Analysing the Relationship between Supportive Work Environment and Employee Retention

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Abstract

In the globalisation era, the rapid development of business creates the competitions and opportunities of employee business. The present study seeks to analyse the relationship between individual dimensions of the supportive work environment (peer group interaction, perceived climate, perceived organisational support, supervisory relationship) and employee retention academic staff in Malaysia context. This quantitative study uses a cross-sectional survey in data collection. A total of 225 academic staff from one of the public universities in Malaysia were participated in this study and collected by using hardcopy and an online survey. The structural equation modelling approach through partial least square (SEM-PLS) technique analyses the data and tests the proposed hypotheses in this study. This study indicated that individual dimensions of supportive work environment have a significant positive relationship on employee retention. In conclusion, the employees' positive perception of the work environment can reduce the turnover intention among academic staff in Malaysia context. In line with the present research findings, we suggest that universities need to provide supportive environments that enabled academic staff to remain focused and dedicated to maintaining high morale and reduce academic staff turnover.

Keywords
Peer group interaction, perceived climate, perceived organisational support, supervisory relationship, employee retention, academic staff in Malaysia context

1. Introduction
The rapid growth of the internationalisation market and significant competitions has increased the opportunities for employee's business. By gaining competitive advantage, organisations strive hard to achieve success, and one of the
most valuable resources is an employee or human resources (Arifin et al., 2019; Narayanan et al., 2019). Thus, the loss of experienced and skilled workers can lead to severe consequences ranging from demoralisation to decreased productivity (Tanwar, 2016). The more extended retention period is a significant part of the organisation competitive advantage. It means that the organisation performance could increase when the employees stay for a longer time in a firm (Alhmoud, 2019). Yusliza et al. (2020) also argued that employees who are more concerned and have competency, skills, and knowledge lead to a competitive advantage, increasing an organisation's economic performance.

Employee retention is a process where employees are inspired and encouraged to stay in the organisation for a long time or complete the project (Ansari, 2017). Numerous factors that influence employee retention-one of them is the working environment. Hanaysha (2016) stated that working environment refers to an organisation's atmosphere where employees are doing their jobs. To succeed, the organisation should design their work environments to improve the level of commitment, motivation and perception of employees, leading to positive outcomes (Hanaysha, 2016). The perception of a supportive work environment among the employees is an essential element to work efficiently and productively (Verbeke et al., 1998; Yusoff et al., 2015). Rubel et al. (2018) found a positive relationship between high commitment human resource management and employee in-role and extra-role service behaviour. Recent findings by Anwar et al. (2020) discovered a positive relationship between green human resource management and organisational citizenship behaviour towards the environment.

Thus, in conjunction with the importance of the work environment on employee retention. We believed that a positive working condition would make employees feel good about coming to work and provide the necessary motivation to support them throughout their work (Ashraf, 2018). The present study seeks to analyse the relationship between the supportive work environment (peer group interaction, perceived climate, perceived organisational support, supervisory relationship) and employee retention among academic staff in Malaysia context. The papers' contribution is twofold: First, analyse the relationship between supportive work environment and employee retention among academic staff in Malaysia context. Second, the results of this study may provide actionable insights for academicians, practitioners, and policymakers.

2. Literature Review
This section provides the relevant literature, aiming to find out the limitation and missing point obtained from the previous studies. We review the prior studies that focus on the work environment and employee retention. The work environment consists of perceived climate, perceived organisational support, peer-group interaction, and supervisory relationship.

Perceived climate
Perceived climate refers to job encouragement and appreciation; work pressure; the amount of pride and accountability faced by employees; career and role choice; the delivery of demanding and rewarding jobs; and promotion and growth opportunities (Govaerts et al. 2011; Ginanjari et al., 2019; Foster et al., 2019). It also applies to the atmosphere in which workers train and function (Govaerts et al., 2011). The positive working climate would help employees feel good about going to work and have the requisite incentive to sustain them during their job (Ashraf, 2018; Ibrahim et al., 2019). It essentially implies that relations between employees and the company create a particular form of work environment experienced by the organisation members (Suliman and Obaidli, 2009). Hence, we hypothesised that a perceived climate is positively related to employee retention (H1).

Perceived organisational support
Perceived organisational support is an employees' belief that organisations value their contributions and care about their well-being (Eisenberger et al., 1986). Perceived organisation support is an endowment of the amount of support by the organisation which is a general belief of employees aiming to value employee contribution and care about their well-being (Culver et al., 2020; Eisenberger et al., 1986). Perceived organisational support encourages workers to feel that their organisations are compassionate and compassionate institutions (Lam et al., 2015; Rahman et al., 2019). Therefore, we hypothesised that perceived organisational support is positively related to employee retention (H2).

Peer group interaction
Peer group interaction is a behaviour that is not limited only to the open communication or information sharing; it is the social support that motivates and creates trust among the co-workers (Bamel et al., Delmas and Pekovic, 2018; Harter et al., 2002). In-group networks, the participant includes his or her relationship with the leader and their interaction with peers in the group (Wang et al., 2015). Therefore, having peer group interaction inside the organisation
is a resource that helps the employees stay and be treated as a pull factor that reduces the intentions to quit. Hence, we hypothesised that peer group interaction is positively related to employee retention (H3).

**Supervisory relationship**

Supervisors give employees the advantage of family-friendly activities and those who assess employees' job results (Kim and Mullins, 2016; Arifin et al., 2020). Supervisors help determine people's attitudes about the degree to which supervisors respect the commitment and concern for the newcomer's well-being (Newman et al., 2012). Supervisors' involvement is a measure of the organisation's participation since supervisors operate as representatives of the organisation (Karatepe, 2013). Blau (1964) stated that social exchanges or relationship are performed between two or more parties with shared responsibilities. Hence, we hypothesised that the supervisory relationship is positively related to employee retention (H4).

### 3. Materials and Methods

This study is designed using a quantitative approach through a survey questionnaire, i.e., self-administered questionnaire, and an online survey. A structured questionnaire was developed to collect feedback from academic staff on various aspects related to the retention of employees. A supportive work environment's measurement included four dimensions: perceived climate, supervisory relationship, peer-group interaction, and perceived organisational support. The items for these dimensions were adapted from Kennedy and Daim (2010), Eisenberger et al. (1986), Rhoades et al., (2001); and Ghosh and Sahney, (2011). The employee retention scale was adopted from Seashore et al. (1982), describing the intention to stay among academic staff. All items were assessed on a 5-point Likert scale with responses ranging from 1 "strongly disagree" to 5 "strongly agree." The non-probability sampling with a convenience sampling technique was used in this study. A total of 225 academic staff from one of the public universities in Malaysia were participated in this study and collected by using hardcopy and an online survey. The structural equation modelling approach through partial least square (SEM-PLS) technique analyses the data and tests the proposed hypotheses in this study.

### 4. Results and Discussion

Before embarking on the measurement and structural model results, the initial part of this investigation presents the respondent's distribution (demography of respondents). Using descriptive statistics, i.e. frequency and percentage, we found that most of the respondents were female, 51.4% and males are 48.6%. Moreover, most of the respondents were predominantly Malay (81.2%), followed by Chinese (12.9%), Indian (4.7%), and others (1.2%). Concerning marital status, 81.2% of the respondents were married, and 18.8% were single. In terms of age, 2.7% were 24-28 years old, followed by 12.9% who were 29-33 years old, 33.3% who were 34-38 years old, 18% were 39-43 years old, 21.6% who were 44-48 years old, 11% who were 49-53 years old, and 0.4% who were more than 54 years old. Almost 87.8% of the participant is Doctor of Philosophy followed by a master's degree (9.4%), a bachelor's degree (2.4%), and a Doctor of Business Administration (0.4%).

We used partial least squares (PLS) modelling using the SmartPLS 3.2.8 version as the statistical tool to examine the measurement and structural model (Ringle et al., 2015). It can accommodate smaller sample sizes without normality assumption, and survey research is normally distributed or not (Chin et al., 2003). For the measurement model, we assessed the construct validity and reliability through the value of loadings, average variance extracted (AVE) and the composite reliability (CR). The loadings' values should be ≥0.5, the AVE should be ≥ 0.5, and the CR should be ≥ 0.7. Since we have a large set of indicators, the loadings, as shown in the Table. As shown in Table 1, the AVEs are all higher than 0.5, and the CRs are all higher than 0.7. The loadings were also acceptable. Then in step 2, we assessed the discriminant validity using the HTMT criterion suggested by Henseler et al. (2015) and updated by Franke and Sarstedt (2019). The HTMT values should be ≤ 0.85 the stricter criterion and the mode lenient criterion is it should be ≤ 0.90.
Table 1. Measurement Model

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Loadings</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention</td>
<td>ER1</td>
<td>0.785</td>
<td>0.824</td>
<td>0.61</td>
</tr>
<tr>
<td></td>
<td>ER2</td>
<td>0.817</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ER3</td>
<td>0.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Climate</td>
<td>PC1</td>
<td>0.808</td>
<td>0.83</td>
<td>0.619</td>
</tr>
<tr>
<td></td>
<td>PC2</td>
<td>0.808</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PC3</td>
<td>0.766</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer Group Interaction</td>
<td>PG1</td>
<td>0.756</td>
<td>0.836</td>
<td>0.63</td>
</tr>
<tr>
<td></td>
<td>PG2</td>
<td>0.832</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PG3</td>
<td>0.771</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Organizational Support</td>
<td>POS1</td>
<td>0.577</td>
<td>0.762</td>
<td>0.521</td>
</tr>
<tr>
<td></td>
<td>POS2</td>
<td>0.746</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>POS3</td>
<td>0.820</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisory Relationship</td>
<td>SR1</td>
<td>0.829</td>
<td>0.892</td>
<td>0.734</td>
</tr>
<tr>
<td></td>
<td>SR2</td>
<td>0.861</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SR3</td>
<td>0.878</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Discriminant Validity (HTMT Ratios)

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employee Retention (ER)</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Peer Group Interaction (PGI)</td>
<td>0.627</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Perceived Climate (PC)</td>
<td>0.574</td>
<td>0.633</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Perceived Organizational Support (POS)</td>
<td>0.571</td>
<td>0.598</td>
<td>0.814</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>5. Supervisory Relationship (SR)</td>
<td>0.540</td>
<td>0.705</td>
<td>0.836</td>
<td>0.674</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Using the structural model analysis, we reported the path coefficients, the standard errors, t-values, and p-values with a 5,000-re-sampling through bootstrapping procedure (Hair et al. (2019; Ramayah et al. 2018). Table 2 shows the result of discriminant validity testing by using the HTMT criterion. As shown in Table 2, the values of HTMT were all lower than the more stringent criterion of ≤ 0.85. However, both this test has been demonstrated that the measurement items are valid and reliable. Also, because of all thresholds is achieved, then we continued to test the hypotheses developed.

Table 3 shows the results of hypotheses testing. The R² was 0.301 (Q² = 0.151), suggesting that all the four predictors explained 30.1% of the variance in Employee Retention. Further, Q² is used to measures predictive relevance. Q² shows a value greater than 0 thus indicating the model has sufficient predictive relevance. Perceived Climate (β = 0.195, p≤ 0.05), Supervisory Relationship (β = 0.151, p≤ 0.05), Peer Group Interaction (β = 0225, p≤ 0.01) and Perceived Organizational Support (β = 0.120, p≤ 0.05) were all positively related to Employee Retention. Peer Group Interaction was the strongest predictor of Employee Retention, followed by Perceived Climate. Thus, H1, H2, H3 and H4 were all fully supported.
The originality of this research is analysing the relationship between supportive work environment and employee retention. It is the first work testing this theoretical framework considering empirical evidence from Malaysia, contributing to a better understanding of retention in the education sector. Based on the research objectives, the study's hypothesis, which is a supportive work environment (perceived climate, supervisory relationship, peer-group interaction, and perceived organisational support), has a significant positive effect on employee retention. The findings of this study also revealed that creating an appreciative learning and working climate with certain rules and procedures to be followed, increases the intention of continuing to work in the present organisation (Govaerts et al., 2011; Jung et al., 2017). Perceived climate represents the lens used by an employee to perceive and view their work environment concerning environmental indicators' social and physical systems (Shuck et al., 2011).

Therefore, this finding has highlighted the importance of the values implicit in organisational processes and frameworks and how those values form the emotional and cognitive relationship that people develop with their work (Akingbola and van den Berg, 2019; Breevaart and Bakker, 2018; Venz et al., 2018). Organisational support means that organisations respect and care for workers' well-being because of their contributions to the organisation (Arasanmi and Krishna, 2019). These results are also reciprocal of social exchange theory (Blau, 1964) which affirms that perceived organisational support has significant correlative outcomes. Employees respond back in favour of organisations when they feel high support from the organisation. The study has also extended the literature of Culver et al. (2020) study and tested employee retention with supportive work environments. Peer group interaction has also been supported in previous research remarks (Chiaburu and Harrison 2008; Farmer et al., 2015).

Therefore, it is important to note that peer-level experiences as an enabling social subsystem dimension for managerial retention have significant impacts in sharing self-reporting with others, self-reporting, collaboration, collectivist orientation, and group proximity, cohesion, informality, and socialisation (Ghosh and Sahney, 2016). Since supervisors serve as the organisation's agent in directing and assessing employees subordinates, tend to attribute support for such supervision to the organisation, in part, rather than to the personal inclinations of the supervisor individually (Tuzun and Kalemci, 2012). The hypothesis confirms that the universities' academic supervisors' support has considered this relationship as a resource that pulls them in making a positive decision towards retention. Thus, we can conclude that when employees believe that they can get more resources and support from their organisation, they are likely to be more able to resolve these work-related issues and remain in the present organisation (Chen and Wu, 2020).

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