Clarifying the Effects of Human Resource Management Practices on Turnover Intentions: The Mediating Role of Employee Trust in Organization

Mohamad Abdullah Hemdi* and Norhamizan Hamir
Faculty of Hotel and Tourism Management, Universiti Teknologi MARA, Penang, MALAYSIA.

The aim of this study is to examine the impact of employees’ perceptions of their organization’s human resource management (HRM) practices on their turnover intentions. The influence of trust in the organization as a mediator in the proposed relationship is also examined. Survey data were gathered from operational employees attached to large hotels in Malaysia. 380 usable questionnaires were used in the statistical analyses. The results indicated that the hypothesized linkage between HRM practices and trust in organization as well as between HRM practices and turnover intentions were partially supported. The mediating role of trust in organization was also partially supported. Implications and limitations of the findings are specified. Finally, directions for future research are suggested.

Key words: turnover intentions, HRM practices, trust, hotel

Introduction

The tourism industry constitutes a key component of the Malaysian economy. For example, RM25.8 billion in foreign exchange earnings was recorded from tourism-related activities in 2003 (Annual Tourism Statistical Report, 2004), which subsequently increased to RM30.0 billion in 2004 (Berita Minggu, 10/10/2004). The hotel sector has been identified as a major contributor in the growth of the Malaysian tourism industry (Malaysian Economic Report 2002/2003). Nonetheless, this industry is faced with the challenge of personnel shortage. Part of the problem is due to the high turnover rate that has been reported around the globe (Woods, 1997). Excessive turnover among workers is detrimental and costly to organizations particularly labor-intensive institutions like hotels. High turnover results in negative repercussions such as lost business opportunities for the organization, increased administrative burden, and demoralization of those who remain employed (Hom and Griffeth, 1995). Besides, since the quality of services offered by a hotel is influenced by the quality of its employees (LaLopa, 1997), the hotel’s authorities should focus their attention on retaining capable, motivated, and committed workers. One of the key factors that employing organizations should be concerned with is their human resource management (HRM) practices. According to Huselid (1995), an organization’s HRM practices are able to create the platform for inducing employees’ motivation and commitment, which in turn, enhance
their retention resulting in high organizational performance. In a social exchange relationship (Blau, 1964) where the norm of reciprocity (Gouldner, 1960) is central, the presence of HRM practices signaling care and concern about employees’ well-being and development may induce these workers to reciprocate by increasing their trust toward the organization and displaying a willingness to remain with the organization. Although numerous studies on turnover intentions have been undertaken in the past, to the researchers’ knowledge, none have systematically investigated the relationships between employees’ perceptions of HRM practices, their attitude towards the organization (trust in organization), and their behavioral intentions (turnover intentions). Similarly, several studies involving hotel employees in Malaysia have been conducted (for instance, Hemdi, 1996; Hemdi, Nasurdin, and Ramayah, 2003; Nasurdin, 2001; Nasurdin and Ahmad, 2001; Nasurdin, Ahmad, and Wafa, 2001; Nasurdin and Ramayah, 2003; Songan, Abang Othman, and Jerry, 2003). The focus of these studies varies, covering areas pertaining to motivational preferences, commitment, and citizenship behavior. Again, turnover intentions were not examined as a criterion variable. Therefore, the two objectives of this study are: 1) to investigate the linkage between HRM practices and turnover intentions among hotel employees, and 2) to examine whether trust in organization serves as a mediator in the proposed relationship.

Literature Review

Turnover Intention

Tett and Meyer (1993) referred to turnover intentions as a conscious and deliberate willfulness to leave the organization. It has been conceptualized as the last in the sequence of withdrawal cognitions, which consists of thinking of quitting and intent to search for alternative employment. Although turnover intentions need not necessarily lead to actual turnover, Bluedorn (1982) found that turnover intention was highly correlated with actual turnover behavior in thirteen out of fourteen empirical studies. In fact, studies on turnover have shown that turnover intention is the best immediate predictor of voluntary turnover (Griffeth, Hom, and Geatner, 2000; Lambert, Hogan, and Barton, 2001; Price, 2001). A meta-analysis undertaken by Steel and Ovalle (1984) confirmed that intentions were more predictive of turnover than attitudes such as job satisfaction or organizational commitment. The turnover intention – turnover relationship is supported by the attitude-behavior theory (Fishbein and Ajzen, 1975), which holds that one’s intention to perform a specific behavior is the immediate determinant of that behavior. Since significant positive relationships have been found between turnover intentions and actual turnover (Bluedorn, 1982; Mowday, Porter and Steers, 1982; Steel and Ovalle, 1984), turnover intentions have been recommended as a proxy in measuring actual turnover (Price, 2001; Price and Mueller, 1981).

Trust in Organization and Turnover Intention

Trust has been defined in various ways. For example, trust is the willingness of one party to be vulnerable to another party and involves a degree of uncertainty and risk (Mishra, 1996; Mayer, Davis, and Schoorman, 1995). Rousseau, Sitkin, Burt, and Camerer, (1998) defined trust as a psychological state comprising one’s intention to accept vulnerability based upon positive expectations of the intentions or behavior of another. Mayer et al. (1995) added that this attitude is derived from the trustor’s perceptions and attributions about the trustee’s perceived trustworthiness of ability, benevolence, and integrity. Martins (2002) used the words honesty and fairness to define similar constructs of ability and integrity as in Mayer et al.’s (1995) trust dimensions. On the other hand, Mishra (1996) used the termed competency,
openness, concern for other’s interest, and reliability to reflect aspects of trustee’s trustworthiness. These dimensions additively and collectively contribute to the development of one’s trust in organization. The structure of trust can be differentiated according to whether it is rooted in rationality (cognitive trust) or emotion (affective trust). According to McAllister (1995), cognitive trust is reflected in a belief or expectation that the trustee is reliable, has integrity, is predictable, will tell the truth, and will act in a fair or just manner. Alternatively, affective trust is more grounded in emotional context, such as friendship, caring, or genuine concern for the welfare of the other party. Researches have found a significant positive relationship between cognitive trust and work-related attitudes and behaviors such as commitment, job satisfaction, organizational citizenship behavior, and performance (Dirks and Ferrin, 2001; Podsakoff, Mackenzie, Moorman, and Fetter, 1990). Thus, this study will focus on trust as a cognitive psychological state, such as a belief or attitude of a trustor (employee) toward a trustee’s (top management, hence organization) trustworthiness.

Trust in organization has been reported to have a negative impact on turnover intentions. In other words, the higher employee’s trust in organization, the less likely he or she will leave the organization. Schnake and Dumler (2000), for example, reported that trust in organization was negatively and significantly related to turnover intentions. A meta-analysis conducted by Dirks and Ferrin (2001) showed that trust acts as a significant predictor of an individual’s intent to quit. Similarly, recent findings by Connell, Ferres, and Travaglione (2003) indicate that employees’ turnover intentions were significantly reduced when employees had more trust in their top management. Bijlsma and Koopman’s (2003) meta-analysis also confirmed that a trustful relationship between workers and their employing organization led to an increase in one’s loyalty and a decrease in one’s intention to leave the organization.

HRM Practices and Trust in Organization

HRM practices have been defined in many ways. Schuler and Jackson (1987) defined HRM practices as organizational activities that are directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals. Delery and Doty (1996) conceptualized HRM practices as a set of internally consistent policies and practices designed and implemented to ensure that a firm’s human capital contribute to the achievement of its business objectives. Similarly, Dittmer (2002) viewed HRM practices as an individual’s perceptions of the extent of implementation of the strategies, plans, and programs used to attract, motivate, develop, reward, and retain the best people to meet organizational goals. Building on the arguments given by these scholars, HRM practices comprise of specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization.

From the employees’ point of view, HRM practices are considered as the organization’s efforts in supporting and enhancing their career development. Thus, these practices reflect the organization’s concern for the well-being of its workers. According to Guest (1997), the more positive the HRM practices experienced by employees in their employment, the more satisfied they become, and the better their psychological contract. Although there has been a lack of consensus regarding a universal set of HRM practices, in many cases, certain practices such as realistic job preview, orientation program, compensation systems, job security, performance appraisals, training and development, and career advancement, were more frequently identified as HRM practices (Allen, Shore, and Griffeth, 2003; Delery and Dotty, 1996; Huselid, 1995). Given that the hotel jobs have been
described as having low skill, low pay, limited chances of training and career opportunities, long and unsocial working hours, and uncertain job security (Woods, 1997), it is timely to investigate the impact of the above-mentioned HRM practices (such as realistic job previews, job security, compensation systems, and training) on the turnover intentions of hotel employees. Ghiselli, LaLopa, and Bai’s (2001) study on hotel employees’ turnover intention reported that the most prevalent reason for wanting to quit were inadequate salary and benefit packages, followed by long work hours. Additionally, other researchers reported that unmet job expectations (Lam et al., 2001), feeling of job insecurity (Simons and Enzs, 1995), and limited training opportunities (Woods, 1997) contributed to high turnover rate in the hotel industry.

Realistic job previews (RJPs) is conceptualized as providing positive and negative aspects of the job, organization, and industry to potential job seekers. According to Allen and Meyer (1990) what occurs early in the job-hiring process influences the subsequent attitudes and behaviors of newcomers such as higher commitment and lower turnover. Buckley et al. (2002) revealed that overstated organizational attributes and inflated expectations may create an environment not conducive to optimal employee socialization process and could lead to subsequent dysfunctional organizational outcomes such as dissatisfaction, disloyalty, absenteeism, and turnover due to unmet goals and expectations. On the other hand, Pfeffer (1994) postulated that RJP help ensure that organizations get highly skilled and qualified people for the job. Researchers have proposed a number of psychological mechanisms to explain the effect of RJPs on subsequent employee turnover. Wanous (1992), for example, suggested that because RJPs provide a more accurate description of the job, they are thought to reduce turnover by encouraging a better match between what an individual wants from a job or organization and what the job or organization can provide. Along the same line, Pitt and Ramaseshan (1995) found that individuals who displayed a higher tendency to leave their jobs were those who perceived that their job previews that they received during interview process were not realistic. Meglino, Ravlin, and DeNisi (2000) argued that although RJPs describe a job in less favorable ways, the accuracy of information contained in the RJP may cause newcomers to see the organization as more trustworthy.

Job security is conceptualized as the degree to which an employee could expect to stay in his or her job over an extended period of time (Delery and Doty, 1996). Assurances of employment security play a critical role in employees’ long-term commitment to organizations. There have been two approaches of how job insecurity is conceptualized. The first approach focuses on the estimated likelihood or feeling of threats to one’s total job loss, whereas the second approach conceptualizes job insecurity as feelings of threats to job features (Van Vuuren and Klandermans, 1994). Reasons cited as anticipation of job loss include downsizing, mergers, and reorganization, while anticipation with loss job features include introduction of new technology, new work methods, and job redesign. Many scholars agree that effective assurances of employment security are particularly important in the context of employees’ attitudes and behaviors (Lawler, 1986; Pfeffer, 1998). Employees’ perception of job security has been shown to have a direct affect on employee attitudes and behaviors such as job satisfaction, trust in organization, and organizational commitment (Ashford, Lee, and Bobko, 1989). In addition, employees with perceptions of low job security are more likely to engage in work withdrawal behaviors (Probst and Brubakar, 2001). Feelings of job insecurity have also been found to affect trust in organization (Tyler, 2003). Gaetner (1999) discovered that higher job stress was a significant outcome of job insecurity, and positively related to turnover intentions. Recent study by Parnell and Crandall (2003) confirmed that perceptions of job security had a strong negative relationship with turnover intentions. On the other hand, organizational initiatives in ensuring a lasting job positively enhance employees’ trust in organization since it is a sign of organizational cares
and concern towards them (Allen et al. 2003).

Compensation is a form of reward organization used to motivate employees. Generally, compensation systems can be divided into three types of remuneration: skill-based pay (SBP), job-based pay (JBP), and performance-based pay (PBP) (Lawler, 1987). SBP means that compensation is determined by the employee’s skill and knowledge, JBP means that compensation is determined by the degree of difficulty, responsibility, and relative value of a job, and finally, PBP means that compensation is determined by the employee’s output or performance (Lawler, 1987). A major issue in designing a compensation structure is perceived equity (Milkovich and Newman, 1999). Milkovich and Newman’s (1999) study revealed that perceptions of distributive equity often influence employees’ deviant attitudes and behavior while at work. Recent study by Uen and Chien (2004) found that compensation structures such as SBP and JBP were significantly related to employees’ positive perceived equity, while PBP was found to be not significant. Lawler’s (1987) study found that pay systems that tie employee pay to performance often fail because a lack of trust between employees and top management. Lawler (1987) concluded that among the necessary conditions for PBP to work are trust is high and employees accept the performance-based system. On the other hand, reward systems that are linked to the length of employment are another indicator of firms’ commitment on long-term employment (Barnard and Rodgers, 2000). Reward systems based on seniority naturally provides an incentive for long-tenured employees not to voluntarily resign (Delery and Dotty, 1996).

Employee training and development refer to strategies, tools, and procedures aimed at improving the ability and capability of organization’s members. Employee trainings can be conducted formally or informally through on-the-job or off-the-job training programs. Mowday et al. (1982) argued that trainings influenced the development of employees’ commitment, and Saks (1996) added that the amount of training received by new employees is significantly related to commitment and turnover intentions. Lam, Lo, and Chan’s (2002) study on new hotel employees confirmed that commitment and turnover intentions were significantly related to trainings. They argued that if an employee does not understand how to perform his or her tasks effectively, frustration level will increase and that employee will often leave at the earliest opportunity. Hartline and Jones (1996) argued that adequate training is necessary for employees in the hotel industry in order to deliver high quality services to customers. Similarly, Tsuar and Lin (2004) provide evidences of the positive relationship between training and employee service behaviors in tourist hotels. Considerable empirical evidences suggest that investments in training produce beneficial organizational outcomes (Delany and Huselid, 1996; Huselid, 1995). For instance, Delany and Huselid (1996) found that firms with higher investment in training exhibits higher productivity levels compared to firms with lower training investments. Similarly, Becker and Gerhart (1996) discovered that the results of training on organizational outcomes include higher productivity, enhanced creativity, increased employee confidence, and reduced involuntary turnover. Barnard and Rodgers (2000) argued that extensive training programs provide assurances of job security. Further, they also postulated that training provides employees with the opportunities for career advancement in the organization, thus encouraging them to commit themselves to long-term employment relationship. Thus, it can be argued that perceptions of the availability and extensiveness of training programs will shape employees’ positive trust in organization.
Methodology

Hypotheses

From the review of literature, hypotheses posited for this study are:

H1: HRM practices (realistic job preview, job security, compensation systems, training and development) will have a direct and positive effect on trust in organization.

H2: Trust in organization will have a direct and negative effect on turnover intentions.

H3: Trust in organization will mediate the relationship between HRM practices (realistic job preview, job security, compensation system, training and development), and turnover intentions.

Subjects and Measures

Participants in this study consisted of non-supervisory employees attached to 22 large (5-star) hotels located in the state of Selangor, Kuala Lumpur, and Penang, Malaysia. A total of 22 hotels agreed to participate in the study. A total of 628 questionnaires were distributed to the respondents with the help of the hotels’ human resource managers. The “drop-off” and “pick-up” method was employed. Respondents were given two weeks to answer the questionnaires. In all, 380 usable questionnaires were returned and analyzed, representing a response rate of 60.5%.

Measures for HRM practices were adopted from various authors. RJP was measured using 4 items adopted from Tsur and Lin (2003). Job security was measured using 5 items taken from Delery and Dotty (1996). A 7-item measurement adopted from Uen and Chien (2004) and Tsui et al. (1997) was utilized to gauge respondent’s perceptions concerning compensation systems. Finally, training and development was measured using 6 items adopted from Delery and Dotty (1996). Trust in organization, on the other hand, was measured using 7 items derived from Mishra (1996) and Mayer and Davis (1999). Finally, turnover intentions were measured using an index comprising of 5 items taken from Hom and Griffeth (1991) and Wayne et al. (1997). Responses to all the items were made on a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree).

Method of Analysis

Factor analyses were initially undertaken for the study variables. Next, means, standard deviations, reliability coefficients, and intercorrelations for each factor were computed. Hypotheses were subsequently tested using hierarchical regression (Cohen and Cohen, 1975). Given that age, gender, education, and organizational tenure may influence turnover intentions as noted by previous scholars (for example, Bluedorn, 1982; Lum, Kervin, Clark, Reid, and Sorola, 1998; Ghiselli, LaLopa, and Bai, 2001; Tepeci and Bartlett, 2002), these four variables would be controlled in the statistical analyses.

Results

Profile of Respondents

Gender distribution of the respondents was slightly higher for males (57.1%). A majority of the respondents (61.1%) were unmarried. In terms of ethnicity, Malays constitute almost
70% of the sample. Regarding education, 70% of the sample possessed STPM or lower qualifications. This relatively low education level is consistent with the entry qualification for non-supervisory employees. In terms of organizational tenure, 31.8% of the respondents have been with the hotel for more than 5 years. The respondents were almost equally represented in terms of their work departments: Front Office (23.2%), Food Production (24.7%), Housekeeping (27.1%), and Food and Beverage Service (25%). Finally, the sample can be considered relatively young considering the fact that the mean age was 28.1 years (SD = 7.09 years).

**Factor Analyses of Study Variables**

Principal component factor analysis with varimax rotation was conducted to validate whether the HRM practices are conceptually distinct. Items with loadings greater than or equal to .50 were chosen (Igbaria, Livari, and Maragahh, 1995). On the other hand, a cut-off point of .35 is observed for cross-loadings (Igbaria et al., 1995). A four-factor solution was obtained explaining 56.94% of the total variance in HRM practices. Two items were dropped because of its low loading whilst another five items were excluded due to their high cross-loadings. The KMO measure of sampling adequacy was 0.827 indicating sufficient intercorrelations, while the Bartlett’s Test of Sphericity was significant (Chi square = 1309.84, \( p < .01 \)). These factors were named training and development (5 items), compensation system (3 items), job security (4 items), and realistic job preview (3 items) respectively. A similar factor analysis was undertaken to unveil the dimensionality of the mediating variable (trust in organization). A single factor solution emerged explaining 59.80% variance. The KMO measure of sampling adequacy was .901 indicating sufficient intercorrelations, while the Bartlett’s Test of Sphericity was significant (Chi square = 1179.04, \( p < .01 \)). Finally, another factor analysis was carried out to confirm the dimensionality of turnover intentions. A one-factor solution was revealed explaining 63.70% of the variance in turnover intentions. The KMO measure of sampling adequacy was .835 indicating sufficient intercorrelations, while the Bartlett’s Test of Sphericity was significant (Chi square = 842.10, \( p < .01 \)).

**Means, Standard Deviations, Correlations, and Reliability Coefficients of Study Variables**

Table 1 indicates the means, standard deviations, reliability coefficients, and intercorrelations of the study variables.

As shown in Table 1, the mean value for each of the four dimensions of HRM practices as well as trust in organization were slightly on the high side ranging from 4.28 to 4.76. The standard deviations for these variables ranged from 0.98 to 1.20. Turnover intentions for the sample were considered moderate with a mean score of 3.87. In terms of the correlation coefficients, HRM practices had significant positive correlations (\( p < .01 \)) with trust in organization. Similarly, three of the four HRM practices and trust in organization had significant negative correlations (\( p < .01 \)) with turnover intentions. All the reliability coefficients except for two of the HRM measures were acceptable since they exceeded the minimum recommended level of 0.60 (Sekaran, 2000). The job security and realistic job preview measurement scales had rather low reliabilities of 0.50. Nonetheless, these two measures were accepted for the purpose of this study since they concur with the conceptualization of the HRM construct and meet the minimum acceptable level of 0.50 as suggested by Ary, Jacobs, and Razavieh (1996).
Table 1: Means, Standard Deviations, Reliability Coefficients, and Intercorrelations of the Study Variables.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Training and Development</td>
<td>4.68</td>
<td>1.20</td>
<td></td>
<td>.51**</td>
<td></td>
<td>(.82)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Compensation System</td>
<td>4.28</td>
<td>1.14</td>
<td>.51**</td>
<td></td>
<td>(.72)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Job Security</td>
<td>4.76</td>
<td>.96</td>
<td>.31**</td>
<td>.31**</td>
<td></td>
<td>(.50)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Realistic Job Preview</td>
<td>4.47</td>
<td>.98</td>
<td>.31**</td>
<td>.25**</td>
<td>.23**</td>
<td></td>
<td>(.50)</td>
<td></td>
</tr>
<tr>
<td>5. Trust in Organization</td>
<td>4.59</td>
<td>1.13</td>
<td>.58**</td>
<td>.51**</td>
<td>.28**</td>
<td>.24**</td>
<td></td>
<td>(.88)</td>
</tr>
<tr>
<td>6. Turnover Intentions</td>
<td>3.87</td>
<td>1.38</td>
<td>-.30**</td>
<td>-.18**</td>
<td>-.13**</td>
<td>-.03</td>
<td>-.50**</td>
<td>(.86)</td>
</tr>
</tbody>
</table>

Note: N = 380; *p<.05, **p<.01; Cronbach’s alpha for each measure are in parentheses.

Hypotheses Testing

To test for H1, HRM practices were regressed on to trust in organization. Table 2 presents the regression results of this analysis.

Table 2: Regression Results on the Impact of HRM Practices on Trust in Organization

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Model 1 Std. β</th>
<th>Model 2 Std. β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Control Variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender^a</td>
<td>-.06</td>
<td>-.01</td>
</tr>
<tr>
<td>Age</td>
<td>.06</td>
<td>.06</td>
</tr>
<tr>
<td>Marital Status^b</td>
<td>-.05</td>
<td>-.07</td>
</tr>
<tr>
<td>Education</td>
<td>.02</td>
<td>.02</td>
</tr>
<tr>
<td>Organizational Tenure</td>
<td>-.01</td>
<td>.01</td>
</tr>
<tr>
<td>Step 2: HRM Practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Development</td>
<td>.49**</td>
<td></td>
</tr>
<tr>
<td>Compensation System</td>
<td>.23**</td>
<td></td>
</tr>
<tr>
<td>Job Security</td>
<td>.08</td>
<td></td>
</tr>
<tr>
<td>Realistic Job Preview</td>
<td>.03</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.01</td>
<td>.46</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>-.01</td>
<td>.45</td>
</tr>
<tr>
<td>R² Change</td>
<td>.01</td>
<td>.45</td>
</tr>
<tr>
<td>F-Change</td>
<td>.48</td>
<td>76.85**</td>
</tr>
</tbody>
</table>

Note. N = 374; *p<.05, **p<.01; Dummy Coded, ^male = 0, female = 1; ^single = 0, married = 1.

From Table 2, when the five control variables were entered into the regression equation, an R² value of 0.01 was obtained. On adding the four HRM practices, the R² value increased to 0.46 suggesting that 46% of the variance in trust towards organization is being explained by the HRM practices. Two of the four HRM practices were found to have
significant and positive effects on trust in organization: training and development ($\beta = .49$, $p<.01$), and compensation system ($\beta = .23$, $p<.01$). Hence, H1 is partially supported.

To test for H2, trust in organization was regressed on to turnover intentions. Table 3 shows the regression results of this analysis.

**Table 3: Regression Results: Impact of Trust in Organization on Turnover Intentions**

<table>
<thead>
<tr>
<th>Predictors Variables</th>
<th>Model 1 Std. $\beta$</th>
<th>Model 2 Std. $\beta$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Controls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-.06</td>
<td>-.01</td>
</tr>
<tr>
<td>Age</td>
<td>.06</td>
<td>-.16**</td>
</tr>
<tr>
<td>Marital Status$^b$</td>
<td>-.05</td>
<td>.02</td>
</tr>
<tr>
<td>Education</td>
<td>.02</td>
<td>.02</td>
</tr>
<tr>
<td>Organizational Tenure</td>
<td>-.01</td>
<td>.00</td>
</tr>
<tr>
<td>Step 2: Model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust in Organization</td>
<td>-.28**</td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>.01</td>
<td>.12</td>
</tr>
<tr>
<td>Adj. $R^2$</td>
<td>-.01</td>
<td>.01</td>
</tr>
<tr>
<td>$R^2$ Change</td>
<td>.01</td>
<td>.11</td>
</tr>
<tr>
<td>$F$- Change</td>
<td>.48</td>
<td>10.45**</td>
</tr>
</tbody>
</table>

Note. $N = 374$; *$p<.05$, **$p<.01$; Dummy Coded, $^a$male = 0, female = 1; $^b$single = 0,marrid = 1.

From Table 3, when the five control variables were entered into the regression equation, an $R^2$ value of 0.01 was obtained. On adding trust in organization, the $R^2$ value increased to 0.12 suggesting that 12% of the variance in turnover intentions is being explained by this independent variable. Trust in organization ($\beta = -.28$, $p<.01$) was found to have a significant and negative impact on turnover intentions, thereby, providing full support for H2.

To test for the mediating effect of trust in organization in the relationship between HRM practices and turnover intentions as required in H3, a four-step procedure suggested by Baron and Kenny (1986) was undertaken. According to Baron and Kenny (1986), the following conditions must be present for mediation effects: (1) the IV (HRM practices) must significantly affect the mediator (Trust in Organization), (2) the IV must significantly affect the DV (Turnover Intentions), (3) the mediator must significantly affect the DV, and (4) the effect of the IV on the DV shrinks upon the addition of the mediator to the model.

Table 4 provides the summary of the regression analyses to ascertain the mediation effects of trust in organization on the relationship between HRM practices and turnover intentions.

As shown in Table 4, of the four HRM practices examined, only training and development was able to meet the conditions for mediation. The effect of training and development ($\beta= -.28$, $p<.01$) became insignificant ($\beta= -.07$, $p>.05$) in the presence of trust in organization, thereby, implying full mediation. In other words, training and development has only an indirect effect on turnover intentions via trust in organization. Thus, Hypothesis 3 is partially supported. Surprisingly, in this third equation, realistic job preview was found to have a significant and positive effect on turnover intentions.
Table 4: Summary of Results: Impact of Mediated Regression

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>Criterion Variable</th>
<th>Trust in Organization</th>
<th>Turnover Intentions</th>
<th>Turnover Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Equation 1</td>
<td>Equation 2</td>
<td>Equation 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Std. β</td>
<td>Std. β</td>
<td>Std. β</td>
</tr>
<tr>
<td>Step 1: Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender^a</td>
<td></td>
<td>-.01</td>
<td>-.01</td>
<td>-.02</td>
</tr>
<tr>
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Note: *p<.05, **p<.01; Dummy Coded, ^male = 0, female = 1; ^single = 0, married = 1.

Discussion and Conclusion

The two objectives of this study were: 1) to investigate the linkage between HRM practices and turnover intentions, and 2) to test whether trust in organization serves to mediate the proposed relationship. The statistical results obtained in this study showed that employees’ perceptions on HRM practices, particularly those relating to training and development, and compensation system have significant and positive effects on their trust in organization. Subsequently, trust in organization was found to have a significant and negative effect on turnover intentions. These findings are consistent with those of previous researchers (for instance, Connell et al., 2003; Delany and Huselid, 1996; Delery and Dotty, 1996; Dirks and Ferrin, 2001; Lam et al., 2002). When employees perceive that their organizations show greater concern for their personal growth and welfare via the provision of adequate training and development, and equitable compensation system, they will experience a positive emotional state. In social exchange (Blau, 1964), the norm of reciprocity (Gouldner, 1960) would be bound to create an obligation for employees to reciprocate by displaying greater trust in their employing organization. Similarly, trust in organization was found to be negatively related to turnover intentions. This finding is in tandem with previous researchers (for example, Bijlsma and Koopman, 2003; Dirks and Ferrin, 2001; Schnake and Dumler, 2000). When employees have faith in their organization, they are likely to remain loyal and committed, resulting in lower turnover intentions. The findings from this investigation also have practical application for organizations. Given that employees are more willing to trust their organization when they perceive that the HRM practices of the organization are able to take care of their welfare, fostering a supportive HRM practice would be beneficial. Specifically, hotel authorities should continuously provide training and development to their employees. In addition, the compensation system adopted should be fair and lucrative.
Additionally, trust in organization was found to mediate the effects of training and development on turnover intentions. The availability and extensiveness of training and development programs convey the message to employees that they are being valued, supported, and cared for by the organization. Such positive feelings of well-being experienced by employees are likely to induce them to reciprocate by believing in the actions of their top management (reflecting actions of the organization), and a willingness to stay longer in the organization. Hence, it would be worthwhile for hotel authorities to provide ample training programs to the non-supervisory workers on an ongoing basis.

Two limitations have been identified in the current research. First, given that trust is the basis for social exchange (Blau, 1964), reciprocal causation should be acknowledged. It is plausible that the level of trust experienced by employees may influence their judgments about HRM practices, instead of the other way around. Second, the HRM practices investigated in this study were confined to a selected few. Therefore, future researchers may need to widen the scope of the HRM practices to include activities like orientation programs, recruitment and selection, HR planning, performance appraisals, and career advancement.

References


Berita Minggu, 10 October 2004.


