Leadership’s Role in Employee Retention
Gary Covella, Vikkie McCarthy, Belal Kaifi, and Daniel Cocoran

Abstract
Using a framework of social exchange theory (SET) to demonstrate the outcome of a leadership-employee centered model, this study demonstrated the vital role that the relationship between employee and leaders play in influencing an employee’s future career decisions. Leader-member exchange (LMX) was proposed to have a mediating effect on this model. Survey research of 402 fulltime employees recruited through Amazon MTurk from a diverse selection of industries was used to explore these relationships. The survey instrument included measures of person-job fit, turnover intention and employee work engagement factors such as vigor, dedication, and absorption. This study contributes to literature regarding P-J fit, LMX, and employee work engagement empirically tested within a single framework. Results confirm that person-job fit has an inverse relationship to turnover intention and mediated through LMX and employee work engagement.

Key words: Person-Job Fit, Employee Work Engagement, Leader-Member Exchange

INTRODUCTION
Organizations across a wide range of industries recognize that skilled human capital is vital to achieving successful business objectives (Maamari & Alameh, 2016). Firms that can recruit, train, and hold these highly skilled employees prosper, while organizations that focus solely on resources merely labor to stay on top (Holtom, Mitchell, Lee, & Inderrieden, 2005). The unexpected loss of employees is recognized as a global issue that affects overall business performance regardless of industry (Tariq, Ramzan, & Raiz, 2013). The cost to the organization of losing these employees and consequent search for suitable replacements presents an immense challenge to firm resources (Bandura & Lyons, 2014). One way to address negative business outcomes is to explore organizational behaviors that may affect employee turnover (Low, Ong, & Tan, 2017). Recent studies suggest a significance in expanding the criteria for turnover research, to include the effects of time over updated research models (Woo, Chae, Jebb, & Kim, 2016).

Earlier research on turnover intention indicated that individual ability plays a key role in the desire to remain on the job, as firms select the most highly-qualified applicant to fill work requirements who may later become dissatisfied with their work (Forbes & Barrett, 1978). Prior research has recognized the leader’s vital contribution in influencing an employee’s decision to stay on the job (Vecchio, 1985). More recent research on turnover intention identified a need to research how person-fit may help researchers understand how “the right person” who is completely immersed in their work, may be less likely to voluntarily terminate their employment (Memon, Salleh, Baharom, & Harun, 2014). This study also addresses key gaps in literature concerning the role employee work engagement has between person-job and turnover intention while addressing leadership-member exchange (LMX) and its role in mediating the employee work engagement/turnover-intention model (see Fig. 1).

Figure 1: Hypothesized Model
THEORETICAL BACKGROUND

The theoretical framework for this study was drawn from social exchange theory (SET), which explains how transactions in an exchange relationship evolve over time and influence positive leader-member interactions (Blau, 1964). Social exchange relationships are based on unspecified expected exchanges of tangible and/or intangible obligations between two parties. When an employee provides a certain presumed benefit to the leader, reciprocity is expected in some unclarified capacity. In tandem with this theoretical foundation, leader-member exchange (LMX) theory (Emerson, 1962) provides an even further setting for the dyadic nature of this exchange process between the leader and the employee. Early studies on social exchange were approached from an anthropological perspective that viewed human needs as being met through a collective. This needs-does theory suggested that each person rewards the other quickly and directly, enabling both to perform their work more efficiently and expeditiously. Blau (1964) formed exchange theory by applying this reciprocal process to a supervisor-employee centered role, where feelings of personal obligation, trust, and justice spur fair exchanges for loyalty, commitment, and a desire to stay on the job. Despite these diverse views of the social exchange process, the central premise is that benefits are conditional based on the expectation of unspecified future gain (Blau, 1964; Emerson, 1976).

Social Exchange Theory posits that the root of these transactions are the organizations that support them (Cropanzano, Howes, Grandey, & Toth, 1997). From the organizational perspective, the employee expects an exchange of work for pay from the organization and as such, permits recurrence of this process until another expectation (such as higher pay) or perceived unfairness causes one party to break the exchange (Cropanzano, Prehar, & Chen, 2002). Organizations that establish formal processes for facilitating such exchanges are usually associated as a party of the social exchange dyad and as such, organizational leaders are in the position to enable these transactions as part of the fair exchange. Thus, leaders are viewed by employees as the personified representative of the organization.

Social exchange theory and LMX

Leader Member Exchange theory has evolved significantly over the years (Dansereau, Graen, & Haga, 1975; Graen & Cashman, 1975; Graen & Scandura, 1987), as researchers refocused conceptually from group-differences to a dyad level of research (Graen & Uhl-Bien, 1995). LMX is described as a means of negotiation that leaders provide to subordinates in exchange for a desired behavior or work outcome. Prior studies on leaders assumed a broad approach to subordinate relationships in that the quality of these relationships were homogenous across the entire organization. Additionally, it was assumed that leaders prescribed the same style among all subordinates. LMX theory provides that subordinate relationships are indeed unique, and each interaction between leader-member is seen as a distinct effect (Dansereau, Graen, & Haga, 1975). As a theory, LMX is based on assertions of role making (Graen, 1976), social exchange (Blau, 1964), reciprocity and equity (Deluga, 1994). In LMX, leaders impart role expectations to employees and provide intangible and/or tangible benefits to those who carry out these expectations. Employees accept this expectation willingly, as volunteers, and have the opportunity to accept, reject or negotiate expectations according to their personal values and beliefs (Wang, Law, Hackett, Wang, & Chen, 2005). Like SET in which LMX is rooted, role negotiation takes place over time as the exchange relationship matures and leaders build different qualities of relationships with employees (Graen, 1976; Graen & Uhl-Bien, 1995).

LMX has often been explored as a valid predictor of several employee outcomes (Gerstner & Day, 1997; Liden, Sparrowe, & Wayne, 1997; Hooper & Martin, 2008); however, a direct effect to actual turnover, was found to be low and non-significant across several metastudies (Gerstner & Day, 1997). Inversely, LMX was found to have a moderately high effect on the “intention” to turnover in these same studies (p. 832). This suggests that an active relationship must exist between leaders and employees in order for LMX to demonstrate appropriate efficacy, rather than attempt to evaluate post-termination, where LMX is no longer active and thus would be inapposite to hypothesis testing.

In social exchange research, perceived organizational support (POS) is most commonly viewed as a means of capturing the quality of support an employee feels for an organization as a whole (Settoon,
Bennett, & Liden, 1996), where supervisor-employee relationships use the LMX model (Eisenberger, Huntington, Hutchison, & Sowa, 1986). In this research, we focus on the supervisor-employee relationship and argue that LMX is positioned to influence a first-order mediation effect on employee work engagement, rather than as a direct effect on turnover-intention. How LMX affects turnover intent was proposed by Dansereau, Cashman, and Graen (1973), who suggested that highly functional leader-member exchanges would best predict turnover intent, especially when the leader shows concern for the welfare of others, and when they also define how work is to be performed. Early work on LMX emphasized the two-way vertical exchange between leader and subordinate, or vertical dyad linkage theory (Dansereau, Graen, & Haga, 1975; Graen, 1976; Graen & Cashman, 1975) much like Blau’s (1964) original theories on social exchange, which underscores the dyadic nature of the model.

A significant distinction between SET and LMX, is that a working relationship exists in LMX rather than interpersonal friendship or broad social roles which can be applied to SET observations (Graen & Uhl-Bien, 1995). This is important to note since the LMX-7 instrument specifically measures the employee’s perception of relationship quality with their organizational leader when aligned with their established work role expectation (p. 237). The relationship between leader and subordinate involves developing variable levels of LMX, either high or low (Henderson, Liden, Glibkowski, & Chaudhry, 2009) and can be positive, negative, or mixed. This variability among LMX groups within the same organization has been found to moderate group level teamwork and team effectiveness (Herdman, Yang, & Arthur, 2017). This high-quality aspect also promotes greater job satisfaction and provided increased control over their own work (Ariani, 2012). Henderson et al. (2009) also suggested that this high-quality exchange may increase empowerment opportunities for the subordinate. More recent studies have demonstrated that leader behaviors do impact employee responses, as leaders directly influence employee focus behaviors through their own self-efficacy and risk avoidance behaviors, where employee tend to follow similar behaviors (Shin, Kim, Choi, Kim, & Oh, 2017).

Low-quality LMX are typically contingent based, where work assignments are controlled by the leader and the employee may be less inclined to feel satisfied with their work (Calisir, Gumussoy, & Iskin, 2011; Portoghese, Galletta, & Battistelli, 2011). Prior research has also demonstrated that LMX relationships may have an effect on the overall organization, as the social relationships nurtured over time contribute to employee outcomes such as satisfaction with both the job and the organization as a whole (Harris, Wheeler, & Kacmar, 2011). Therefore, we investigate through this research how high-LMX relationships may affect higher employee work engagement and thus, influence a lower likelihood for that employee to seek alternative employment.

METHODOLOGY

Research Purpose and Hypothesis

Four hypotheses were tested for the purpose of exploring leaderships role in employee retention. The first hypothesis is based on the theoretical discussion.

Hypothesis 1. LMX is positively related to employee work engagement.

Hypothesis 2. Employee work engagement is negatively related to turnover intention.

Hypothesis 3. P-J fit has a positive relationship to LMX

Hypothesis 3a. P-J fit has a positive relationship to employee work engagement.

Hypothesis 4. P-J fit has a negative relationship to turnover intention, when mediated by employee work engagement.

Study Variables

The outcome variable, turnover intention, has been defined in previous research as an individual’s view that he/she would leave the organization at some point in time and that the decision is a conscious and deliberate willingness to leave (Kahumuza & Schlechter, 2008). Other research further refined that definition as the last stage in an employee’s decision to look for alternative employment (Park & Kim, 2009). Since this outcome variable is closely aligned to employment consequences, we chose to survey exclusively full-time employed individuals residing within the United States. To recruit from this pool of
employees, we used a web-based online service hosted by Amazon Mechanical Turk (www.mturk.com) which allowed for a filtered target group.

Survey Respondents
The survey sample consisted of 402 respondents. The participants in this study consisted of 205 males (51.2%) and 196 females (48.8%). Participant’s ages ranged from 18 years old to over 55 nearing retirement age. The age ranges of participants were 18 years old (n=1, 0.2%), 19 to 24 years old (n=33, 8.2%), 25 to 30 years old (n=98, 24.4%), 31 to 35 years old (n=71, 17.7%), 36 to 45 years old (n=99, 24.6%), 46 to 54 years old (n=51, 12.7%), and 55 years old or greater (n=49, 12.2%). Employee tenure on the job ranged from a minimum of less than 12 months to a maximum of over 30 years. The respondents’ length of employment consisted of some less than 12 months (n=44, 10.9%), 1 to 2 years (n=82, 20.4%), 3 to 10 years (n=202, 50.2%), 11 to 20 years (n=55, 13.7%), 21 to 30 years (n=14, 3.5%), over 30 years of employment (n=2, 0.5) and three who declined to answer this question (0.7%). Education level varied between respondents with some high school, but no diploma, (n=1, 0.2%), high school diploma, (n=40, 10%), some college credit, but no degree, (n=75, 18.7%), trade/technical/vocational training, (n=11, 2.7%), associate’s degree, (n=49, 12.2%), bachelor’s degree, (n=145, 36.1%), master’s degree, (n=69, 17.2%), Professional degree, (n=9, 2.2%), and doctorate degree, (n=3, 0.7%). Firm size was represented with firms of 1 to 49 employees, (n=92, 22.9%), 50 to 999 employees, (n=146, 36.3%), 1,000 to 4,999 employees, (n=64, 15.9%), 5,000 to 9,999 employees, (n=27, 6.7%), 10,000 to 99,999 employees, (n=41, 10.2%), 100,000 or more employees, (n=25, 6.2%), and 7 indicated they did not know the size of their organization (1.7%). Data on employee position in the organization was collected and consisted of employees (non-supervisory), (n=279, 69.4%), supervisor, (n=49, 12.2%), mid-level manager, (n=56, 13.9%), firm executive, (n=5, 1.2%), firm owner, (n=4, 1%), CEO, (n=1, 0.2%), and 8 respondents declined to answer (2%).

Survey Instrument
The questionnaire is a composite of multiple research instruments used to measure specific constructs of the model at Figure 1. All items are scored on a 7-point Likert scale. Volunteers were asked to provide a response based on their agreement with the questions (statements) from each provided scale item. This survey was administered through an online means using Amazon Mechanical Turk to recruit participants and redirected to an online host, Qualtrics.

For every latent variable that cannot be directly observed or measured, there must be a series of dimensions (two or more scale items within a latent variable) which can be used to assess these unmeasurable constructs and also provide results that can be used to draw conclusions (Hudgens, Dineen, Webster, Lai, & Cella, 2004). PLS-SEM is routinely used in research to measure late nt variables resulting from multiple reflective items. This questionnaire contained 30 items consisting of previously validated survey instruments.

The independent variable, person-job fit was measured using the three-item perceived job-fit scale (Cable & DeRue, 2002) which linked P-J fit to work related attitudes such as job satisfaction, quality of work life, employee turnover and positive adjustment in new organizations. The items are presented as statements and responses using a 7-point Likert scale (1 = Strongly disagree, 2 = Disagree, 3 = Somewhat disagree, 4 = Neither agree nor disagree, 5 = Somewhat agree, 6 = Agree, 7 = Strongly agree). Leader-Member Exchange. The mediator to employee work engagement, LMX, was measured using the seven-item LMX scale (Graen & Uhl-Bien, 1995) evaluating the dimensions of satisfaction, understanding, recognition, authority, benevolence, confidence, and relationship with the respondent’s leader. The same 7-point Likert scale was used (1 = Strongly disagree to 7 = Strongly agree).

The mediator, employee work engagement, was measured with the Utrecht Work Engagement Scale (Schaufeli & Bakker, 2003) consisting of 17-items. This research argues that the three classical dimensions asserted by a (2003) are important in understanding the level of dedication in an employee based on the positive outcomes of social exchange (LMX) proliferated in the workplace. As Macey and Schneider (2008) suggested, these positive attributes imply a sense of psychological job satisfaction, which seem to
indicate that a satisfied employee will not desire to leave the state they are so engaged in. The same 7-point Likert scale was used (1 = Strongly disagree to 7 = Strongly agree).

The dependent variable, turnover intention, was measured using the three-item Turnover Intention Scale (TIS) developed by Sjöberg and Sverke (2000). Prior research measured turnover intention using several different “propensity-to-leave” scales (Lyons, 1971; Camman, Fichman, Jenkins, & Klesh, 1979) which ultimately was adapted to a three-item scale to measure overall turnover propensity (Hellgren, Sjöberg, & Sverke, 1997). According to Sjöberg & Sverke (2000), the current scales used to measure an employee’s desire are slightly modified from these former scales to be rewritten as statements, rather than questions. These items were “I often think of leaving the organization,” “It is very possible that I will look for a new job next year,” “If I could choose again, I would choose to work for the current organization.” The same 7-point Likert scale was used (1 = Strongly disagree to 7 = Strongly agree).

Analyses
Reliability testing was performed to confirm the internal consistency of the person-job fit scale as well as the scales of leader-member exchange, employee work engagement, and turnover intention (see Table 1 below). Descriptive statistics such as measures of central tendency and dispersion were used to describe the basic characteristics of the data. To confirm the presence of mediation within the model, the Baron and Kenny (1986) process was used and the results confirmed through use of a Sobel test. To test the hypothesized relationships within the model, partial least squares structural equation modeling (PLS-SEM) was conducted.

RESULTS
Internal consistency and assumptions
The reliability of the instrument was tested for minimum internal consistency requirements. The analysis of the scales provided Cronbach alpha reliability scores between .86 and .93, which is greater than the recommended minimum alpha of .70 (Nunnally, 1978). The specific reliability coefficients are identified in Table 1 along with the correlations for the mean of each scale. No items were dropped from any of the scales since all exceeded the minimum threshold alpha of .70.

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<td>Person-job fit</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader-member exchange</td>
<td>0.53*</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee work engagement</td>
<td>0.67*</td>
<td>0.37*</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Turnover intention</td>
<td>-0.24*</td>
<td>-0.18*</td>
<td>-0.49*</td>
<td>1.00</td>
</tr>
<tr>
<td>Cronbach’s α</td>
<td>0.90</td>
<td>0.93</td>
<td>0.93</td>
<td>0.86</td>
</tr>
<tr>
<td>AVE</td>
<td>0.84</td>
<td>0.71</td>
<td>0.51</td>
<td>0.78</td>
</tr>
<tr>
<td>M</td>
<td>5.46</td>
<td>5.05</td>
<td>4.84</td>
<td>3.66</td>
</tr>
<tr>
<td>SD</td>
<td>1.32</td>
<td>1.30</td>
<td>1.11</td>
<td>1.82</td>
</tr>
</tbody>
</table>

*p < .001

Tests for normality were conducted using both the Kolmogorov-Smirnov and Shapiro-Wilk tests. Both tests indicated that the data does not follow normal distribution assumptions (K-S test statistic = 0.17, p < .001; S-W test statistic = 0.90, p < .001). This indicated that nonparametric methods should be used to conduct appropriate statistical testing and PLS-SEM is appropriate. Multicollinearity was tested through variance inflation factor (VIF) and tolerance indicators. A tolerance of .10 or less as well as a VIF greater than 10 would indicate that multicollinearity may exist and a different approach may need to be taken.
considered with regard to further analysis on the variables (O’Brien, 2007). The assumption of heteroscedasticity was then evaluated using the Breusch-Pagan and Koenker tests. Both tests indicated that the distribution associated with the residuals of the dependent variable, turnover intention, was fairly homogenous and as such, confirmed the assumption of homoscedasticity (p > .05). Good convergent validity was determined through the evaluation of average variance extracted (AVE) for each latent variable in which case, all exceeded the recommended threshold of 0.50 (Fornell & Larcker, 1981). Good discriminant validity was confirmed through the use of an AVE table, where the square root of each AVE value for each latent variable should be larger than the correlation of each pair of latent constructs.

Data analysis
To test the hypotheses exhibited in the research model (Figure 1), we implemented PLS-SEM analysis using SmartPLS 3.2.4. (Ringle, Wende, & Becker, 2015). This highlighted the underlying observable variables within the structural model and illustrated the resultant latent variable effects over the outcome variable. Additionally, PLS extends traditional multiple linear regression without the limitations imposed by such assumptions as normality of distribution. The full research model was constructed using PLS-SEM, which illustrated the resulting interaction effects between the predictor, mediator, and outcome latent variables. We also used the results of PLS path analysis to test the mediating effect of: (1) leader-member exchange on employee work engagement; and (2) employee work engagement between person-job fit and turnover intention, using the Baron and Kenny (1986) approach to test for mediation. Using random resampling Bootstrapping techniques, the hypotheses were analyzed to determine the significance of the predicted relationships as well as relative effect sizes. Table 2 provides a summary of these results.

Testing the hypotheses
The research model in Figure 2 illustrates the full PLS path model to include all items, latent manifestations, relationships and path coefficients. All hypothesized relationships were supported with statistically significant indicators (Table 2). Because the research model contains two mediator relationships in addition to the direct relationship of P-J fit to turnover intention, this research was divided into three components. The first component tested the direct relationship between the variables using PLS path modeling. The second component tested the mediation effect of LMX between P-J fit and employee work engagement. The third component tested the mediation effect of employee work engagement between P-J fit and turnover intention.

Figure 2: Full research model including R², path coefficients, and outer loadings
The data in Table 2 indicated that as predicted by H1, LMX does have a positive relationship to employee work engagement and is statistically significant ($\beta = 0.37$, $p < .001$). In this case, $t = 8.10$ and supports the positive value of $\beta = 0.37$. The PLS analysis indicated that the null hypothesis may be rejected (LMX does not have a relationship to employee work engagement) and thus, H1 is supported.

Table 2: Hypothesis Testing Using PLS-SEM

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>B</th>
<th>M</th>
<th>SD</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>LMX $\rightarrow$ Employee Work Engagement</td>
<td>0.37</td>
<td>0.37</td>
<td>0.05</td>
<td>8.10</td>
<td>0.00</td>
</tr>
<tr>
<td>H2</td>
<td>Employee Work Engagement $\rightarrow$ Turnover Intention</td>
<td>-0.49</td>
<td>-0.49</td>
<td>0.05</td>
<td>10.06</td>
<td>0.00</td>
</tr>
<tr>
<td>H3</td>
<td>PERSON-JOB FIT $\rightarrow$ LMX</td>
<td>0.54</td>
<td>0.54</td>
<td>0.04</td>
<td>13.18</td>
<td>0.00</td>
</tr>
<tr>
<td>H3a</td>
<td>PERSON-JOB FIT $\rightarrow$ Employee Work Engagement</td>
<td>0.47</td>
<td>0.47</td>
<td>0.05</td>
<td>9.99</td>
<td>0.00</td>
</tr>
<tr>
<td>H4</td>
<td>PERSON-JOB FIT $\rightarrow$ Turnover Intention</td>
<td>-0.24</td>
<td>-0.24</td>
<td>0.05</td>
<td>4.74</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 2 also indicates that employee work engagement has a moderate negative relationship to turnover intention as predicted by H2 ($\beta = -0.49$, $t = 10.06$, $p < .001$). This part of the model will also be used to satisfy H4 to confirm the presence of mediation; however, these interim results indicate that H2 is supported as well. The data in Table 2 specified a statistically significant positive relationship between P-J fit and LMX ($\beta = 0.54$, $t = 13.18$, $p < .001$). The PLS analysis indicated that the null hypothesis may be rejected (P-J fit does not have a relationship to LMX) and as such, hypothesis 3 was supported as estimated. Likewise, P-J fit was hypothesized to have a positive relationship to employee work engagement. The PLS path analysis indicated that this relationship is both moderately high and positive ($\beta = 0.47$, $t = 9.99$, $p < .001$) and supported H3a as well. P-J fit was hypothesized (H4) as having a negative direct effect on turnover intention. The data in Table 2 supports this hypothesis as well ($\beta = -0.24$, $t = 4.74$, $p < .001$), providing empirical evidence that an employee’s intention to leave the job is diminished based on their perceived fit to the job.

As demonstrated in Table 2, the relationship between P-J fit and employee work engagement, with LMX as the hypothesized mediator, demonstrated statistical significance and confirmed a positive relationship ($\beta = 0.47$, $t = 9.99$, $p < .001$). Using the Baron & Kenny (1986) four step process model, in step 1 of the analysis, the regression of P-J fit with employee work engagement, disregarding the mediator, was statistically significant ($\beta = .67$, $t = 21.46$, $p < .001$). In step 2 of the mediation process, the regression of P-J fit on the mediator (LMX), was also statistically significant ($\beta = .54$, $t = 12.72$, $p < .001$). Step 3 demonstrated that the mediator, LMX, controlling for P-J fit, was also significant ($\beta = .37$, $t = 7.90$, $p < .001$). Finally, step 4 of the mediation process showed that, controlling for LMX, P-J fit did predict employee work engagement, validated a reduction in variance, and was also statistically significant, therefore, demonstrating partial mediation ($\beta = .47$, $t = 9.74$, $p < .001$). A subsequent Sobel test was conducted and confirmed statistical significance of a partial mediation effect in the model ($z = 6.81$, $p < .001$).

In H4, P-J fit was hypothesized to have a negative effect on turnover intention, when mediated by employee work engagement. The data in Table 2 indicated that as predicted by the hypothesis, P-J fit did have a negative relationship to turnover intent when employee work engagement was used as a mediator and was also shown to be statistically significant ($\beta = -0.24$, $p < .001$, n = 402). The relationship between P-J fit and turnover intention was shown to be mediated by employee work engagement as the standardized regression coefficient between P-J fit and employee work engagement was statistically significant, as well as the standardized regression coefficient between employee work engagement and turnover intention. Using the Baron & Kenny (1986) four step process model, in step 1 of the analysis, the
regression of P-J fit with turnover intention, disregarding the mediator, was statistically significant ($\beta = -0.57$, $t = 16.96$, $p < .001$). In step 2 of the mediation process, the regression of P-J fit on the mediator (employee work engagement), was also statistically significant ($\beta = -0.67$, $t = 20.78$, $p < .001$). Step 3 demonstrated that the mediator, employee work engagement, controlling for P-J fit, was also statistically significant ($\beta = -0.49$, $t = 10.13$, $p < .001$). Finally, step 4 of the mediation process showed that, controlling for employee work engagement, P-J fit did predict turnover intention, and exhibited the expected reduction in variance, therefore, demonstrating a partial mediation effect ($\beta = -0.24$, $t = 4.76$, $p < .001$). Further analysis using the Sobel test to determine the significance of the mediation effect was used to confirm these findings. The results of the Sobel test suggested that the association between P-J fit and turnover intention is mediated by employee work engagement ($z = -9.08$, $p < .001$) and thus supports partial mediation as suggested in the hypothesis.

DISCUSSION

The first hypothesis in this study addressed the social exchange nature of this research model (Fig. 2), which states that LMX will have a positive relationship with employee work engagement. The results from the data analysis confirm that not only is this relationship positive as predicted, but that this exchange also serves to mediate the employee’s perceived fit to the job and increased engagement. This corroborates previous literature, where LMX relationships were found to have an effect on the overall organization and contributed to individual level outcomes to include employee work engagement as an outcome (Harris et al., 2011). We use this relationship to expand this research model further and demonstrate how LMX has an indirect role in diminishing an employee’s desire to quit the workplace. Additionally, the empirical evidence in this model (Fig. 2) strongly suggested that the positive and optimistic feelings associated with receiving support from a leader (Hooper & Martin, 2008) may enable continuous feelings of obligation which prior research suggested may be in the form of increased engagement (Saks, 2006).

We found support for our second hypothesis which stated that employee work engagement is negatively related to turnover intention. It is assumed that employee work engagement does not already exist when a person is initially hired into a job and as such, requires a certain amount of time to evolve, much as a social exchange relationship requires a lengthy period of maturation. Using the social exchange framework, research suggests that when a leader provides perceived support to their employee, that employee feels psychologically obligated to return a like response, such as active engagement in their work (Colquitt, Scott, & LePine, 2007). This perceived obligation is the basis for a psychological contract between the two stakeholders, the leader and the employee. This dyadic bond is neither formal nor written; however, it is powerful enough to increase organizational commitment and job satisfaction on the part of the employee (Ariani, 2012). Examining the path relationship between LMX and employee work engagement in the research model (Fig. 2) LMX is supported as a valid mediator to employee work engagement, especially when measured with P-J fit. This agrees with previous research that suggests employee work engagement may be a perceived reward the employee reciprocates back to the dyadic relationship as a result of leader-provided benefits such as support, encouragement, and career mentorship (Saks, 2006). This seems to suggest that increased employee work engagement strengthens the self-imposed obligation to stay on the job.

This study found that P-J fit has direct a negative relationship to turnover intention, and confirms prior research (Kristof-Brown et al., 2005; Cable & Derue, 2002; Edwards & Shipp, 2007); however, we also introduced two important mediators to explain additional factors that reduce turnover. Fit in the workplace, as previously defined by Kristoff-Brown et al. (2005), infers a need-fulfillment in the employee, in that they voluntarily perform an exchange of services in return for the feeling of satisfaction in both, the sense of belonging, as well as a useful outlet for their trained skills. The more often that a fulfilling exchange occurs, the greater the employee becomes vested in the job, thus diminishing their desire to leave. To highlight this point in the study, it was expected that turnover intention would yield an inverse path coefficient with the independent variables. When modelled against the independent variable, turnover intention was both statistically significant and negative for P-J fit. These findings
suggest that skills-ability as well as needs-supplies may also have a relationship to an employee's future intention to leave (Jackofsky & Peters, 1987).

P-J fit is seen as a central construct in this study, as our third hypotheses are supported statistically as a positive link to both LMX and employee work engagement (H3 and H3a). As P-J fit is increased, LMX is also quite moderately increased ($\beta = .54$, $t = 12.72$, $p < .001$) as well as directly to employee work engagement ($\beta = .47$, $t = 9.74$, $p < .001$). This seems to suggest that an employee that is a good fit for the job, where their skills and abilities are properly matched to their work, may be more willing to make themselves vulnerable to an exchange relationship with their leader. This also suggests that P-J fit may be a good predictor of social exchange, as the transactions in an exchange relationship evolve over time and have been found to influence positive leader-member interactions (Blau, 1964). Likewise, P-J fit may also be a good predictor of future employee work attitudes, as employee work engagement has also been described in prior research as the manifestation of an employee’s sense of well-being in the workplace (Schaufeli, Taris, & Van Rhenen, 2008) as well as being associated with other positive outcomes such as better workplace efficiencies, greater employee retention, and stronger business results (Harter, Schmidt, & Hayes, 2002). Thus, it can be inferred that P-J fit may predict future employee attitudes under constant work conditions.

Our fourth hypothesis, P-J fit has a negative relationship to turnover intention, when mediated by employee work engagement, addresses the presence of a mediator to explain turnover intention as a consequence of P-J fit. The question is why employee work engagement works to influence an intentional decision to quit the job. Employee work engagement is defined in previous literature as the emotional attachment an employee has to their work and voluntarily acts in a way that furthers their organization's interests (Kahn, 1990). Schaufeli & Bakker (2003) further enhanced this definition by providing the three commonly measured dimensions, vigor, dedication, and absorption. These three classical dimensions asserted by Schaufeli & Bakker (2003) are important in understanding the level of dedication in an employee based on the positive outcomes of social exchange (LMX) as practiced in the workplace. As some previous research suggested, these positive attributes imply a sense of psychological job satisfaction, which indicates that a satisfied employee will not desire to so willingly leave a condition they are deeply embedded in (Macey & Schneider, 2008).

Implications

The implication of these findings to business and educational leaders may better promote practical human resource development solutions that could aid firms in retaining their top talent while also benefitting internal leadership growth. For instance, firms can outsource leadership training courses designed to increase supervisor perceptions on employee desires. This would lead to more effective interactions to aid in the leader-member exchange process. Likewise, that same firm can also offer employees initial training focused on fostering open communication with their leaders. The findings in this study will provide researchers with a better insight of the impact of social exchange on business outcomes such as turnover intention, and focus future research efforts on predictors such as leader-member relationships, employee task ownership, and long-term building trust. The fundamental contribution of this study is the introduction of nested mediators to a turnover intention model to emphasize the importance of building quality relationships between leaders and employees. Based on our research, we provide empirical evidence to support the concept that healthy exchange between leaders and followers stimulate an engaged workforce, thus minimizing the likelihood that the employees would seek opportunity elsewhere. These findings present a particular challenge to firms to find new ways of stimulating leader-member relationships and attempts to lower turnover intention. Some studies have suggested implementing 360-degree feedback programs that include employees in organizational work planning processes (Wells & Peachey, 2011) or create employee inspired work design programs which include motivational, social, and improved work conditions (Chang, Wang, & Huang, 2013). These programs may serve to instill a further sense of obligation to the organization or contribution that promotes continuous social exchange ideology from a leader-member context. Prior studies have indicated that employees will base their participation efforts on treatment by the organization (Eisengerger, Huntington, Hutchison, & Sowa, 1986) and as such, employees with high
social exchange ideology respond more positively to desired organizational behaviors if they feel they are being treated equitably by their leaders (Memon, Salleh, Harun, Rashid, & Bakar, 2014). The very nature of employee work engagement indicates a sustained psychological trait that is not just a momentary or fleeting state of mind by the employee (Schaufeli & Bakker, 2003). The presence of employee work engagement, in itself, indicates that the employee is already deeply involved in their work within the organization and thus, is considered already vested as a stakeholder. One unique characteristic of employee work engagement; however, over other organizational behaviors such as commitment or citizenship, is that engagement requires a two-way action. The organization must work to include the employee who, in turn, has a choice whether to voluntarily offer a level of engagement back to the firm (Robinson, Perryman, & Hayday, 2004). Since it is assumed that the retention of these skilled and engaged employees naturally drive the bottom-line, the burden of establishing programs to increase employee positive behaviors is placed upon the organization. Recognizing that robust LMX directly impacts employee work engagement, as confirmed by this study, organizations should focus their energy on supporting and encouraging programs designed to increase leader education as well as increased employee involvement in stakeholder processes.

Limitations
As with most research, this study is not without certain limitations that should be addressed in future extended research. One such limitation, is the use of self-reports in collecting survey data for research which could create potential common method bias. This potential effect is commonly caused by an artefactual covariance of the same respondent providing the measures for both the predictor and criterion variables. This may be problematic in that respondents have a tendency to provide answers and organize thoughts in methodical ways, such as found in prior research and called the consistency effect (Salancik & Pfeffer, 1978). This study has taken the following pro-active approaches to ensure common method bias is minimized to the fullest extent as recommended by Conway & Lance (2010).

Another limitation is the use of a cross-sectional design which does not take into account the long-term nature of social exchange relationships and the maturity of this dynamic over time. The assumption in this study is that this relationship has already reached peak maturity and already prevalent in the workplace; hence, the absence of which would possibly demonstrate a poor overall fit in the person-job construct. The longitudinal aspect of this study should be addressed in future research.

Future Research
Several recommendations for future research opportunities evolved from this study. In considering the omitted variables from this study discussed as a limitation, an excellent opportunity exists for future researchers to contribute additional and expanded research in this field. While this study focused on person-job fit, another type of fit might prove to be an interesting construct when explored at a group-level such as person-organization (P-O) fit. Including both the organization values and individual values (values congruence) to an alternate model can explore how an individual’s fit in the organization may affect their long-term decision to stay (Westerman & Cyr, 2004). The objective is to explore where compatibility between the individual and the organization fails, leading to the decision to seek employment elsewhere. Other effects embedded with P-O fit can be used, such as work attitudes, motivation, work group cohesion, feelings of personal success, and concern for stakeholders may prove to be warranted variables for inclusion in an alternative model (Kristof, 1996).

Other possibilities to such a model that may highlight the social exchange aspect on reducing turnover intention might include such concepts as level of leadership involvement, the existence of leadership training programs, active employee feedback, or even the presence of existing reward programs (Chang, Wang, & Huang, 2013). While this study focused on participants from the United States, it may be noteworthy to expand this study to other regions or countries. Previous research has explored the different effects that national culture moderates between LMX and several common constructs to include turnover intention (Rockstuhl, Dulebohn, Ang, & Shore, 2012). Finally, since organizational culture plays a major role in determining P-O fit (Cable & DeRue, 2002), a future study should include culture as an external factor to explore the possible effect on turnover intention. Are some cultures more reluctant to
participate in a social exchange relationship over others or are these exchange relationships somewhat homogenous in nature? Previous studies have addressed this question and found evidence to support different outcomes on job satisfaction and turnover based on the type of organizational culture exhibited by the employer (O'Reilly, Chatman, & Caldwell, 1991). When applied to this research model (Figure 2) it might prove useful to explore the effect on turnover when used with LMX and employee work engagement, either as an independent variable or mediator/moderator.

CONCLUSIONS
This study contributes to current theory on social exchange and turnover intention in several ways. First, this study fills in gaps in research concerning the role of social exchange in long-term employee decisions leading to either remaining or departing the organization. This study used a framework of SET to demonstrate the outcome of a leadership-employee centered model. This study also demonstrated the vital role that the relationship between employee and leaders play in influencing an employee’s future career decisions. The strength of this relationship is further enhanced by the employee’s increased sense of engagement in their work. The use of person-fit to predict business level outcomes has received the attention of several researchers in recent years (Kumar, Ramendran, & Yacob, 2012; Arthur, Bell, Villado, & Doverspike, 2006; Cable & DeRue, 2002; Edwards & Shipp, 2007; Memon, Salleh, Baharom, & Harun, 2014); however, most have not addressed this within the framework of social exchange as undertaken through this research.

Finally, this study will also will provide business leaders with key insights on sustaining a skilled workforce for the long-term and minimize turnover based on revised hiring practices that attempt to match employee skills with the requirements of the organization. One such requirement is the very nature of openly participating in a strong leader-member exchange relationship, which is necessary to accomplish the organization’s objectives. Employees who are highly matched to a job that effectively utilizes their abilities and skills, already predisposes them to an open and positive attitude (Edwards & Shipp, 2007). This open and positive attitude is the very basis for executing this social exchange based model, in that, their willingness to give and receive increases their satisfaction that the informal obligations between both parties will be met. The result, is increased job satisfaction (Ariani, 2012) and increased work engagement as confirmed in the results of this study.

While it may seem that most organizations would focus most of their recruiting efforts on job fit, the rapid pace of achieving fast competitive advantage in the global marketplace may direct the immediate hire of employees as job-fills rather than focusing on the “right-fit” candidate. The trade-off to this principle may be a short-term solution to fill a job requirement rather than the long-term strategy for retaining top talent in an organization. This research helps highlight those areas that require additional attention by leaders such as fostering supervisory relationships with their employees, including them in feedback participation, and how well they will embed themselves in their tasks to accomplish the organization’s mission. Based on the results of this study, organizational leaders should be developed to nurture a positive work environment through the deliberate establishment of social exchange relationships with these employees, thereby potentially decreasing turnover intention and fostering a more experienced workforce.

REFERENCES


