

## **HUMAN RESOURCE PRACTICES, ORGANISATIONAL COMMITMENT, AND TURNOVER INTENTION AMONG BANK EMPLOYEES IN SARAWAK, MALAYSIA**

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### **ABSTRACT**

*Banking industry is becoming more competitive due to escalating bank branches every year. It has been recorded that one of the industries with highest rate of turnover is financial service sector. Employee turnover is contributed by demanding working atmosphere and burdensome workloads. High turnover rate can adversely influence bank's performance and productivity. It has been exhibited in previous studies concerning association between human resource practices and turnover intention and the role of organisational commitment as a mediator between human resource practices and turnover intention. A total of 283 questionnaires were distributed to bank employees in Kuching, Sarawak, Malaysia. Data analysis disclosed that there is a negative relationship between human resource practices and turnover intention and organisational commitment mediates the associations. The results of the study revealed the importance of bank employers to improve its current human resource practices for boosting organisational commitment and lowering employee turnover intention. Originality/value of this research study lies on its contribution as the first field study to be performed in Sarawak, Malaysia in relations to human resource practices on turnover intention among bank employees with mediating role of organisational commitment.*

**Keywords:** human resource practices, organisational commitment, turnover intention, intense stress, banking industry

## **INTRODUCTION**

One of the crucial and prolonged predicaments encountered by organisation is employee turnover, which lead to lose of talents and incurs greater employment costs such as provision of training to new employees (Khan, 2018; Loi et al., 2006). Turnover intention and turnover behaviour are two distinct concept (Cohen et al., 2016), but correlated (Cho & Lewis, 2012). According to the study conducted by Jasleen and Bajwa (2016), it was posited that the presence of a demanding work environment, characterised by complex project tasks and extended working hours, can lead to heightened levels of stress among bank employees. Consequently, this increased stress level has been found to be associated with a greater likelihood of employees expressing their intention to leave the organisation, also known as turnover intention (Balogun & Olowodunoye, 2012; Husain et al., 2015). Statistics report that banking and finance sector in Malaysia has a high rise in turnover rates over the five years from 2009 to 2015 (Arvindraj & Shanmugam, 2019). Letchumanan et al. (2017) further supported this notion and mentioned that the turnover rate in the banking industry particularly in Malaysia is increasing. When employee turnover is high, organisation will incur direct and indirect employment expenses (Khan, 2018). Furthermore, it can also adversely influence organisation's performance, operational costs, and margins as well as morale of the employees (Dwomoh & Korankye, 2012; Shukla & Sinha, 2013).

Factors that contribute turnover among employees are closely associated to human resource practices (Branham, 2005; Kasa et al., 2021). Extant studies concerning employee turnover were mostly carried out in the Western context, mainly in Australia, Canada, the United Kingdom, and the United States (see for example, Maertz et al., 2003; Ovadje, 2009). Hence, this study contributed to the body of knowledge on the influence of human resource practices on turnover intention among bank employees with mediating role of organisational commitment from Sarawak, Malaysia – a developing economy with high power distance and collectivist cultural values. SarawakJobs (2020) reported that staff turnover in Sarawak is alarming and it is being regarded as the third biggest challenge (31%) that businesses encountered in 2019–2020. Letchumanan et al. (2017) further supported that the employee turnover in banking sector is a common phenomenon for employees in Malaysia since early 1990's and such trends also occurred in Sarawak. To explain the relationship between human resource practices, organisational commitment, and turnover intention, the social exchange theory (SET) is used as underpinning theory in this study as it makes up the primary underlying elements of relationship between employee and employer.