An Empirical Study on Work Perception and Turnover Intention of Foreign Pharmaceutical Factories Employees – Mediator in Affective Commitment

Rui Sun¹, Tung-Ju Wu¹ and Hsien-Tang Tsai²

¹College of Business Administration, Huaqiao University, Quanzhou 362021, China
²Department of Business Management, National Sun Yat-Sen University, Taiwan

KEYWORDS Perceived Organization Support. Supervisor-Subordinators Guanxi. Organization Commitment

ABSTRACT High turnover rate, especially of the first-line sales staff, has long been the most annoying problem of human resource management for pharmaceutical industries. Perceived organization support and organizational commitment are the key factors in work behaviors of employees, while supervisor-subordinators guanxi is also proven being able to affect work intention of employees in an enterprise. For this reason, the sales in foreign pharmaceutical factories are sampled as the research subjects in this paper. With questionnaire survey, 368 effective samples were used for testing the hypotheses with hierarchical regression analysis. The research findings show lower turnover intention of employees with higher perceived organization support or better supervisor-subordinators guanxi; besides, affective commitment presents mediating effects between employees and the organization. Therefore, we suggested business executives to maintain favorable interaction with the subordinates, and most importantly, to build employees’ affection and feeling of dependency on the organization.

INTRODUCTION

A pharmaceutical is a special and professional industry, whose revenue mainly relies on the sales staff selling the developed drugs to various hospitals or continuously promoting the products to make long-term profits. Under the governmental support, they devote to the development of new drugs and the promotion of production technology, expecting to increase the access obstacles to the competitors as well as to construct the continuous competitive strengths (Tseng and Pai 2014; Horner 2014; Vera et al. 2015). The changing business environments and fierce competition force pharmaceutical factories to propose new approaches for the business strategies. To serve local customers, various international pharmaceutical factories station at the places where the products are sold; Taiwan is one of such stations. Since sales representatives in pharmaceutical factories are knowledge workers, especially in healthcare-related knowledge, in addition to the capability of product promotion is inevitable. The costs in talent cultivation are relatively high for pharmaceutical factories, and high turnover rate has been the most annoying problem of human resource management in these organizations. Improper turnover rate could affect the quality of customer services and result in temporary shortage of experience inheritance (Elleuch et al. 2014).

Human resources are the key asset of an enterprise especially in the pharmaceutical industry. Once the sales representatives leave the job, the discontinuity of knowledge and brain drain of an organization would influence the customer opinions as well as low organizational morale. The recruitment and cultivation of new staff caused by turnover of employees could largely increase the operating costs for the organization. To pursue higher business performance, internal customers (sales representatives) need to be satisfied, who would then provide high-quality products and services to further satisfy the clients (physicians and patients). Many employees of pharmaceutical factories have high rate of flow, especially in the local enterprises. But in the foreign enterprises, there are lower turnover rate than local enterprises. So what makes the different is the most important research question in this paper. In this case, enhancing the satisfaction of sales representatives in pharmaceutical factories to retain suitable or excellent talents has also become a critical issue for the managers of pharmaceutical factories. The past research pointed out the key factors of perceived organization support (POS)
and organizational commitment in the work behaviors of employees (Rhoades and Eisenberger 2002; Stanescu 2013; Hsiao and Hsiao 2014; Shieh 2014), where affective commitment appeared the most significant effects on turnover intention of employees. However, the mediating effects among the three were not further discussed. Therefore, it becomes the motivation of this paper to discuss the mediating effects of affective commitment on POS and turnover intention of employees.

The rules of handling matters in Chinese societies particularly depend on guanxi (workplace relationship) (Hwang 1987; Yang 1994; Xin and Pearce 1996; Wu et al. 2014), which is also the critical rule when the foreign enterprises want to do business in Chinese. As a matter of fact, guanxi is a concept developed under Confucian culture (Tsui and Farh 1997), which is often used for exploring the relationship between employees and the organization (Zhang and Zhang 2006). As a result, the application of guanxi in Chinese societies focuses on protecting oneself or expecting to acquire rare resources. The idea is often used for discussing the relationship between employees and the organization (Zhang et al. 2006), which could vertically link supervisors and subordinates as well as horizontally link colleagues from different departments to expand the power and influence (Daft and Lengel 1986; Hinkin 1995; Tsai et al. 2011; Wu et al. 2014). Foreign enterprises in Chinese societies also have to follow the effects from such cultural diversity that guanxi is apparent in the organizational culture. Nonetheless, empirical research on such an issue is little; especially, research on supervisor-subordinates guanxi (S-S Guanxi) has not been emphasized till the past three years. The second motivation of this paper therefore tends to explore the effects on turnover intention of employees.

**Literature Review and Hypothesis**

**POS, S-S Guanxi and Turnover Intention**

Perceived Organization Support (POS) is the overall belief developed by employees in the organization, aiming to measure the emphasis of the organization on employee contribution and the concerns about employee welfare (Eisenberger et al. 1986). Such an idea contains Social Exchange Theory, Psychological Contract Theory (Guzzo et al. 1994), Effort-Reward Expectancy Theory (Eisenberger et al., 1986), and Socio-emotional Needs Theory (Armeil et al. 1998). The past research pointed out the higher commitment and more productive performance of employees when they believed that the organization would assist them in achieving personal success in the career (Igbaria 1991; Lee and Maurer 1997; Morin et al. 2015). Rhoades and Eisenberger (2002) concluded the factors of three work experiences in POS, namely organizational rewards and job conditions, supervisor support and fairness.

In Chinese societies, the contact among people is called guanxi, which is a unique phenomenon. The idea is similar to personal ties in social networks (Tsai et al. 2013). Such personal ties feature to guarantee an individual when the system is not manifest. The implications of guanxi are everywhere in Chinese societies. guanxi in Chinese societies is composed of affection, mianzi, renqing and favor exchange (Yang 1994; Wong et al. 2010; Wu et al. 2014); and employees in Chinese organizations particularly stress on the maintenance and privacy of personal guanxi (Wang and Liu 2010). Wong et al. (2010) proposed supervisor-subordinator guanxi (S-S Guanxi) suitable for Chinese societies. Different from Leader-Member Exchange (LMX) proposed by western researchers, such an idea stressed more on affection and favor exchange (Buch 2015). The maintenance S-S Guanxi relied on informal contact, such as non-official contact between an employee and the line manager after work to seek for beyond-system guarantee (Wong et al. 2010).

In regard to work perception and attitudes of employees, two factors would support such work relationship, including the support from the organization, that is POS, and the support from supervisors or line managers. S-S Guanxi is the major medium and tactic in the relationship. A lot of research on POS and turnover intention proved an employee’s satisfaction with the socio-emotional needs because of organizational support; and the higher socio-emotional needs would relatively enhance the value of POS and favorable personal job performance and reciprocals (Armeli et al. 1998; Chang et al. 2015). Nonetheless, the relations between S-S Guanxi and turnover intention were seldom discussed. In terms of supervisor support, an employee mostly contact with the line manager, and lots of
business affairs, including performance assessment and word passing, are practiced by the line manager that, for employees, a line manager nearly equals the representative of the company. It is therefore considered that maintaining favorable contact with the line manager could guarantee the job stability and reduce the work load.

The following hypotheses are proposed in this paper. H1: POS presents negative relations with Turnover Intention. H2: S-S Guanxi shows negative relations with Turnover Intention.

**Mediating Effects of Affective Commitment**

Organizational commitment could be regarded as the psychological state of an employee identifying the organization (Buchanan 1974; Allen and Meyer 1990); such organizational identification could be considered as personal psychological attachment to the organization. Depending on the degree of attachment, the attachment contains compliance, identification, and internalization (O’Reilly et al. 1991). Allen and Meyer (1990) also pointed out the good effects of good links between individuals and the organization that is high organizational commitment of the organization and the societies. Reviewing the research on organizational commitment, three types of commitment were divided, namely affective commitment, continuance commitment and normative commitment (Meyer and Allen 1991). However, successive research on organizational commitment mainly focused on affective commitment, as it could better reflect an employee’s true perception of the organization (Shore and Wayne 1993; Bergami and Bagozzi 2000; Rhoades et al. 2001; Rubel and Kee 2015).

Most recent research on organization theory stressed on the employee identification of the organization, emphasizing that the organizational commitment of employees was a bottom-up concept that is the employee attitudes towards the organization. Further, some researcher rethought the previous ideas from different directs and changed to study employee commitment of an organization, which became a top-down concept, that is organizational support and effort to the employees. The idea of POS was then emerged and promoted by a researcher that is employee perception of organizational support and effort. In POS, an exchange behavior existed in between employees and the organization, and employees had to pay the labor and be loyal to the organization to receive various tangible welfare and intangible social returns from the organization (Rhoades et al. 2002; Aselage and Eisenberger 2003). In fact, it was emphasized in POS that an organization believed in the effort of employees, who would be willing to make efforts for such belief. However, such efforts referred to the reciprocal relationship between employees and the organization (Foster and Rusbult, 1999). Some research proved the positive relations between POS and organizational commitment, especially on affective commitment (Allen et al. 2008; Gentry and Sosik 2010).

In this paper, it is further considered that an employee perceived the higher organizational support would present the higher affective commitment. An employee perceiving certain degree of organizational support might appear deeper affection on the organization and change the perception of the organization and even reduce turnover intention. The following hypothesis is then proposed in this paper. H3: Affective Commitment reveals mediating effects on the relations between POS and Turnover Intention of employees.

Guanxi is a primary resource in Chinese society to make up the unapparent system and guarantee personal rights and interests not being threatened (Ynag 1994; Wu et al. 2014). Hwang (1987) mentioned that the exchange rule of personal resources was established on different types of guanxi in Chinese societies. Kiong and Kee (1998) also indicated that a personal with better guanxi in an enterprise would be forgiven or forgotten the mistakes. Tsai et al. (2013) stated that a person with different types of guanxi would present distinct power to affect the leadership behavior and further influence the turnover behaviors and job satisfaction of employees. Xin and Pearce (1996) discovered that personal connection of relationship in an enterprise could help solve trivial affairs and assist in personal success at the workplace. Wong et al. (2010) pointed out S-S Guanxi as an important social connection and dyadic relationship in Chinese enterprises; and, such connection was established based on mutual interests (Yang 1994). He et al. (2011) indicated that the better supervisor-subordinate guanxi perceived by employees in Chinese enterprises would help enhance affective commitment of the subordinates. It is extended in this paper that the higher
affective commitment of employees would result in lower turnover intention. In this case we suggested H4: Affective Commitment appears mediating effects on the relations between S-S Guanxi and Turnover Intention of employees. Summing up the above literature review, the conceptual framework is shown in Figure 1.

![Fig. 1. Research model](image)

**METHODOLOGY**

**Sample**

Based on the previous research objectives and research model and referring to relevant literatures, a questionnaire suitable for the sales staff in foreign pharmaceutical factories with sales units in Taiwan is developed. The questionnaire aims to explore the relationship among perceived organization support, supervisor-subordinates Guanxi, organizational commitment and turnover intention of employees. The measurement is quantified with 5-point Likert Scale and the demographic variables in the last part of the questionnaire cover gender, age, educational background and seniority. Total 400 copies of questionnaires are distributed, and 389 copies are collected, in which 368 copies are effective. The demographic statistics show that the majority of the sampled sales staff are male (68.7%), with the average age 37.5 and the average seniority 5.4 years. The education background of these participants are mostly undergraduate (47.5%) and graduate (22.3%).

**RESULTS**

The correlation coefficients of variables are listed in Table 1. When all correlation coefficients are larger than or equal to 0.181, the statistical significance reaches the standard of p<.05. When the correlation coefficients are larger than or equal to 0.252, the statistical significance achieves the standard of p<.01. From Table 1, perceived organization support and turnover intention of employees obviously significantly negative correlations (r= -.316, P< .01), S-S Guanxi presented remarkably negative correlations with turnover intention (r= -.252, P< .01), and both perceived organization support (r= .275, P< .01) and S-S Guanxi (r= .218, P< .05) appeared positive correlations with affective commitment.

According to the concept of Hierarchical Regression, gender, age, educational background

<table>
<thead>
<tr>
<th>Table 1: Correlation coefficient table</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>1. Perceived organization support</td>
</tr>
<tr>
<td>2. Supervisor-Subordinator Guanxi</td>
</tr>
<tr>
<td>3. Affective commitment</td>
</tr>
<tr>
<td>8. Turnover intention</td>
</tr>
</tbody>
</table>

Note: n=368; *P< .05, **P< .01
and seniority were regarded as the control variables, perceived organization support and supervisor-subordinates guanxi as the independent variables, and turnover intention as the dependent variable for multiple regression analysis to test H1 and H2. From Table 2, with control variables, the higher POS showed the lower Turnover Intention (α= -.337, P< .001) that H1 was supported. Besides, the better S-S Guanxi revealed the lower turnover intention (α= -.248, P< .01) that H2 was supported.

Regarding the test of mediating effects, the researchers followed the procedures proposed by Baron and Kenny (1986) in this paper. First, the independent variables and the dependent variable were confirmed the notable relations, and then the significant relations between the independent variable and mediators were tested. From Table 3, with control variables, both POS (α=.312, P<.001) and S-S Guanxi presented remarkably positive relations with affective commitment (α=.211, P<.01). When the prerequisites of mediators were tested, the mediating effects of affective commitment were further tested. POS and affective commitment were included with turnover intention for the test, and the results are shown in Table 4, which was further compared with POS in Table 2. It was found that the coefficient of POS in Table 4 obviously decreased (α= -.337 → -.274) and achieved the significance that H3 was supported. Including both S-S Guanxi and affective commitment with turnover intention for the test, the results were shown in Table 4, which was further compared with S-S Guanxi in Table 2. The coefficient of S-S Guanxi in Table 4 obviously decreased (α= -.248 → -.196) and reached the significant that H4 was supported.

**DISCUSSION**

According to the results of this paper, the researchers found that affective commitment presents the critical mediating role on the relations among POS, Supervisor-Subordinates Guanxi and turnover intention of the sales staff in foreign pharmaceutical industries in line with the findings of previous researchers (for example Rhoades and Eisenberger 2002; Stanescu 2013; Hsiao and Hsiao 2014; Shieh 2014). It revealed that the foreign pharmaceutical factory cannot
ignore the mediating function of affective commitment on the enterprise when providing proper support to reduce turnover intention and talent drain as Morin et al. (2015) presents in their research. An enterprise would award an employee who achieves the organizational objectives; and then, the employee would integrate the organization-member relationship into self-identification and show positive affective attachment to the organization when being awarded. In this case, an employee, when perceiving high organizational support, would work hard to return the organization and assist in achieving the objective as well as to show the loyalty and efforts to return the material and social rewards from the organization. When the opposite is the case, the performance of the employees decreases, the research conducted by Maidaniu-Chirila (2015) revealed similar results for this problem. Similarly, affective commitment of employees could also enhance the correlations between S-S Guanxi and turnover intention. In the same vein with Yung Chou et al. (2014) it is revealed in this paper that S-S Guanxi could merely guarantee the dependency of employees on the non-systematic support of the organization, while the affective attachment is the actual factor in the work attitudes and behaviors of employees. Accordingly, when an enterprise could offer the employees with the sense of belonging and the feeling of dependency, Turnover Intention could be reduced through the strong ties with the line manager.

According to this study, the researchers found the affective commitment is the critical factor when the employees want to leave job. The foreign pharmaceutical industries pay more attention to employees’ commitment to increase their emotional communication to improve job satisfaction, even decrease their turnover intention. The results in this paper clarified the point of internal communication and cooperation in pharmaceutical companies mentioned in the research of Daft and Lengel (1986), Hinkin (1995), Tsai et al. (2011) and Wu et al. (2014) as connecting supervisors to subordinates in addition to colleagues from other departments to facilitate the power and effect. This paper proved the employees’ commitment is the most important factor for the foreign pharmaceutical industries even than S-S Guanxi. Therefore, this paper suggests that the local pharmaceutical industries can emulate foreign’s to develop affective commitment with employees instead Supervisor-Subordinators Guanxi.

CONCLUSION

Two objectives are included in the present paper. One is to discuss the correlations of unique Supervisor-Subordinators Guanxi in Chinese societies and turnover intention in foreign pharmaceutical factories and the other is to test the mediating effects of affective commitment on Perceived Organization Support, Supervisor-Subordinators Guanxi, and turnover intention of the sales staff in foreign pharmaceutical industry. The sales staff in these companies in Taiwan is sampled as the research subjects, and snowball sampling is utilized for collecting samples.

In regard to the test of hypotheses, the concept of hierarchical regression is applied to the analysis and testing. The results and explanations are shown as following. First, the research findings reveal the higher POS, the lower turnover intention of the sales staff in foreign pharmaceutical factories. Such a result is identical to the past research, proving the higher POS, the lower turnover intention of employees. Further, in this study the researchers found that the better S-S Guanxi, the lower turnover intention of employees. Foreign-owned enterprises in Taiwan usually attract the employees with high awards so that the employees would work hard to achieve the objectives, present loyalty and efforts to return the enterprise, and do not leave the enterprise when perceiving high organizational support, including offer of incentive awards, creation of vision, and transparent promotion channels. In addition, high awards show high elimination. Foreign-owned enterprises would undoubtedly lay off employees with the performance under the standard. In order to protect the stability of personal job from lay-off, Chinese people would seek for non-systematic support that is connection of guanxi. S-S Guanxi is a tricky connection in foreign pharmaceutical factories. The subordinates often eat out with the line manager after work and precede non-official exchange with the line manager on holidays so as to seek for assistance and support at the work. As a matter of fact, such a phenomenon is common in Chinese organizations. To acquire guarantee by seeking beyond-system support, looking for guanxi is a common approach in Chinese societies. In this paper, it is also proven that Chinese Guanxi also exists in foreign-owned enterprises, but is presented with S-S Guanxi.
RECOMMENDATIONS

Organizational support is a primary factor in employees. Perceived organizational support of employees could be divided into tangible support of promotion system, salary adjustment, or vacation and intangible support of psychological perception, such as supervisor-subordinate guanxi and affective commitment. As a consequence, an enterprise could reduce turnover intention by applying either approach to have the employees perceive the emphasis. Phamaeutical factories with distinct cultural background would provide the employees with different support or S-S Guanxi. Besides, it is suggested that future research could compare pharmaceutical industries from different countries to discuss the effects on Turnover Intention of employees. In addition, there are few of research on S-S Guanxi, work involved and performance. Testing the correlations among such variables could reinforce western societies to understand Chinese societies as well as assist Chinese enterprises in selecting successors or business administrators.

REFERENCES


Wu TJ, Tsai, HT, Yeh SP 2014. The role of manager’s locus of control between perceived guanxi and leadership behavior in family business. *Rev Cercet Interv So*, 72(2): 87-104.


