Arising employees’ retentions due to organizational commitment & support in pharmaceutical industry

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ABSTRACT
Pharmaceutical industry is facing high rates of turnover among sales and marketing employees. Turnover intentions of the pharmaceutical employees are increasing gradually and the organizations have to take serious steps to control it. Even with the severe problem, we are ignorant of any scholastic investigation that has studied the factors of turnover among sales & marketing professionals. This research study analyzes the effect of organizational commitment and organizational support on employees’ retentions. In order to investigate employees’ retentions relationship with organizational commitment and organizational support, regression and correlation techniques were used. The result of the study suggests that there is a significant positive impact of predictors on the response variable.

1. Introduction
With changing business environment in all over the world, there are significant changes in the business practices of local and multinational pharmaceutical organizations in Pakistan. Since world has globalized, Pharmaceutical organizations are not looking at local markets rather trying to compete internationally. The cut throat competition has changed the ways of operation of different organizations working in the environment. These changing trends have brought significant attention to some of the ignored business concerns.

Nowadays, Organizations consider their human resource as most valuable asset and the sole determinant of competitive advantage. Organization having pleased employees led to growth and success (Robbins & Judge, 2007). In pharmaceutical marketing profession, competent employees are considered as backbone of the organization. It is very important for pharmaceutical organizations to prepare their employees to meet the challenges of 21st century. Training and development is some sort of support to align the workforce with the objectives of the organization (Dufficy, 2001). Organizations ignoring training and development program face more staff turnover than organization conducting these programs (Mill, 2010). Training of employees produced tremendous results towards the growth of the organization (Edmons, 2010). The cost of an organization has to bear in case of leaving of an employee is almost equal to more than one year salary and benefits of the employee (Davidson, Timo & Wang, 2010).

Higher the organizational commitment, lesser will be employees’ turnover (Addae, Barboteaah & Davis, 2006). Organizational commitment is also important variable regarding employee retention and longer stay. A committed employee has emotional binding and lesser intention to quit. He exerts his maximum efforts to fulfill the task for the success organization (Humorstad & Perry, 2011). Organization and employer both are concerned with better organizational commitment of their employees. Commitment of employees can be significant gadget for improving the performance of organizations. Based on global literature, organizational commitment encircles individual, job and organizational distinctiveness intended to discover several key relations between the characteristics of commitment and organizational effects (Nijhof, Jong & Beukhof, 1998).

Employee’s intention to quit is significantly affected by organizational support. Employees can’t enjoy their job if they are working with tactless and inflexible manager. Studies indicate that employee turnover increases if there is mismatch between management and employees (Dawley, Andrews & Bucklew, 2010). Manager is said to be shock absorber that neither pushes up the pressure of his subordinates to top level management nor pushes down the pressure of top level management to his subordinates. Organizational support helps in dropping turnover and improving perceptions of professional success in a society recognized for increased command distance among managers and employees (Tymon, Stumpf & Smith 2011).

Employee turnover is an important area of interest because of its impact on sales, productivity and success of the organization. Employee turnover is considered the outsized trouble in the manufacturing industry (Applebaum et al., 2003). Voluntary turnover has considerable expenditure, keeping in view direct costs including replacement cost, time spend by management, recruitment cost, selection cost along with indirect costs including learning cost, training cost, etc (Dess & Shaw, 2001). If the organization focuses on the factors of making employees sorrowful, then the problem of employees’ turnover can be handled. Employees’ retention in the organization is significantly increased by organizational commitment (Addae, et al., 2006). While organizational support significantly decreases the intentions of the employees to quit from the organization (Tymon, et al., 2011).

2. Literature Review
It is very important for pharmaceutical organization to keep their employees intact, because employees’ turnover not only lead to financial loss but also damage the image of the
organization. In order to reduce employee turnover, management has to give proper attention to its employees and do everything to retain the existing employees. Employees with longer tenure can provide significant competitive advantage for the organization in the industry (Khandekar & Sharma, 2005). Employees are vital in services sector rather than manufacturing side and issues have to solve more frequently (Boselie, Pauwwe & Jansen, 2001). Leaving the organization by the employees can cause severe troubles to the organization (Firth, Mellor, Moore & Loquet, 2004). It is the duty of the management to motivate and encourage the existing employees to restrict them in the organization (Calisir, Gumussoy & Iskin, 2011). Strong liaison and understanding between employees with their manager leads to decrease turnover and hence enhanced commitment (Eisenberger, Stinglehammer, Vandenberghe, Sucharski & Rhoades, 2002).

The popularity of organizational commitment is growing day by day due to the fact the committed teams are important assets of the organization and can give competitive advantage eventually leading to success of the organization (Michela, 2007). Committed employees can increase the effectiveness and productivity of the organization while uncommitted employees lead to absence and shortfall in achievements of the organization. Turnover intention is significantly reduced by continuous an effective commitment (Meyer, Stanley, Herscovitch & Topolnytsky, 2002).

Retention management explains the type of organizational incentives, human resource practices and policies that are useful in minimizing intentional employee turnover and the psychological contract focuses on those incentives and the relationship with employee outcomes including intentions to stay (Vos & Meganck, 2009). Employee retention in organization and his job satisfaction can be increased if he has strong organizational commitment (Anis, Rehman, Rehman, Khan & Humayoun, 2011). A committed employee has strong emotional binding with organization and also with his profession. Employers’ commitment at the time of hiring and its fulfillment during job leads to strong organizational commitment (Stallworth, 2003). If employer breaks its promise then it weakens the employee commitment and binding becomes shaky. This is two way and continuous process that leads to excellent organizational environment and ultimately leads to organizational growth and productivity.

The job satisfaction aspects of career advancement and satisfaction with manager had a direct impact on organizational commitment (Caykoylu, Egri, Havlovic & Bradley, 2011). Gratification of the employees leads to success of the organization (Evanschitzky, Sharma & Prykop, 2012). An employee with higher organizational commitment leads to higher productivity and emotional bonding with organization and ultimately leads to longer stay within the organization (Law, 2005). Organizations should adopt strategies to enhance employee retention to complete a given assignment instead of than simply designing and assigning goals to individuals (Li, Ahlstrom & Ashkanasy, 2010). Employee who has strong organizational commitment is more productive and dedicated worker. Organizations attempt to build employees commitment with the organization because committed employee will do more for career development and organizational success (Anis, et al., 2011).

Manager is the key person who works like a bridge between management and employees (Hall & Atkinson, 2006). Important managerial job description contain his individual concentration, sharing profession planning, appraising worker contributions, implementing a system where employees are empowered and each and every success is celebrated with employees (Tymon, et al., 2011). Employees can lead their profession with achievement with the help and guidance of their immediate supervisor. Organizational support is an important segment in employee career towards his achievement and organizational effectiveness (Maurer & Lippstreu, 2008).

Employees can get their career success efficiently through setting their goals, by enhancing their competencies and through discussing their career plan with their bosses. Turnover can reduce through better organizational and manager support (Newman, Thanacoody & Hui 2012). Managers should hold responsible for retention and career management. Human resource systems should better by increasing more non-monetary rewards and also knowing reasons of quitting the employees (Smith, 2011). Satisfied employee is more potential and exerts his/her maximum efforts towards productivity and success of the organization (Khan & Khan, 2011).

Organizational support environment is crucial for retaining the employees. Through social exchange theory point of view, when employees feel that their organization is supporting and concern for their welfare and career, they may feel their emotional involvement with manager and organization and in this return it would lead to employee retention in the organization (Gentry, Kuhnert, Mondore & Page, 2007). Managers are the people through whom the organization supports the employees. Managers play important role in shaping employees’ attitude, behavior and their commitment level towards the objectives of the organization. Managers also play a role of mentor therefore subordinates follow them in their official career usually and sometime in their practical life also (Trinka, 2005). Organizational support plays significant role in escalating commitment level among employees in pharmaceutical industry (Anis, et al., 2011).

Employees develop and maintain higher levels of motivation to learn and ensure a sound support from the peers and supervisors (Anvari, Amin, Ismail, Ahmad & Seliman 2011). It is observed usually employees don’t leave the organizations but they leave only because of organizational policies. An experienced employee some time switches to other organization due to management pitfalls (Chew & Chan, 2008). Furthermore, organization involvement is important in reducing the negative outcomes of employees’ organizational commitment (Aubé, Rousseau & Morin, 2007). Managers who facilitate their subordinates have a much better opportunity of improving the performance of their teams and thus leading to marvelous achievements of the organization (Trinka, 2005).

3. Theoretical Framework

In this model, there are three variables containing two independent and one dependent variable. Organizational commitment and organizational support are taken as independent variables and employees’ retention as dependent variable.

Figure 1. Theoretical Framework

![Theoretical Framework Diagram]
3.1 Hypotheses
Following hypotheses are created.

H1: Organizational Commitment is positively associated with employee retention.

H2: Organizational Support is positively associated with employee retention.

4. Research Methodology
This study was conducted to examine the impact of organizational commitment (OC) and organizational support (OS) on employee retention (ER). The figures were gathered via random distribution of questionnaire among the personnel of Bosch, Hilton and Sami Pharma, Pakistan. Data were collected from Kohat and Peshawar which are cities of Khyber Pakhtoon Khawa and Khyber Pakhtoon Khawa is the province of Pakistan. The research study was cross sectional, research method was quantitative and the unit of analysis was individual. The main emphasis of questionnaire distribution was to determine employee retention of pharmaceutical employees. The Statistical Package for Social Sciences (SPSS) version 16.0 was used for statistical investigation. For the analysis of organizational commitment, organizational support and employees' retention initially correlation and finally regression were calculated between organizational commitment, organizational support and employees' retention.

4.1 Questionnaire
A fifteen questions web-based Likert-type scale questionnaire was developed for the study. The instrument was developed by combining questions from existing instruments. To measure organizational commitment and organizational support, 5 questions have been used from Guchait (2007). To measure employee retention, 5 questions have been used from Mdindela (2009). There are 4 parts in the questionnaire. Section "A" contained Biographical data, section "B" contained 5 questions regarding organizational commitment, section "C" contained 5 questions regarding organizational support and section "D" contained 5 questions regarding employee retention.

4.2 Population
The population for this study was comprised on all the three levels of management sale personnel of Bosch, Hilton and Sami Pharma, Pakistan. Data were collected from different cities of Khyber Pakhtunkhwa, i.e. Peshawar and Kohat. Total sale staff in Peshawar and Kohat was 112 and 68 respectively. Total population consisted of 180 staff members who have participated in survey but we collected the feedback of 100 sales personnel.

4.3 Sample Design
180 questionnaires were circulated among sale personnel of Bosch, Hilton and Sami Pharma, Pakistan. In Peshawar, 112 questionnaires were circulated among the marketing staff of the three companies and 62 filled questionnaires were returned, at the reply rate of 55%. In Kohat, 68 questionnaires were circulated among the marketing staff of the three companies and 38 filled questionnaires were returned, at the reply rate of 56%. All the respondents were male in Kohat while there were three female respondents in Peshawar. Total 100 completely filled questionnaires were returned out of 180, on scrutiny, giving a response rate of 56% which is termed as good. The final sample consists of 100 staff members including male and female of Bosch, Hilton and Sami Pharma, Pakistan. The Male represents 97 of the total sample 100 which shows 97%, and Female represents 3 of the total sample 100 which represents 3%.

4.4 Reliability Analysis

Table 1. Reliability Statistics

<table>
<thead>
<tr>
<th>Items</th>
<th>Cronbach’s Alpha</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>.900</td>
<td>05</td>
</tr>
<tr>
<td>Organizational Support</td>
<td>.779</td>
<td>05</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>.902</td>
<td>05</td>
</tr>
</tbody>
</table>

Cronbach’s alpha represents the Inter-item reliability. The reliability statistics values are shown in table 1. According to Sekaran (2003) to delete a question from questionnaire, Cronbach’s alphas ranged between 0.790 – 0.826. So, reliability values demonstrate that there is no any trouble of removal of questionnaire objects.

5. Analysis

5.1 Correlation Analysis
The Pearson correlation has been calculated between organizational commitment, organizational support and employee retention. The correlation value lies between -1 and +1. The value -1 represents negative relationship and +1 represents positive relationship between variables.

Table 2. Correlation Statistics

<table>
<thead>
<tr>
<th></th>
<th>OC</th>
<th>OS</th>
<th>ER</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC Pearson Correlation (Sig.2)</td>
<td>.230*</td>
<td>.593**</td>
<td></td>
</tr>
<tr>
<td>OS Pearson Correlation (Sig.2)</td>
<td>.330*</td>
<td>.365**</td>
<td></td>
</tr>
<tr>
<td>ER Pearson Correlation (Sig.2)</td>
<td>.593**</td>
<td>.365**</td>
<td></td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

In table 2, OC stands for Organizational commitment, OS stands for Organizational support and ER stands for Employee retention. It explains the correlation matrix of organizational commitment, organizational support and employee retention. Pearson correlation between organizational commitment and organizational support is positive and highly significant with employee retention with the values of .593** and .365** at 0.01 significance level respectively. This shows that there is positive relationship exists between I.Vs and D.V.

5.2 Regression Analysis
The research study uses the regression analysis to verify the effect of independent variables on independent variable. The regression model is as follows:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \]  

Where \( Y \) is employee retention (D.V), \( \alpha \) is constant, \( \beta \) is factors affecting employee retention, \( \beta \) is the regression coefficient which may be positively or negatively affecting D.V and I.Vs. \( E = \alpha + \beta_1 (JS) + \beta_2 (OC) + \epsilon \)

Where \( E = \) Employee retention (D.V), \( \beta_1 \) (OC) = Organizational commitment, \( \beta_2 \) (OS) = Organizational support (I.Vs).

Table 3. Model Summary

<table>
<thead>
<tr>
<th></th>
<th>Model</th>
<th>R</th>
<th>R^2 Square</th>
<th>Adjusted R(^2) Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>.638*</td>
<td>.407</td>
<td>.394</td>
<td>1.053</td>
</tr>
</tbody>
</table>
a. Predictors: (Constant), Organizational Support, Organizational Commitment

Table 3 shows the Regression coefficient “R” = .638 or 63.8% which means that correlation between I.Vs
(organizational commitment and organizational support) and D.V (employee retention) is positive. The coefficient of determination $R^2 = .407$ which show that 40.7% of variation in employee retention is explained by organizational commitment and organizational support.

### Table 4. Anova

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>73.734</td>
<td>2</td>
<td>36.867</td>
<td>33.242</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>1.07576</td>
<td>97</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>74.810</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organizational Commitment, Organizational Support
b. Dependent Variable: Employee Retention

### Table 5. Correlation Coefficients between Organizational Commitment (OC), Organizational Support (OS) and Employee Retention (ER)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>0.062</td>
<td>0.338</td>
<td></td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>6.14</td>
<td>0.022</td>
<td>0.577</td>
</tr>
<tr>
<td>Organizational Support</td>
<td>2.29</td>
<td>0.093</td>
<td>0.24</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Retention

In table 5, the regression coefficient for organizational commitment and organizational support are $\beta_1 = .614$ and $\beta_2 = .279$ which implies that one percent increase in organizational commitment and organizational support lead to increase of 61.4% and 27.9% in employee retention level if other variables are reserved restricted. The $t$ values of organizational commitment and organizational support are 6.686 and 3.007 which is significant at .000 and .003 level because significance level is $P<.05$. This shows that the both the hypotheses of this study are reasonable. The hypotheses are organizational commitment has significant positive effect on employee retention and organizational support has significant positive effect on employee retention also. Table 5 also demonstrates the multicollinearity statistics. The tolerance value less than 0.20 shows a multicollinearity problem (Brien, 2007). The $R^2$ statistic shows how much variation is explained by the model. The $R^2$ value of 0.407 indicates that 40.7% of the variation in employee retention is explained by the model.

### Table 6. Collinearity Diagnostics

<table>
<thead>
<tr>
<th>Model</th>
<th>Dimension</th>
<th>Eigenvalue</th>
<th>Condition (Constant)</th>
<th>Organizational Commitment</th>
<th>Organizational Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>2.891</td>
<td>1000</td>
<td>.01</td>
<td>.01</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>0.070</td>
<td>6.426</td>
<td>.00</td>
<td>.64</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>0.039</td>
<td>8.651</td>
<td>.99</td>
<td>.35</td>
</tr>
</tbody>
</table>

The study shows that organizational commitment and organizational support lead to longer employee stay in the organization. A well-established organization typically observes a normal employee as the basic cause of excellence achieves. They do not give importance to wealth, but to its human capital, as it is the considered the foundation of development. It will ultimately lead to organizational growth and both employee and organizational development. Organizational commitment is matter of concern both for employee and employer for better work environment of the organization. A satisfied employee is more productive as compare to less satisfied or dissatisfied employee. Organizational commitment immediately improves the attitude of the employee towards the job and organizational retention is developed gradually as the employee analyze nature of the organization, its environment, its standards and its moral.

Organizational commitment is an approach showing employee's devotion to the particular organization, and a continuing procedure during which employees convey their apprehension for the particular organization and its continuous achievement (Paillé, Fournier, & Lamontagne, 2011). Organizational commitment is acknowledged as the major element in employee bonding with organizational environment. Organizational commitment is three dimensional construct comprising of sentimental commitment, persistent association and normative obligation. Organizational commitment is simply a triangle which shows an employee’s recognition and participation in, and devotion to a particular organization. The attitude theorists identify that commitment is like a “black box” of which the filling is find out by a collection of individual and organizational factors. These can be individual distinctiveness, job related qualities, working skill. These characteristics highly influence the commitment levels employment effort and loyal behaviour towards turnover in the organization.

The three types of organizational commitment i.e. Affective Organizational Commitment, Normative Organizational Commitment and Continuance Organizational Commitment are positively correlated to job satisfaction and negatively correlated with turnover intentions of the employees. However, many researchers found that Affective Organizational Commitment is the most appropriate forecaster of performance, attitude and turnover intention of the employee (Yao & Wang, 2006). Affective commitment behaves as an interpreter of performance and indication of employee’s speculation of awareness in the organization.

When employee observes that his desires are recognized and being fulfilled by the organization then it leads to strengthen the liaison between them. Therefore, organizational support enhances the devotion and loyalty of the employee which ultimately increases affective commitment and finally results in lesser turnover in the organization.
By improving organizational support, voluntary turnover is drastically reduced in the organization. Organizational support performs a significant function not only in retaining the best employees but also enhances the performance and growth of the organization. Organizational support shows well build bond with the employees as the organization takes great concern for his field force. Hence it proves that organizational support is the most significant factor in employees’ retention.

Above discussion shows employee relationship with specific organization. Human resource capital is more valuable than organizational capital and financial capital. The birth rate is decreasing globally and human resource has become the priority and it is expected that human resource will matter of concern for every organizations in near future. The ratio of employee’s turnover in organization is more than the employees joining (Anis, et al, 2011). Retention management has become important since last decade due to shortage of human capital and globalization as well. Frequent employee turnover leads to organizational instability and low growth. When an experienced employee leave organization then it has to bear new recruitment, hiring and training of new employee that is so expensive and time consuming process. Therefore, organizations are focusing on healthy human resource practices and employee retention practices for minimum employee turnover rate and maximum retention of employee within the organization.

Theoretical and empirical study shows that organizational commitment and organizational support has positive relation with dependent variable that is employee retention within the organization. If employees have strong binding and committed with their organization they are reluctant to leave from their current job (Addae, Parboteeh & Velinor, 2008). The managers in majority of pharmaceutical organizations are satisfied with organizational environment. The satisfaction with factors of organizational climate indicates different results when compared with each other. In highest numbers of pharmaceutical organizations middle-level managers are satisfied with internal promotion (Ahmad, Ahmad, Ahmed & Nawaz 2010).

Evidences and discussion supports the hypothetical research model. Practical implication of model and whole research study is useful for pharmaceutical industry of Pakistan for organizational commitment, support, and productivity and employee retention in the organization.

7. Conclusion

This study analyzes the current issues of Pakistan pharmaceutical industry that is organizational commitment, organizational support and employee retention. This empirical study describes that employee retention and organizational commitment can be enhanced if employees are supported well. Organizational support also strengthens the relationship of employee with organization. This study empirically proves the relationship of independent variables (organizational commitment and organizational support) and dependent variable (employee retention). Independent variables have positive relations with dependent variable. The strong positive relationship also shows that if employees are more committed to their jobs then they will be more willing to stay with the organization. It also shows that if employees are supported well by the manager then satisfied employees are more devoted to their organization and hence employees are less likely to change job and will work hard to achieve the goals of the organization.

Further Research

Recommendation for future research can be other sectors and large sample size. Employee retention is issue of global concern and a lot of work has to do in this field. In Pakistan, there is much theoretical gap and lot of work is required to be done in the area of organizational commitment and organizational support both in private and public organizations.

References


