

**The Impact of Training and Development on Employees' Skills Enhancement and their Subsequent Intentions to Quit - The Moderating Role of Perceived Alternative Job Opportunities**



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*Submitted in partial fulfillment of the requirement for the*

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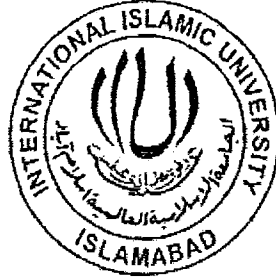
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## FORWARDING SHEET

This thesis entitled "The Impact of Training and Development on Employees' Skills Enhancement and their Subsequent Intentions to Quit - The Moderating Role of Perceived Alternative Job Opportunities" submitted by Ms. Shamaila Shabir in partial fulfillment of MS degree in Management Sciences with specialization in management, has been completed under my guidance and supervision. I am satisfied with the quality of student's research work and allow her to submit this thesis for future process as per IIUI rules & regulations.

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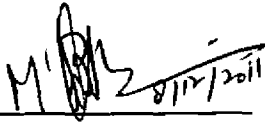
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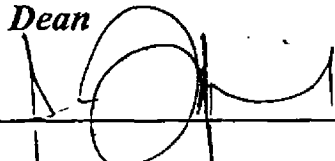
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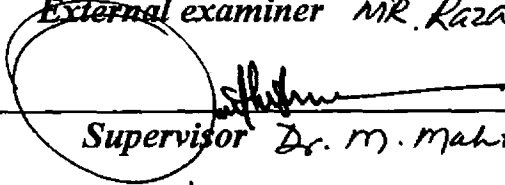
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## ***ABSTRACT***

In today's modern business world where academic attention for identifying the sources of competitive advantage has gradually shifted from tangible resources such as physical assets to more intangible ones such as human skills, knowledge, abilities; most of the relevant literature highlights the positive role that employer-provided training plays in enhancement of various employee level outcomes and subsequently in accelerating the business growth. However, very few efforts have been made to accentuate the dilemmas associated with these development efforts made by the organization involving huge costs in terms of time and money.

The present study is aimed at bridging the gap and highlighting the impact of these development opportunities provided to employees on their skills enhancement. Since this skills enhancement results in their worth enhancement for a firm's rivals in today's world of "protean career" and "war of talent", there is a greater likelihood that it will ultimately result in employees' increased intentions to leave their existing employer.

Data were collected from 286 employees working in banking and insurance sectors of Pakistan. Where the results indicate a strong positive influence of training and development opportunities in employees skills enhancement; the study also confirms a full mediation of employees skills enhancement in the relationship between training and development and employees intentions to quit as per Barron & Kenny's recommendations. On the other hand, perceived alternative job opportunities play a moderating role where the relationship between employees skills enhancement and intentions to quits is further strengthened when employees perceive alternative job opportunities else where.

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## TABLE OF CONTENTS

<i>List of tables</i> -----	XI
<i>List of Figures</i> -----	XII
<i>List of Abbreviations</i> -----	XIII
<b>Chapter1_ Introduction</b> -----	<b>2</b>
1.1. A brief Statement of Research Problems	
1.2. Objectives of the Research	
1.3. Justification of the Study	
<b>Chapter 2_ literature Review</b> -----	<b>10</b>
2.1. Literature review & Hypothesis	
2.2 Proposed Model	
<b>Chapter 3_ Research Methodology</b> -----	<b>19</b>
3.1. Sample and procedure	
3.2. Measuring Instruments	
3.2.1. Training and development	
3.2.2. Employees skill enhancement	
3.2.3. Alternative job opportunities	
3.2.4. Intention to leave	
3.3 Control Variables	
<b>Chapter 4_ Result analysis and finding</b> -----	<b>24</b>
<b>Chapter 5_ Conclusion</b> -----	<b>33</b>

- 5.1. *Implications*
- 5.2. *Limitations*
- 5.3. *Recommendations*

*Bibliography* ————— 38

*Appendix 1* ————— 46

*LIST OF TABLES*

*Table 1: summary of measuring instrument*----- 22

*Table 2: mean, standard deviation and  
Correlation matrix*----- 25

*Table 3, 4, 5: Result of multiple regression*----- 26, 28, 30

*LIST OF FIGURES*

*Figure 1. Proposed Model*————— 17

## ***LIST OF ABBREVIATIONS***

<b><i>BS:</i></b>	<i>Business strategy</i>
<b><i>HR:</i></b>	<i>Human Resource</i>
<b><i>HRS:</i></b>	<i>Human Resource Strategy</i>
<b><i>HRM:</i></b>	<i>Human Resource Management</i>
<b><i>T&amp;D:</i></b>	<i>Training and Development</i>
<b><i>KSA:</i></b>	<i>Knowledge, Skill and Ability</i>
<b><i>STD.DEV:</i></b>	<i>Standard Deviation</i>
<b><i>PAJO:</i></b>	<i>Perceived alternative Job Opportunity</i>
<b><i>ITL:</i></b>	<i>Intent to Leave</i>
<b><i>Tot_Emp_No:</i></b>	<i>Total Employee Experience</i>
<b><i>Tot_Emp_No:</i></b>	<i>Total Employee Work Experience</i>
<b><i>Emp_Perf:</i></b>	<i>Employee Performance</i>

***CHAPTER\_1***  
***INTRODUCTION***



## ***CHAPTER\_1***

### **INTRODUCTION**

At some stages, in time of slow expansion and a weak economy, corporations commonly engrave programs to sustain productivity. Employees' intention to quit is usually higher during times of economic uncertainty since for the reason training programs in particular are frequently targeted (Bentle, 1991). Still in the best of times, organizations must make a decision how much to spend in employees' training, balancing the profit of increased productivity aligned with the expenditure of training. As trained personnel can leave the organization easily, another firm can potentially advantage from the increased productivity of human resources trained by the previous company without paying the expenses. For example, a analysis of metalwork firms in Wisconsin point out that executive are unwilling to train their staff since they fear competitor firms will entice their workforce away before their investment expenditure are get back. As a result, fear of losing skilled workforce to competitors can diminish a company's inducement to train and guide to less investments in skills than is efficiently attractive (Krueger & Bishop, 1991).

A central idea is that those organizations which invest on their employees; development in order to enhance their skills and career growth, the employees consider that their organization gave them importance and take care of them. Training makes possible the greater commitment by employees in the direction of the association and, in turn generates enthusiasm of human resources to go an extra mile for the organization (Arthur, 1994; Woods, 1998). Usually, training helps the accomplishment of plan by given that employees' with the information and awareness required doing their jobs. Due to,

advanced technological changes, the training gap among the more and less workforce, it is important for less knowledgeable person and less skilled personnel to receive more training than the person who is more skilled and knowledgeable, the number of individuals receiving training increases day by day. (Bartel and Sicherman, 1998). Organizations in most of area of the humanity have nowadays started to re-examine their employees' needs for their skills enhancement on a regular basis (Useem, 1993). Following human capital theory given by Becker (1964) a firm decision of investment in training is considered to be part of its resource optimizing strategy however, since this resource Optimization is not possible without enhancement of employees skills it increases their tendency to look for better opportunities else where.

Green et al., (1996) comments that companies, which train their employees' more, have to face relatively much higher turnover rates than those, which do not. This is mainly due to the trained employees' leave the company when they get the better opportunities where they can make a much better use the skills recently acquired. Alternatively skills enhancement also increases their worth and possibility of being poached by rival firms. When employees' perception of alternative job opportunities increases (either as a result of "war of talent" or employees own "protein career" orientation) and on the other hand organization fails to provide substantial growth opportunities from within it self, there is a greater likelihood that it will increase their turnover intentions (Negrin & Tzafrir 2004). In the context Thatcher & Boyle, (2003) have carry out a research on turnover of information technology workers and initiate a strong positive association between perceived alternative job opportunities and turnover intentions. Similarly (Sieben, 2007) also confirmed existence of a strong relationship between training participation and labor

intention to quit. Skill development pass on to rising human capital by selecting employees' with better aptitude and increasing their knowledge and ability through the stipulation of training and learning opportunities. It is essential to the impression of the 'learning organization' (Pedler, etal. 1991), and it seems to be necessary for job improvement and for an organizational advantage as well (Lawler, 1994). For Employee's better job performance and their intention to quit knowledge and skills are also held to be major components (Campbell, 1993). Some of other theorists such as Mobley & Price (1977) Mueller (1986) recognized a variety of additional variables such as compensation, statement, community interaction, social relationship, work overload, promotional chance, reutilization, training and development, assistant support, and performance appraisal as having a major impact upon employees' intention to leave.

An individual's real (rather than apparent) effortlessness of association in the job market, or her or his capability to attain another service, has often been well acknowledged as a main appropriate variable in voluntary turnover research (Carsten & Spector, 1987). In Lee and colleagues (1996), several nurses quit their jobs after conducting job searches, with no actual offers in hand. They appeared to view getting new jobs as quite likely and thus compared their likely alternatives to their current jobs. Perceived alternative job opportunities refer to employees' viewpoint that they can locate a similar job in some another organization.

Theory proposes that perceived alternative job opportunities should have a straight effect on OC and a mediated effect on employees' intention to quit. When workers identify a lot of employment opportunities, they will state lesser levels of OC and, as a

result, higher levels of turnover intention. In addition, research in information systems (IS) and referent fields has found that perceived alternative job opportunities have a strong impact on turnover intention.

As a practical assessment of IT workers, Greenhaus describes a little direct impact between knowledge of extra-organizational career alternatives and employees' intention to quit. Freeman and Medoff (1984) argued that, by reducing employee' quit rates, unions lower a firm's hiring and training costs. Employees' turnover is a predictable incident in the labor market. The core of labor turnover models focuses on employees quit behavior by deciphering variables generated primarily at the present work environment (Larwood et al., 1998). Other models have concentrated on the job search and choice process (Bretz, et al., 1994).

In recent times, support on Lee and Mitchell's (1994) concerning model of turnover, there has been a refocused attention on the chronological way of extraction from organizations (Lee et al., 1999). In every case, present an underlying assumption that the employee is searching among a variety of job alternatives. Yet, little concern has been placed on the preferable alternative destination, its character or location. Recent evidence shows that such option can occupy substantive alter in profession and occupation places (Grossman and Magnus, 1988; Breeden, 1993). Alternative destinations can vary. Indeed, the varied literature on alternative forms of turnover destinations includes such location options as worker replacement (Fisher, 1994) Internal labor markets (Althausser and Kallenberg, 1981) and career path moves (Gould and Penley, 1985). There is also increasing empirical evidence that employees generate alternatives and make job choices across as well as within organizations (Schwab et al.,

1987; Carruthers and Pinder, 1983; Mueller and Price, 1989). Employees' movements from their current job or position could be within the same organization or crossing boundaries to another organization, or even withdrawing totally from the labor market.

Cumulative evidence is beginning to support the notion that destination choice has an impact on a quit and career move decision (Noe and Barber, 1993; Zax and Kain, 1991; Dalton and Todor, 1987; Roseman, 1983; Kirschenbaum and Mano-Negrin, 1999).

Destination choice evolves as a consequence of available alternative opportunity paths within and between organizations. Once employees are aware of these alternatives, a potential destination choice should sensitize employees to specific variables in their work environment that is key to a decision. Their configuration and perception of these factors then affects the intensity of a person's intention to leave. In a large sense, destination choices are dependent on the character and perception of employees' of their organization and labor market (Hom et al., 1992). Indirect evidence of job search patterns on turnover intentions seems to support this argument (Kirschenbaum and Weisberg, 1994) by stressing the relevance of both internal organizational, as well as external market opportunities among job seekers. Since the employee is likely to choose between job alternatives.

Despite of the fact that some amend have been carried out to observe the relationship of training with employees' turnover rates, a large amount of existing literature considers the training & development of the employees' indispensable for a firm's success while ignoring the dilemmas associated with these training and development opportunities provided to employees. This empirical study will bridge the gap by highlighting the fact that increased investment on training and development of employees' results in skills

enhancement of employees', which in turn increases the threat of their turnover. It is also proposed that the association among skills enhancement and employees' intention to leave will be stronger in the presence of perceived alternative opportunities perceived.

### **1.1. A Statement of Research Problem**

Employees' intention to leave has turn into a severe organization dilemma due to the devastating impact it leaves on an organization's performance. Especially with increased globalization and shifting of employees' mindset from traditional careers to protean careers, people have started to change several jobs within a very short span of time rather than choosing to grow in one. This leaves more immense pressure on human resource managers to retain and engage its employees to enhance organizational effectiveness.

This is a systematic study to increase our understanding of employee's intention to leave. Besides several other reasons as highlighted by theorists of social exchange/human capital/organizational support perspective, training an organization's employees can itself become one of the major reasons behind an employee's intentions to quit. These intentions to leave increase even more when employees (subsequent to their skills enhancement) start realizing that relatively much better opportunities are available outdoor the firm which might be helpful toward exploit their true potential.

### **1.2. Objectives of the Research**

The main objectives of this research are.

- To examine the role of training and development in enhancement of employees' capabilities level.
- To examine whether or not skills enhancement results in increased intentions to quit.

- To investigate whether or not training and development causes an increase in the employees intentions to leave.
- To test the mediating role of skills enhancement in the relationship between training and development and intentions to quit.
- To verify whether or not employees' perceived alternative opportunities play a moderating role in the relationship between their skills enhancement and intentions to leave.

### **1.3. Justification of the Study**

While many studies have looked at the impact of employer-provided training on employee level outcomes and subsequently on organizational level outcomes, the impact of training opportunities provided to employees on their intentions to leave has received far less attention. The present study aimed is bridging the gap and highlighting the role of these development opportunities provided to employees on their skills enhancement. Since this skills enhancement results in their worth enhancement for the firm's rivals, there is a greater likelihood that it will ultimately result in employees' increased intentions to leave their existing employer.

**CHAPTER\_2**

**LITERATURE REVIEW**



## **CHAPTER -2**

### **Literature Review and Hypothesis**

Previous calls for appropriate employee's development programmes were based on the appreciation that organizations were becoming more and more dependent on their human resources (Schein, 1977). Speculation in employees' training and development reflects employees' viewpoint about the organization's commitment to improving their competence and enhancing their marketability, both internally and externally. A central basis in perceived investment in employees' development is that it creates situation where employees 'consider that their organizations importance their involvement and be concerned about their employability.

Training and development activities are intended to assist an organization to assemble its skill requirement and to help its employees' realize their greatest potential (Gomez-mejia, et al. 2003). Michael Porter's studies also prove that industries that invest the most on employees' development are usually the most competitive in every developed country in the world (Reich, 1991). The concept of 'investment in employee development' means provide employees' with latest knowledge and skills, and it can be used to enable workforce to predict and be ready for new job requirements (Kazanas et al, 1989). Under the practices of human resource development, which refers that suitable training and learning programmes given by the supervisors to enhance the performance and personal career growth (Nadler,1989). Those organizations which invest on their employees' development gave them an organization competitor advantage by providing continuous training and development for employees' to enhance their skills and gain new ideas, and in turn perform more efficiently (London, 1989).

Perceived investment in employee development (PIED) is developed through employees' assessment of their organizations' commitment to help employees' learn to identify and obtain new skills and competencies that will allow them to move to new positions, either within or outside these organizations. Thus, to the level that the organization commits to an employee's personal and professional growth, the employee can be anticipated to dedicate better attempt towards the organization (Wayne et al., 1997). Organizations do conduct both firm specific and general training programmes for their Employees' (Benson et al., 2004) as investing in such developmental efforts reflects an organization's dedication to an employee's individual and specialized growth (Wayne et al., 1997). Most of studies have originated that human resource development practices influence the performance and behavior of employees' (Guest, 2002; Stamper, 2007). Moreover, Lee (2003) argues that the investment of firms in developing their employees' contribute to the formation of positive perceptions in employees' of the organization's readiness to sustain their improvement. These perceptions are associated to the psychological contract and refer in the context of social exchange theory (Blau, 1964). In the study of fifty-three organization in the US, training is found to be absolutely related with enhancement of employees' skills (Colarelli and Montei, 1996).

**H1: Training and development efforts are positively related with enhancement in employee skills.**

Florida Power Corporation, IDS Financial Services Inc., and Target (Hequet 1993). Each firm had increases in preservation rates after investments in most of training programs. Disappointingly, most of the organizations are unwilling to train until some

level of constancy is achieved within their personnel, and their uncertainty may in turn be resistant by practical high turnover rates (Lynch 1991).

Employee's intention to leave is an association between the number of employees' a company must reinstate in a given time period to the standard number of total employees. McConnell (1999) found that most of the training & learning programmes have strong impact on employees' turnover. Those firms that invest on their personnel in terms of training and that will be positively associated with enhancement of employees' skills and in return that increase the market value or the worth of employees (Ferris and Urban, 1984). One more viewpoint suggests that investing in employee's development increased the market value of employees' and hence increased intention to leave (Benson et al., 2004). Especially investments made in general skills training similarly increases the efficiency of workers in organizations other than the current firm (Becker, 1962).

Organizations even in the time of excellence must make a decision how much to invest in training and development of their employees', balancing the profit of improved efficiency aligned with the expenditure of training. Because trained workers can leave, another competitor firm can potentially advantage from the increased yield of workers trained by the previous company without paying the costs. For example, a survey of metalwork firms in Wisconsin proves that firms are unwilling to give training to their workers because they fear that some another firm will attract their employees' away before their investment costs are get back (Jobs for the Future 1991). as a result, fear of losing trained workers to competitors can reduce a company's inducement to train and guide to less investment in skills than is economically desirable (Blinder & Bishop ,1991).

## **H2: Training and development efforts are positively related with intention to leave.**

Employees' Skill enhancement means to rising human resources by selecting workforce with greater capability and increasing their knowledge skills and ability through the terms of training and learning opportunities.

The majority studies on the impact of training on employees' turnover approach the subject from the Point of view of human capital theory. According to Becker(1962) training plays a major role to enhance the worker skills a small number of empirical studies give some verification for the human capital view, representing that as a result of general training involvement, employees' turnover increases (Benson et al., 2004). Following Becker's Human Capital perspective (1964) which argues that, the investment in training is the result of optimizing decisions made by both workers and employers. Employees' skills enhancement resulting from training and development efforts made by employers will actually make possible for employees' to take higher remuneration from their present or prospect employers. Seeing as employers are for all time at danger of loosing this investment without generating enough returns, there is a lesser likelihood that they will invest in creating or developing generally applicable skills in their human resources. Firm-specific trainings, on the other hand, do not formulate any alternative opportunities for the employees despite their skills enhancement. As firms do realize that sooner or later they can get back their investment made in such firm specific trainings in the form of greater employee's contribution/productivity etc.

Managers who gave training opportunities to their employees' in general skills indicate that they are ready to invest in the competences of their employees' skills enhancement, which make them more efficient and competent employers. Due to this, employees' consider that their organization gave them importance and take care of them (Sieben, 2007). When organizations investment in general training that may apparent by employees' as a indicator that their organization gave them importance and value them individually (Galunic and Anderson, 2000).According to this perspective, training and development facilitate employees' to identify and attain new skills and competencies that will allow them to move to new positions, either within or outside these organizations. There is a reasonable amount of literature about the relationship between employees' intention o quit and skills enhancement through investment in training and development.

Green et al., (1996) argues that companies, which gave more opportunities of training and development to their employees', create higher turnover mostly because the trained personnel leave the company for better jobs where they can use the skills and knowledge they have attain. Training and development enhance the employees knowledge gave them more importance and value to the employees' and enhances their career growth, and this increases the possibility of their being "poached" by opponent companies. Similarly, McConnell (1999) argues that most of training and development programmes have strong and positive impact on turnover. Kalleberg, (2000) noted that investment in employee's development is positively allied with turnover. As the concept of 'investment in employees' development' means enhance employees' competence with new knowledge and skills, it can positively facilitate people

to expect and be prepared for new job requirements (Rothwell, 1989). Hence, the following hypothesis is proposed:

**H3: Enhancement in employees' skills will be positively related with their intentions to leave.**

**H4: Enhancement in employees' skills will mediate the relationship between training and development and employees' intentions to leave.**

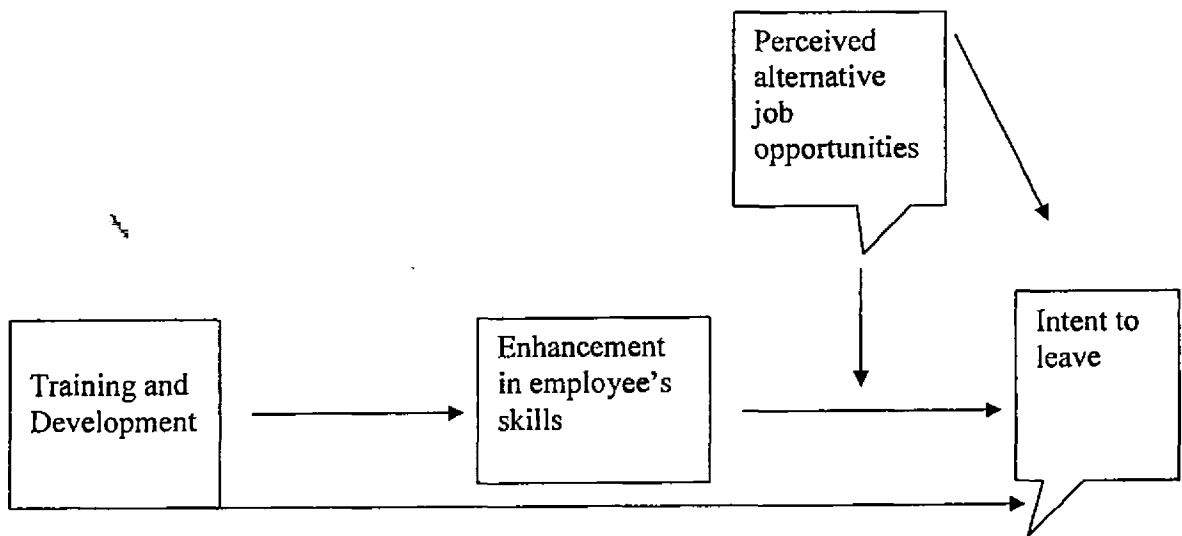
Another probable predictor of turnover intentions is perceived alternative job opportunities among the employees'. Perceived alternative refers to workers' viewpoint that they can locate a similar job in another organization. If organizations fail to offer extensive development chance, the employees' dynamically, start searching for another job and their search is based upon the perceived opportunities in external market (Negrin 2004). Positive perceptions cause employees' to believe in an alternative job opportunity among them and the organization, which makes them perform in a reciprocate way (Wayne, 1997; Lee, 2003). Most of studies have establish that human resource development practices affect the performance and behavior of employees' (Stamper, 2007).Results of Ing-San & Jyh-Huei, (2006) presents a major positive relationship among perceived alternative job opportunities and turnover intention in the public sector organizations. Hogan & Barton (2001) it was exposed that perceived availability of alternative jobs had positive association with turnover intentions of the employees'. Thatcher, Boyle (2003) have conducts a research on turnover of information technology workers and found a strong positive relationship between perceived alternative job opportunities and turnover intention.

This leads us to our final hypothesis:

**H5: Perceived alternative job opportunities will be positively related with intention to leave.**

**H6: Perceived alternative job opportunities will play a moderating role between enhancement in employees' skills and their intention to leave.**

**Figure 1. Proposed Model**





**CHAPTER NO \_ 3**  
**RESEARCH METHADODOLOGY**

## CHAPTER 3

### RESEARCH METHADODOLOGY

#### 3.1. Sample and procedure

Data for this study have been collected from services industry where the employees' have usual contract with clients for data collection purposes, employees working in the banking and insurance industries of Pakistan will be targeted mainly because: In service industries, there is relatively a greater emphasis on ornamenting the employees' skills through training and development efforts. Due to an ongoing "War of Talent" among various competing firms, there is a greater tendency of employees turnover and job switch in these two sectors.

The data have been collected through personally administrated questionnaires. Total sample size was 350. All the variables have been measured by using the self-reported responses because that is considered suitable for these measures. Initially, 175 questionnaires were distributed in different banking industries. And remaining half of the questionnaires was distributed among insurance companies. Out of these 350 questionnaires 292 were returned so the response rate have been 83.4 % but out of those returned questionnaires, after removing 64 inappropriately filled or partially filled questionnaires, I was left with 286- paired usable responses resulting in effective response rate of 81.7%.

Questionnaire contains two parts, part A consist of the general information of the employees, the respondent had mean age of 29 years (S.D =6.9 years), out of which 80% were male. Mean tenure was 3.34 years (S.D=4.58 years). Qualification of the respondents ranged from undergraduate to graduate level. About 70% of the respondents had at 16 years of education most of the respondents were general employees. part B consist of other important variables that directly impact on intention to leave. Each questionnaire was given to respective respondent and record was kept on a separate sheet which contained respondent's names, and respondents' contact numbers. Duration for collection questionnaire was about 3 to 4 days from the day it was delivered. Before going to collect questionnaire, phone calls were made to remind and confirm that questionnaires had been filled.

### **3.2. Measuring Instruments**

All the measures are explained below.

#### **3.2.1. Training and Development (T&D)**

The nine items (T&D) training and development scale (Chary Hone Lee and Norman T. Bruvold, 2003) was used to measure the training and development in employees. The alpha reliability on data collected in this study was (0.887). That was measured on a 5 point Likert scale, containing nine-item from 1 (strongly agree) to 5 (strongly disagree).

#### **3.2.2. Employees Skill Enhancement**

Employees' skills enhancement were measured on a 5-point Likert scale, containing five items from 1 (not at all agreed) to 5 (strongly agreed) adapted from Bassi & Van Buren,( 1999) . The coefficient alpha in current data was 0.835.

### **3.2.3. Perceived Alternative Job Opportunities**

**Perceived Alternative Job Opportunities (PAJO)** were measured using five item scale, from 1 (strongly agree) to 5 (strongly disagree) adapted from Mowdey et al (1984). The coefficient alpha on data collected in this study was 0.809. Three items measured perceived job alternatives: "I can find another job doing exactly what I am doing now" and "there are many jobs available similar to mine. These items closely resembled Billings and Wemmerus' items (1983), as well as Mobley et al.'s (1978) items.

### **3.2.4. Intention to Leave (ITL)**

**Intent to leave** was measured on a 5-point likert scale containing three-item from 1 (strongly agree) to 5 (strongly disagree) developed by Laudau and Hammer (1986). The coefficient alpha for intent to leave in current study was 0.762. Turnover intention was measured using three items. Intentions to quit are closely resemble with Hom et al's. In (1984) Turnover intentions were measured with a two-item scale (1 = definitely not to 5 = definitely yes) adapted from Hom and Griffeth (1991).

**Table 1. Summary of measuring instrument**

<b>Variable</b>	<b>Author</b>	<b>Number of items</b>	<b>Cronbach alpha</b>
<b>Training &amp; development</b>	Chary Hone Lee and Norman T. Bruvold (2003).	<b>. 9 items</b>	0.92
<b>Employees skills enhancement</b>	Bassi & Van Buren,( 1999) .	<b>. 5 items</b>	0.93
<b>Job opportunities</b>	Mowdey et al (1984).	<b>. 5 items</b>	0.77
<b>Intend to leave</b>	Laudau and Hammer (1986	<b>. 3 items</b>	0.81

### **3.3. Control Variables**

Some variable were controlled, as they were not allowed to differ freely with independent variables. Based on previous studies some control variables were included to get actual impact of training & development on employee's intention to leave. Control variables were employee's education, tenure and gender. Employees work experience, education and gender are more likely to have influence on employees intention to leave.

**CHAPTER 4**  
**RESULT ANALYSIS AND FINDINGS**

## CHAPTER 4

### RESULT ANALYSIS AND FINDINGS

Table 2 presents the data of demographics variables included in the study which were education level, gender and tenure. About 46.5% of the respondents held bachelors' degree and 53.5% had obtained a master's level qualification or more. Total sample size was 286 in which 78.3% were male respondents while 21.7% were female respondents. Employees' having working experience of less than 5 years were 66.1% of the entire sample while those having more than 5 years but less than 10 years of experience were 23.8%. The remaining 10.1% employees' integrated in the sample had a work experience of more than 10 years.

**Table .2.**

Education level	Frequency	Percent	Valid percent	Cumulative percent
Bachelor	133	46.5	46.5	46.5
Master	153	53.5	53.5	100.0
Gender(male)	224	78.3	78.3	78.3
Female	62	21.7	21.7	100.0
Tenure (< than5 years)	189	66.08	66.1	66.1
5-10	68	23.78	23.8	89.9
more tan 10 years	29	10.1	10.1	100.0

Table 3 presents the mean, S.D and correlation among different variables of the study. The association between training and development with employees' skill enhancement and their subsequent intentions to quit was found exactly in the predicted direction of my hypothesis. Such as association between training & development and employee's skill enhancement was positive ( $r = 0.652$   $p < 0.01$ ) which are consistent with the findings of

London, (1989) as they a found positive relationship between training and development and employee's skill enhancement.

The association between employee's skill enhancement and turnover intention's was positive ( $r = 0.589$   $p < 0.05$ ). These findings are consistent with Rothwell and Kazanas (1989) as they too had explored a positive relationship between employees' skill enhancement and turnover intention's. Similarly, the association between perceived alternative job opportunity and employee's turnover intentions displayed a positive relationship ( $r = 0.466$   $p < 0.01$ ) which is consistent with the findings of Ing-San Hwang & Jyh-Huei Kuo (2006) who have found a significant positive correlation between perceived alternative job opportunities and turnover intention in the private sector organizations. On the other hand, the association between training and development and employees turn over intention's was positive ( $r = .356$   $p < 0.05$ ). The similar results have been found by Benson et al (2004) in their study which revealed a significant positive correlation between training and development and employees turn over intention's.

**Table 3. Mean, standard deviation and Correlation matrix among study variables**

Variables	Mean	S.D	1	2	3	4	5	6	7
Education	1.5	0.49							
Gender	1.21	0.41	.201**						
Tenure	1.25	0.54	.162**	.241**					
Training & development	3.46	0.95	-.016	.151*	.160**	0.88			
Employees skill enhancement	3.34	0.95	-.026	.104	.141*	.652**	0.83		
Perceived Alternative job opportunities	3.37	0.96	.074	.112	.047	.418**	.573**	0.80	
Intention to leave	3.24	1.19	-.038	-.006	-.104	.356*	.589*	.466**	0.76



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

\*Correlation is significant at the 0.05 level (2-tailed). N=286

\*\*\*Items in bold reflect alpha reliabilities of the constructs used in study

Multiple regression analysis is statistical technique, which analyze the linear relationship between a dependent variable and multiple independent variables. In this research the independent variable was training & development, where as intent to leave was taken as a dependent variable in the study. While, employees' skills enhancement on the other hand was acting as a mediating variable. Perceived alternative job opportunities were supposed to be moderating the relationship between employees' skills enhancement and employees' intentions to leave.

**Table 4. Regression Analysis for Direct Links**

Independent variable	Dependent variable	R <sup>2</sup>	$\beta$	F	t	Sig
Training & development	Intention to leave	0.154	0.368	12.802	6.87	0.01
Training & development	Employees skills enhancement	0.426	0.644	52.242	13.95	0.03
Employees skills enhancement	Intention to leave	0.384	0.619	43.813	13.01	0.02
Perceived alternative job opportunities	Intention to leave	0.236	0.478	21.754	9.09	0.01

Table 4 above presents the results of direct links included in the study. In a direct link between training & development and employees, intention to leave the regression coefficient ( $\beta$ ) was .368, which means that one unit change in the training and

development will bring a change of .368 units in the employees' intentions to quit. Whereas  $R^2$  value of .154 reflects that 15.4 % of the variance in intentions to leave is explained by training and development. Hence, our hypothesis H2 is accepted. Our results are consistent with Blinder and Krueger (1991) and Bishop (1991) who have found a positive relationship between the two variables.

In a direct link between training & development and employees' skills enhancement the regression coefficient ( $\beta$ ) was .644, which means that one unit change in the training and development will bring a change of .644 units in the employees' skills enhancement. Whereas  $R^2$  value of .462 reflects that 46 % of the variance in employees' skills enhancement is being explained by training and development. Hence, our hypothesis H1 is accepted. Our results are consistent with wayne et al (1997) who have also found a positive relationship between the two variables.

In a direct link between employees' skills enhancement and employees, intention to quit the regression coefficient ( $\beta$ ) was .619, which means that one unit change in the employees' skills enhancement will bring a change of .619 units in the employees' intentions to quit. Whereas  $R^2$  value of .384 reflects that 38 % of the variance in intentions to leave is being explained by employees' skills enhancement. Hence, our hypothesis H3 is accepted.

In a direct link between perceived alternative job opportunities and employees, intention to quit the regression coefficient ( $\beta$ ) was .478, which means that one unit change in the perceived alternative job opportunities will bring a change of .478 units in the employees' intentions to quit. Whereas  $R^2$  value of .236 reflects that 23 % of the variance in intentions to leave is being explained by perceived alternative job opportunities. Hence,

our hypothesis H5 is accepted. Our results are consistent with Thatcher, Stepnia & Boyle (2003) who have conducted a research on turnover of information technology workers and found a strong positive correlation between perceived alternative job opportunities and employees' intention to leave

### The Mediating Role of Employees Skills Enhancement

This study has followed the mediation regression procedure developed by Baron and Kenny (1986). As per this method, three conditions are required to be met before a mediation analysis is carried out. In the first place, the independent variable must behave as a significant predictor of the dependent variable. Then, the independent variable must be active as an important predictor of mediator variable. Lastly, the mediating variable must be a significant predictor of the dependent variable. All these relationships have been found significant for our study, which led us to proceed for mediation analysis. Table 6 below provides the results for our mediation analysis.

**Table .6. (Mediation analysis)**

Variables	R <sup>2</sup>	ΔR <sup>2</sup>	β	F	t	Sig
<b>Step.1</b>						
Control variables	0.012					
<b>Step.2</b>						
Employees' skills enhancement	0.384	0.372	0.619	43.813	13.01	0.02
<b>Step.3</b>						
Training and development	0.384	0.000	.023	34.969	.367	.714
<b>Intention to leave (Dependent variable)</b>						

In the first step, the control variables were regressed with employees' intention to leave which yielded an  $R^2$  value of 0.012 which means that there is only 1.2% variation in employees' intention to leave is being explained by the control variables which is quite negligible.

In the second step Employees skills enhancement has been entered into the equation which yielded a beta value of 0.619,  $P < 0.05$  and an  $R^2$  value of .384 which explains an additional 0.372% variance in the dependent variable. However, in the third step when we entered Training and development (Independent variable), the  $\beta$  .023 became insignificant showing a significance level of .714.

According to the recommendations made by Barron and Kenny (1986), this proves to be the case of full mediation as our independent variable i.e. Training and Development became insignificant when entered with our mediating variable i.e. Employees skills enhancement in the equation.

Hence, our hypothesis no: 4 which was intended to see whether or not Employees skills enhancement plays a mediating role between the relationship of Training and Development given to employees and their intentions to quit is accepted.

77-8483

**Interactive Effects of Employees Skills Enhancement and Perceived Alternative Job Opportunities on their Intentions to Quit.**

**Table 7. (Moderator Analysis).**

Variables	R <sup>2</sup>	ΔR <sup>2</sup>	β	F	t	Sig
<b>Step.1</b>						
Control variables	.012					
<b>Step.2</b>						
Employees' skills enhancement	0.384	0.372	0.619	43.813	13.03	0.02
<b>Step. 3.</b>						
Perceived alternative job opportunities	0.407	0.023	0.186	38.305	3.273	0.01
<b>Step. 4.</b>						
Employees' skills enhancement x Perceived alternative job opportunities	0.417	0.01	0.710	33.206	2.165	0.031

*Dependent Variable: Intentions to leave*

In the first step, the control variables were regressed with employees' intention to leave which yielded an R<sup>2</sup> value of 0.012 which means that there is only 1.2% variation in employees' intention to leave which is being explained by the control variables e.g Education, Gender, Tenure etc. In the second step employees' skills' enhancement was regressed with employees' intention to leave which yielded a beta value of 0.619 (P Value < .05) and an R<sup>2</sup> value of 0.384. The change in R<sup>2</sup> at this stage was 0.372 which showed that an additional 37.2 percent variance in our dependent variable is being explained by employees skills enhancement. When we entered our moderating variable

at the third step, our  $R^2$  value was raised to 0.407 showing an incremental 2.3% variance as reflected by  $\Delta R^2$  at this stage.

In the Final stage, the interaction between our independent and moderating variables was entered into the equation which increased our  $R^2$  Value from 0.407 to 0.417 indicating an additional variance of 1 percent being explained by this interaction between the two. On the other hand, since our beta value also shows an increased value of .710 which is significant at  $P$  value  $< 0.05$ , we can conclude that perceived alternative job opportunities does play a moderating role in the relationship of employees skills enhancement with their intentions to quit in such a way that relationship is stronger in the presence of perceived alternative job opportunities. Our hypothesis No 6 which was intended to test the moderating role of perceived alternative job oppertunities in a relationship between skills enhancement of employees and their subsequent intentions to quit is hence validated.

**CHAPTER\_5**

**CONCLUSION**  
**&**  
**FUTURE RECOMMENDATIONS**

## CHAPTER\_5

### CONCLUSION

Where training plays an important role in refinement of employees skills: there are certain dilemmas associated with it too especially when this refined talent is not managed well through better retention policies and employees engagement in the organization. This study is aimed at highlighting the dark side of the picture. Here we do not want to conclude that organizations should not train its employees; our intention is just to emphasize that training only cannot be a basis of competitive advantage for a firm. All the investment made through training programs can prove to be counterproductive if an organization is unable to create a horizontal fit in its mutually consistent human resource practices where retention of these skillful employees' can be ensured through better retention policies, better rewards/ compensations etc.

In other words, those organizations which manage these dilemmas e.g. threat of turn over etc. well by keeping a constant eye on the compensation gap between what is being given to its employees as rewards and what can be offered to them by the labor market are able to realize the true potential of their employees which ultimately generates an inimitable source of competitive advantage for the business.

Human capital Theory suggests that investments in general skills will increase employees' intention to quit. In contrast, the social exchange theory (Blau, 1964) suggests that employees constantly keep an eye on balancing out their relationships with the organization. They prefer to stick to the same organization only when

a) They perceive that this relationship has a potential to deliver a positive outcome i.e. more output than the input given by them.



b) They believe that they are satisfied with such outcomes and

c) There are no or very less alternatives available to them.

This is mainly because when employees' skills are enhanced through training, this increases their worth for a firm's rival. As a result of this war of talent or an employee's own protean career orientation, when employees start perceiving alternative job opportunities else where, their intention to quit their existing organization increases. This is how training and development efforts which basically are intended to facilitate the organizational functioning turns out to be counterproductive for the organization giving those trainings..

In the present study we not only tried to highlight the dark side of the picture, we also attempted to find an answer to the "how" question i.e. How investment made by firms in training their personnel can prove to be detrimental for them by way of enhancing the turnover rates of their skilled employees.

Through our mediation analysis, we discovered that it is the enhancement in the employees skills ( as a result of training and development efforts made by organizations) due to which employees tendency to look for opportunities else where increases which ultimately results in their intentions to quit.

Moreover, our moderation analysis establishes that those employees who perceive alternative job opportunities elsewhere are more inclined towards leaving their present organizations than those who identify relatively less or no opportunities in the job market, which gives an empirical evidence for the social exchange theory (Blau, 1964).

While summarizing the whole discussion we can conclude that organizations, which try to use their human capital as a resource of their competitors and invest heavily on

training their Human resource, should also try to create a consistency between Training and Development centers and other HR Practices being followed by the firm. When all the human resource practices such as Training & Development, motivation, Compensation and others are aligned and supportive for each other, employees of such organizations would prefer to stick to their own organizations rather than going for a “Monkey Hopping” approach with a lot of uncertainty embedded therein.

Despite finding an empirical support between direct links as well as mediating and moderating roles of the variables included in the study, suggesting a horizontal alignment as a solution to this problem is still an implicit recommendation as far as this study is concerned, future researchers should therefore try to look for an empirical support in order to see whether or not trained employees of those organizations which have excellent selection procedures, offer market based compensations to their employees and follow a fair performance appraisal system have relatively less or no intentions to quit their existing organizations than of those which don't.

On the basis of inclusive analysis of the related literature followed by a thorough critical rationalism thereof, although we have developed a model highlighting the role of training and development opportunities given to employees in enhancement of their skills and subsequently in increasing the employees' turnover; we have taken the overall training and development opportunities. As the literature suggests different types of training and development opportunities such as firm specific vs. general trainings, technical vs. Teamwork related trainings etc testing these relationships for each type of training separately can be another choice for the future researchers.

Similarly, based on contingency perspective which highlights the significance of the context in predicting organizational performance, the same kind of studies can be carried out for public sector organizations as well as privately managed business units where working environment, the organizational culture, values, norms, beliefs and mental models of the employees are altogether different from each other thus enabling the researchers afterwards to make a comparison between the two.

Another limitation of this study has been its small sample size and the convenience sampling technique through which the data were collected which makes it difficult to generalize the results.

For greater generalizability/validity, the future researchers may wish to use any of the probability sampling technique such as random sampling etc with relatively a larger sample representing organizations from various sectors.

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## APPENDIX\_1

### **“The Impact of Training & Development on Employees’ Skills Enhancement and Their Subsequent Intentions to Quit - The Moderating Role of Perceived Alternative Job Opportunities”**

Dear Respondents:

I am M.PhilS (MGT) student at International Islamic University, Islamabad, conducting research on “The impact of training & development on employee’s skills enhancement and their subsequent intention to quit-----The mediating role of perceived alternative job opportunity and their subsequent intention to leave”. The aims of this paper are to empirically examine the impact of training and development on the employees turnover and explore the moderating role of perceived alternative opportunities and their subsequent intention to quit. You are requested to take 10 minutes out of your busy schedule to fill this questionnaire that comprises two parts. Please fill both parts completely. Your cooperation is highly appreciated.

#### **Part A:**

**Note:** Please fill the following blanks with complete information.

Name of the Employee: -----

Name of the Organization: -----

Employee’s Education: -----

Employee’s designation: -----

Total no. of Employees in firm -----

Gender -----

Tenure (Please tick the appropriate checkbox below):

< 10

10-20

21-30

30+



6). My organization ensures that employees can expect confidentiality when consulting staff. 1 2 3 4 5

7). My organization provides employees with information on the availability of job openings inside the organization. 1 2 3 4 5

8). My organization is fully supportive of a career-management program for the employees. 1 2 3 4 5

9). My organization provides a systematic program that regularly assesses employees' skills and interests. 1 2 3 4 5

### Knowledge, skills, abilities (KSA)

Note: Please encircle the appropriate number against each statement, according to the scale given below.

<b>Scale</b>	To a very great extent 5	To a great extent 4	To a moderate extent 3	To a small extent 2	Not at all 1
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1). To what extent have you increased your knowledge, experience, performance and confidence in managing your job after training courses. 1 2 3 4 5

2) To what extent have the training courses helped you to think about your future plans and values?

- 1            2            3            4            5
- 3). To what extent do you wish to develop yourself constantly concerning your knowledge and abilities?            1            2            3            4            5
- 4). Do you believe that the concepts and/or skills learned on a training course have contributed to your competence.            1            2            3            4            5
- 5) How important is it to succeed your personal target in your work?            1            2            3            4            5

**Perceived alternative job opportunities**

**Note:** Please encircle the appropriate number against each statement, according to the scale given below.

<b>Scale</b>	<b>Strongly Agree</b> 5	<b>Agree</b> 4	<b>Indifferent/Neutral</b> 3	<b>Disagree</b> 2	<b>Strongly Disagree</b> 1
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1. I have many alternative job opportunities including Some that are different from what I do now.            1            2            3            4            5
2. There are many jobs available similar to mine.            1            2            3            4            5
3. I can find another job doing exactly what I am doing now.            1            2            3            4            5

**Intent to leave**

- 1). As soon as I can find a Better job, I'll leave.            1            2            3            4            5
- 2). I am seriously thinking about quitting my job.



1            2            3            4            5  
3). I am actively looking for a job outside.

1            2            3            4            5