

# THE INFLUENCE OF TRAINING, EMPLOYEE ENGAGEMENT AND PERFORMANCE APPRAISAL ON TURNOVER INTENTION AMONG LECTURERS IN SABAH PRIVATE HIGHER EDUCATION INSTITUTIONS

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## Abstract

*Education is a key driver of nation building. It plays a vital role in economic and social development. Higher education enables creation of a larger pool of talent human capital. Lecturers play an important role in every educational institution. However, the turnover rate among lecturers is in alarming rates. This circumstance will give negative impact to the education industry. Hence, this study aims to examine the influence of training, employee engagement and performance appraisal on turnover intention among lecturers in Sabah private higher education institutions. Quantitative approach has been used in this study by using questionnaires through survey. The sample size of this study was 166 lecturers in Kota Kinabalu, Sabah. The data were analyzed by using Statistical Package for Social Sciences version 21 (SPSS) and Smart PLS 2.0. The findings of the study suggested that employee engagement plays an important role as a mediator in the relationship between the hypothesized relationships. This study would give the insights to the decision maker in the education industry.*

**Keywords:** training, engagement, appraisal, turnover intention

2017 GBSE Journal

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## Introduction

The education sector is a main component of Malaysia's transformation into a high-income nation, which it is potential to contribute to Gross National Income (GNI) (Economic Transformation Program, 2013). The main initiative of this transformation is to develop the education continuum, which ranging from early childcare and education for professional skills training (Economic Transformation Program, 2013). Thus, lecturers play an important role as a backbone of the success of the transformation achievement.

However, National Higher Education Research Institute (2004) found out that there was 18.18% of turnover rate academic staff in public universities and 45.45% was from private higher education institutions. Furthermore, the turnover rate of lecturers in Malaysia higher education institutions is in alarming rates (Hashim and Mahmood, 2011). Malaysian Employers Federation (MEF) reported that the turnover rate for education sector was 29.28% from 2010 to 2011 as it was the fourth highest annual average turnover rate among 11 industries in the non-manufacturing sector (Wong, 2012).

Hence, the turnover rates of lecturers need to overcome by reducing the turnover intention among them. In line with this, training and performance appraisal have been suggested to reduce turnover intention of lecturers in the education sector (Kadiresan, Selamat, Selladurai, Ramendran and Mohamed, 2015). Furthermore, employee engagement plays an important role as a mediator to facilitate the training and performance appraisal in reducing the turnover intention of lecturers (Shuck and Reio, 2011). Therefore, the aims of this study are to examine the influence of training and performance appraisal on turnover intention of lecturers in private higher education institutions and mediated by employee engagement.

## Literature Review

### Turnover Intention

Turnover is defined as the employee had left the organization and turnover intention, on the other hand, defined as the employee has the intention to leave (Price, 2001). This is in line with many scholars that turnover intention has been defined as the employee's intention to leave and withdraw from the current organization (Jansen and Roodt, 2015; Ma and Du, 2014; Chambers, 2008; Peterson, 2004).

### Training

Many scholars have defined the definition of training broadly. According to Noe (2002), training is a way to acquire more knowledge and skills that can enhance and change behaviors and attitude towards the organizational goals. Training is an important method to obtain new skills, knowledge, and attitudes (Tsai and Tai, 2003). Tariq and Ahmed (2014) defined training as an on-going activity that provided by the organization to employees in order to deliver information and the right guidance of direction for the enhancement of competencies, which increasing the job performance.

## Performance Appraisal

Performance appraisal is a formal system to review and evaluate the individual or group performance (Mondy, 2010). According to Ahmad, Lemba and Ismail (2010), performance appraisal mainly designed to provide the continues feedback for further enhancement of employee performance and individual development and achievements, which it is lined with Abdullah, Bilau, Enebuma, Ajagbe and Ali (2011).

## Employee Engagement

Employee engagement is an involvement of employee in the organization (Exter, 2013; Lockwood, 2007). On the other hand, employee engagement regarded as the way of employee to deal in performing their task in the organization and connect with colleagues, managers and organizations (Men, 2012; Bhattacharya and Mukherjee, 2009).

## Methodology

### Hypotheses Development

Abdulkareem, Chauhan and Maitama (2015)'s finding suggested that there is a significant negative relationship between training and turnover intention, which in line with Nawaz, Pangil and Bhatti (2015). Therefore, this study attempts to test the following hypothesis:

*H1: There is a significant negative relationship between training and turnover intention*

The scholars' finding suggested that there is a significant negative relationship between performance appraisal and turnover intention (Nawaz et al., 2015; Jawahar, 2006; Kuvaas, 2006). However, Sayyed, Jila, Sharif and Hossein (2011)'s finding suggested that performance appraisal has not brought a significant relationship with turnover intention. Therefore, this study attempts to test the following hypothesis:

*H2: There is a significant negative relationship between performance appraisal and turnover intention*

Paradise (2008) indicated that there is a significant positive relationship between training and employee engagement. Harter, Schmidt and Hayes (2002) stated that employee engagement implies a significant negative relationship with turnover intention. Malik and Rubina (2015) highlighted that there is a significant positive relationship between training and employee engagement. Besides that, Saks (2006) argued that the relationship between employee engagement and turnover intention is a significant negative. Therefore, this study attempts to test the following hypothesis:

*H3: There is mediating effect of employee engagement on the relationship between training and turnover intention*

Juhdi, Pa'wan and Hansaram (2013)'s finding suggested that employee engagement mediates the relationship between performance appraisal and turnover intention.

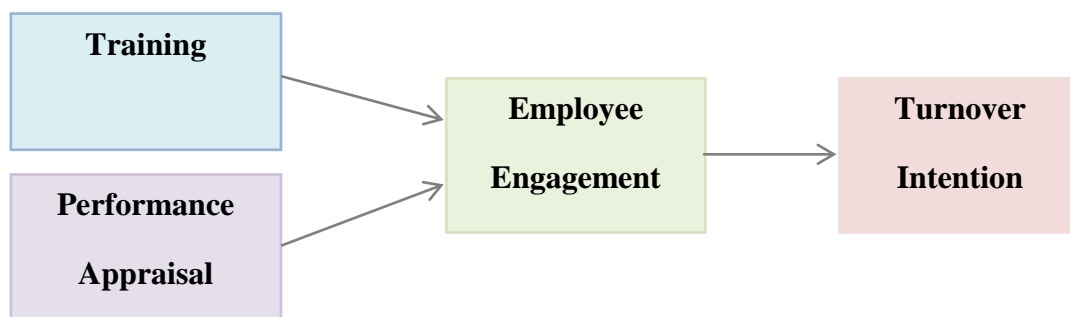
Furthermore, performance appraisal implies a significant positive relationship with employee engagement while the relationship between employee engagement and turnover intention were a significant negative (Selvarasu and Sastry, 2014; Mitchell, Holtom, Lee, Sablinski, and Erez, 2001). Therefore, this study attempts to test the following hypothesis:

*H4: There is mediating effect of employee engagement on the relationship between performance appraisal and turnover intention.*

## Conceptual Framework

In this study, the underpinning theory for the conceptual framework is Social Exchange theory by Homans (1958). According to this theory, social exchange relationship starts when one party provides benefits to someone and he or she gets the return of exchange (Gouldner, 1960). The social relationship could be enhanced when both parties willing to provide valuable resources to another party (Aselage and Eisenberger, (2003). That is, employer seeks for loyalty and an employee seeks for beneficial treatment (Coyle-Shapiro and Shore, 2007). The conceptual framework of this study in Figure 1, which as follows:

**Figure 1: The Conceptual Framework**



In line with the social exchange theory, training and performance appraisal are the independent variables that provided by organization and the return of exchange from an employee would be positive engagement and thus, diminish employees' turnover intention.

## Research Design

The data was collected from the lecturers in private higher institutions in Kota Kinabalu, Sabah. The study was using non-probability sampling, a convenience sampling technique in the selection of respondents. Questionnaires through survey were used as data collection instruments and distributed to lecturers, who are willing to participate in this study. A five-point Likert scale in this study which ranging from strongly disagree (1) to strongly agree (5). The unit of analysis is individual, as a lecturer of the private higher institutions. The data was analyzed by using SmartPLS 2.0. The purpose of this study is to analyse the significant predictors on endogenous variables, which PLS-SEM is the suitable approach and supports prediction-oriented goals as highlighted by previous researchers (Hair, Ringle and Sarstedt, 2011; Chin, 1998). Initially, model assessment focuses on the measurement model

and the structural model. The validity and reliability of the measure were analysed based on specific criteria associated with reflective measurement model. The structural model depicts the hypothesized relationships between work environmental factors and employee performance.

## Result

### Measurement Model

The result of the convergent validity by evaluating the loadings, AVE and composite reliability values as presented in Table 1. The loadings were all above cut off value of 0.50, which considered as minimum acceptable value and significance (Hair, Anderson, Tatham and Black, 1998; Chin, Gopal and Salisbury, 1997; Hair *et al.*, 2011). The composite reliability (CR) was all above cut off value 0.7; the cronbach's alpha was all above cut off value of 0.7 and the average variance extracted (AVE) was all above 0.5 suggested that the measurement items were reliable and valid (George and Mallery, 2003; Gefen, Straub and Boudreau, 2000; Hair, Black, Babin and Anderson, 2010; Bagozzi and Yi, 1988; Fornell and Larcker, 1981).

**Table 1: The Measurement Model**

| Constructs                   | Scale      | Items | Loadings | AVE   | CR    | Cronbach's Alpha ( $\alpha$ ) |
|------------------------------|------------|-------|----------|-------|-------|-------------------------------|
| <b>Training</b>              | Reflective | T1    | 0.813    | 0.558 | 0.912 | 0.880                         |
|                              |            | T2    | 0.823    |       |       |                               |
|                              |            | T3    | 0.820    |       |       |                               |
|                              |            | T4    | 0.831    |       |       |                               |
|                              |            | T5    | 0.821    |       |       |                               |
| <b>Performance Appraisal</b> | Reflective | PA1   | 0.784    | 0.606 | 0.884 | 0.837                         |
|                              |            | PA2   | 0.827    |       |       |                               |
|                              |            | PA3   | 0.746    |       |       |                               |
|                              |            | PA4   | 0.790    |       |       |                               |
|                              |            | PA5   | 0.740    |       |       |                               |
| <b>Employee Engagement</b>   | Reflective | EE1   | 0.784    | 0.721 | 0.926 | 0.911                         |
|                              |            | EE2   | 0.762    |       |       |                               |
|                              |            | EE3   | 0.828    |       |       |                               |
|                              |            | EE4   | 0.817    |       |       |                               |
|                              |            | EE5   | 0.709    |       |       |                               |
|                              |            | EE6   | 0.639    |       |       |                               |
|                              |            | EE7   | 0.758    |       |       |                               |
|                              |            | EE8   | 0.606    |       |       |                               |
|                              |            | EE9   | 0.784    |       |       |                               |
|                              |            | EE10  | 0.750    |       |       |                               |

|                           |            |     |       |       |       |       |
|---------------------------|------------|-----|-------|-------|-------|-------|
| <b>Turnover Intention</b> | Reflective | TI1 | 0.897 | 0.676 | 0.927 | 0.902 |
|                           |            | TI2 | 0.894 |       |       |       |
|                           |            | TI3 | 0.818 |       |       |       |
|                           |            | TI4 | 0.885 |       |       |       |
|                           |            | TI5 | 0.737 |       |       |       |

Next, the result of the discriminant validity by comparing the square root of the average variance extracted and the correlations (Fornell and Larcker, 1981) as presented in Table 2. The discriminant validity result showed that all the values in the diagonal are greater than other indicator variables in their respective rows and columns, thus indicating all indicators are good measurement for their constructs ((Fornell and Larcker, 1981; Chin, 2010; Chin, 1998).

**Table 2: The Discriminant Validity**

|                       | Employee Engagement | Performance Appraisal | Turnover Intention | Training     |
|-----------------------|---------------------|-----------------------|--------------------|--------------|
| Employee Engagement   | <b>0.747</b>        |                       |                    |              |
| Performance Appraisal | 0.652               | <b>0.779</b>          |                    |              |
| Turnover Intention    | -0.482              | -0.390                | <b>0.849</b>       |              |
| Training              | 0.639               | 0.575                 | -0.420             | <b>0.822</b> |

### Structural Model

The hypotheses of the proposed model were tested by using the bootstrapping procedure with 5000 subsamples. The significance testing results of the structural model as presented in Table 3. The analysis showed that out of four (4) hypotheses three (3) were supported (H1, H3 and H4) and one (1) was not supported (H2). In other words, training has negative relationship with turnover intention whereby  $\beta = -0.166$ ; t-value = 1.838 and performance appraisal on the other hand has no negative relationship with turnover intention whereby  $\beta = -0.085$ ; t-value = 0.870. There are mediating effect of employee engagement on the relationship between training and turnover intention; and performance appraisal and turnover intention whereby  $\beta = 0.390$ ; CI (LL = 0.089, UL = 0.160); t-value = 6.898; and  $\beta = 0.424$ ; CI (LL = 0.111, UL = 0.160); t-value = 10.727.

**Table 3: Significance Testing Results of the Structural Model**

| H  | Path  | Beta<br>( $\beta$ ) | Strd. Error<br>(SE) | T-<br>Value <sup>a</sup> | Decision         |
|----|---|---------------------|---------------------|--------------------------|------------------|
| H1 | Training → Turnover Intention                 | -0.166              | 0.090               | 1.838*                   | Supported        |
| H2 | Performance Appraisal →<br>Turnover Intention | -0.085              | 0.098               | 0.870                    | Not<br>Supported |

| H  | Mediating Effect   | Beta<br>( $\beta$ ) | Strd. Error<br>(SE) | LL    | UL    | T-<br>Value <sup>a</sup> | Decision  |
|----|--|---------------------|---------------------|-------|-------|--------------------------|-----------|
| H3 | Training → Employee<br>Engagement → Turnover<br>Intention              | 0.390               | 0.018               | 0.089 | 0.160 | 6.898**                  | Supported |
| H4 | Performance Appraisal →<br>Employee Engagement →<br>Turnover Intention | 0.424               | 0.013               | 0.111 | 0.160 | 10.727**                 | Supported |

\*Significant at  $p < 0.05$ ; \*\*Significant at  $p < 0.01$

<sup>a</sup>Notes: (t(4999), One tailed test:  $t(0.05; 4999) = 1.65$ ;  $t(0.01; 4999) = 2.33$ )

## Discussion and Conclusion

The results suggested that training could reduce the lecturers' turnover intention, which means organization provides the training to the employees and thus, they feel being valued and reduce the intention to leave from the current organization. The lecturers, on the other hand, are not significantly influence by performance appraisal on turnover intention. This is inconsistent with the previous study as mentioned earlier. This result, however, consistent with the finding of Sayyed, Jila, Sharif and Hossein (2011). The possible explanation could be the lecturers are not interested to continue work with the institution although the institution practice fair performance appraisal due to there is a better pull attraction and therefore, shift to other institutions or industry. The result also suggested that employee engagement as a mediator does influence the relationship on both training and performance appraisal with turnover intention respectively, which means the involvement of employees have stronger support between the human resource practices, especially training and performance appraisal with turnover intention as a mechanism. The present findings of this study provide further insights on the influence training and performance appraisal towards turnover intention among lecturers in private higher education institutions and the importance of employee engagement in the mechanism.

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