

Predicting employee turnover through corporate social responsibility: Mediating role of organizational trust and emotions



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Abstract

The study sought to examine corporate social responsibility impact on employee turnover intention of SMEs of Islamabad and Rawalpindi, Pakistan. The foremost objective of present study is to analyze the raising problem of employee turnover. Present study is conducted to bring the attention towards risk of employee turnover that could be caused while working within SMEs of Pakistan and can be mitigate by incorporating CSR activities and organizational trust and emotions. Furthermore, reliability of questionnaire is analyzed through Cronbach Alpha. Pearson correlation and linear regression was done for interpreting study resultin SPSS. Findings of present study shows that incorporation of CSR activities could mitigate employee turnover rate while also having mediating role organizational trust and emotions.

Keywords: Corporate social responsibility, employee turnover, Organizational trust, organizational emotions, and SMEs Pakistan.

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1. Introduction

To actualize firm's objectives, every organization need to have workforce which drive their processes (Y. J. Cho & Song, 2017; Cohen, Blake, & Goodman, 2016; Harhara, Singh, & Hussain, 2015; Long, Ajagbe, & Kowang, 2014). With the passage of time, world is shifting towards information based high skilled workforce. Human capital is most central part of business organizations in all around the globe which provide their productive services (Hom, Lee, Shaw, & Hausknecht, 2017). The concept of labor turnover originates when employee intend to leave their business enterprise. Employee turnover can also be described with the terms as quits, exits, migration, mobility or succession (Hom et al., 2017). A. C. C. Lu and Gursoy (2016) describe employee turnover as continuous or regular change of employee circle in market, among different firms and professions.

Furthermore, turnover of employees can also be defined as ratio of employees leaving the organization within particular time period i.e. annually (Harhara et al., 2015). It refers towards the measurement of length of time for which employee remain retained with organization and for how often organization consider replacing them (Aguenza & Som, 2018; L. Lu, Lu, Gursoy, & Neale, 2016; Shamsuzzoha & Shumon, 2007). Moreover, according to Tettey (2006) employee turnover is basic and natural part of SMEs. In recent times, businesses like SMEs face high ratio of employee turnover however, it may occur due to various reasons but causing unfavorable business consequences (Tettey, 2006). Shamsuzzoha and Shumon (2007) described that both financial and non-financial costs are associated with employee turnover. However, when organizations control their employee turnover rate, they control their cost (Shamsuzzoha & Shumon, 2007).

Small and medium-sized enterprises (SMEs) refer towards such independent firms which have employed fewer than a given number of employees. Number of employees could vary across countries for instance, usually SME refer towards such firm which have less or equal to 250 employees, as in the European Union (Brunswicker & Vanhaverbeke, 2015). Nowadays, SMEs face high employee turnover issue (Hom et al., 2017). SMEs need to ensure their employees attachment and commitment with their organization for ensuring their low turnover rate (Cohen et al., 2016). Studies on employee turnover has mostly centered around workers' psychological and emotional states and proposes that choices to leave an association principally come from job dissatisfaction (Hom et al., 2017). Employee turnover refers towards one of most critical issue of human resource management in SMEs (Hom et al.,