

Strategic Talent Management in Emerging Markets and Its Impact on Employee Retention: Evidence from Brazilian MNCs

By

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Previous literature highlights that employee turnover is one of the biggest challenges for multinational corporations (MNCs) stemming from emerging markets. This study analyzes the relationship between different strategic talent management practices and employees' intention to leave Brazilian multinational corporations. Drawing on the resource-based view, eight research hypotheses are developed and tested using a sample of 61 employees from Brazilian MNCs. Linear regression modeling reveals that organizational support and perceived career opportunity are negatively related to Brazilian employees' intention to leave, while training and development is positively related. Furthermore, it is found that perceived career opportunity moderates these relationships. This study derives important implications for strategic talent management in Brazilian MNCs and contributes to the more general literature on human resource management in emerging-market multinationals. © 2016 Wiley Periodicals, Inc.

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Problem and Objectives

In the late 1980s, protectionism in Brazil was abolished and the internationalization of the market began. This did not only lead to an increased internationalization of Brazilian firms (Mellahi, Frynas, & Collings, 2015), but also to an increasing amount of companies from other markets entering the Brazilian market. Furthermore, Brazilian multinational corporations (MNCs), for example, the food processors JBS and Marfrig, aircraft manufacturer Embraer, and shoe manufacturer Havaianas have become successful and renowned worldwide (The Economist, 2009; Casanova & Kassum, 2013). Similarly, the investment company 3G capital is known for its acquisitions of Burger King and Heinz, and most recently for its leading role in the merger of Heinz with Kraft foods (Treanor, 2015).

With this increase in competition and internationalization of the market, the opportunities for employment are steadily growing, and highly educated employees in particular are able to compare a range of alternatives to their present jobs (Paillé, 2013; Schiemann, 2013; Yamamoto, 2011). In Brazil, the demand for employees exceeds the supply, especially for leadership positions (Ready, Hill, & Conger, 2008). With an average of 3.4% of employees leaving and entering a new company per year, the Brazilian labor market is characterized by high employee turnover rates (Gonzaga, 2003). According to a recent survey, 68% of the Brazilian employers indicate that talent shortages prevent them from hiring skilled people (ManpowerGroup, 2013). Due to this situation, Brazil has emerged as one of the countries with the biggest difficulties in finding adequate talents for open positions.

Employee turnover leads to high costs in recruitment as well as in education and training of the new employees (Yamamoto, 2011). These costs are estimated to range from 25% to 500% of an employee's yearly salary (Bryant & Allen, 2013). Although the costs of replacing an employee are clearly measurable, research suggests that these numbers do not depict the complete impact of turnover (Ballinger, Craig, & Gray, 2011). Losing employees can lead to work disruptions, loss of organizational memory, loss of tacit knowledge, disrupted informal networks, elimination of critical collaborations, losses in productivity and customer service, loss of mentors, diminished diversity, and the fact that other valuable employees follow the leavers (Ballinger et al., 2011; Bryant & Allen, 2013). As a consequence, it is likely that the overall workload remains the same and that the burden on the remaining employees will increase, and this may have

negative effects on their motivation (Yamamoto, 2011), which in turn may lead to decreased performance and thus financial loss. Hence, it is crucial for the success of organizations to establish an efficient employee retention system to ensure that key employees or talents remain within the organization (Earnest, Allen, & Landis, 2011; Gavino, Wayne, & Erdogan, 2012), since retention of talent leads to profitability of firms in increasingly competitive markets like Brazil (Allen, Bryant, & Vardaman, 2010; Som, 2006; Yamamoto, 2011). Existent literature has emphasized the strong relationship between employee perceptions of strategic talent management (STM) and outcomes on the individual (e.g., turnover intention) or organizational (e.g., retention rates) levels (Meyers & van Woerkom, 2014; Paul & Anantharaman, 2003). Therefore, it is crucial to understand, analyze, and strengthen the links between STM practices and employee retention (Schuler & Tarique, 2012).

In the last few decades, several empirical studies about employee retention have been published. The majority of those studies analyze organizational culture and employee retention (Sheridan, 1992), employee motivation and retention (Mak & Sockel, 2001; Ramlall, 2004), or employee retention in emerging markets other than Brazil (e.g., Bhatnagar, 2007; Chen & Francesco, 2000). However, Allen and Shanock (2013) argue that empirical research and conceptual understanding of the link between organizational socialization tactics and voluntary turnover is rare. Furthermore, analyses on employee retention strategies are mainly carried out from a developed country perspective (Ahammad, Glaister, Weber, & Tarba, 2012), while there is a lack of analyses of these strategies in the context of emerging markets. Given the changing dynamics of the world's economy, it is important for studies to analyze STM within the context of emerging economies, for example, Brazil (Collings & Mellahi, 2009; Collings, Scullion, & Vaiman, 2011). Mellahi et al. (2015) emphasize that although Brazil is predicted to be one of the leading world economies alongside other BRIC countries (Brazil, Russia, India, and China), Brazilian MNCs are among the least studied, compared to other BRIC MNCs. When examining the existent human resource management (HRM) and STM literature the author noticed that even though employee turnover and retention is a very important topic in the Brazilian economy (Gonzaga, 2003), there is no study that solely analyzes intention to leave and turnover in Brazil and suggests concrete strategies. The link between STM and retention in Brazil in particular has not yet been analyzed (Mellahi et al., 2015). Due to the different institutional contexts and huge disparities between the

individual countries, strategies for one emerging market can only be transferred to other emerging markets to a limited extent (Khanna & Palepu, 1997). It is therefore worthwhile to develop new STM strategies for the Brazilian context. The present study aims at closing these gaps and intends to answer the following research question: How are different STM practices related to employee retention in Brazilian MNCs?

Both STM practices and the existence of a human capital pool are of strategic importance for building a sustainable competitive advantage within the framework of the resource-based view (RBV) (Lado & Wilson, 1994; Wright, McMahan, & McWilliams, 1994). Hence, the RBV is applied as the conceptual framework to strengthen the underlying arguments and provide support to the findings. With Mitchell, Holtom, and Lee (2001) stating that turnover intentions are a prominent antecedent to turnover, this study assumes that turnover intentions in most cases lead to actual turnover. The remainder of this study is structured as follows. First, the theoretical framework is explained and the research hypotheses are derived based on existing literature and the theoretical framework. Second, the research design and sample will be presented. Subsequently, data gathered from 61 employees in Brazilian MNCs are analyzed using linear regression analysis. This is followed by the presentation and discussion of the results. This study concludes with a summary of contributions, implications for theory and practice, limitations, as well as suggestions for further research.

STM, Voluntary Employee Turnover, and Resource-Based View

RBV is often used to explain how a company's human assets may provide a potential source of sustainable competitive advantage (e.g., Coff, 1997; Wright, Dunford, & Snell, 2001; Wright et al., 1994). Human capital can provide a resource-based advantage if it is valuable (individual's unique abilities), rare (particularly at high levels of specialized expertise) and non- or imperfectly imitable (Barney, 1991; Hall, 1993; Hatch & Dyer, 2004; Lippman & Rumelt, 1982; Teece, 1982). The requirement of inimitability, however, leads to one strategic dilemma: the sole presence of talented employees within the company does not lead to a sustainable competitive advantage, since human capital is not owned, or even fully controlled by the firm. Without effective turnover management, human assets may leave, transferring the human capital to alternative employers, and hence any advantage may be lost (Coff, 1997). As a consequence, companies have to ensure, with the help of their STM practices, that employees have little ability (or willingness) to leave the

firm (Peteraf, 1993). This can be achieved if human assets are characterized by firm specificity, social complexity, and causal ambiguity (Barney, 1991; Coff & Kriscynski, 2011; Hall, 1993; Reed & DeFillippi, 1990).

Based on Riordan and Williamson's (1985) theory of asset specificity, Coff and Kriscynski (2011) find that *firm specificity* is the extent to which individual assets are tailored to the requirements of a specific firm. Firm specificity, in this context, describes the extent to which human assets are more valuable to the company than to competitors. This limits employees' mobility due to their skills being of lesser value to the competitor (Coff & Kriscynski, 2011).

Social complexity refers to the extent to which strategic assets are embedded in highly complex social systems (Barney, 1991). These socially complex systems hinder the replication of human assets because systems that are more complex are harder to copy. Additionally, as complexity increases, it becomes more difficult for competitors to extract individual employees out of the company without diminishing their value which further decreases employee mobility (Coff & Kriscynski, 2011).

Causal ambiguity is the degree to which it is possible to link individual assets with organizational performance (Lippman & Rumelt, 1982; Reed & DeFillippi, 1990). On the one hand, it may be difficult to link human capital to performance (Coff & Kriscynski, 2011). On the other hand, tacit knowledge is difficult to decode because it is deeply rooted within employees (Felin & Hesterly, 2007). Thus, tacit knowledge can be causally ambiguous for both managers and competitors, because it is unclear who possesses the knowledge and which knowledge is crucial for success. For competitors, causal ambiguity complicates the process of identifying the valuable employees to be approached (Coff & Kriscynski, 2011).

It is concluded that the mere existence of human assets is not a source of sustainable competitive advantage, since companies must be able to deal, amongst others, with intention to leave (Coff, 1997). Hence, this study argues that a sustainable competitive advantage can be achieved only when human assets (Wright et al., 1994) are combined with an efficient STM (Lado & Wilson, 1994). The latter is needed to fulfill the third criteria of competitive advantage, inimitability, by decreasing voluntary employee turnover.

Derivation of Hypotheses

Realistic Job Preview and Employees' Intention to Leave

Realistic job preview (RJP) provides a clear picture of the position through a preview of positive and negative

information in order to at least partially ensure that the applicant's expectations about a job are met. In the HRM literature, various forms of RJP have been differentiated. MNCs can, for example, provide RJP in a written or in an oral form (Saks & Cronshaw, 1990). It has been shown by Phillips (1998) that RJP effects were stronger when RJP was provided verbally rather than via a videotape or a booklet. Moreover, prior exposure to the job is also an efficient tool of RJP (Meglino, Ravlin, & DeNisi, 2001). Particularly in emerging markets, where voluntary employee turnover generally is high, due to employees being able to quickly and easily move to global competitors or local companies that appear to offer greater overall rewards, meeting the descriptions made in the job interviews is crucial (Ready et al., 2008). RJP has consistently been associated with decreased turnover (Earnest et al., 2011). Given that candidates have alternatives to an undesirable job, it is assumed that providing RJP results in the applicant deciding for the job that is best suited to him or her. This, in turn, results in a lower level of voluntary turnover due to increased employee commitment (Breugh & Starke, 2000). Furthermore, a significant level of turnover occurs within the first year of employment (Allen, 2006; Allen & Shanock, 2013; Griffith & Hom, 2001). This is mainly due to the fact that during the initial stages of employment, new employees tend to have unrealistic expectations about the new job. As a result, employees tend to have lower levels of motivation and higher levels of dissatisfaction (Hiltrop, 1995). McEvoy and Cascio (1985) and Premack and Wanous (1985) find that there is an (albeit modest) relationship between turnover and the use of RJP. They also report that RJP has a stronger effect on turnover for more complex jobs. RJP is thus a major linking mechanism between recruitment and turnover (Haden, 2012; Phillips, 1998).

From the RBV perspective, RJP leads to increased *social complexity*, since it embeds the employee within the company. The more the employees know about their job in advance, the more they can prepare and the easier it is for them to adapt and integrate into a socially complex system. Hence, the specific employee may be valuable to a competitor, but the complexity of the system makes it hard for the rival to extract the employee. It is suggested that by increasing *social complexity*, RJP can improve the nonimitability of human assets and lead to a sustainable competitive advantage by reducing voluntary employee turnover. Based on these considerations, the following is proposed:

Hypothesis 1: *Realistic job preview is negatively related to employees' intention to leave.*

Performance-Oriented Compensation and Employees' Intention to Leave

Existing research indicates that the salary of key employees should be a top priority, especially for those that are in higher job levels (Trevor, Gerhart, & Boudreau, 1997). Mitchell et al. (2001) emphasize the importance of fair and equitable compensation. This is in accordance with the finding that it is crucial to design the performance evaluation process in such a way that it shows employees the company's willingness to recognize high levels of performance. Performance-oriented compensation is an important STM practice because employees perceive that they are valued by the company (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Peterson and Luthans (2006) provide evidence that financial rewards are even more important than social rewards.

Although it has been found that it is not compensation alone that motivates employees, a large number of employees quit their job due to dissatisfaction with their compensation and/or the opportunity to start higher paying jobs elsewhere (Bryant & Allen, 2013). Hence, performance-oriented compensation systems are not only crucial for efficient recruitment and selection, but also for retention of highly motivated and talented employees (Gupta & Shaw, 2014).

Also from the perspective of the RBV, performance-oriented compensation is a crucial instrument to link employee performance with retention strategies and competitive advantage, because it enhances *firm specificity*. The better employees are rewarded for their achievements, the more they will be willing to specialize in company-specific skills and knowledge. This increases the extent to which human assets are more valuable to the current firm than to competitors. It is posited that by increasing *firm specificity*, performance-oriented compensation can improve the nonimitability of human assets and lead to a sustainable competitive advantage by reducing voluntary employee turnover. Based on these considerations it is proposed:

Hypothesis 2: *Performance-oriented compensation is negatively related to employees' intention to leave.*

Work-Life Balance and Employees' Intention to Leave

The origin of the term work-life balance (WLB) is fiercely contested, although scholars (e.g., Beauregard & Henry, 2009) suggest that WLB emerged from the necessity of businesses to manage increasing problems with absenteeism, health stress, labor retention, and the need to garner an image as an empathetic and socially responsible company (Mordí, Mmieh, & Ojo, 2013). The general concept

of WLB is to maintain a good balance between one's work and private life.

Chalofsky (2003) argues that an equilibrium between work and life is achieved by balancing work and free time aspects through a supportive environment that provides employees with flexible working conditions. Recent HRM practices enable an increase in WLB, for example, child care or family care leaves at different times, flexible time systems, and in-company nursery facilities (Yamamoto, 2011). Employees who do not have a satisfactory WLB are more inclined to look for a job in another company that provides policies conducive to WLB (Ernst Kossek & Ozeki, 1998). WLB policies and programs that intent to reduce the conflicts between work-life and family-life increase the commitment of employees to the company and lead to higher levels of retention (Bruck, Allen, & Spector, 2002; Casper & Buffardi, 2004; Forsyth & Polzer-Debruyne, 2007). According to Forsyth and Polzer-Debruyne (2007), the perception of effective support for WLB is assumed to increase job satisfaction, reduce work pressure, and consequently reduce leaving intention. Similarly, Maxwell (2005) posits that WLB policies enhance employee retention. The adoption of this concept enables employees to lead satisfying lives, which not only improves productivity but also increases retention of talented key employees (Yamamoto, 2011). Based on these arguments, WLB is considered a strategic asset for STM and a key element of retention strategies (Cappelli & Singh, 1992).

From the perspective of RBV, it can be argued that WLB increases *social complexity*, as it embeds employees within the social system of the company. When companies support a balance between work and life, employees are satisfied with their job, feel less job pressure and feel as a part of the company. This embeds them within the company and leads to increased difficulty for competitors to extract individual employees from the company. It is stated that through supporting WLB, companies can increase *social complexity* and thus improve the nonimitability of human assets by reducing voluntary employee turnover which leads to a sustainable competitive advantage. Hence, it is assumed that:

Hypothesis 3: *Work-life balance is negatively related to employees' intention to leave.*

Perceived Organizational Support and Employees' Intention to Leave

According to several scholars (e.g., Eisenberger, Fasolo, & Davis-LaMastro, 1990; Maertz, Griffeth, Campbell, & Allen, 2007), providing organizational support in

the form of compensation and recognition strengthens employees' perception that the company cares about their well-being and values their contribution. This in turn evokes feelings of goodwill toward the company and strengthens the bond between employer and employee. Due to the underlying concept of reciprocity, employees will feel obligated to pay back and be motivated to be beneficial for the company (Eisenberger et al., 1990). These favorable behaviors and attitudes toward the company will be profitable for both sides (Eisenberger et al., 1986). It has been found that perceived organizational support (POS) enhances the employees' feeling that they are embedded within the company and is hence related to employee turnover (Allen & Shannock, 2012). A study by Allen, Shore, and Griffeth (2003) showed that POS strengthens the obligation felt by employees to support the organization in reaching its goals and increases affective organizational commitment, which in turn leads to reduced turnover. Similarly, POS may lead to a positive mood at work, which could then cause positive emotional associations with the organization itself, thereby increasing affective commitment (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001) and decreasing turnover intention (Maertz et al., 2007; Mathieu & Zajac, 1990).

Taking RBV into consideration, it can be assumed that organizational support adds to the *social complexity* of the company's human assets. When employees perceive organizational support, they feel embedded and build their structures and social networks within the company. This may lead to a certain degree of *social complexity*, which decreases turnover and thus imitability of human assets. The following is thus assumed:

Hypothesis 4: *Perceived organizational support is negatively related to employees' intention to leave.*

Mentoring and Employees' Intention to Leave

Mentoring is defined as a one-to-one relationship between an individual with advanced experience and knowledge (mentor) and an individual with less experience and knowledge (mentee) (Mullen, 1994). A mentor can support a mentee in several ways (Kram & Isabella, 1985) and be of advantage for the individuals involved. Advantages of mentoring are various and include skill development (Holtbrügge & Ambrosius, 2015) as well as decreased turnover intentions.

Based on RBV, it can be assumed that mentoring can enhance employees' embeddedness within the organization and thus enhance *social complexity*. Moreover, due to mentoring leading to skill development, the employees are more qualified according to the company's

requirements which additionally increases *firm specificity*. Mentoring thus increases both social complexity and firm specificity of the human assets, which leads to reduced employee turnover intentions, decreased imitability, and thus to a competitive advantage. Based on these considerations it is concluded:

Hypothesis 5: *Mentoring is negatively related to employees' intention to leave.*

Training and Development and Employees' Intention to Leave

Training and development of employees enables them to acquire job-related skills and competencies that are needed in managerial positions and for advancing their careers (Aguinis & Kraiger, 2009; Schuler & Tarique, 2012). However, it is assumed that general training and development, as opposed to company-specific training and development, can also have negative implications for companies with regards to employee retention (Kraimer, Seibert, Wayne, Liden, & Bravo, 2011) because an enhancement of general skills may increase employees' mobility (Trevor, 2001) and employees may thus be more likely to leave the current company looking for more desirable career opportunities in other companies (Kraimer et al., 2011). It can be argued that the better employees are trained and developed on a general level, the higher their mobility and the higher their chances are to be employed in another company. As a result, training and development, especially in highly competitive labor markets such as Brazil, can increase employees' intention to leave and thus lead to higher employee turnover.

The RBV also provides support to these considerations: If employees are highly skilled on a more general level, their *firm specificity* decreases. The more general their skills are, the greater their possibilities to work for competitors. Thus, general skills developed through training and development may lead to decreased firm specificity, which implies that employees can easily change the employer. This may increase employee turnover intentions which increases imitability and thus hinders competitive advantage. Thus, the following is proposed:

Hypothesis 6: *Training and development is positively related to employees' intention to leave.*

Perceived Career Opportunity and Employees' Intention to Leave

According to Kraimer et al. (2011), perceived career opportunity (PCO) is the degree to which employees perceive that they can achieve their career goals within their current company. Employees perceive their career opportunities with regards to their own subjective career

goals and interests, which may involve, for example, promotion and upward mobility along a vertical career track. It has to be considered that career expectations and aspirations are not uniform for all the employees of a company. This means that different employees may also perceive their career opportunities differently (Kraimer et al., 2011). Moreover, it has been found that career goals of employees change over time and with them, so do the PCOs. These changes do not only depend on changing career aspirations and expectations, but also on aspects like work history, career self-management, the signals employees receive regarding their career potential, and changes in personal circumstances (Kraimer et al., 2011). Promotional opportunities are one of the main reasons why top performers stay in a company (Gavino et al., 2012). Assuming that they have the same level of (dis)satisfaction, employees with more alternatives outside their employing company will be more likely to leave than others (Mitchell et al., 2001). We can thus assume that employees with the same degree of satisfaction who perceive that they have low career opportunities within the company will be more likely to leave than those who perceive their career opportunities to be high (Benson, Finegold, & Albers Mohrman, 2004; Bryant, & Allen, 2013). Employees may actively decide to leave their company in order to pursue career opportunities in another company or through self-employment if they believe this to be the best way to accomplish their career goals (Kraimer et al., 2011).

From a RBV perspective, it may be assumed that high PCO increases *social complexity* of human assets, because it embeds employees within the company. When employees feel that there are development opportunities waiting for them, they may be less likely to leave the company and human assets may thus be less imitable by competitors, which ultimately leads to a competitive advantage. Hence:

Hypothesis 7: *Perceived career opportunity is negatively related to employees' intention to leave.*

Moderating Effects of Perceived Career Opportunity

Besides this direct effect on employees' intention to leave, PCO can also have several effects on the composition of and interaction within the STM practices. Similarly to the study by Kraimer et al. (2011), it is suggested in this study that PCO within the company moderates the relationship between the previously mentioned STM practices and employees' intention to leave, in a way that PCO strengthens the relationship between the STM practices and intention to leave. In particular, it is argued that PCO moderates the impact of the STM practices on employees' intention to leave in the following ways:

Interaction with RJP, compensation, WLB, POS, or mentoring. If employees perceive that the company does not offer sufficient career opportunities, the negative relationship between RJP and voluntary turnover may be amplified. An employee who is not satisfied with the current job situation because it does not match the expectations, is not fairly paid, does not offer sufficient WLB and organizational support or does not offer mentoring and additionally does not perceive that there are sufficient career opportunities within the company, will tend to leave the organization.

Interaction with training and development. Training and development leads to increased employee mobility, as employees' skills will increase (Holtbrügge & Ambrosius, 2015). High levels of training and development support combined with the absence of career opportunities lead to increased employee turnover (Kraimer et al., 2011; London, 1993). A low degree of PCO is thus expected to amplify the positive relationship between training and development and employees' intention to leave. Based on these considerations it is assumed:

Hypothesis 8: *PCO moderates the relationship between the STM practices and employees' intention to leave, such that the impact of realistic job preview, performance-oriented compensation, work-life balance, perceived organizational support, mentoring, as well as training and development is stronger when PCO is low.*

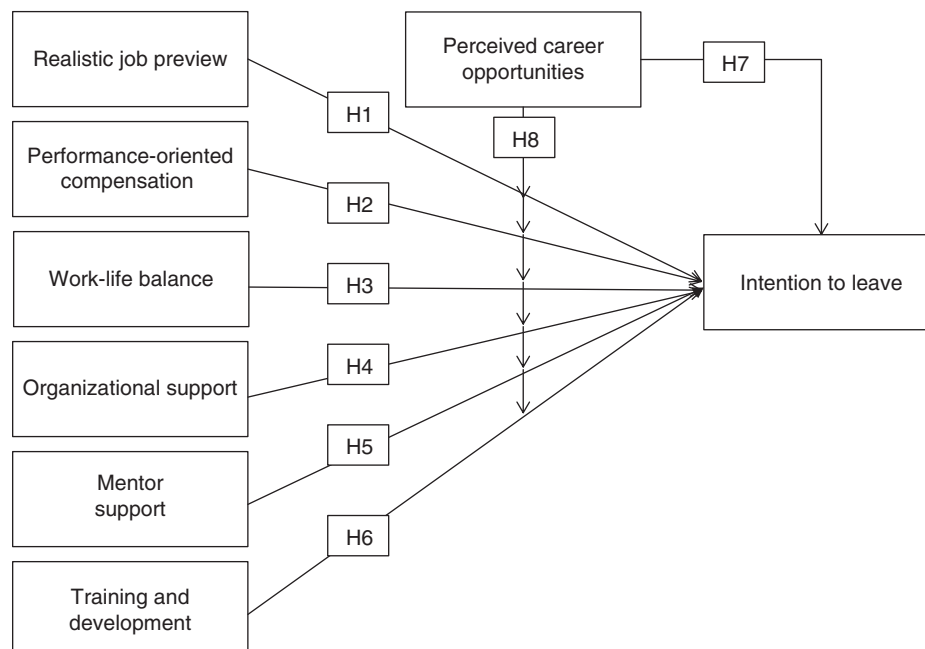
Figure 1 illustrates the research hypotheses in a conceptual framework.

Methodology

Sample and Methods of Data Collection

In order to test the hypotheses, the target population (Bryman & Bell, 2015) was defined as employees working in MNCs headquartered in Brazil. Results were obtained with the help of primary data collection by asking these employees to fill in an anonymous questionnaire comprising 63 questions. The questionnaire was distributed online, because these kinds of questionnaires can potentially reach a large sample of respondents, which is likely to increase the reliability of research (Bryman & Bell, 2015). In order to reach employees from Brazilian MNCs, the questionnaire was distributed via channels that were expected to be used by these employees. For example, the questionnaire was published on social network pages of the main MNCs listed in the major Brazilian stock exchanges, distributed via online business-oriented social network platforms, and sent per e-mail to members of the Chamber of Commerce Brazil-Germany, as well as to selected personal contacts. In line with snowball sampling (Goodman, 1961), the respondents were also requested to forward the questionnaire to their contacts in other Brazilian MNCs. In order to further increase the number

FIGURE 1 Research Model and Hypotheses



Control variables: Age, Pride in the organization

of respondents, the questionnaire was distributed in Portuguese and English; the translation from English to Portuguese was made by a native speaker from Brazil to ensure the accuracy and consistency of the questions.

To increase the probability of participation, closed questions were used, as these are easy to understand, quickly completed (Bryman & Bell, 2015), easily processed, and enable a more reliable and concrete comparison of the data collected (Synodinos, 2003).

The survey was conducted between May 2014 and March 2015. In total, 62 responses were collected. Out of these responses, 61 questionnaires were used for further analysis after excluding one questionnaire with missing data. The sample is composed of 66.1% male and 33.9% female participants. Most of the respondents are between 31 and 40 years old (59.6%), and 48.4% of the total sample indicated they were in managerial positions. The results showed a slight concentration of employees in accounting (32.8%), and customer services (18%). The majority of employees (43.4%) had worked in their company for three to five years.

Measures

The following constructs were all measured using a 5-point Likert scale (1=strongly disagree; 5=strongly agree). According to George and Mallery (2003) and Nunnally (1978), the internal reliability of each of the constructs is excellent, except for two that are acceptable. A component-rotated factor analysis revealed that all items of the different constructs highly load on one factor respectively, as recommended by Hutcheson and Sofroniou (1999). These findings allowed for creating one variable for each of the measures presented below by calculating the arithmetical average of the items for each variable. The exact values for internal reliability and Kaiser-Meyer-Olkin (KMO) can be found in Table 1.

Realistic job preview refers to the degree of accurate and complete information about the job (Pitt & Ramaseshan, 1995). The construct consists of the eight questions of Pitt and Ramaseshan's (1995) Depth and Accuracy of Job Information scale.

Performance-oriented compensation refers to the degree to which employees feel that they are being rewarded according to their performance and accomplishments. The construct consists of nine questions, from the groups pay level, benefits, and structure/administration in the Pay Satisfaction Questionnaire proposed by Heneman and Schwab (1985). No questions from the group raises were selected as the analysis of satisfaction related to changes in pay level is not relevant for this study. The questionnaire was used to ask the respondents to rate, for

example, the following statements: "I am satisfied with my take-home pay" and "I am satisfied with my current salary."

Work-life balance refers to the extent to which employees perceive a balance between work and free time. The construct consists of eight questions, selected from studies developed by Netemeyer, Boles, and McMurrian (1996) and by Waumsley, Houston, and Marks (2010). Six items were selected from Netemeyer et al.'s scale which consists of 10 items. Two questions from Waumsley et al. were selected. The respondents were asked to rate, among others, the following statements: "The demands of my work interfere with my home and family life" and "The amount of time my job takes up makes it difficult to fulfil family responsibilities."

Perceived organizational support refers to the extent to which employees perceive to get support from the company they work for. The construct consists of 10 questions from Eisenberger et al. (1986). As the original scale is unidimensional and has high internal reliability, the use of shorter versions does not appear problematic (Rhoades & Eisenberger, 2002). Thus, 10 out of 36 items were selected for the purpose of this study. The questionnaire included three reverse-scored questions; sample questions are: "The company values my contribution to its well-being" and "The company strongly considers my goals and values."

Mentoring refers to the degree to which employees perceive to receive support by a mentor. The two questions related to mentoring were selected from Noe (1988). The respondents were asked to rate the following statements: "I respect and admire my mentor" and "My mentor gave me feedback regarding my performance in the job."

Training and development refers to the degree to which the company enables employees to further develop themselves. The construct consists of three questions, selected from studies conducted by Tsui, Pearce, Porter, and Tripoli (1997) and London (1993). Only questions related to training and development were selected. Two items from Tsui et al. (1997) and one item from London (1993) were used. The respondents were asked to rate the following statements: "The company trains employees on skills that prepare them for future jobs and career development," "The company allows employees to have the time to learn new skills that prepare them for future jobs," and "The company provides adequate time to attend trainings."

Perceived career opportunity refers to the degree to which employees feel that they can realize their career goals within the company. Questions that are linked to PCO were identified from the scales of Tsui et al. (1997)

TABLE 1 Descriptive Statistics and Correlations

	Mean	Std. dev.	Intern. reliab.	KMO	1	2	3	4	5	6	7	8	9	10
<i>Control variables</i>														
1. Age	7.10°	1.315	—		1									
2. Pride in the organization	4.0172	.82699	—		.173	1								
<i>Independent variables</i>														
3. RJP	3.4303	.95594	.937	.865	-.118	.326*	1							
4. Compensation	4.5444	1.0031	.959	.835	-.028	.619**	.313*	1						
5. WLB	2.9625	.95400	.884	.884	.120	.003	.206	-.039	1					
6. POS	2.1237	.89891	.715	.862	.142	.743**	.303*	.644**	-.005	1				
7. Mentor support	3.3944	.87809	.922	.500	-.110	.263*	.288*	.149	.320*	.277*	1			
8. Training and development	3.4000	1.17650	.934	.763	.107	.532**	.323*	.604**	.114	.799**	.287*	1		
<i>Moderator variable</i>														
9. PCO	3.4000	1.07278	.922	.810	.121	.589**	.320*	.639**	.094	.781**	.247	.897**	1	
<i>Dependent variable</i>														
10. Intention to leave	2.3736	1.39349	.969	.769	-.345	-.408**	-.074	-.206	.102	-.443**	.149	-.146	-.168	1

Notes: N = 61; ° = $p < .05$, * = $p < .01$, ** = $p < .001$, ° 7 = category from 31–40 years old.

and London (1993). Sample questions are: “The company provides career counseling and planning assistance to employees” and “The company helps me to develop career plans.”

Intention to leave refers to the degree of employees’ willingness to quit the job in the company they are working for. For this construct, the three items from Tymon, Stumpf, and Doh (2010) were used.

Also, two additional variables were included as controls in the model. First, age was included as a control variable, as it has been shown that age contributes to the understanding of employee turnover (Mobley, Griffeth, Hand, & Meglino, 1979). As a second control variable, the degree of employees’ pride in their organizations (measured on a 5-point Likert scale) was included because this is seen as an influencing factor for the success of STM practices (e.g., Tymon et al., 2010).

Methods of Data Processing and Data Analysis

Table 1 gives an overview of the means, standard deviations, internal reliabilities, and correlation coefficients of all variables.

In order to test for multicollinearity, variance inflation factors (VIF), which measure the impact of collinearity among the variables in a regression model, were computed. Due to the fact that the product of predictor variables (moderator variable $\times$ independent variable) was added to an additive regression model (Disatnik & Sivan, 2014), the VIF for model 2 are above the acceptable level of five (Cohen, Cohen, West, & Aiken, 2003). It is argued that in “moderated multiple regression a high correlation between the product term and the independent variables does not imply a multicollinearity problem” (Disatnik & Sivan, 2014, p. 3) because “the multicollinearity that is often obtained in moderated multiple regression is simply a matter of interval scaling and therefore does not create a multicollinearity problem and is irrelevant to estimating and testing the interaction” (Disatnik & Sivan, 2014, p. 4). The level of VIF values does thus not have any further implications on the results of the study. The test is followed by an analysis of the values of the coefficients in model 2. The fact that they are above one may also hint at multicollinearity (Jöreskog, 1999). This is also explained by the rationale provided above and does thus not have any further consequences for the interpretation of the results.

There is a strong concern for common method variance when dependent and independent variables are evaluated in the same questionnaire, using perceptual measures from the same respondents (Podsakoff & Organ, 1986). To address the potential issues of common

method bias, several measures were applied ex-ante and ex-post (Chang, van Witteloostuijn, & Eden, 2010; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

Ex-ante, anonymity, and confidentiality were assured to the participants and it was pointed out that there are no right or wrong answers and that participants should not be afraid to answer honestly. No confidential information was asked, instead the questionnaire relied on subjective perceptions. It was furthermore assured that the data was treated highly confidentially and could not be traced back to the identity of the respondent (Chang et al., 2010). The language of the questionnaire was kept concise, in order to avoid transient moods and fatigue so that respondents could fill out the survey with full cognitive ability (Harrison, McClaughlin, & Coalter, 1996; Lindell & Whitney, 2001; Podsakoff et al., 2003; Synodinos, 2003).

The ex-post measure comprised the Harman’s single factor test (Podsakoff et al., 2003). All the variables used in this study were entered into an exploratory factor analysis, using unrotated principal component factor analysis, principal component analysis with varimax rotation, and principal axis analysis with varimax rotation in order to compute the number of factors that are necessary to account for the variance in the variables. The results indicate the existence of three distinct factors with eigenvalue greater than 1.0, rather than a single factor. The three factors together accounted for 70.094% of the total variance. Furthermore, accounting for 41.832%, the first (largest) factor did not account for the majority of the variance. Since neither a single factor emerged from the factor analysis nor one general factor accounted for the majority of the variance among the variables, common method bias is not regarded as a concern in this study (Podsakoff & Organ, 1986).

Results

In order to test the research hypotheses, regression analyses of the independent variables on the dependent variables were applied. The results of the analyses are presented in Table 2. The base model as well as model 1 and 2 are significant ($4.465 < F\text{-value} < 8.058$) on a $p < .001$ level.

The base model contains only the control variables. It reveals a highly significant coefficient for pride in the company ($\beta = .072^{**}$). Age ($\beta = -.222$) has no significant impact, while the direction indicates that the younger the employees, the higher the intention to leave.

In model 1, the independent variables are included and in model 2, the moderator terms as well as the

interaction terms are added. The explained variance increases from adjusted $R^2 = .188$ to adjusted $R^2 = .324$ and adjusted $R^2 = .460$, thus indicating the relevance of the independent and the moderator variables. A t -test revealed that there are no significant differences between female and male employees and their intention to leave the company. Furthermore, it was tested whether there is a significant difference in intention to leave between employees who had a shorter organizational tenure (zero to three years) and employees who had a longer organizational tenure (more than three years) within the company. Surprisingly, the difference was not significant.

Hypothesis 1 proposed that RJP is negatively related to employees' intention to leave. The coefficient is not significant on a $p < .05$ level, and thus the hypothesis is not supported. This may be explained by the fact that employees in Brazilian MNCs know what to expect from their jobs due to information from, for example, friends or other institutions besides the workplace. Hypothesis 2 assumed that performance-oriented compensation is negatively related to employees' intention to leave. The coefficient is not significant on a $p < .05$ level and thus provides no support for the hypothesis. This may lead to the conclusion that financial rewards are not the main priority for employees in Brazilian MNCs. For them, other factors like organizational support may be more important. Here, it has to be taken into consideration that there is a huge disparity between poor and rich in Brazil (Hasler, Thompson, & Schuler, 2006). For STM practices like compensation in particular, the financial background of the respondent may imply huge differences in the valuation of financial rewards. If an employee is from a wealthier background, it may not be necessary for him/her to leave the company due to comparatively low compensation, while for other employees this may be the most important factor to change the company. This surprising result may lead to the assumption that within this sample, Brazilians from a wealthier background posed the majority.

Hypothesis 3 assumed that WLB is negatively related to employees' intention to leave. The coefficient shows the expected direction, but is not significant on a $p < .05$ level. Thus, the hypothesis is not supported. An explanation for the fact that WLB is not negatively related to voluntary employee turnover may be that there was no distinction between employees with and without families, which would make a crucial difference for the importance of WLB.

Hypothesis 4 proposed that organizational support is negatively related to employees' intention to leave. As the coefficient is negative and significant on a $p < .001$ level, the hypothesis is supported.

Hypothesis 5 proposed that mentoring is negatively related to employees' intention to leave. The study, however, does not support this hypothesis. It may be due to the fact that the study did only take into account few mentoring functions. In a study by Scandura & Viator (1994), for example, only the career development function, a function that was not specifically asked for in the questionnaire, was associated with lower protégé turnover intentions.

Hypothesis 6 claimed that training and development is positively related to employees' intention to leave Brazilian MNCs. As the coefficient is positive and significant on a $p < .01$ level, the hypothesis is supported.

Hypothesis 7 stated that PCO is negatively related to employees' intention to leave. The study provides support to the assumption that the lower employees perceive their career opportunities to be within the company, the higher their willingness is to leave the company. As the coefficient is positive and significant on a $p < .001$ level, the hypothesis is supported.

Hypothesis 8 proposed that PCO moderates the relationship between the STM practices and employees' intention to leave, such that each relationship is stronger when PCO is low. The study finds that the relationships between employees' intention to leave and organizational support, mentoring, as well training and development are moderated by PCO.

Table 2 shows the regression results.

Discussion and Conclusion

This study extends RBV by conceptualizing STM practices as an important tool to embed employees within the company (inimitability) in order to achieve a sustainable competitive advantage. The study further theorizes and empirically shows that the relationship between STM and employee retention is partially moderated by PCO. Additionally, the findings reveal that when dealing with employee retention in Brazilian MNCs, both STM practices and human capital pool need to be taken into consideration. A holistic view of both of the factors can lead to successful employee retention in Brazilian MNCs. The present study highlights the importance of tailored and unstandardized talent management systems that acknowledge the specific requirements of firms' different hierarchical positions as well as unique managerial skills (Claussen, Grohsjean, Luger, & Probst, 2014). Especially in highly competitive labor markets like Brazil, firms need to adapt quickly and proactively to institutional changes in order to survive among the increasing pace of global market competition (Paik, Chow, & Vance, 2011).

TABLE 2 Regression Results

	Base Model	Model 1	Model 2
Intention to Leave			
<i>Control variables</i>			
Age	-.222	-.182	-.207
Pride in the organization	-.378**	-.152	-.164
<i>Independent variables</i>			
RJP		-.053	.009
Performance-oriented compensation		.084	-1.362
WLB		-.008	-.952
POS		-.786***	2.476
Mentor support		.260**	-2.197**
Training and development		.468**	-2.920**
<i>Moderator variable</i>			
PCO			-4.286***
<i>Interaction terms</i>			
PCO* RJP			-.118
PCO* Compensation			2.276
PCO* WLB			1.037
PCO* POS			-5.403**
PCO* Mentor support			4.063**
PCO* Training and development			6.457**
Adjusted R ²	.188	.324	.460
ΔR^2	.215	.198	.181
Model F value	8.058***	4.647***	4.465***

Notes: N = 61; standardized coefficients shown; * = $p < .05$; ** = $p < .01$; *** = $p < .001$.

Theoretical Implications

This study makes several contributions to research on STM in Brazilian MNCs, employee retention, RBV, as well as research on international HRM. The study shows that RBV is an appropriate framework to explain the strategic importance of efficient STM in Brazilian MNCs. Similarly to Coff (1997), the present study argues that human assets alone cannot be the source of a sustainable advantage. The results of the study suggest that companies must have both the human assets and the STM practices to manage them. Each element may be necessary, but neither by itself may be sufficient to bring about a sustainable advantage (Coff, 1997). In the case of the present study, employees' intention to leave was the focus area of the analysis. Based

on RBV, it was argued that reduced employee turnover leads to decreased imitability of human assets. Hence, the present study strengthens the link between STM practices as antecedents to turnover which influences imitability. The presented STM practices mainly tackle two out of the three levers of nonimitability, namely, firm specificity and social complexity. An aspect that was not taken into account is that all of the STM practices presented may also have an influence on the other characteristics of competitive advantage, namely value and rareness. Mentoring, for example, could enhance rareness (contacts to upper management) or value (knowledge) of the human asset resource. Practices could thus be positively related to competitive advantage, even if this cannot be shown within the scope of the present study.

By theorizing the relationships between STM practices and employee turnover, the study sheds light on the benefits that these STM practices bring for employee retention. Whereas the notion of STM fits to RBV, employee retention has rarely been analyzed under the aspect of this theory. This far, literature has mainly adopted employee motivation theories when it comes to employee retention. This study is among the first to analyze employee retention from the perspective of the RBV. It further enhances the RBV for the perspective of STM by emphasizing that, even if the workforce is highly qualified, efficient STM is crucial for a company to benefit most from its human capital and thus build up a competitive advantage.

Managerial Implications

The present study also entails several recommendations for managerial practices. It identifies the STM practices that are the most important levers for lowering employees' intention to leave within Brazilian MNCs. The study specifically highlights the importance of considering the areas of organizational support, training and development, as well as PCO. According to the results of this study, organizational support by the company is crucial for Brazilian employees' willingness to stay with the company. The more organizational support the Brazilian MNC can offer, the higher the probability that employees stay within the company. Brazilian MNCs may thus enhance their support even further by, for example, implementing systems that allow for flexible and timely compensation of employees' achievements.

The study also reveals that a high degree of PCO within the company can amplify the relationship between organizational support and employee turnover. Thus, Brazilian MNCs should aim at further developing their career opportunities and communicating them openly. The results indicate that the more a Brazilian MNC

trains and develops its employees with regards to general skills, as opposed to highly company-specific skill, the higher the chances are that they find other, potentially better paying jobs in different companies due to their qualifications. As studies show, a change of company can bring higher compensation than job changes within a company (Keng, 2014). Hence, it can be assumed that it is imperative for Brazilian MNCs to modify their training and development programs in such a way that employees will not leave the company afterwards. Companies can achieve this by offering company-specific training and development to their employees, during which they learn skills that they could not easily apply in other companies instead of rather general trainings. This can further be supported by directly showing employees potential career opportunities during their training and development. Ultimately, training and development within a Brazilian MNC can only lead to success for both company and employees if the company offers sufficient internal career opportunities for their employees as well as tailored trainings and development programs.

Additionally, the study reveals that it is crucial for Brazilian MNCs to implement the right coaching for mentors. Mentors are of high advantage to employees (Kram & Isabella, 1985). As mentors increase the skills and qualifications of their mentees (Holtbrügge & Ambrosius, 2015), in the case of the Brazilian MNCs analyzed in the present study, highly skilled employees may be very attractive for competitors and have high chances to find a new employment. It is thus suggested that Brazilian MNCs focus on developing concrete strategies for implementing mentor coaching. These strategies may include training for mentors that explains how to show mentees possible career development opportunities within the company.

The study further finds that PCO is negatively related to employees' intention to leave their current company. Hence, it is concluded that there is a strong need for Brazilian MNCs to offer career opportunities for employees or rather make these opportunities visible for the

employees. This can be achieved by establishing talent pools where job opportunities within the company are listed. These pools should be accessible for all employees. Furthermore, HR departments may be encouraged to proactively point out career opportunities to qualified employees. However, Brazilian MNCs also need to consider that talent turnover does not always have a negative effect on the company (Minbaeva & Collings, 2013). If the position in question is not strategic, the MNC may consider allowing talent to leave the company, since some employees join potential clients or partners when they leave (Somaya & Williamson, 2008). Companies should thus adopt a more holistic perspective and also take into consideration positive outcomes of employee mobility (Minbaeva & Collings, 2013).

Limitations and Future Research

Although several preventive and statistical measures were used to address common method variance concerns (Podsakoff et al., 2003), the study relies exclusively on self-reports of the employees. The fear of admitting that they are willing to leave the company may be one potential bias, despite the assurance of anonymity to respondents in order to avoid this issue. Furthermore, the study measured a subjective outcome, that is, intention to leave, with a partially objective measure: talent management practices (Yamamoto, 2011). Future studies should apply more objective measures of retention, for example, by directly asking the companies about concrete numbers for employee turnover. Another limitation of the study is the relatively small sample size. A generalization should thus only be undertaken with care. Furthermore, a bigger sample size may reduce the multicollinearity concerns in future studies (Disatnik & Sivan, 2014). Also, this study took only the employee perspective and did not consider HR employees' or managers' perspectives in general. Future studies may consider the perspective of HR departments in order to find more useful insights from the operational perspective.



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