



# The Effect of Organizational Embeddedness on Employee Turnover Intention in Small and Medium-Sized Construction Companies

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**Abstract.** The high turnover rate of employees has affected the long-term development of small and medium-sized construction enterprises. Based on job embeddedness theory, this paper uses structural equation model to prove the effect mechanism of organizational embeddedness and employees' turnover intention in small and medium-sized construction enterprises. The results show that, in addition to the insignificant correlation between organizational embeddedness and job performance, the four latent variables in this paper including organizational embeddedness, job satisfaction, job performance and turnover intention, are significantly correlated with each other. Organizational embeddedness has a negative effect on turnover intention. Meanwhile, it also has mediating effect on job satisfaction and job performance between organizational embeddedness and turnover intention.

**Keywords:** Organizational embeddedness · Turnover intention · Small and medium-sized construction enterprises · Structural equation model

## 1 Introduction

In the decades of rapid development of the construction industry, the number of small and medium-sized construction enterprises has increased rapidly. At present, the construction industry is slowing down and problems have emerged for survival and growth of these enterprises. It is easy for employees to resign when they are faced with problems such as limited development of the company and themselves. Employees' turnover and retention is an important issue in modern human resource management. Employee's turnover will increase the cost of enterprise and affect other employees to stay board. Turnover intention refers to an employee's intention to leave the organization after working for a period of time [1]. Although turnover intention is not equal to turnover behavior, it can directly guide real turnover behavior and predict the occurrence of active turnover behavior [2].

In recent years, there have been many researches on employee turnover intention in academia, but the main research target is the new generation of people. Research on the construction industry mainly focuses on large state-owned enterprises, while research

**Table 1.** Small and Medium-sized Enterprises in Construction Enterprise (Unit: 10000yuan)

	Medium	Small	Miniature
Operating revenue (Y)	$6000 \leq Y < 80000$	$300 \leq Y < 6000$	$Y < 300$
Total assets (Z)	$5000 \leq Z < 80000$	$300 \leq Z < 5000$	$Z < 300$

on small and medium-sized construction enterprises is rare. In particular, the impact of organizational embeddedness on employee turnover is rarely discussed in small and medium-sized construction enterprises. The relevant theoretical mechanism analysis and empirical research are also rarely involved. This paper takes the questionnaire data as the research sample to analyze the effect and mechanism of organizational embeddedness and turnover intention of employees in small and medium-sized construction enterprises, and uses structural equation model to take a hypothesis testing.

## 2 Literature Review and Research Hypothesis

### 2.1 Small and Medium-Sized Construction Enterprises

In order to regulate small and medium-sized enterprises and promote the development of the real economy, Ministry of Industry and Information Technology of the People's Republic of China and other departments formulated the Notice on the Issuance of Standards for the Classification of Small and Medium-sized Enterprises. The criteria for classifying small and medium-sized construction enterprises includes operating revenue and total assets, as shown in Table 1.

### 2.2 Organizational Embeddedness and Turnover Intention

Job embeddedness is defined as “the total of forces that prevent employees from leaving”, Mitchell thought organizational embeddedness is a part of job embeddedness. Organizational embeddedness refers to the extent that employees are willing to stay with their current organization. The correlation between community embeddedness and turnover intention is slightly lower than organizational embeddedness in Chinese context [3].

Turnover tendency includes the idea of resignation and the behavior of planning to resign [4]. An employee's propensity to leave is the tendency to leave the current job and seek other job opportunities [5]. Turnover intention is the best predictor of turnover behavior [2]. Organizational and family embeddedness of the new generation of migrant workers are better at proving the prediction of turnover intention [6].

### 2.3 Job Satisfaction and Job Performance

Job satisfaction is one of the main factors that predict the intention to leave technology employees in IT companies [7]. Ye Ren sun et al. [8] showed that job satisfaction has a significant negative effect on the intention to leave of employees in railroad transportation companies. In addition, job satisfaction plays a mediating role in multiple

relationships [9]. Han Yi [10] suggested that there is a significant negative correlation between individual-organizational match and intention to leave, and job satisfaction plays a complete mediating role between individual-organizational match and intention to leave. Job satisfaction plays a significant role in multiple mediating mechanisms of the influence of family-supported supervisor behavior on turnover intention [11].

This paper studies individual performance from a comprehensive perspective. Job performance is the sum of individual labor, behavioral processes and individual behaviors in a certain period [12]. Lee et al. found that job embeddedness had a significant positive effect on job performance. Yang Chun jiang et al. [13] concluded that organizational embeddedness is positively related to organizational performance, but some studies have also found that the effect of organizational embeddedness on performance is not always significantly positive. With the mediating effect, the job performance of employees in state-owned enterprises has a negative impact on turnover rate, while the job performance of employees in private enterprises has a positive impact on turnover rate [14].

The abbreviation of latent variables in this study are shown below:

OE: Organizational Embeddedness; TI: Turnover Intention;

JS: Job Satisfaction; JP: Job Performance.

Therefore, this paper proposes the following hypothesis:

H1:OE has a negative effect on TI;

H2:OE has a positive effect on JS;

H3:JS has a negative effect on TI;

H4:JS plays a mediating role between OE and TI;

H5:OE has a positive effect on JP; H6: JP has a positive effect on TI;

H7:JP plays an intermediary role in the relationship between OE and TI;

H8:JS has a positive effect on JP;

H9:JS and JP play a mediating role between OE and TI.

Based on theories and assumptions, the theoretical model of employees' turnover intention in small and medium-sized construction companies is shown in Fig. 1

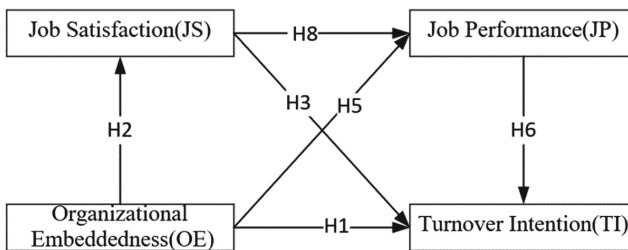


Fig. 1. Theoretical Model

### 3 Research Design

#### 3.1 Scale Design

These scales adopted in this paper were the domestic and foreign maturity scales. The OE scale developed by Crossley was used in this study, which is a holistic scale. The scale of TI selected Cammann's research. The JS and JP scale came from the Tianyaru's scale. The control variables included gender, age, marital status, educational background, working place, years of experience and working post. All questionnaires were scored using a five-point Likert scale except for the control variables.

#### 3.2 Data Collection

This study collects data through questionnaire survey, and the research subjects are employees of small and medium-sized construction companies. A total of 245 electronic questionnaires were sent out through the Internet, and after excluding 17 undesirable questionnaires such as random filling, 228 valid questionnaires were obtained. The effective recovery rate of this survey was 93.06%. Among the respondents, the percentages of men and women were 61% and 39%, respectively, mainly in the age of 18–30 and 31–40. Eighty percent of the respondents have a bachelor's degree or higher, while 90% of them have been in the construction industry for less than 10 years.

### 4 Data Analysis

#### 4.1 Reliability and Validity

The Cronbach's  $\alpha$  coefficient of OE, TI, JS, JP were 0.834, 0.802, 0.866 and 0.892 respectively. Cronbach's Alpha coefficients of the 4 variables reached above 0.8, indicating the questionnaire has good reliability.

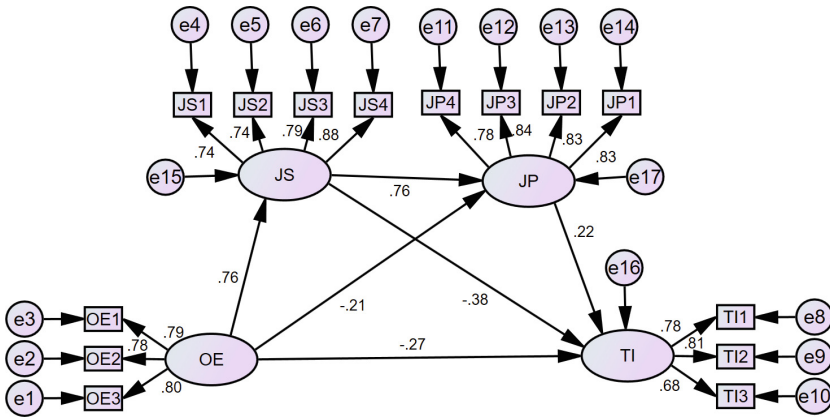
Factor loadings were between 0.682 and 0.880, which reached above 0.5. The AVE of JS, OE, TI and JP, respectively, were 0.634, 0.585, 0.662 and 0.626, The AVE is greater than 0.5. The CR of JS, OE, TI and JP, respectively, were 0.874, 0.808, 0.854 and 0.869, The CR is greater than 0.7. It indicates that the questionnaire has good convergent validity. The correlation coefficient of each latent variable was less than the square root of AVE, indicating that the questionnaire has good discriminant validity. The results are shown in Table 2.

#### 4.2 Goodness of Fit and Path Analysis

The reliability and validity test meets the requirements, and then the model fit test is carried out. Model fitting degree represents the degree of agreement between the predicted results and the actual situation. The  $\chi^2/df$  was 2.115, less than 3. RMSEA was 0.070, less than 0.080. CFI and CFI were greater than 0.9, all indexes are within the recommended value range, indicating that the model has a good fit.

**Table 2.** Discriminant Validity

	OE	JS	JP	TI
OE	0.585			
JS	0.759	0.634		
JP	-0.207	0.762	0.626	
TI	-0.272	-0.383	0.217	0.662
SQRT(AVE)	0.765	0.796	0.791	0.814



**Fig. 2.** Model Analysis

The results are shown in Fig. 2. The significance of paths OE → TI, OE → JS, JP → TI and JS → JP were all less than 0.05. Therefore, the five hypotheses of employees’ turnover intention, H1, H2, H3, H6 and H8 are verified. According to the path coefficient, organizational embedment and job satisfaction are significant negative on turnover intention, while job performance is significantly positively correlated with turnover intention. Organizational embedment, job performance and job satisfaction are positively correlated. It is assumed that H5 and H7 are not valid.

**4.3 Total Effect, Direct Effect, and Indirect Effect**

The test results were obtained after bootstrap 2000 times by using the Amos 24.0, as shown in Table 3. The Bias-Corrected confidence interval does not contain 0, assume that H4 and H9 are confirmed. Organizational embeddedness has three effects on turnover intention. They are OE → TI, OE → JS → TI, OE → JS → JP → TI. JS ( $\beta = -0.383$ ,  $p < 0.05$ ) and JP ( $\beta = 0.217$ ,  $p < 0.05$ ) significantly affected TI. Meanwhile, OE has an indirect negative effect on TI through JS ( $0.759 \times -0.383 = -0.291$ ). OE has no direct influence on JP, but it has indirect influence through “OE → JS → JP” ( $0.759 \times 0.762 = 0.578$ ). OE has an indirect and significant positive effect on TI through JS-JP ( $0.759 \times 0.762 \times 0.217 = 0.125$ ).

**Table 3.** Bootstrap Test of Mediation Effect (Standard Coefficient)

	Effect	SE	LLC	ULC
OE → JS → TI	−0.291	0.149	−0.546	−0.055
OE → JS → JP → TI	0.125	0.083	0.017	0.305
Indirect effect	−0.210	0.130	−0.441	−0.010
Direct effect	−0.272	0.183	−0.566	0.040
Total effect	−0.482	0.107	−0.647	−0.290

## 5 Conclusions

In small and medium-sized construction enterprises, employees' organizational embeddedness is at a medium level (3.08), indicating that employees' organizational embeddedness is not deep. Organizational embeddedness has a significant negative effect on turnover intention, indicating that employees with low organizational embeddedness are more likely to have turnover intention. The level of job satisfaction (3.21) and job performance (3.58) are in the middle level. Job satisfaction has a negative effect on turnover intention. Job performance has a positive effect on turnover intention. Meanwhile, it's mediating effect on job satisfaction and job performance between organizational embeddedness and turnover intention. Therefore, enterprises can deepen organizational embeddedness and improve job satisfaction by establishing positive organizational culture, providing development opportunities, giving rewards and recognition, and improving communication system, so as to reduce employees' turnover tendency.

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