# Managerial Communication and Intent to Remain with the Organization: Examining an Empirical Model of Factors Affecting Retention of Israeli Employees

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With the advent of globalization and increased competition, there is a dire need to espouse a proactive approach on the part of the employer and work towards ensuring employee retention. Hence in the present study we proposed and empirically tested a research model which examined the factors affecting retention of employees. This multilevel model aimed at testing both organizational level factors—organizational commitment and managerial communication and individual/employee level factors—perceived organizational support, job satisfaction and job performance. Overall, using SEM, the research model demonstrated a good fit and provided evidence for a robust relationship between managerial communication and retention. Implications for organizations and future research are discussed.

### INTRODUCTION

Retaining top talent is a major concern for many companies. Companies that fail to retain highly skilled employees will lose valuable tacit knowledge and will be left with an understaffed, less qualified workforce that will hinder their ability to remain competitive (Rappaport, Bancroft, & Okum, 2003; Amah, 2009). There is a vast amount of literature on employee turnover, which identifies factors that cause employees to leave an organization (e.g. Girffeth, Hom & Gaertner, 2000), however little research has focused specifically on how an employee decides to stay and what determines this retention process (Maertz & Campion, 1998). Thus, we know a lot about why people leave (turnover) but little about why people stay (retention). And, the reasons people stay with an organization may not always be the same as the reasons people leave an organization (Steel, Griffeth & Hom, 2002).

So, what should organizations do to retain their employees? As seen above this important question also confronts Israeli companies, who like companies all over the world face a highly competitive business environment where employers are competing for talent (Sagie & Weisberg, 2001). But, before we address as to what steps companies should take to retain their valuable employees, we need to gain an understanding as to why employees leave or stay.

To do so, we will provide a brief overview of the major theories that have been advanced in the literature over the past 50 plus years that help explain why employees stay or leave. The overview is not

meant to cover all possible theories or variables related to employee turnover and retention, but rather to provide a foundation in support of our research model.

Muchinsky and Morrow (1980) introduced the construct of organizational prestige as an important factor to retention, which is similar to the description of company reputation (Fombrun & Shanley, 1990), and more recently to the notion of becoming an "employer of choice", which involves communicating the positive aspects of working for a particular organization to current and prospective employees (Branham, 2005; Hausknecht, Rodda & Howard, 2009). Further evidence for the importance of managerial communication in retention was provided by Tubbs and Hain (1979). Their work established that the central role of the manager is in attracting and retaining employees. These authors posited that once good communication between the manager and employees has been established, other incentives, such a pay and benefits, were considered additional means to attract and retain employees, but were not the main reasons for employees to remain with the organizations.

One of the earliest theories of turnover was March and Simon's (1958) theory of organizational equilibrium, in which the individual's satisfaction with the job (desirability of movement) and the availability of alternative jobs in the external market (ease of movement) were the two main drivers of employee turnover (Hausknecht, et al., 2009). Given the increase in job vacancies the second driver would be more prominent in Israel. From a retention perspective, their model suggested that employees are more likely to stay with an organization when they are satisfied with their jobs and when there are few outside alternatives available. Most of the subsequent theories have built on their desirability and ease of movement framework, in which low job satisfaction became the prominent indicator and main driver of an individuals' intention to leave an employer (Hom & Kinicki, 2001; Mobley, 1977; 1982; Podsakoff, LePine, & LePine, 2007; Porter & Steers, 1973; Price & Mueller, 1981).

Porter and Steers (1973) extended March and Simon's model by including several workrelated and personal factors, such as extrinsic reward (e.g., pay and benefits), intrinsic awards (e.g. advancement opportunities), constituent attachment (e.g., supervision and group relations), tenure with the organization (e.g. seniority), and non-work influences (e.g. family relations), which they believed were important antecedents of employees' intentions to leave.

Mobley et al. (1979) were among the first to stress the role of organizational commitment in intentions to leave, suggesting that committed employees are expected to remain because they believe in the goals and values of the organization and are willing to exert effort on its behalf. Mowday and his colleagues emphasizes the employee's affective bond with the organization (Mowday, Porter, & Steers, 1982). This viewpoint asserts that organizational commitment is characterized by a strong belief in and acceptance of the organization's goals and values. Research utilizing this affective approach to commitment has also found an inverse relationship between commitment and turnover intention (Porter, Steers, Mowday, & Boulian, 1974). In line with the affective approach more recently researchers found that one of the important individual level factor that affects an employee's organizational commitment is his/her perceived organizational support (POS). Employees who experience a strong level of POS feel the need to reciprocate favorable organizational treatment (Eisenberger et al., 1986) and are likely to be more committed and possibly more willing to engage in extra role or "organizational citizenship" behaviors (Organ, 1988) than are employees who feel that the organization does not value them as highly.

Eisenberger et al. (1997) proposed the theory of POS that implies that employees develop certain beliefs regarding the extent to which the organization values their contributions and cares about them. The more the organization values and supports the employee, the more the employee will contribute to the well-being of the organization (Eisenberger, Cummings, Armeli & Lunch, 1997). Researchers have also stressed the role of job performance differences in studying employee retention, in particular, because of the negative consequences associated with turnover among high performers (e.g. Allen & Griffeth, 1999; Griffeth & Hom, 2001; Trevor, Gerhart, & Boudreau, 1997). Evidence suggested that high performers are more likely to stay when they are satisfied with their job, when there are contingent rewards and when there is an opportunity for salary growth and advancement (Allen & Griffeth, 2001; Mossholder, Bedeian, Norris, Giles & Field, 1988; Hausknecht, et al., 2009; Trevor et al., 1997; Schoeff, 2007).

The latest comprehensive meta-analysis on employee turnover antecedents by Griffeth, Hom & Gaertner, (2000) reconfirmed the predictive strength of turnover determinants found in previous meta-analyses and the well-established theoretical relationships discussed earlier (e.g. Hom & Griffeth, 1995; Kim, Price, Mueller, & Watson, 1996; Mobley, Griffeth, Hand, & Meglino, 1979; Price & Mueller, 1986; Steers & Mowday, 1981). The best predictors in the withdrawal process included among others, managerial communication, job satisfaction, perceived organizational support, and comparison of alternatives. Additional predictors, which prevailing theories presume less robust in the withdrawal process include characteristics of the work environment, such as job content, stress, autonomy, group cohesion, leadership, distributive justice and promotional chances.

In summary, little research has examined employees' intentions to remain with an organization, particularly in the Israeli context. Based on the above discussion and the gap in the literature, in this study, we propose and test an empirical model of employee retention grounded in theory and past research (e.g. Eisenberger, et al.1997; March & Simon, 1958; Mobley, Griffeth, Hand, & Meglino, 1979; Porter & Steers, 1973, Price & Mueller, 1981; Tubbs & Hain, 1979).

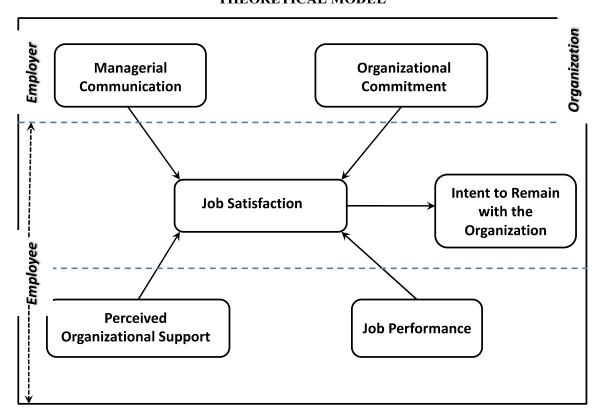
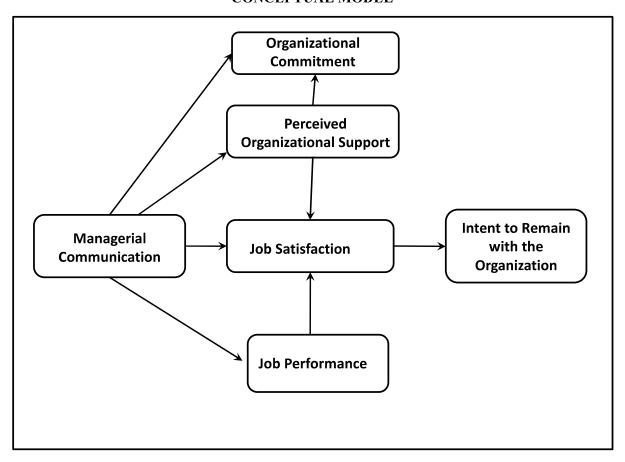


FIGURE 1 THEORETICAL MODEL

This multilevel model aimed at testing both organizational level factors—organizational commitment and managerial communication and individual/employee level factors—perceived organizational support, job satisfaction and job performance. Specifically, we test the effect of managerial communication on intent to remain with the organization. Although the relationships between various combinations of these variables have been examined in past research, the specific direct and indirect relationship shown in Figure 1 and 2 have not been previously examined using a cross-sectional sample of Israeli employees.

FIGURE 2 CONCEPTUAL MODEL



### Middle East: The Israeli Context

Although geographically located in the Middle East Israel's economic, political and social systems and its culture varies greatly from its neighboring countries such as Egypt, Saudi Arabia, Iraq and Syria (Tzafrir, Meshoulam & Baruch, 2007). Israel has a huge influx of immigrants which adds greatly to the diversity in the population; strong public sector given the massive unionization and a slow but steady shift from a socialistic work culture towards a more liberal and capitalist model (Sagie & Weisberg, 2001). These characteristics greatly affect the Israeli workplace and further validates that "there is no such thing as Middle Eastern HRM model... given the marked differences between HRM in different Middle Eastern countries" (Budhwar & Mellahi, 2006, p. 296). Budhwar and Mellahi (2006) further pointed out the dearth in the HRM literature for studies which focus on the Middle Eastern region. Ruël, Afiouni and Schuler (2012) observed that most past studies were conducted on a single country setting and consequently provided an incomplete understanding about the entire Middle Eastern region. However, as seen from the above discussion, Israel is not representative of the Middle Eastern region and is relatively different from its neighboring countries. This calls for more studies to provide insight into this unique country which consequently will help to fill the gap in the literature about HRM in the Middle Eastern region. Furthermore, the focus of our study was employee retention and given the current scenario in Israel it provided the perfect workplace setting. Hence, we proposed and tested an employee retention multilevel model in the Israeli context which also aims at contributing to a better understanding of HRM in the Middle Eastern region. The development of our model and hypotheses is discussed next.

# THEORETICAL FRAMEWORK AND HYPOTHESES

As see in Figure 1 & 2 our model is a multi-level model testing the effect of both organizational and individual level variables with the focus of testing and providing evidence of the importance of managerial communication in retention. This is especially true in the Israeli context as employees greatly depend on the know-how and experience of their manager. Susskind, (2000) and later Stalcup and Pearson (2001) provided evidence for the central role of communication in the turnover literature. Our model not only provides evidence for the direct effects of managerial communication on intent to remain but takes into account other important variables chosen based on the extant literature. Specifically, we proposed and tested organizational commitment, perceived organizational support, job satisfaction and job performance.

In addition to the model we anticipate that each of these factors will be strong predictors of intent to remain with the organization. Although past research has provided support for these effects there is hardly any study which has explored and tested these relationships in the case of the Israeli population.

# **Managerial Communication**

Managerial communication is a reflection of the culture of an organization (Tzafrir, Harel, Baruch & Dolan, 2004), suggesting that dimensions that promote retention among employees may be more organization specific, such as managerial communication and constituent attachments, are more important factors in employees' decisions to remain. Earlier survey work at General Electric and Hewlett-Packard in the 1980s provided evidence that employees preferred communicating with and receiving information from their immediate managers (Whitworth & Riccomini, 2004). Larkin and Larkin (1994) point to research from companies all over the world which indicates that managers are the most important information source for their employees.

Randolph (1995) and Whetten and Cameron (1998) posited that sharing information raises the level of employees' trust in management, resulting in higher job satisfaction and intentions to remain. Similarly, organizations that encourage open communication generate the big picture for their employees, helping them understand their role within the organizational system (Bowen & Lawler, 1995). Similarly, organizations that share general and firm specific knowledge with their employees show their willingness to invest in their employees (Tzafrir, Harel, Barch, & Dolan, 2004). Thus, organizations that encourage openness and minimize political behavior are rewarded with satisfied employees, who will remain with their organizations, which leads to the following hypothesis:

Hypothesis 1: Managerial communication will have a significant and positive relationship with intent to remain with the organization in case of Israeli employees.

# **Organizational Commitment**

Organizational commitment plays a crucial role in employee turnover—the more committed employees are the more they prefer to remain with their (Arnold & Feldman, 1982; Bluedorn, 1982; Cohen, 1993; Hollenbeck & Williams, 1986; Mowday, Porter, & Steers, 1982; Mathieu & Zajac, 1990; Randall, 1990; Sommers, 1993; Meyer & Allen, 1991; 1997). Several researchers have tried to provide insight into this relationship and found varied results such as occupation had an impact on commitment (Wiener and Vardi, 1980); employees in their early career stage demonstrated a stronger relationship with the company (Cohen, 1991); commitment to the company may even develop prior to entry (O'Reilly & Cald-well, 1981; Schein, 1968). It was also found that as opposed to other individual level variables such as job satisfaction, organizational commitment was comparatively more stable over time (Porter, Steers, Mowday, & Bouliar, 1974; Mowday, Porter, & Steers, 1982).

Consistent with theories stressing the importance of intent in predicting behavior (e.g., Ajzen & Fishbein, 1980; Locke, 1968) we found very few have specifically focused on an employee's intention to remain with the company (stayers) than on turnover (leavers). In an interesting study by Porter, Crampon, and Smith (1976), who compared stayers and leavers at different time periods found that stayers reported significantly more commitment than leavers. Deery and Shaw (1999) investigated the relationships

between employee intent to remain with an organization and organizational culture. In this study, they argued that the employee's intent to remain is strongly influenced by organizational commitment, employee values and norms and promotional opportunity. Hence, we anticipated that organizational commitment will have positive relationship with intent to remain with the organization.

Hypothesis 2: Organizational commitment will have a significant and positive relationship with intent to remain with the organization in case of Israeli employees.

## **Perceived Organizational Support**

Perceived organizational support (POS) has its roots in the social exchange theory (Homans, 1958; Blau, 1964). Social exchange theory grew out of the intersection of economics, psychology and sociology. According to Homans (1958), it was developed to understand the social behavior of humans in economic undertakings. The fundamental difference between economic exchange and social exchange theory is in the way actors are viewed. Exchange theory "views actors (person or firm) as dealing not with another actor but with a market" (Emerson,1987, (p. 11), responding to various market characteristics; while social exchange theory views the exchange relationship between specific actors as "actions contingent on rewarding reactions from others" (Blau, 1964, p. 91). Gouldner (1960) suggested that employees have the responsibility to react positively to favorable treatment from their employer. Similarly, the exchange models of Etzioni (1961) and Gould (1979) proposed that perceptions of organizational support increase affective attachment to an organization and strengthen expectations that greater effort will be rewarded.

POS has been found to indicate that the more the employee perceives himself/herself as being vital to the organization, and the more the employee perceives the organization to care about his/her well-being, the better his/her performance is. Thus, organizational support theory assumes that POS fulfills a socio-emotional need which an employee perceives to be receiving from the organization. Employees see the organization as an entity which gives them emotional as well as tangible support (such as salary, medical benefits and more). Positive valuation by the organization also provides an indication that increased effort will be noted and rewarded. Moreover, employees tend to personalize the organization and give it human like characteristics. They tend to look at the organization as "favoring or un-favoring" the employee and, therefore, take an active interest in the regard with which they are held by their employer. Moreover, Rhoades & Eisenberger (2002) observed that if managers were concerned about their employee's commitment to the organization, then employees would become more committed to their job and consequently to their organization. Thus, employees see their manager or supervisor as a representation of the organization, implying that managerial support could extract positive organizational orientations to the employee (Tan, 2008). Positive perceived organizational support will enhance the employee's job satisfaction and intent to remain with the organization, which leads us to the following hypothesis.

Hypothesis 3: Perceived organizational support will have a significant and positive relationship with intent to remain with the organization in case of Israeli employees.

# Job Performance

When studying employee retention, researchers emphasize performance specific differences because of the negative consequences associated with turnover among high performing employees (Hausknecht, Rodda, & Howard, 2009). Organizations must endure performance losses, talent shortages, and high replacement costs, all of which eventually destroy the organization's core leadership base (Staw, 1980). As a result, organizations hope to retain high performers and replace low performers with employees who bring better skills and abilities to the organization, which is consistent with earlier arguments introduced several decades ago by Dalton and colleagues on turnover functionality (Dalton & Todor, 1979; Dalton, Todor, & Krackhardt, 1982). Turnover functionality implies that turnover is functional when high performers stay and low performers leave and dysfunctional when low performers stay and high performers leave (Hausknecht, Rodda, & Howard, 2009).

However, the relationship between job satisfaction and job performance has a controversial history. Most of the early literature indicated a weak and somewhat inconsistent relationship between job

satisfaction and job performance (e.g., Iaffaldona and Muchinsky, 1985). However, later literature reviews (e.g., Organ, 1988; Judge, Thoresen, Bono & Paten, 2001) did not agree with this conclusion and suggested that the weak, inconsistent relationship between satisfaction and performance is in part due to the narrow definition of job performance and to sampling and measurement errors. Moreover, the relationship between job satisfaction and job performance was found to be stronger for complex jobs (e.g., professional) than for less complex job. Thus, contrary to earlier reviews, it appears that job satisfaction does, in fact, predict job performance, and that the relationship is even stronger for complex jobs (Saari & Judge, 2004). Organ (1988) found that the relationship between job performance and job satisfaction follows the social exchange theory; employees' performance is giving back to the organization from which they get their satisfaction. Thus, it seems to be a common assumption that employees who are happy with their job should also be more productive at work (Spector, 1997) and therefore should be less inclined to leave the organization.

Hypothesis 4: Job performance will have a significant and positive relationship with intent to remain with the organization in case of Israeli employees.

#### Job Satisfaction

Job satisfaction is one of the most researched and robust work attitudes in organizational behavior and its relationship with turnover/retention has been well established (e.g., Koch & Steers, 1978; Mobley, 1977; Hackett & Guion, 1985; Cotton & Tuttle, 1986; Hom & Griffeth, 1995; Griffeth, et al. 2000). According to Locke (1969), job satisfaction is "the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values. Job dissatisfaction is the unpleasurable emotional state resulting from the appraisal of one's job as frustrating or blocking the attainment of one's values (p. 317). Locke separated job satisfaction into two distinctive components: internal job satisfaction and extrinsic job satisfaction. Internal job satisfaction reflects the level of fulfillment employees experience as a result of their performance on the job, all of which relate to the content of the job itself. While extrinsic job satisfaction is the level of fulfillment employees experience as a result of their pay and benefits, working conditions, relationships with their superiors and co-workers, and career opportunities, all of which relate to the employees' satisfaction with their job (Lucas et al, 1990; Shim et al. 2002; Yurchisin & Park, 2010).

In a recent survey study of 604 employees by the Society for Human Resources Management, the top five issues which employees identified affected job satisfaction most were compensation, benefits, job security, work/life balance and communication between them and management. (Schoeff, 2007). The same study also surveyed human resource management staff, who rated relationship with immediate supervisor, compensation/pay, job performance, benefits, and senior management-employee communication as the top five issues affecting job satisfaction. Furthermore, in a change setting job satisfaction exhibited a robust relationship with intent to remain after accounting for job performance and employee's affective commitment to change (Prabhu, 2007).

Hypothesis 5: Job satisfaction will have a significant and positive relationship with intent to remain with the organization in case of Israeli employees.

# **METHODOLOGY**

#### Sample

Cross-sectional data were collected from employees who work in the private sector in Israel. The main sectors represented in our sample are technology, pharmaceuticals, telecommunication, finance and aviation. The data were collected via a self-report online survey using the snow-ball effect. We initiated our survey administration process by sending an email containing an information letter to 25 people in 14 private sector companies in Israel, inviting them to participate in the research study. These initial respondents were asked to disperse the survey to five other employees who worked with them in their company or to other workers in the private sector. The email cover letter contained the link to the survey and a request not to answer the survey if the recipient was not working in the private sector in Israel.

Because English is a second language in Israel and is actively used and spoken in the country's business community, the contact email and the survey were distributed in the English language. Only employees with access to email and the internet were able to receive and answer the survey. We collected 120 completed and usable surveys. Prior to our data collection in Israel, we conducted a pilot study to test the reliability of the survey. We distributed the survey to 40 MBA students in a large, public university on the West Coast in the United States online via www.Zoomerang.com and in the classroom.

TABLE 1 DEMOGRAPHIC PROFILE OF SURVEY RESPONDENTS

| Variable                | N  | %     |  |  |
|-------------------------|----|-------|--|--|
| Gender                  |    |       |  |  |
| Female                  | 64 | 53.33 |  |  |
| Age                     |    |       |  |  |
| 20-29 years             | 44 | 36.66 |  |  |
| 30-39 years             | 62 | 51.66 |  |  |
| 40-49 years             | 3  | 2.5   |  |  |
| 50-59 years             | 7  | 5.83  |  |  |
| >60 years               | 4  | 3.33  |  |  |
| Education               |    |       |  |  |
| High School             | 13 | 10.83 |  |  |
| Undergraduate           | 71 | 59.16 |  |  |
| Graduate                | 33 | 27.5  |  |  |
| Higher Degree           | 3  | 2.5   |  |  |
| Tenure ( Organization ) |    |       |  |  |
| < 1 year                | 13 | 10.83 |  |  |
| 1-5 years               | 88 | 73.33 |  |  |
| 6-10 years              | 11 | 9.16  |  |  |
| 11-20 years             | 8  | 6.66  |  |  |
| >20 years               | 0  | 0     |  |  |
| Tenure ( Job Position ) |    |       |  |  |
| < 1 year                | 17 | 14.16 |  |  |
| 1-5 years               | 91 | 75.83 |  |  |
| 6-10 years              | 7  | 5.83  |  |  |
| 11-20 years             | 5  | 4.16  |  |  |
| >20 years               | 0  | 0     |  |  |

Note: N = 120

TABLE 1
DEMOGRAPHIC PROFILE OF SURVEY RESPONDENTS (Continued)

| Variable               | N  | %     |
|------------------------|----|-------|
| Job Position           |    |       |
| Software Engineer      | 24 | 20    |
| Manager                | 14 | 11.66 |
| Sales/Marketing        | 18 | 15    |
| Customer Service       | 20 | 16.66 |
| Operations / Logistics | 9  | 7.5   |
| Human resources        | 10 | 8.33  |
| Business Development   | 7  | 5.83  |
| Others                 | 18 | 15    |

Note: N = 120

The respondents in the main sample had an average age of 30 years. Of the 120-people surveyed, about 54% were female. Of the total sample 59% of respondents had a Bachelor degree, 27 % had a Master's degree, and only 2 % had a post graduate degree. Of the 120 respondents, 23% were software engineers, about 17 % customer service representatives, 15% sales and marketing, about 8 % human resource management, 7 % operations and logistics and 6% in business development. Table1 provides a demographic and job positions profile of the respondents.

### **MEASURES**

## **Dependent Variable**

Intent to Remain. Employee's intent to remain with the organization was assessed using a 4-item scale developed by Robinson (1996). Sample items include: "I would any day prefer another job compared to my present one (reverse scored)," and "I have rarely thought about changing my organization after I began working for this organization." The measure was assessed on a seven-point Likert-type scale, ranging from 1 = strongly disagree to 7 = strongly agree. The Cronbach's alpha for this scale was .84.

# **Independent Variables**

Managerial Communication. Managerial communication was assessed by a subscale of the Communication Satisfaction Questionnaire (CSQ) developed by Downs and Hazen (1977). Although several factors are identified by Downs and Hazen (1977) as indicators of overall communication satisfaction in the workplace, the focus of the present study was specifically related to the dimension that assesses employees' satisfaction with effective communication within and about their organization, and with communication about their job assignments. Sample items are: 'Communication seems good within this organization," and "Work assignments are often not fully explained (reverse scored)." The measures was assessed on a 7-point Likert-type scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The Cronbach's alpha for this scale was .94.

Organizational Commitment. Developed by Mowday, Steers, and Porter (1979), the Organizational Commitment Questionnaire (OCQ) was used as the measurement for organizational

commitment in this study. The OCQ is measured by 9 items and characterized by several related aspects of commitment: (1) a willingness to exert effort on behalf of the organization; (2) the degree of goal and value congruency within the organization; and (3) a desire to maintain membership (Porter, Crampon, & Smith, 1976; Porter, Steers, Mowday, & Boulian, 1974). Sample items are "I really care about the fate of this organization"; "For me, this is best of all possible organizations for which to work". The measures were assessed on a 7-point Likert-type scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The Cronbach's alpha for this scale was .94.

Perceived Organizational Support. Perception of organizational support was measured by the 9-item short version of the Survey of Perceptions of Organizational Support by Eisenberger, Fasolo and Davis-LaMastro (1990). Sample items include: "My organization really cares about my opinions," and "My organization really cares about my well-being." The measures were assessed on a 7-point Likert-type scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The Cronbach's alpha for this scale was .96.

Job Satisfaction. Job satisfaction was measured by using a 9-item scale developed by Eisenberger, Cummings, Armeli and Lynch (1997). Sample items are: "Most days I am enthusiastic about my work, I feel fairly satisfied with my present job," and "Each day at work seems like it will never end (reverse scored)." The measure was assessed on a seven-point Likert-type scale, ranging from 1 = strongly disagree to 7 = strongly agree. The Cronbach's alpha for this scale was .94.

Job Performance. Job performance was assessed by a 7-item scale, which is a subset of the 20-item scale developed by Williams and Anderson (1991). Sample items are: "fulfills responsibilities specified in the job description" and "meets formal performance requirements of the job." Items were summed to yield a total performance score for each employee. The Cronbach's alpha for this scale was .92.

Demographic data. The survey also included items inquiring about the subjects' age, gender, ethnicity, and job tenure. Age, job position and job tenure were used as control measures while analyzing the data.

# **Data Analysis**

After the data were collected, the first step was to evaluate the data according to the guidelines suggested by Tabachnick and Fidell (2001, pp. 56-110) as data cleaning is very important in multiple regression (Tabachnick & Fidell, 2001, p. 139). Assumptions of multivariate normality were evaluated through SPSS 17. The distributional properties of the dependent and independent measures of the data indicated no evidence of unacceptable levels of kurtosis or skewness nor variables with substantial outliers, meeting the assumptions of multivariate normality.

To test the research model presented in Figure 1, path analysis was performed using AMOS 20. In order to assess the fit of our research model, we used several goodness-of-fit indices as suggested in the Structural Equation Modeling (SEM) literature (see: Bentler & Bonnet, 1980; Bollen & Long, 1993; Kline, 1998). The goodness-of-fit of a hypothesized model is evaluated using absolute and relative fit indices. Absolute fit indices are based on fitting the model to the observed covariance matrix to the one estimated on the assumption that the model being tested is true (Garson, 2011). We will report five fit indices, the chi-square goodness of fit index, the relative chi-square, the root mean square error of approximation (RMSEA) and PCLOSE, the *p* value of close fit, and the Comparative Fit Index (CFI).

The chi-square index is the most common reported test of absolute model fit. However, the chi-square test is believed to be too conservative, in particular when sample size becomes larger (larger than 200), and rejection of the model is more likely a Type II error. Therefore, many researchers discount a negative chi-square finding and report an alternative to chi-square, the relative chi-square or normed chi-square, which is the chi-square fit index divided by degrees of freedom, making the model chi-square less dependent on sample size. A relative chi-square of 3 or less is recommended by Kline (1998), others recommend values as high as 5 (Schumacker & Lomax, 2004:82) to be acceptable. The RMSEA is a measure of discrepancy per degree of freedom and is recommended to be no greater than 0.05. PCLOSE, the *p* value of close fit, tests the null hypothesis that RMSEA is no greater than 0.05. Thus, if PCLOSE is less than 0.05, we reject the null hypothesis and conclude that RMSEA is greater than 0.05, indicating a

good fit (Garson, 2011). The Comparative Fit Index (CFI), by convention should be equal or greater than .90 to accept the model, indicating that 90% of the covariation in the data can be reproduced by the hypothesized model. Both the RMSEA and CFI are also least affected by sample size.

#### RESULTS

Table 2 displays means, standard deviations and correlations among all the variables. Correlations among the independent and mediator/moderator variables had a median value of .07 and a maximum value of .47, with a maximum variance-inflation factor less than 2; hence, multicollinearity was not a severe problem that would preclude interpretation of the moderated regression analyses (Neter, Wasserman, & Kutner, 1983).

TABLE 2
DESCRIPTIVE STATISTICS AND ZERO-ORDER CORRELATIONS AMONG VARIABLES

|   | Variables                        | M    | SD   | 1      | 2      | 3      | 4      | 5      |
|---|----------------------------------|------|------|--------|--------|--------|--------|--------|
| 1 | Intent to remain                 | 5.19 | 1.30 | -      |        |        |        |        |
| 2 | Managerial Communication         | 5.40 | 1.31 | .57*** | -      |        |        |        |
| 3 | Organizational Commitment        | 5.32 | 1.01 | .59*** | .69*** | -      |        |        |
| 4 | Perceived Organizational Support | 5.15 | 1.20 | .57*** | .73*** | .76*** | -      |        |
| 5 | Job Satisfaction                 | 5.41 | .99  | .71*** | .78*** | .77*** | .75*** | -      |
| 6 | Job Performance                  | 6.34 | .66  | .35*** | .57*** | .41*** | .37*** | .51*** |

Note. N = 120\*\*\*p < .001.

As seen from Table 2, intent to remain was significantly correlated with all the variables (managerial communication r = .57, p < .001; organizational commitment r = .59, p < .001; perceived organizational support r = .57 p < .001; job satisfaction r = .71 p < .001; job performance r = .35, p < .001).

#### **Model Fit**

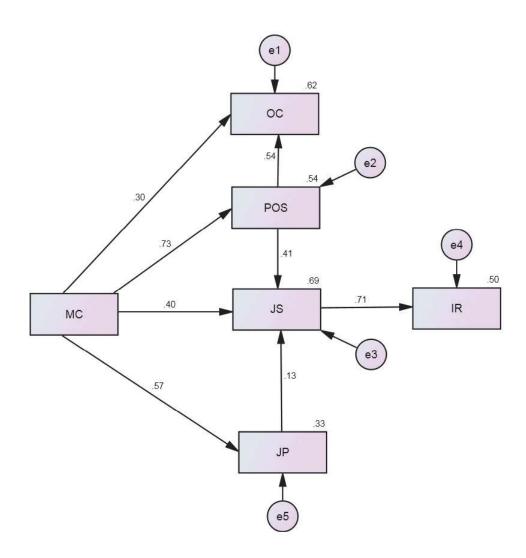
We used structural equation modeling with AMOS 20 to validate our model. The goodness of fit indices for the empirical model exhibited a good fit. The chi-square degrees of freedom ratio were acceptable ( $\chi^2$  / df = 2.92). Although RMSEA was slightly higher .07 PCLOSE was .024 (less than .05) and hence indicating a good fit. The other fit indices gave further evidence of a good fit (CFI = 97; NFI = .96; & TLI = .94). Figure 3 shows the standardized model with the correlated error terms.

As expected managerial communication had a positive and significant effect on all the four variables: organizational commitment ( $\beta$  = .30 p < .001); perceived organizational support ( $\beta$  = .73 p < .001) job satisfaction ( $\beta$  = .40 p < .001) and job performance ( $\beta$  = .57 p < .001). Each of these significant relationships existed after controlling for the remaining four variables (intent to remain included) which provides robust evidence of the effect of managerial communication on intent to remain with the organization. As can be seen from Figure 3 job satisfaction was significantly and positively related to intent to remain ( $\beta$  = .71 p < .001).

# **Hypothesis Testing**

We used regression analysis to test our hypotheses. As expected managerial communication had a positive and significant effect on intent to remain with the organization ( $R^2 = .32$ , p < .001;  $\beta = .56$  p < .001) thereby providing complete support for hypothesis 1.

FIGURE 3 EMPIRICAL MODEL



*Note*: IR = Intent to remain; MC = Managerial Communication; OC = Organizational Commitment; JS = Job Satisfaction; POS = Perceived Organizational Support; JP = Job Performance

Similarly, we found support for hypothesis 2-5 as each of the four factors significantly and positively predicted intent to remain with the organization (organizational commitment:  $R^2 = .34$ , p < .001;  $\beta = .59$  p < .001; perceived organizational support:  $R^2 = .32$ , p < .001;  $\beta = .57$  p < .001; job performance:  $R^2 = .13$ , p < .001;  $\beta = .35$  p < .001; and job satisfaction:  $R^2 = .49$ , p < .001;  $\beta = .71$  p < .001)).

### DISCUSSION

The present study contributes to the turnover literature by proposing and testing a multilevel conceptual model relating to the retention of Israeli employees. Specifically, we tested the effect of managerial communication; organizational commitment; perceived organizational support; and job-related factors—job performance and job satisfaction.

The results showed that the model exhibited a good fit. Managerial communication affected retention via job satisfaction. It had a significant and positive effect on job satisfaction after controlling for organizational commitment, perceived organizational support and job performance. Similarly, managerial communication exhibited strong and significant relationship with the remaining three predictors (career future; perceived organizational support and job performance) of intent to remain after controlling for each of the three variables. Furthermore, job satisfaction exhibited a very robust relationship with intent to remain.

Additionally, we hypothesized and found support that each of the predictors—managerial communication, organizational commitment, perceived organizational support, job performance, and job satisfaction had a positive and significant relationship with intent to remain with the organization in the case of Israeli employees.

## **Implications of this Study**

The present study has several implications for both academicians and practitioners. The present paper is an important contribution to the turnover literature as the focus of the study is on retention as opposed to turnover. More importantly, it has not only provided evidence of the impact (direct effect) of managerial communication and job-related factors on intent to remain but also provided evidence for the robustness of this relationship by testing the conceptual model.

Given the importance of managerial communication in retention and also its effect on all the three predictors, practitioners must take appropriate steps to ensure that employees are satisfied with the managerial communication in the organization. They should be well informed about what is happening in the organization and get ongoing feedback about their job. This will also help the employees to perform well in their respective jobs which in turn will affect their satisfaction in job and consequently their retention. Increasing managerial communication will also increase the employees perceived organizational support thereby each employee will feel appreciated and secure in their jobs. Last but not the least organizational commitment is a very important variable in the turnover literature. We found that managerial communication along with perceived organizational support explains 62% of the variance in organizational commitment. This clearly provides evidence that if companies wish to retain their employees and win their commitment they must take proactive steps to ensure that they communicate with their employees—provide them information about their job as well as their organization.

#### **Limitations and Future Research**

As for all studies, this present study has its share of limitations. Firstly, the study suffers the common limitations of the cross sectional nature of the study, including the inability to make causal inferences. In spite of the prominent use of self-report measures in organizational and management research, it opens the doors for common method variance (Spector, 2006). Podsakoff and Organ (1986) discuss the *social desirability* problem wherein respondents tend to respond in a way that they "will present the person in a favorable light" (p. 535) (see Paulhus, 1984; 1988). Podsakoff, MacKenzie, Lee, and Podsakoff (2003) point out that *social desirability* is one of the most common variables assumed to cause common method variance. They further argue that when anonymity is assured, respondents may have less evaluation

apprehension and therefore are less likely to edit their responses to be more socially desirable. In the present study the responses were completely anonymous, thereby, protecting the respondent's identity. Although this does not completely eradicate the problem of common method bias, it does alleviate it.

Podsakoff, MacKenzie, Lee, and Podsakoff (2003) suggested using "Temporal, proximal, psychological, or methodological separation of measurement" (p. 887) as one of the techniques for controlling common method biases. As mentioned earlier the survey instrument for the present study had several close- and open-ended questions not used in this study. These questions were interspersed among the items used for the study which served as intervening items thereby aiming at achieving some proximal or methodological separation. Also, Wyer and Srull (1986) theorized that in making a judgment, respondents first search their working memory—the capacity of which is limited and hence if respondents find a sufficient basis for making the judgment, the search terminates. With respect to intervening items, Feldman and Lynch (1988) pointed out that they "... make it less likely that one's answer to Question i will be in working memory when Question i + n is encountered. Thus, subjects must either compute a new response or engage in effortful search of long-term memory (Feldman & Lynch, 1988, p. 427).

Nevertheless, despite these empirical challenges, the study findings were promising. A natural extension of this study is to use a different dependant variable. In the present study we use intention to remain instead of actual retention behavior. Furthermore, over the years other explanatory variables have emerged in the turnover/retention literature. For instance, location of the workplace has been positively related to absenteeism (Mitchell, 2001), perhaps indicating that long commutes are a source of stress limiting the time an employee has to attend to non-work responsibilities (Hausknecht et al, 2009). Thus, in the context of intention to remain, living closer to work can be viewed as a factor that promotes job embeddedness and, by implication, retention. Future studies could include the effect of these predictor variables on retention.

Although in the present study we controlled for age future studies can test if the results vary across age. Specifically, older employees and particularly those who have been with company for a while develop an attachment to it (Becker, 1960; Meyer & Allen, 1984) which may be absent in their younger counterparts. Gender is yet another demographic variable which requires more attention especially in the Israeli context. It would be particularly interesting, for two reasons, to study what factors contribute in retaining female employees. Firstly, Israel has a predominantly family-centered culture wherein the women, irrespective of their age, are generally faced with dual responsibilities—work and family and consequently experience conflicting demands and have to balance between work responsibilities and tending to children, aging parents and other household chores (Peres & Katz, 1984; Izraeli, 1986; Cohen & Kirchmeyer, 2005; Yishai & Cohen, 1997; Cohen, Rosenblatt & Buhadana 2011). Secondly, since the last two decades the economic changes have opened the doors for female employees and seen a whopping 65% increase in females being promoted to managerial positions (Izraeli, 1986).

The results of the present study can only be generalized to the private sector. Harel and Tzafrir (2001) studied the similarities and differences in the public and private sector in Israel and found significant differences—particularly they found that employee development and performance-related pay practices were restricted to the private sector while the public sector focused more on employee grievance and selection procedures because of the public sector's high level of unionization. Future studies could replicate the model in the public sector. Lastly, our sample was a mix of several industries within the private sector. It would be interesting to replicate this study solely within the high-tech industry of Israel, which is characterized by high turnover rate and job hopping (Tzafrir, Meshoulam, & Baruch, 2007)

### **CONCLUSION**

The present findings provide a greater understanding of the factors affecting retention of Israeli employees. Specifically, the primary contribution of this study was to provide empirical evidence for the importance of managerial communication in the retention of Israeli employees. Communication affects both, an employee's commitment to the organization and perception of whether the company cares and supports them. Furthermore, it affects important job outcomes such as job performance and job

satisfaction which play an indispensable role in retaining a company's most valuable asset—its employees.

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