study is that, perceptions regarding investment in employee development resulted in increased job satisfaction. This result suggests that employees who are given the opportunity to update their skills and competencies, are expected to have higher levels of job satisfaction because they have more control over their employability. Developing new skills and competencies gives employees a great sense of control over their career as they can compete for jobs within the organization and at the same time they make themselves more valuable in external labor market, if they decide to leave (Feldman, 1996). This implies that employees who have more control over their employability within the organization and across a wide range of organizations will have higher levels of job satisfaction.

Perceived investment in employee development encourages both affective commitment and job satisfaction. When an organization offers positive inducements in form of development opportunities, employees will be more affectively committed to the organization and more satisfied with the job, which in turn, reduces their intent to leave the organization. The results suggest that, affective commitment and job satisfaction completely mediated the relationship between perceived investment in employee development and turnover intention. The direct effect of perceived investment in employee development on turnover intention was insignificant with the inclusion of affective commitment and job satisfaction. This implies that only under circumstances where affective commitment and job satisfaction are increased will the tellers' intent to leave be decreased and vice versa. Tsui et al. (1997) results suggest that, continuance of employment by employees' is highest in mutual investment and the

overinvestment employee-organization relationships and lowest among employees working in underinvestment circumstances.

The findings of this study have important implications for practitioners and researchers. Mergers, acquisitions, contractual employment, and downsizing that are now prevalent have led to changes to the traditional employment relationship. In this shifting workplace landscape 'high commitment' human resource practices such as employee development might contribute to desired workplace attitudes and behaviors. If organizations are looking for sustained competitive advantage then one way to achieve it is through creating cultures where sustained employee development programmes are highly supported (Lee and Bruvold, 2003). Employee development programmes not only enhance the well-being of individual employees, but they may also increase the organization's productivity. Investing in employee development may create a dynamic relationship where employees reciprocate positively because they have a greater sense of job satisfaction and develop affective commitment to the organization.

### Limitations and future research

There are number of limitations that should be noted. First, the cross-sectional nature of the data makes it impossible to draw inferences of causality or rule out the possibility of reciprocal causality (Kuvaas and Dysvik, 2009). Elangovan (2001) results suggest that, there is a reciprocal relationship between organizational commitment and turnover intention. Lower commitment leads to greater intentions to leave which in turn, further lowers commitment. It is possible, for instance, that an employee might justify his/her intentions to leave by discovering more negative aspects of the job/organization, thus experiencing lower commitment and job satisfaction which in turn, might affect his/her perceptions regarding investment in employee development. Second, the generalizability of the results might be limited because the research was conducted in organizations in the banking sector in Islamabad and Rawalpindi. Third, the study relied on the use of questionnaire to collect the required data.

Several lines of research suggest themselves. First, longitudinal studies are needed to draw causality inferences from the relationships examined in this study. Second, a study analyzing the relationships between demographic factors, perceptions regarding investment in employee development, work attitudes, and behaviors would be of interest. Third, since investment in employee development may differ according to industry and country, in-depth interviews with employees would be helpful for future studies. Fourth, replicating the study in different national cultures and industries may assist with the generalizability of the results and at the same time, it

may be helpful in understanding the cross-national similarities or differences in the relationships examined in this study.

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