

## CAN GUANXI REDUCE TURNOVER INTENTION? A REVIEW PAPER

Jen Ling Gan<sup>1</sup>  
Halimah Mohd Yusof<sup>2</sup>

<sup>1</sup> Azman Hashim International Business School, Universiti Teknologi Malaysia, 81310 Skudai, Johor, Malaysia, (E-mail: ganjenling@gmail.com)

<sup>2</sup> School of Human Resource Development and Psychology, Faculty of Social Sciences and Humanities, Universiti Teknologi Malaysia, 81310 Skudai, Johor, Malaysia, (Email: halimahmy@utm.my)

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**Abstract:** *The issue of employees' turnover is still one of the critical phenomena among employees in organizations, although thousands of researches have been conducted in the past century. Actual turnover could lead to negative consequences to organizations, such as decreased productivity and lacking of manpower. When organizations lost talented and good employees, the competitiveness of organizations will be drastically decreased. Surprisingly, it was found that there is an increasing frequency of turnover in Asian organizations, which is including Malaysia. Malaysia has been facing critical turnover in manufacturing sector. In order to reduce actual turnover, the management should focus on turnover intention. This is because reduced turnover intention could help in reducing actual turnover. Therefore, it is crucial to investigate the factors that could affect turnover intention. Based on Job Embeddedness Theory, it is believed that good guanxi (workplace relationship) can help in reducing turnover intention. Guanxi has been always researched in China contexts, limited studies were conducted in Malaysia context. Malaysia is known as one of the countries that is relationship-oriented, which is similar with China. Hence, there is a need to explore the relationship between guanxi and employees' turnover intention. The past studies that investigated the relationship between guanxi and employees' turnover intention are important for this review paper. This review writing involved the articles that are ranged from 2008 to 2018, which is a decade. From the past studies, it was found that the relationship between guanxi and employees' turnover intention among employees is inconsistent. Some studies revealed significant relationship, while other studies claimed that there is non-significant relationship between the variables. The inconsistency of findings has caused ambiguity to the linkage between the variables. It is recommended that organizations should put attention on organizing social activities in order to improve the guanxi among the employees, which in turn reducing the turnover intention.*

**Keywords:** *GuanXi, Workplace Relationship, Turnover Intention, Review Paper*

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## Introduction

In the past decades, turnover has been known as one of the biggest challenges in management field due to turnover could put organizations in danger in terms of decreasing productivity and performance (Nica, 2016). Competitiveness of organizations is concerned in this fast pace era, hence turnover intention of good employees should be reduced because outstanding employees could enhance organizations' competitiveness (Asamoah, Doe, & Amegbe, 2015). It is crucial to reduce turnover intention because turnover intention could bring several negative implications on organizations. For example, Gyensare et al. (2015) claimed that turnover intention could predict absenteeism among the employees. When absenteeism rate increased, the productivity of organizations could be decreased. Besides, turnover intention could significantly predict actual turnover. Due to turnover, employers need to spend huge amount of money on recruiting and training new employees, which in turn reducing the overall profits of organizations (Roche et al., 2015). Other than that, turnover could also delay the process of human capital planning, as well as successors planning to particular positions in organizations (Condrey, 2005). Due to these issues that were generated from actual turnover in organizations, turnover intention should be paid attention. This is because actual behaviour could be predicted by behavioural intention (Salin & Notelaers, 2017). Hence, by reducing turnover intention, actual turnover could be reduced as well.

Although the antecedents of turnover intention has been studied throughout the years, the effect of antecedents is still incomplete (Kwon, 2017). Mitchell, Holtom, Lee, Sablinski, and Erez (2001) claimed that, previous studies that examine turnover in management had been overlooked the antecedents which are social relationship or *guanxi* related. Soltis, Agneessens, Sasovova, and Labianca (2013) had raised the issue of lacking studies of social relationship in turnover research, where previous researches were prone to be examined on other factors of turnover. Organizations should be viewed as a social setting that allows employees attach to each other and to create bonds between them, which in turn reducing turnover intention among employees (Shih-Tse Wang, 2014). In other words, *guanxi* (workplace relationship) should be examined as one of the antecedents of turnover intention. *Guanxi* should be paid attention in literature of turnover intention due to the increasing trend of group-based work, as well as team-based work in organizations (Choi, 2009). During the working hours in teams, it is vital to have good workplace relationship which can motivate employees to exhibit commitment to organizations, hence good *guanxi* and bonding are essential among team members (Hakanen, Häkkinen, & Soudunsaari, 2015). Due to the importance of *guanxi* to turnover intention, the insufficiency of studies that examine the relationship between *guanxi* and turnover intention should be paid attention in future. Therefore, the relationship between *guanxi* and turnover intention is intended to be reviewed in this review paper in order to provide insights of the trend of the linkages in the past decade (2008-2018).

## Literature Review

In this section, the definitions of *guanxi* and turnover intention will be explained.

### *Definition of GuanXi*

The term of *guanxi* has been defined in several definitions, such as workplace relationship (Cheung, Wu, Chan, & Wong, 2009), and social networking (Jacobs, 1979; Kwon, 2017). The word of *guanxi* is developed based on Confucian social theory, where it is known as a behaviour of social networking (Jacobs, 1979). According to Taormina and Gao (2010), "*guan*" is explained as "gate" or "door lock", while "*xi*" is explained as "the link or connection that can be used to pass the gate". In China context, relationship or connection between people is very crucial among Chinese's daily life, as well as in organizations (Gao, Ballantyne, & Knight,

2010). *Guanxi* is about “who you know”, where it is important to have *guanxi* in organizations to obtain resources that are not normally available for particular individuals (Uhlik, 2011). Yang and Lau (2015) claimed that, *guanxi* or close relationship can be used to exchange information, assistance, or help. *Guanxi* at workplace is described as a good bond that is built through social activities at workplace. At workplace, *guanxi* can be exchanged for collaboration or cooperation (Yang & Lau, 2015). In Western perspective, *guanxi* consists of trust element, where trust between employees exists when *guanxi* is developed (Chen & Chen, 2004).

### ***Definition of Turnover Intention***

The determination of employees to quit their job is known as the intention to turnover (Ali, 2008). When employees have the intention to do turnover, the employees have purposeful and full consideration as well as preparedness to stop contributing to their workplace (Tett and Meyer, 1993). A reasoned behaviour concept has been developed in the preliminary evolution of the writing of behavioural intent, which determined the greatest particular forecaster of individual action to be an assessment of reported intent to do that behaviour (Fishbein & Ajzen, 1975). By stressing that turnover intention is the most crucial element in forecasting employees’ actual turnover, researchers have recognized that turnover can be greatly predicted by behavioural intentions (Salin & Notelaers, 2017). Commonly, turnover intention has been known as the greatest predictor to actual turnover (Egan, Yang, & Bartlett, 2004).

### ***Job Embeddedness Theory (JET)***

According to Halvorsen, Treuren, and Kulik (2015), Job Embeddedness Theory (JET) explains that employee affection plays role in understanding employees’ turnover and retention. JET was first introduced and developed by Mitchell et al. (2001), where the scholars claimed that the “links” between co-workers can significantly reduce the intention of turnover among the employees. The “links” can be divided into two categories, namely community links and organizations link (Mitchell et al., 2001). Jiang et al. (2012) explained that, organization factor or social factor could make employee stay hence reducing the intention of turnover among the employees. This is because the theory believes that the more affection the employees have, the less intention to do turnover among the employees (Jiang et al., 2012). Soltis et al. (2013) mentioned that JET is the recent dominant theory that explains the relationship between *guanxi* (workplace relationship) and turnover intention. According to Jiang et al. (2012), job embeddedness can be divided into two types, namely on-the-job embeddedness and off-the-job embeddedness. This concept is similar to the concept of *guanxi*, where *guanxi* can be categorized as *guanxi* at workplace, and *guanxi* outside of the workplace (Cheung et al., 2009). Therefore, JET believes that, when the *guanxi* at workplace and outside of the workplace is enhanced, the turnover intention could be reduced among the employees.

### **Methodology**

In this review paper, the methodology that adopted was named literature searching and reviewing, where the discussions or debates about *guanxi* (workplace relationship) and turnover intention were reviewed and compared during the process of writing. The objective of this review paper was to determine the differences of linkage between *guanxi* and turnover intention among different backgrounds of respondents. In order to accomplish the objective of this paper, the authors reviewed the empirical research papers which are ranged between the years of 2008 to 2018. The articles were comprehensively searched through several databases, such as Scopus, Elsevier, and Google Scholar. Besides, four exclusions were determined in order to collect the papers that are suitable for this review paper. Firstly, the authors excluded non-empirical papers, such as theoretical papers. The authors included only empirical papers

that provided results of studies, such as case studies, field studies, and surveys. Secondly, we excluded those studies that did not provide the values of reliability and validity of instruments. Without valid information of instruments, it can affect the validity of findings. Third, we excluded those studies that examined diversity among student samples. It was claimed that student samples and personnel samples are significantly different in research. Next, we excluded those irrelevant variables, where the authors focused on *guanxi* and turnover intention. The authors focused on the keywords of workplace relationship and social network as well because these are the common definitions that describe *guanxi*.

## Findings

After reviewing the past studies ranged from 2008 to 2018, it was found that there are few past studies that examined the relationship between *guanxi* and turnover intention. *Guanxi* is able to influence turnover intention among employees, where it was revealed that *guanxi* has significant linkage with turnover intention (Wong & Wong, 2013). The scholars measured *guanxi* between supervisor and subordinates, where good *guanxi* between them can help to reduce turnover intention. Li, Duverger, and Yu (2018) measured the similar dimension of *guanxi* and revealed the consistent finding, where there is a significant relationship between *guanxi* and turnover intention. The finding is consistent with another study that was conducted by Brunetto et al. (2013). The scholars measured *guanxi* between supervisors and subordinates as well. With similar dimensions of *guanxi*, Brunetto et al. (2013) revealed the similar findings, where there is significant linkage between the variables among Australian respondents. However, no significant linkage was found between *guanxi* and turnover intention among American respondents in their research. It can be seen that, the respondents from different countries or context could lead to different findings in a research. Besides, the consistency of significant findings explained that similar theory could lead to similar result. The consistency could contribute to the confirmation of theory, such as Theory of Job Embeddedness (JET). The theory supports that when employees have positive *guanxi* at workplace, they are less likely to have turnover intention.

Inconsistently, another study that was conducted by Moynihan and Pandey (2008) revealed that, *guanxi* did not have significant relationship with turnover intention. The scholars measured turnover intention in forms of short term and long term. It was found that *guanxi* did not have significant relationship with both short-term and long-term turnover intention. Similarly, another study showed that there is no significant linkage between *guanxi* and turnover intention (Cheung, Wu, Chan, & Wong, 2009). However, although there are studies agreed there is non-significant relationship between *guanxi* and turnover intention, Madden, Mathias, and Madden (2015) revealed different finding, where there is significant relationship between *guanxi* and turnover intention. The scholars measured *guanxi* as workplace relationship in their study. Hence, it can be claimed that good relationship between employees could help to reduce their intention of turnover. Contradictorily, Newman and Thanacoody (2011) revealed that there is non-significant relationship between *guanxi* (network resources) and turnover intention. The difference between these two studies could be due to different dimensions of *guanxi*.

Other than that, it was also found that there is non-significant relationship between the variables (Mejia, Wang, & Zhao, 2018). Contradictory with previous studies, both dimensions of *guanxi* (professional *guanxi* and personal *guanxi*) have no significant influences on employees' turnover intention in the study. In contrast, Alwaheeb and Liao (2016) revealed that there is a significant influence of *guanxi* on employees' turnover intention. The scholars mentioned that, social networking could affect the intention of turnover among the respondents. This finding

is similar with another study which was conducted by Kwon (2017) and Liu et al. (2017). The scholars reported that *guanxi* significantly influence employees' turnover intention. It can be clearly seen that the relationship between *guanxi* and employees' turnover intention is remained uncertain due to the findings of relationships are inconsistent. Below is the table of summarized findings.

**Table 1: Summary of Findings**

No.	Authors (Year)	Respondents	Findings
1.	Moynihan & Pandey (2008)	326 employees from organizations in the north-eastern United States	Insignificant
2.	Cheung, Wu, Chan, & Wong (2009)	196 employees from manufacturing firms in Zhejiang Province, China	Insignificant
3.	Newman and Thanacoody (2011)	437 employees from five multinational enterprises operating in the Chinese service sector	Insignificant
4.	Wong & Wong (2013)	255 employees from China hotels	Significant
5.	Brunetto et al. (2013)	510 nurses from Australia hospitals; 718 nurses from US hospitals	Significant (Australia) and Insignificant (US)
6.	Madden, Mathias, and Madden (2015)	73 healthcare employees from US nursing care facility	Significant
7.	Alwaheeb & Liao (2016)	415 employees from Saudi Arabian private sector	Significant
8.	Kwon (2017)	240 employees from Korean public agencies	Significant
9.	Liu et al. (2017)	218 employees from private companies at China	Significant
10.	Li, Duverger, & Yu (2018)	249 employees from 13 hotels at ShenZhen China	Significant
11.	Mejia, Wang, & Zhao (2018)	326 employees from hotels at GuangZhou and HangZhou China	Insignificant

Source: The Authors

### Conclusion

In a conclusion, this review paper could help to clear the contradiction of the relationship by revealing the trend of linkage from 2008 to 2018. It is clear that the linkage between *guanxi* and turnover intention is remained ambiguous and inconsistent. It can be seen that some of the scholars mentioned that there is significant linkage between the variables, while some of the scholars did not find any significant relationship between *guanxi* and turnover intention. The results differs from one context to another. In order to improve the inconsistency of findings, future studies are recommended to examine *guanxi* dimensions specifically. Besides, it is recommended to conduct future studies in different industries in order to confirm the linkage between the variables. From the findings, it can be seen that most of the studies were conducted in cross-sectional design, hence calling for more future studies that can be conducted in longitudinal design to capture the trend of changes. Although the findings revealed that the relationship between the variables is not consistent, *guanxi* could be a possible contributor in reducing turnover intention. Hence, it is suggested that human resource practitioners of organizations should put effort in organizing more social activities for the purpose to enhance the *guanxi* among employees, which in turn reducing their intention of turnover. Furthermore, it is recommended that future researchers should conduct studies based on Job Embeddedness

Theory (JET) in order to confirm the applicability of the theory on the relationship between *guanxi* and turnover intention.

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