THE RELATIONSHIP BETWEEN SELECTED ORGANIZATIONAL CULTURE AND EMPLOYEES’ TURNOVER INTENTIONS

by

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This project is submitted in partial fulfilment of the requirements for a Bachelor of Science with Honours (Human Resource Development)

Faculty of Cognitive Sciences and Human Development
UNIVERSITI MALAYSIA SARAWAK
2010
The project entitled The Relationship between Selected Organizational Culture and Employees’ Turnover Intentions was prepared by Ng Kee Kee and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development).

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ACKNOWLEDGEMENT

Firstly, I would like to express my thanks to the people who helped me in the completion of this research.

Special thanks are granted to my supervisor Pn. Zaiton Hassan, who has dedicated much of her time and energy to assist me in executing my research. Her mind of thought, guidelines, encouragement and valuable advices aided me a lot in completing the research. Her continuous support and explanation have given me a lot of valuable knowledge in carrying out the research.

Secondly, I wish to extend a word of thanks to the staffs of Naim Holdings Berhad for helping me in completing the questionnaires. Furthermore, I would like to express my sincere gratitude to the HR officer of Naim Holdings Berhad, Mr. Benny Stanley for helping me in distribution of the questionnaires.

Last but not least, I wish to express my deepest appreciation and sincere gratefulness to those who kindly assisted me in conducting this research including all my family members for their moral support and also all the lecturer and staff of Faculty of Cognitive Sciences and Human Development for their contribution towards the successful completion of my study.
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ABSTRACT

THE RELATIONSHIP BETWEEN SELECTED ORGANIZATIONAL CULTURE AND EMPLOYEES’ TURNOVER INTENTIONS

NG KEE KEE

Employees tend to demonstrate turnover intentions when organization culture was not match with their expectation. The main objective of this study is to determine the relationship between organization culture and employees’ turnover intention in an organization. Four organization culture were selected namely job challenge, teamwork, innovation and fairness. Sixty respondents from a selected construction organization were participated in this study and the data was analyzed by using Statistical Packages for the Social Sciences (SPSS) Version 17. T-Test, ANOVA, Pearson Coefficient Correlation and Simple Linear Regression were used to test the research hypotheses. Findings of this study showed that all four selected organization culture have a significant and weak negative relationship with employees’ turnover intention in that particular organization. Results also showed there is no difference between selected respondents from difference demographic characteristics (gender, age and education) level in term of their turnover intention. Innovation was the dominant factor among all independent variables that influencing employee’s turnover intention in an organization. Therefore, this study provides a perspective on link between organization culture and turnover intention among their employees. It is suggested to the management can effectively manage employees’ turnover intentions by emphasis on the norms of organization cultures.
ABSTRAK

HUBUNGAN ANTARA BUDAYA ORGANISASI YANG TERPILIH DAN KEINGINAN UNTUK BERHENTI PEKERJA

1.0 Introduction

The purpose of this study was to investigate the relationship between organization culture and employees’ turnover intention. There were several sections in this chapter. Section 1.1 was the background of study and Section 1.2 described the statement of problem. However, Section 1.3 was the research objective. Then, Section 1.4 discussed the research hypotheses of this study. The next section, Section 1.5 presented the research framework while Section 1.6 presented significance of the study and Section 1.7 presented definition of terms. Lastly, Section 1.8 discussed the limitations of the study and Section 1.9 summarized all the important elements in this chapter.

1.1 Background of Study

In this modern day, there was a critical issue occurred in most of the organization. This critical issue was turnover. According to Khatri, Chong and Budhwar (2006), in Asia, employees’ turnover is giving sleepless nights to Human Resources Managers. High turnover rate created a lot of problem to an organization, for instant, low loyalty
among employees and high budget was required to retaining talents. This was supported by Schalk and Freese (1997) who found that employee loyalty has long been a concern of employers because of its link to behaviors such as attendance, turnovers, and organizational citizenship. In fact, loyal employees were essential and beneficial to successful businesses. As the consequences, high turnover rate lead to low loyalty among employees and directly affect the performance of organization. Griffeth, Hom and Gaertner (2000) found that high turnover rate where cause by certain organization culture in an organization lead to absenteeism among employees.

As stated in study of Carmeli (2005), many studies indicated that personal-related variables such as stress, motivation, satisfaction and work commitment have influence on employees’ turnover intentions. On the other hand, Baysinger and Mobley (1983, as cited in Carmeli, 2005) indicated that organization cultures also affect employees’ turnover intention. Therefore, understanding the important of organization culture in predict employee actual turnover can provide useful information on how to address turnover in an organization effectively.

1.2 Statement of Problem

High turnover intentions bring a lot of problems to the organization. For instant, high turnover rate in an organization lead to a concomitant loss of revenue (Deery & Iverson, 1996). However, relationship between organizational culture and turnover intention is scant concerned by the researchers. According to Arnold (2005), organizational culture was the distinction norm, beliefs, principles and ways of behaving that combined to give each organization its distinct character. Carmeli’s (2005) study indicated that employees’ withdrawal intentions were partly products of organizational culture. Due to the relationship, it was important to understand organizational culture to cope the problem of turnover.

Compdata Survey (2007) showed that 21.3% of turnover rate was reported in hospitality industry and followed by healthcare industry (15.5%) (Bares, 2008) at
western country which caused by certain organization culture such as job challenge, teamwork, innovation and fairness. This indicated that employees’ withdrawal intentions were linked with certain organization culture and employers should concern more in this aspect when managing turnover processes. Turnover intentions were identified as the immediate precursor to actual turnover behavior (Mobley, Horner & Hollingsworth, 1978; Tett & Meyer, 1993, as cited in Carmeli, 2005).

In the early stages, employees’ turnover intention was first manifested in the form of attitudes. These attitudes were initially expressed as judgments regarding specific attributes of the working environment (i.e. satisfaction). This statement was supported by research done by Carmeli (2005), which found that many studies had explored employees’ turnover intention by investigating personal-related variables such as job satisfaction, and stress. However, more study to investigating organization-related variables is needed to understand more in employees’ turnover intention.

High turnover rate created a lot of problems to the organization such as low profit, low performance and lack of skill among employees. So, this study attempted to provide a perspective of link between organizational culture and turnover intention and designed to identify what are the organizational culture factors that influence employees’ turnover intentions.

1.3 Objectives

In this research, objective was divided into two sections which were general objective and specific objective.

**General Objective:** To determine the relationship between organization culture and employees’ turnover intention.
Specific Objectives

1) To examine the relationship between job challenge and employees’ turnover intention in an organization.
2) To examine the relationship between teamwork and employees’ turnover intention in an organization.
3) To examine the relationship between innovation and employees’ turnover intention in an organization.
4) To examine the relationship between fairness and employees’ turnover intention in an organization.
5) To determine the dominant factor among all independent variables that influencing employee’s turnover intention.
6) To determine if there is any difference between selected respondents from difference demographic characteristics (gender, age and education) level in term of their turnover intention.

1.4 Hypotheses

Alternative hypotheses were used in this study to test the relationship between organization culture and employees’ turnover intention. If alternative hypotheses were rejected, then null hypotheses would be accepted. Alternative hypotheses in this study were shown below and some statements were used to support alternative hypotheses.

1. Hypothesis (H₁): There is a significant relationship between job challenge and employees’ turnover intention.
   - Job enrichment to create job challenge may lead to higher job satisfaction and eventually less turnover intentions are demonstrated (Jacobs, 2005).
2. Hypothesis (H₂): There is a significant relationship between teamwork and employees’ turnover intention.
• Good teamwork is associated with better job satisfaction (Thomas, Sexton, & Helmreich, 2003).

3. Hypothesis (H₃): There is a significant relationship between innovation and employees’ turnover intention.
   • People can be satisfied with their jobs, but will still demonstrate high turnover intentions if opportunities of achievement, creativity and etc are not given (Jacobs, 2005).

4. Hypothesis (H₄): There is a significant relationship between fairness and employees’ turnover intention.
   • Manager must care about fairness in an organization and employee’s justice perception can directly impact on employees’ organizational commitment, turnover intentions and discretionary service behavior (Simons & Roberson, 2003).

5. Hypothesis (H₅): There is a dominant factor among all the independent variables in influencing employees’ turnover intention.
   • Job characteristics are important to understand turnover intention in an organization (Ghiselli, LaLopa & Bai, 2001).

6. Hypothesis (H₆): There is a significant difference between male and female employees in term of employees’ turnover intention.
   • Gender was found to moderate the relationship between organization commitment and turnover intention (Zhen & Anne, 2000).

7. Hypothesis (H₇): There is a significant difference between difference levels of age in term of employees’ turnover intention.
   • There are a close relationship between employee’s age and turnover intention and suggest that older employees will not leave their occupational easily (Carmeli, 2005).

8. Hypothesis (H₈): There is a significant difference between difference levels of education in term of employees’ turnover intention.
Education level have significant relationship with turnover intention (Heffron, 1989)

1.5 Conceptual Framework

The conceptual framework involved independent and dependent variables. Dependent variable referred to employees’ turnover intention in an organization. However, independent variables were divided into demographic and organizational culture. In demographic, there are consists of age, gender and education levels were taken into consideration. The independent variables had the ability to influence dependent variable either in high or low. The conceptual framework of the relationship between independents variables and dependent variable can be summarized in a table as below:
1.6 Significant of Study

In this study, the relationship between organization culture and turnover intention were examined and the finding had positive contribution to several parties such as organization, HR practitioners and future research. This study also provided important information of Vroom’s Expectancy Theory and Herzberg’s Motivation-Hygiene Theory in employees’ turnover intention. From this study, readers can investigate the importance of those theories in the life of an employee.
Furthermore, previous studies were less in investigating relationship between organization culture and turnover intention, so this study may provide useful information for future research. Findings of this study may serve as a guideline for future researcher to conduct more specific research in this aspect.

This study encouraged manager or top management to focus more on organization culture in coping turnover rather than focus on person-related variables such as motivation and stress. However, understanding in organization culture would help manager to managing and controlling their employees’ withdrawal in more effective ways.

In addition, this study provided perspective for management in decision making during handling turnover among employees. Management would found out what are the real factors that affect them in turnover intention by looking into several important elements in organization culture. With this, top management can effectively prevent high turnover rate to happen in an organization.

1.7 Definitions of Terms

In this section, conceptual definitions were used to explain the common meaning of terms while operation definitions were used in present study to define the term involved in this conduct of study.

Organization culture

There were several conceptual definitions of organization culture. For example, organizational culture was the distinction norm, beliefs, principles and ways of behaving that combine to give each organization its distinct character (Arnold, 2005). Other than that, Johnson (1990) stated that organizational culture to an organization was almost the same what personality to an individual.
Operational definition of organization culture in this study referred to the beliefs and values in an organization where it included “shoulds” and “oughts” of working life for all employees.

**Job challenge**

According to Radhakrishnan and Ronen (1999), job challenge can be defined as job design. Complexity of a job design or undertaking that was stimulating to one engaged in it can be refers as the level of job challenge for an individual. Job challenge referred to the opportunity for professionals to make fullest use of their skills (Raelin, n.d.).

Operational definition of job challenge in this study is referred to multiplicity and complexity in the nature of the work.

**Teamwork**

According to Cohen and Levesque (1991), teamwork can referred to joint action by a team appear to more than just the unions of simultaneously individual actions.

Operational definition of teamwork in this study referred to a group of people work together and created high spirit of co-operation among the team in performing certain tasks.

**Fairness**

The conceptual definition of fairness was the situation where people perceived equity, either the organization give a fair bargaining power to each of everyone (Fehr & Schmidt, 1999). However, Liao (n.d.) found that fairness can be defined as justice perceptions of employees that led to pay satisfaction and organizational commitment.
Operational definition of fairness in this study referred to situation where employees feel satisfy with what their organization give them.

**Innovation**

The conceptual definition of innovation was creating new jobs to let the economy moving again (Rae-Dupree, 2009). Other than that, innovation among manager could also be defined as thinking more like designers do (Guterman, 2009). Manager was more encourage creating a supportive environment rather than just follow the procedures.

Operational definition: A supportive environment for creativity, problem-solving, new ideas and sustained improvement in an organization.

1.8 **Limitations of Study**

There were several limitations in this study. One of the limitations of this study was only four organization cultures were being study such as job challenge, teamwork, innovation and fairness. However, to make the study more accurate and reliable, more organization culture should be considered for example reward orientation, employee empowerment and communication.

Questionnaire was used to gather all data. Therefore, the accuracy and reliable of data was depending to the willingness of the respondents to give an accurate answer. However, in order to increase the validity of the research, different methods of data collection were needed. For instant, combination of qualitative (eg. Interview) and quantitative (eg. Questionnaire).

Other than that, In addition, the data was collected from an organization which cannot generalize to other organization and industry. Longitudinal studies was need to validate the findings by broaden the study across different organization and different industries from different locations.
1.9 Conclusion

In conclusion, this chapter presented a broad overview of the study. There were four independent variables to be study such as job challenge, teamwork, innovation and fairness. Dependent variable to be study in this research was employees’ turnover intention. Background of the study, statement of problem, objectives of the study, hypotheses, conceptual framework, significance of the study, definitions of terms and limitations of study were included in this chapter. Chapter 2 will discussed about previous literature reviews.
CHAPTER 2

REVIEW OF RELATED LITERATURE

2.0 Introduction

These chapters were divided into four main sections. Section 2.1 described the relationship between organization culture and turnover intention while 2.1.1 described relationship between job challenge and turnover intention. Section 2.1.2 described relationship between teamwork and turnover intention while 2.1.3 described relationship between innovation and turnover intention and 2.1.4 described relationship between fairness and turnover intention. In section 2.2, there would be a brief explanation regarding relationship between demographic variables and turnover intention. Section 2.2.1 described relationship between age and turnover intention, section 2.2.2 described relationship between gender and turnover intention and section 2.2.3 described relationship between education level and turnover intention. Then, section 2.3 explained about some related theories. Section 2.3.1 described about Vroom’s Expectancy Theory and section 2.3.2 described about Herzberg’s Motivation-Hygiene Theory. Lastly, section 2.4 summarized important elements in chapter 2.