WHY DO TALENTS STAY? TIME PERSPECTIVE, FIT, AND ORGANIZATIONAL SUPPORT

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Abstract- A paradox of human capital is that employees with greater capability can contribute to higher job performances, yet such talents are frequently not easy to retain in organizations. It may cost an organization substantially to lose a mediocre workforce, not to mention intelligent employees. This study investigates two three-way interaction effects of P-O fit/POS, future time perspective, and human capital on turnover intention. A sample of 585 engineers and their immediate supervisors is used to examine the hypothesized relationships. Research findings suggest that future time perspective reduces the positive effect of human capital on turnover intention. I also find that there is a three-way interaction between P-O fit, future time perspective, and human capital in such way that human capital predicts higher turnover intention when future time perspective and P-O fit are low. The findings of this study improve our understanding of human capital retention.

Index Terms- Human capital, Perceived organizational support, Person-organization fit, Time perspective, Turnover intention.

I. INTRODUCTION

Over the past decade, two major and different approaches, at macro- and micro-analysis levels, have provided diverse angles for understanding the effect of human capital on an organization. From a micro perspective, human capital theory posits that differences in individual wages arise due to differences in individual human capital accumulated through experience and education. From organizational perspectives, human capital is a significant component of organizational strategies, which is also a predictor for organizational effectiveness.

Similar to unexpected results from organizational research, individual human capital does not always predict greater job performance even for employees with high human capital who are often more highly paid. Moreover, these individuals may harm their organizations via leaving their current jobs and perhaps even working for competitors. As employees with high human capital, it is easier for them to switch companies than for employees with lower human capital. Therefore, it is very important to investigate the antecedents of human capital retention.

The majority of previous human capital studies in the field of management has focused on organizational-level issues. Even though human capital has been a popular construct to explain many managerial phenomena, it is rarely used to illustrate talented employees’ turnover attitude. Previous research has focused either on exploring the relationship between high-performance work systems and the capacity of human capital or finding the determinants of organizational human capital. The lack of research investigating the influence of individual human capital makes it difficult to gain a holistic overview in regards to human capital.

In addition, little is known about the interactions of individual human capital and other environmental and individual factors, such as personal value (time perspective), and perception (i.e., person-organization fit [P-O fit] and perceived organizational support [POS]) on turnover intention. Although human capital may lead to higher turnover intention, the relationship may be also altered by different situations. Previous studies (e.g. [1]-[3]) inspire me to involve time perspective as a situational factor for understanding the retention of talented people. The values affecting peoples’ choices of how to recognize and utilize their time is a very important issue when considering career management. This approach can help us understand how outstanding employees look upon relations with their organizations. Furthermore, this study will involve the idea of P-O fit and POS in the construction of a moderation model to further understand how environmental perception can benefit the impact of time perspective on talented employees’ turnover intention. Therefore, this study aims to investigate the three-way interaction of human capital, time perspective, P-O fit, and POS on turnover intention. The research findings can contribute the further understanding of human capital retention.

II. HYPOTHESES DEVELOPMENT

A. Human Capital and Turnover Intention

According to human capital theory, individuals with more formal education have more job options as well as opportunities to change jobs [4]. Conversely, less-educated individuals have fewer job options. When a job market is demanding, high-ability workers can perceive ease of movement more easily than low-ability workers [5] because high-human
capital employees are more likely to receive job offers from other companies than employees with low-human capital. Moreover, talented employees tend to have higher achievement motivation [6], [7], which encourages them to invest in expanding their knowledge capacity and makes them more likely to develop turnover intention. Reference [8] showed that employees who perceived more job alternatives not only have a higher intention to leave but also greater voluntary turnover. A meta-analysis of 23 studies [9] found that the existence of alternative job opportunities was a predictor of turnover. The analysis also indicated that cognitive ability and education are positively related to turnover [9]. Thus, the following hypothesis can be posited:

H1. Human capital is positively related to turnover intention.

B. Time Perspective
The values affecting peoples’ choices of how to recognize and utilize their time is a very important issue when considering career management. This approach can help us understand how outstanding employees look upon their relations with their organizations. People who have a higher future time perspective are more concerned with the future than those who are more concerned with the present, whereas those who have a lower future time perspective are more concerned with immediate interests. According to time perspective theory [10], [11], human decision making and behavior is a temporally based cognitive process. Some psychologists have found that time evaluation can predict risky driving, alcohol consumption, tobacco smoking, and drug use [12], [13]. Their argument is that a lower future time perspective will inflate perceptions of the benefits of the moment while blinding individuals to potential harm and future risk. In other words, people who have a lower future time orientation are concerned about their short-term interests, whereas individuals with a higher future time orientation focus on their future returns. Therefore, this study involves time perspectives to further understand whether future-time perspective employees stay in organizations because of potential benefits instead of looking for other jobs.

C. Time Perspective as a Moderator
From an economic perspective, people will choose activities that can maximize their welfare [14], especially when anticipating a limited time frame. The only equity in human life is the 24 hours each day each individual has to achieve his or her objectives in life and work. Thus, maximizing the return from time invested is important for many workers. For this reason, low future time perspective employees may consider the return time frame from their retention. Short-sighted employees would rather grasp other job offers than stay in their organizations since no certain time frame can be forecast for a reward. In particular, talents often have strong achievement motivation to obtain a reward. In other words, talents with a low future time perspective are willing to take a risk even when they realize it is unnecessary that the next job is good for their overall career development. However, talented employees with a high future time perspective would reduce their turnover intention and wait for a better career path in organizations. Therefore, future time orientation will prompt talented employees to stay in their organizations. Thus, this study argues that a future time perspective will moderate the relationship between human capital and turnover intention.

H2. Future time perspective moderates the relationship between human capital and turnover intention. The higher the future time perspective, the weaker the influence of human capital on turnover intention.

D. P-O fit and POS as the Moderators
Self-identity theory may help explain why person-organization fit (P-O fit) can shape individual attitudes and behavior in an organization. P-O fit refers to employees’ subjective beliefs about how well their personal characteristics match the organizational culture [15]-[17]. In other words, P-O fit represents the compatibility that a person perceives with his or her workplace. When P-O fit is high, individuals believe that their values are similar to their workplace atmosphere [17]. People need a sense of belonging. When individuals perceive that their company culture aligns with their personal values, personality, and future career goals, emotional reactions may ensue. The individuals naturally come to believe that they are important insiders in the work environment [18]. Thus, the better the P-O Fit, the more likely an employee feels personally tied to an organization. Talented employees in particular will realize that, within a high P-O fit environment, they can let their talents come into full play and thus facilitate their capabilities into considerable outcomes since they feel comfortable and unrestricted in a high-matching environment. Moving to other organizations may imply uncertainty and risk to the individual. Perceived organizational support (POS) refers to the degree to which individuals believe that the organization cares about them, values their input, and provides them with help and support [19], [20]. A meta-analysis showed that employees with high, as contrasted with low, levels of POS were more likely to experience a positive affection [21]. It is important to consider POS in this study because employee perceptions and valuations of organizational environments may lead to expected attitudinal and behavioral responses [22]-[24]. Employees often expect their superiors, who are agents of the
organization, to provide leeway in their actions and yet offer assistance when needed. When employees receive support from their organizations, they tend to feel more content with their jobs [25], [26].

Talented employees who experience strong support from their organizations are likely to feel that their employers value their contributions and care about their circumstances. These outstanding subordinates not only feel an obligation to remain with their organizations, but also develop an emotional attachment to, or a sense of identification with, their organizations. Talented employees need more fulfillment in their work than other employees [7]. POS send signals to talented employees that they are highly valued by their organizations and management through supervisors’ high concern and support. Even more, organizational support shows employees that superiors will be tolerant and allow them to learn from mistakes [26]. To those with high human capital, perceived high organizational support can be attributed to pride to them. Talented employees cannot work and live without pride and self-esteem. Time perspective is the type of value which guides individuals to initially display specific behavior [1], [27]. Which means, a low future time orientation will prompt talented employees to leave. By contrast, if employees have a higher future-time perspective, they always pay a high degree of attention to the future value of the present instead of becoming preoccupied with short-term interests [28]. Highly matched and supportive organizations with an expectation of long-run returns may make talented employees are more likely to develop a long-term relationship with their organizations even it takes time to transform P-O fit and a POS benefit into rewards. Talents with a high future-time perspective would value a high-match and supportive work environment since it is not easily achieved.

Therefore, this study argues that P-O fit and POS can shape and potentially reduce future time oriented talents’ thoughts of leaving their organizations by increasing the psychological costs and satisfying their high demand of dignity. Thus,

H3: The positive relationship between human capital and turnover intention will be moderated by both future time perspective and P-O fit such that the interaction between human capital and future time perspective will be stronger when P-O fit is high as opposed to low.

H4: The positive relationship between human capital and turnover intention will be moderated by both future time perspective and POS such that the interaction between human capital and future time perspective will be stronger when POS is high as opposed to low.

III. METHODOLOGY

A. Sample and Data Collection

Forty-eight randomly selected high-technology companies in Taiwan agreed to participate in this research. I asked HR managers of each firm to help to randomly distribute the dyad employee survey to their R&D engineers and immediate supervisors to collect data. The final sample in this study consisted of 585 engineers and their immediate supervisors from 40 high-technology companies in Taiwan, representing an 83.6 effective percent response rate. Seventy-four percent of the engineers were male, as reflected in the research population distribution. To test the non-response bias, respondents who returned surveys promptly and those who returned them after the follow up procedure were compared. No significant differences were found on respondents’ human capital and all perception variables. Restricting analysis to the high-tech industry, while potentially limiting the generalizability of the research results, allows this study to control for the potential influence of diverse industries. Engineers were selected for this study for two reasons. First, a single job characteristic can control for between-job differences. Second, focusing on engineers fits with the measurement of human capital in this study. Reference [29] observes that there is no universal formula to measure the value of employee skills and competencies. Human capital is tacit and dynamic and therefore needs to be evaluated against the needs of the firm and other stakeholders. Focusing on a sample of engineers increases the appropriateness of the measurement of human capital in this study.

B. Measurement

All variables were collected from the employees except for one of control variables (i.e. job performance). They were also asked to report objective data for measuring general human capital. Employee job performance, regarded as a control variable, was evaluated by immediate supervisors. All scales were originally developed in English; Brislin’s back-translation method [30] was used to translate the items from English to Chinese. For high quality measurement, a monolingual native speaker rewrote the Chinese version to make the statements clear for native speakers. Then, a Chinese/English
bilingual expert translated the rewritten version to English and compared this with the original. Additional minor changes were made to minimize differences between the original and Chinese versions. Six professors of business who conduct human capital research examined the survey tool for content validity and provided valuable suggestions for item modification to match the definition of the constructs. After minor changes, the final version of the individual level scale was pre-tested by 15 engineers, independent of our final sample, to ensure clarity of all items.

Turnover intention. The three-item scale of [8] was used to measure intention to leave. A sample item is, “Do you intend to leave the firm in the next 12 months?” An averaged composite was used in the analysis. The reliability of this scale is .95.

Human capital. Two measures were used: years of schooling and college ranking. As SAT scores or grade point average (GPA) cannot be obtained in Taiwan to obtain a measure of general human capital, college rankings are employed as a substitute variable, similar to previous studies that adopt a similar measurement approach [31], [32]. This approach presumes that individuals who graduated from elite universities acquire not only capability but also valuable social capital because of their academically excelling classmates. Employees were asked to provide the name of the college that granted their BA degree. All colleges were categorized into eight groups. A BA degree from a top tier national university was coded “8,” second tier was coded “7,” and so on down to “1,” which represented no college. The respondents were also asked to count their years of formal education, excluding kindergarten. A higher score represents greater general human capital. Ultimately, the two measures were standardized and combined into a composite variable.

Time evaluation. To measure future time perspective, a 13-item scale was adopted from [12]. Respondents were asked to rate themselves, on a 5-point Likert scale, the extent to which they are used to thinking and acting in their life and work from future-orientation view. A sample item is, “Thinking about the future is pleasant to me.” The reliability of this scale is .71.

P-O fit. The “fit to organization” subscale of job embeddedness [8] was used to measure P-O Fit. Engineers were asked to rate six items on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A sample item is, “I feel like I am a good match for this company.” The reliability of this scale is .85.

POS. I used a 7-item scale [33] for measuring respondents’ POS. A sample item is, “My employer is willing to help me when I need a special favor.” The reliability of this scale is .89.

Job performance. As in prior works [9], [34], job performance was collected as the control variable for predicting turnover intention. Four items, developed by [35], were used to ask supervisors to evaluate their employees’ overall work performance on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). A sample item is, “This subordinate is superior to other new subordinates that I’ve supervised before”. The ratings were combined across the five items to create the measure. The reliability of this scale is .90.

Work ethics. I used a 9-item scale [36] for measuring work ethics. A sample item is, “Even if you dislike your work, you should do your best.” The reliability of this scale is .72.

Justice. A meta-analysis [37] verified that procedural justice and distributed justice are predictors of turnover intention. To clarify the relationships hypothesized in this study, the six-item scale [38] was adopted to measure the two types of justice, which were taken as the control variables. Sample items of the procedural and distributed justice scale are, “I have considerable voice in determining my job duties” and “I have received fair performance evaluations.” The reliabilities for the three-item procedural justice and the three-item distributed justice scale are .94 and .90, respectively. In addition, following [9], gender and age were also collected as the control variables.

IV. RESULTS

Means, standard deviations, and correlations are displayed in Table 1. Before hypotheses testing, a confirmatory factor analysis (CFA) was conducted to estimate the convergent validity of the constructs in this study. The night-factor measurement model (including procedural justice, distributed justice, job performance, work ethics, human capital, P-O Fit, POS, and turnover intention) presents acceptable goodness of fit ($\chi^2 = 935.5$, $p < .05$, RMSEA = 0.072, GFI = .90, AGFI = .87, CFI = .95). In addition, the standardized loadings of all measurement items onto their respective constructs are significant at the 0.001 level, showing that the measurement has good discriminant validity.

| Table 1. Means, standard deviations, and correlations |
|---------------------------------|-------|----------|--------|--------|--------|--------|
| **Main variables**              | mean  | s.d.     | 1      | 2      | 3      | 4      |
| Turnover intention              | 2.40  | .98      | --     |        |        |        |
| Human capital                   | 0     | .89      | .13**  |        |        |        |
| Future time                     | 2.52  | .54      | -.20** | *      | .01    |        |
| P-O fit                         | 3.51  | .53      | -.44** | *      | -.04   | .01    |
| POS                             | 3.54  | .64      | -.28** | *      | .11**  | .05    |

Standardized scores were used for measuring human capital; thus, the mean was zero.
** p≤.01 *** p≤.001

To test H1, which posits a positive relationship between human capital and turnover intention, a hierarchical regression model was constructed. As shown in model 1 of Table 2, the coefficient of human capital is significant (B= .12, p < .01), supporting H1. H2 proposes a moderating effect of future time perspective on the relationship between human capital and turnover intention. As shown in model 2 of Table 2, the interaction term associated with human capital is significant (B= -.19, p<.05), which supports H2.

H3 claims that there is a three-way interaction of P-O fit, future time perspective, and human capital on turnover intention. As shown in model 3 of Table 2, the three-way interaction term is significant (B= -.31, p<.05), which supports H3.

H4 claims that there is a three-way interaction of POS, future time perspective, and human capital on turnover intention. As shown in model 4 of Table 2, the three-way interaction term is not significant (B= -.20, p>0.05), which does not support H4.

** Table 2. Regression analysis **

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** DISCUSSIONS AND CONCLUSION **

This study tested a three-way interaction model of human capital and turnover intention. The findings largely support initial expectations and led to three conclusions. First, this study found that human capital positively affected turnover intention, which means that educated individuals in organizations may readily think about switching jobs. Second, the future time perspective can weaken the positive relationship between human capital and turnover intention. Third, P-O fit can suppress the talented employees’ turnover intention, especially for the talents with higher future time perspective. In addition, the result showed that POS is a potential moderator to reduce talents’ turnover intention even though POS was not significant in a three-way interaction model.

Although researchers in the area of organizational behavior research have explored the antecedents of turnover intention, the current study is the first to involve time evaluation perspective to understand how future time perspective can reduce the turnover intentions of high-ability workers. In addition, this research is the first study in the field of human resources that towards a three-way interaction model for investigating the moderating effect of P-O fit and future time perspective on talents’ turnover intention.

** C. Theoretical Implications **

This research finding demonstrates the time perspective plays an important role in talents’ choice of work environment. The costs of uncertainty and the psychological costs of adaptation explain the results of this study. In addition, P-O fit plays a moderating role in reducing the turnover intention of talented employees. This moderating role explains the fact that there will always be outstanding employees who have opportunities elsewhere but choose to remain with the company especially they evaluate time from a long term perspective. In sum, this research adds to the understanding of human capital retention.

** D. Managerial Implications **

Although outstanding employees will always consider leaving a company because they generally have both the motivation and the capabilities to do so, this study does not advocate that organizations reduce their hiring of human capital, but instead argues that organizations should not blindly hire human capital. If high-ability employees have higher future time orientation, it is possible to reduce the costs and risks of human capital loss. This study argues that organizations should design appropriate selection procedure and methods to attract outstanding employees with high future time perspective.
When managing talents, it is necessary for organizations to seek employees who are well-matched to the organization. One way to increase employee P-O fit is to provide accurate and complete information for job candidates to reduce surprises once they enter the organization. In addition, building an ethical culture [39] and institutionalized socialization tactics [40] can improve the P-O fit.

REFERENCES


