

The Structural Relationship Model of Factors Affecting Perceived Shared Value for Intention to Stay

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Abstract

This research aims to study the structural relationship of shared value which affected to the intention to stay in staffs from four major banks in Thailand. The correlated factors consisted of perceived shared value, organizational trust, cooperation, job satisfaction, and intention to stay. The subjects were 500 employees who work in four major banks. The researcher collected data by questionnaire and calculated the mean, S.D. and analyzed the structural equation modeling by the statistical software. From studying the structural relationship model, the researcher found that the level of perceived shared value, organizational trust, cooperation, satisfaction, and intention to stay were extensively high. For structural equation analysis, it was found that the outcome of relationship was consistent with hypothesis; the perceived shared value directly affecting to organizational trust at highest level (0.517), followed by organizational trust which affects to cooperation (0.410), job satisfaction which affects to intention to stay (0.297) and cooperation which affects to job satisfaction (0.259)

Keywords: perceived shared value, intention to stay

Introduction

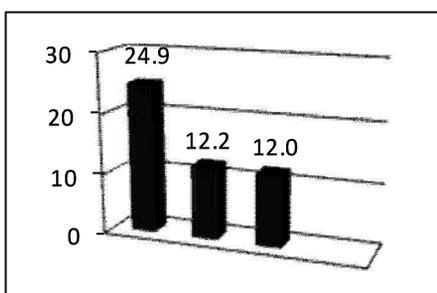


Figure 1 Top three industries of the highest turnover rate

According to the result of survey in 2010-2011 by Hewitt Associates (Thailand) Ltd¹, to 189 business firms in Thailand and South-east Asian, the average of employee turn-over rate was 8.0 %. The major sectors were (24.9 %), financial services (12.2 %), and IT services (12.0%). As country-wise, it was found that Vietnam had the highest turnover rate (14.8 %), followed by Malaysia (13.0 %), Singapore (10.0 %), and the Philippines (9.5 %).

For Thailand, it was ranked as the fifth country (8.0 %). One remarkable finding from this survey was that the management of most companies had continuously implemented a wide variety of interventions in order to decrease the turnover rate as well as sustain employee engagement. Furthermore, one of key successful factors was employee recognition as Figure 1.

In 2015, the Association of Southeast Asian Nations (ASEAN) will transform to the ASEAN Community which is comprised of three main pillars, namely ASEAN Political Security Community (ASC), ASEAN Economic Community (AEC), and ASEAN Socio-cultural Community (ASCC). For the second, in particular, AEC envisages to single market and single production base which focuses on free movement of goods, services, investment, and labor. Also, the ultimate goal and framework towards agreement on free trade had been established to facilitate the movement.

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Since the free movement within region had been more easily taken place, the workforce can freely move from one country to another. Furthermore, there will be the loss of skilled intellectual and technical labor or “human capital flight” which causes from significant drivers organizational trust, employee engagement, satisfaction in job profile, reward, career path, colleagues or prospect for the better well-being in other countries. Therefore, most organizations will have spent a large number of money in investing to human resource maintenance e.g. replacement recruitment, training and development to newcomers so that they can perform roles as effectively as the resigned staff, etc. Moreover, they necessarily reserves extra budget to setting up additional motives such as special merit increase, bonus, incentive pay, profit sharing, or employee stock option programs, etc. so as to retain employee to contribute to company through relentless efforts and effective and efficient practices.

From literature review, the researcher found that the banking and financial services has been built for many years and gained organizational trusts from the clients. Furthermore, branches are located throughout country; therefore, banks become the main sources of savings and investment funds in Thailand and considerably connect to Thailand's economy.

To prevent these issues, the researcher focused on studying the appropriate structural relationship of perceived shared value which affects to employee satisfaction leading to employee retention in major banks. Remarkably, this will aim to competitive advantage and sustainable growth in Thailand. This research aims to study following factors which significantly influence to employee retention, level of intention to stay of employees in Thailand's major banks and structural relationship of perceived shared value, organizational trust, cooperation, job satisfaction, and employee's intention to stay.

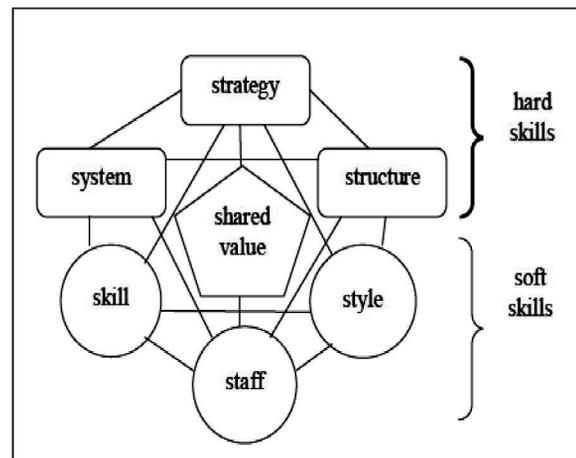


Figure 2 McKinsey's 7-S Model

The organizational theory which was mainly used in this research to study the structural relationship of perceived shared value affecting to employee's intention to stay was McKinsey's 7-S Model (7-S Model) by Peter and Waterman². In this theory, the organizational effectiveness was caused by systematically interconnected seven elements: strategy (corporate strategy), structure (organizational structure), system (operational system), staff (human resources), skill (competency), style (management style), and shared values (corporate values). All can be divided into two categories: hard skills (strategy, structure, and system) and soft skills (staff, skill, and style).

According to McKinsey, hard skills can be practically identified and directly manageable e.g. corporate strategic planning, organizational design, and operational system setting. In contrast, soft skills are more complicated to identify and are more considerably affected by shared value and organizational culture. For organizational development, it requires both two clusters so as to achieve corporate goals and sustain organizational growth.

To sum up, all seven factors are significantly interrelated then need for mutual changes and alignment as McKinsey's 7-S Model in Figure 2.

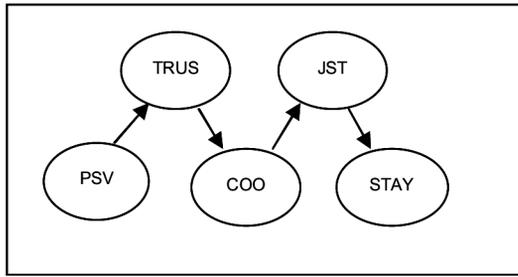


Figure 3 Hypotheses and framework Remark: PSV = perceived shared value, TRUS = organizational trust, COO = co-operation, JST = job satisfaction and STAY = intention to stay.

According to research on studying shared values which affect to employee engagement in banking employees, indicated that the participants had the high level of employee engagement, shared value, and co-operation, Furthermore, the age factor had significantly affected to employee engagement. Additionally, working position factor had significantly affected to employee engagement in driver of intention to stay. Next, compensation and reward system had significantly affected to employee engagement in driver of trust to corporate goals and shared values.

Furthermore, organizational culture in driver of team-working had significantly affected to employee engagement in driver of intention to stay and commitment to contribute to organization. In conclusion, the overall employee engagement was significant. Also, the belief in corporate goals and shared values in driver of commitment to contribute to organization were significant³⁻⁴All hypotheses are framed as Figure 3.

Research Approach

Subjects

The subjects in this research were employees who work in four major banks in Thailand Bangkok Bank PLC., Siam Commercial Bank PLC., Kasikorn Bank PLC., and Krungthai Bank PLC. The researcher followed the data collection and sampling to Comrey and Lee⁵ which specified the sample size and set a very-good number of subjects at 500 participants.

Data collection method

The questionnaire was used and designed by using Likert scale. The data interpretation was done by using Best⁶ the criteria as follows

Mean score = 4.50-5.00 means the needs item was at highly extensive level

Mean score = 3.50-4.49 means the needs item was at extensive level.

Mean score = 2.50-3.49 means the needs item was at moderate level.

Mean score = 1.50-2.49 means the need item was at fair level.

Mean score =1.00-1.49 means the needs item was at low level.

In calculation, the researcher used mean S.D. and t-statistic .The researcher analyzed findings and developed the Structural Equation Modeling (SEM) by the statistical software.

Table 1 Mean and S.D

construct	mean	S.D	Result
PSV	3.95	0.46	Extensive
TRUS	4.29	0.42	Extensive
COO	4.33	0.40	Extensive
JST	3.96	0.46	Extensive
STAY	3.81	0.95	Extensive

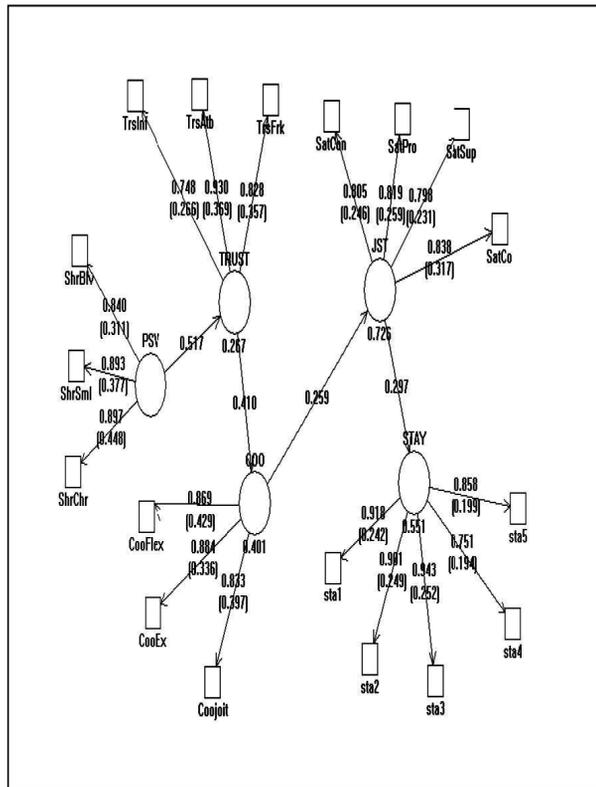


Figure 4 Result of analysis.

According to table 1, the mean of perceived shared value was 0.46, that of organizational trust was 4.29, that of cooperation was 4.33, that of job satisfaction was 3.96, and that of intention to stay was 3.81. All items were ranked at extensive level and the mean of cooperation was the highest (4.33) as Figure 4.

Table 2 Result of analysis for affecting.

variable	R ²	effect	antecedents			
			PSV	TRUS	COO	JST
STAY	0.551	DE	0.000	0.082	0.000	0.297**
		IE	0.066	0.503	0.077	0.000
		TE	0.066	0.585	0.777	0.297
JST	0.726	DE	0.000	-0.057	0.259**	N/A
		IE	0.656	0.547	0.000	N/A
		TE	0.656	0.490	0.259	N/A
COO	0.401	DE	0.008	0.051	N/A	0.259**
		IE	0.138	0.192	N/A	0.000
		TE	0.146	0.243	N/A	0.259
TRUS	0.267	DE	0.517**	N/A	0.410**	-0.057
		IE	0.000	N/A	0.192	0.610
		TE	0.517	N/A	0.602	0.553

When considering the influence level of antecedents of factors both external endogenous variables and internal endogenous variables, it was found that PSV, TRUS, COO, and JST had significant affects to STAY. Furthermore, TRUS had both direct and indirect affects to STAY. Next, it was seen that PSV, TRUS, and COO had significant affects to JST and TRUS had affect at the highest level both directly and indirectly while PSV had only indirect affect and COO had only direct affect.

For COO, it was found that PSV, TRUS, and JST had affects to COO. In particular, both PSV and TRUS had at the highest levels since these have both direct and indirect effects whereas COO and JST had only direct effects. In addition, it could be seen that PSV, COO, and JST had effects to TRUS. Especially, both COO and JST had at the highest levels since these have both direct and indirect effects while PSV had only indirect effect.

Table 3 Result of testing to research hypotheses

Hypothesis	(p)	t-stat	Output
H1: Perceived shared value affects to organizational trust.	0.517	17.130**	Support
H2: Organizational trust affect to cooperation.	0.410	8.678**	Support
H3: Cooperation affects to job satisfaction.	0.259	9.643**	Support
H4: Job satisfaction affects to employee's intention to stay.	0.297	5.767**	Support

Table 3 illustrated as follows:

H1: Perceived shared value affects to organizational trust. It was found that the perceived shared value affected to organizational trust. The p was 0.517 and t-stat was 17.130. This supported hypothesis at the 0.01 level of significance.

H2: Organizational trust affects to cooperation. It was found that the organizational trust affected to cooperation. The p was 0.410 and t-stat was 8.678. This supported hypothesis at the 0.01 level of significance.

H3: Cooperation affects to job satisfaction. It was found that the cooperation affected to job satisfaction. The p was 0.259 and t-stat was 9.643. This supported hypothesis at the 0.01 level of significance.

H4: Job satisfaction affects to employee's intention to stay. It was found that the job satisfaction affects to employee's intention to stay. The p was 0.297 and t-stat was 5.767. This supported hypothesis at the 0.01 level of significance.

Table 4 Result of analysis for quality of structural relationship

Construct	Average Communality	Average redundancy	R ²
Perceived shared value	0.759	0.000	0.000
Organizational trust	0.643	0.199	0.310
Cooperation.	0.734	0.299	0.408
Job satisfaction	0.624	0.463	0.742
Intention to stay	0.798	0.455	0.670
Average	0.711	0.383	0.544
GoF (goodness of fit)		0.622	

For quality of factors, the researcher used R² in order to consider which level primary factors significantly affect variables and how many average communality were in each. The average communality is used to explain how construct reflects to average redundancy and whether the independent-variable construct can reflect to other dependent variable construct. For goodness of fit (GoF), it is used to represent at which level SEM affects to all constructs. Typically, the GoF should necessarily be high to significantly relative to R²

From table 4, it was seen that the average communality was ranged between 0.6243 – 0.7982. This means that endogenous variables were relatively significant to constructs. Furthermore, average redundancy was ranged between 0.1999 – 0.5048 and that of perceived shared values was lowest score. This implies that construct which were independent variables in SEM significantly affected to dependent variables. For R², it could be seen that the average was between 0.3106 –

0.7420 and this was high but acceptable since this was higher than 0.25. At overall, SEM definitely reflected to constructs as GoF was extensively high (0.622)

Conclusion

According to research findings, as for structural relationship of factors which affect to the perceived shared value, all relatively affected as hypotheses at the 0.01 level of significance: the perceived shared value affected to organizational trust; the organizational trust affected to cooperation; cooperation affected to job satisfaction; and job satisfaction affected to intention to stay. This implies that in order to retain the potential employees, the mutual perception towards organizational direction

and policies are importantly established via perceived shared values. Moreover, the company necessarily gains reliability from all employees by following methods: sharing information; building positive perception towards organization; reviewing job description; implementing the effective performance management system; developing career development plan and talent management; creating coaching culture; and building the team synergy, etc.

Recommendations for further research, this research had limitations in subjects. Therefore, the subjects should be extended in terms of sources and type of institutions and more specified e.g. operation staffs vs. managerial staffs. Other factors should be also studied because these might affect to employee's intention to stay. Also, theories and management models can be used in order to gain the more reliable outputs and results.

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