



Faculty of Cognitive Sciences and Human Development

**THE RELATIONSHIP BETWEEN ORGANIZATIONAL
COMMITMENT AND EMPLOYEE TURNOVER INTENTION**

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Bachelor of Science with Honours
(Human Resource Development)
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UNIVERSITI MALAYSIA SAWARAK

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Final Year Project Report

Masters

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EMPLOYEE TURNOVER INTENTION**

WENNIE TING SHI HAN

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
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2019/2020

The project entitled 'The Relationship between Organizational Commitment and Employee Turnover Intention' was prepared by Wennie Ting Shi Han 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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ABSTRACT

This study is aimed at determining the relationship between organizational commitment (affective commitment, continuance commitment, normative commitment) and employee turnover intention. This research was done by using quantitative approach whereas the data were collected by using questionnaire as the instrument. Besides that, the data was collected from 55 samples in one of the manufacturing company in Kuching, Sarawak. The data were then analyzed and interpreted by using descriptive statistics and inferential statistics.

Statistical Package for Social Sciences (SPSS) version 20.0 had been used in data analysis process. Pearson Correlation Coefficient and Multiple Regression Analysis were used to measure the relationship between the independent variables and dependent variables. As the result, the findings show that there is a significant relationship between organizational commitment and employee turnover intention. Then, it was found out that the affective commitment is the most dominant factor that would affect the employee turnover intention. The results of present study had recommended a focus that may guide the organizations and future researchers.

Keywords: Organizational Commitment, Affective Commitment, Continuance Commitment, Normative Commitment, Turnover Intention

ABSTRAK

Kajian ini bertujuan untuk mengenalpasti hubungan antara komitmen organisasi (komitmen afektif, komitmen berterusan, komitmen normatif) dan niat tukar kerja pekerja. Kajian ini dijalankan dengan menggunakan kaedah kuantitatif di mana data telah dikumpul dengan menggunakan soal selidik sebagai instrumen kajian. Selain itu, data telah dikumpul dari 55 sampel dalam sebuah syarikat pembuatan di Kuching, Sarawak. Data kemudian dianalisis dan ditafsirkan dengan menggunakan statistic deskriptif dan statistic inferensi. Statistical Package for Social Sciences (SPSS) version 2.0 telah digunakan untuk proses analisis data. Seterusnya, “Pearson Correlation Coefficient” dan “Multiple Regression Analysis” digunakan untuk mengukur hubungan antara pembolehubah bebas dan pembolehubah bersandar. Hasil kajian ini telah menunjukkan bahawa terdapat hubungan yang signifikan antara komitmen organisasi dengan niat tukar kerja pekerja. Kemudiannya, didapati bahawa komitmen afektif adalah faktor yang paling dominan dan akan mempengaruhi niat tukar kerja pekerja. Oleh itu, hasil kajian ini telah mencadangkan tumpuan yang boleh membimbing organisasi dan kajian masa depan.

Kata Kunci: Komitmen Organisasi, Komitmen Afektif, Komitmen Berterusan, Komitmen Normatif, Niat Tukar Kerja

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Nowadays, talent employees can be defined as the valuable asset that provides a competitive advantage to the organization. Therefore, an organization can be thought as respectable when it utilizes the suitable practices or solutions to retain the employees (Kossivi, Xu and Kalgora, 2016). Basically human resources of an organization play a significant role in accomplishing the organizational goals, objectives as well as increase its profitability (Gursu, 2016). Employee retention and turnover are considered as two of the significance human resource issues or challenges faced by the organizations. Employee retention refers to a successful investment that made by organizations in order to retain the skilled employees or experts. Organizations will try their best to maintain their employees by providing them with some promotions, rewards, incentives as well as the positive working environment (Islam et al., 2013). This is because they want to eliminate the influences that will increase the employees' intention to withdraw from the organizations.

In contrast, employee turnover can be described as the entrance of the new employees and the leaving of the current talented employees (Arokiasamy, 2013). When talented or skilled employees leave the organizations, this may lead to negative influences on the organization starting by decreasing the organization's effectiveness, productivity as well as affecting the overall performance. For organization, employees turnover indicated that the waste of investment in the selection and training of the individuals (Belete, 2018). This is because it is one of the most costly human resource challenges that confront by the organizations as the employers ought to spend a lot of expenses in recruiting, selecting and training the new employees (Chan, Yeoh, Lim and Osman, 2010).

Most of the organizations in this modern era are facing the challenges in dealing with the employees' turnover intention. Turnover intention is a type of behavioral attitude of the employees to depart from the organization. There are the numerous researchers studied the factors affecting the employee turnover intention such as organizational commitment, job stress and job satisfaction. According to the research studied by Iqbal, Ehsan, Rizwan and Noreen (2014), the employees' intention to quit the organization is influenced by several factors that include organizational commitment, job satisfaction, job stress, and leadership support. However, organizational commitment is one of the most important variable in the investigation of employees' turnover intention. Commitment can be defined as an emotional attachment towards organization. It refers to the goals and values that facilitate the individuals to exert the highest effort to achieve the organizations' targets (Allen and Meyer, 1997). As the result, the higher organizational commitment among the employees will lead to decrease in the employees' turnover intention.

Other than that, the past research carried out by Santoso, Sitompul and Budiatmanto (2018) indicates that there is a negative and significant relationship between organizational commitment and turnover intention. This is because the result illustrated that the organizational commitment among the employees will increase as the employees' turnover intention will decrease. There was also the research done by Jehanzeb and Rasheed (2013) that shows the same findings. The result with the high organizational commitment explained that the employees are satisfied enough with the organization and then lower the employees' intention to quit the organization.

In addition, the employees who are satisfied enough with the organizations seen like more committed to their organization and reduced their intention to leave the organizations (Chan et al., 2010). This is because when the employees are fully committed to their organization, there will be positive influence on the organization, workforce as well as the

overall performance. In contrast, less committed employees will lead to increase in employee turnover intention and they will be more likely to look for new job opportunities for them to improve their knowledge, skills and abilities. As the result, organizations will faced an obstacle because they ought to spend additional costs in recruiting and training the new employees to replace the talented employees (Al Mamum and Hasan, 2017).

In conclusion, it is important for the organizations to have an understanding on the factors influencing the employee turnover intention in order to develop and effectively implement strategies, policies and at the same time increase the employee retention (Arokiasamy, 2013). An organization's success is depending on a relatively small number of highly experienced, talented as well as the skilled knowledge employees. Hence, the organization should concentrate on the needs of the employees and try to find out the suitable solutions in decreasing the employee intention to leave the organization.

1.2 Problem Statement

Nowadays, employee turnover intention is becoming most important human resource issue to the organizations. There is a lack of emphasis on the reasons of employee turnover but employees are important stakeholders in any firm (Ilmi, Habizah, Gheda & Liza, 2019). Therefore, this issue needs to get the special attention because it can affect overall organizational performance. According to Perumal, Sinniah, Mohamed, Kok and Murthy (2018), employee turnover intention compels the organization to compete with the other competitors in order to keep their employee's talent. This is because an employee's talent are not be able to replicate by other new employees. The continuous increased for the number of turnover intention is not good to the organization, which included internal and external affect. Internally, employee turnover intention may influences an organization's costs, employee's dissatisfaction as well as the poor job performance. For external affect, it will not be able to balance between family and work, destroy the images of the organization as well as the organizational performance.

In 2017, Malaysian affiliates abroad bring about a turnover of RM324.2 billion as compared to RM281.0 billion in 2013. Manufacturing sector was the second highest contributor to the turnover with a share of RM77.4 billion or 23.9 percent. In this sector, more than fifty percent of total turnover was from the Manufacture of Refined petroleum products and Manufacture of Vegetable and animal oils and fats. (Department of Statistics Malaysia, 2020) A survey done by Hewitt (2015) showed that Malaysia recorded the second highest involuntary turnover rate at 6.5% and third highest voluntary turnover rate at 9.5% in South East Asia. Hence, organization should come out with the best strategy or solution in order to solve this kind of issue. This is because manufacturing industry was the third largest industry in Malaysia and act a framework for the growth of Malaysian economy.

In addition, more studies need to be investigated in order to help the organization to have an idea on what is the major factors that will affect the employee turnover intention. HR professionals have to know why the employees' intent to depart and then develop an effective and efficient retention management plan (Allen, 2008). By this way, the organization will be able to minimize the costs spending in the recruitment, selecting and training the new employees. Meanwhile, it is the beneficial for an organization to remain the talented employees in the organization because this will help to improve the organizational performance, job satisfaction as well as the organizational effectiveness.

1.3 Objective of Study

This study search to address the following objectives:

1.3.1 General Objective:

- To determine the relationship between organizational commitment and employee turnover intention.

1.3.2 Specific Objectives:

- a) To determine the relationship between the affective commitment and employee turnover intention.
- b) To determine the relationship between the continuance commitment and the employee turnover intention.
- c) To identify the relationship between the normative commitment and the employee turnover intention.

1.4 Research Questions

In order to achieve the objectives of the study, this study tend to solve the following questions:

- a) Is there a significant relationship between the affective commitment and employee turnover intention?
- b) Is there a significant relationship between the continuance commitment and the employee turnover intention?
- c) Is there a significant relationship between the normative commitment and the employee turnover intention?

1.5 Research Hypothesis

Ha1: There is a significant relationship between the affective commitment and employee turnover intention.

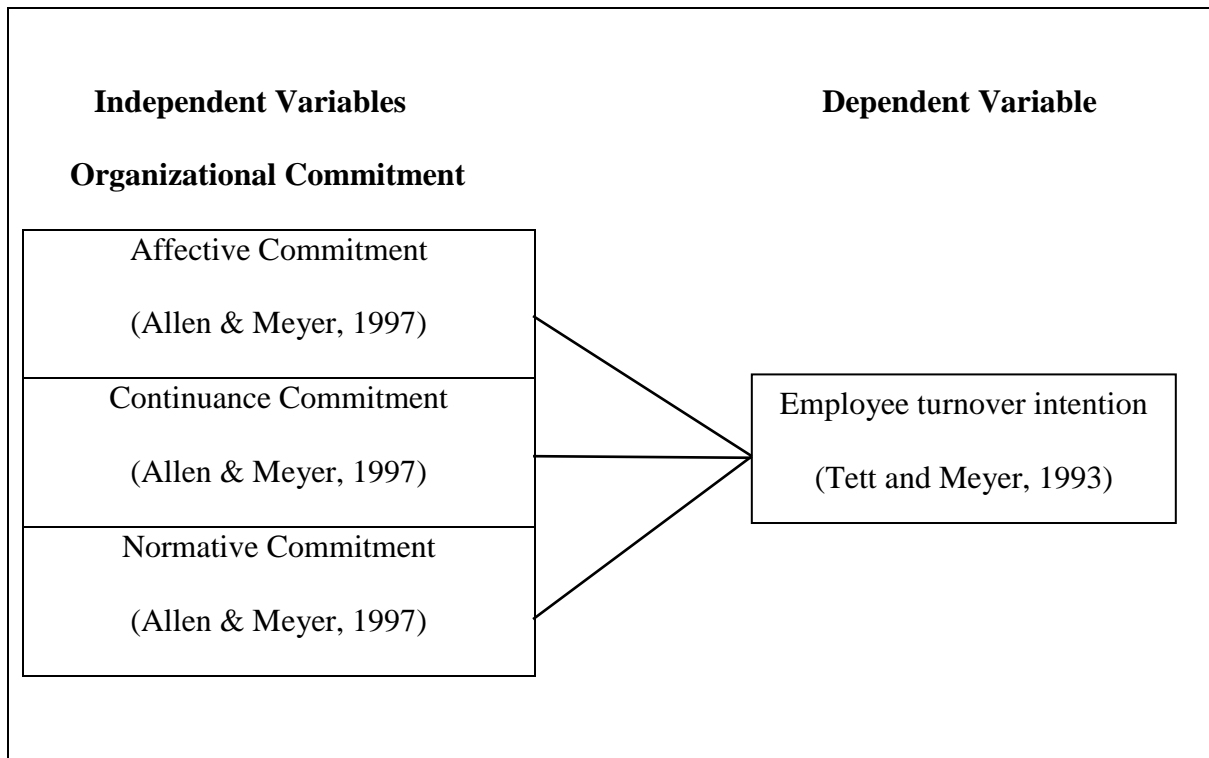
Ha2: There is a significant relationship between the continuance commitment and the employee turnover intention.

Ha3: There is a significant relationship between the normative commitment and the employee turnover intention.

1.6 Conceptual Framework

A conceptual framework is a research tool that used to assist the researcher to understand the direction of a research project. Figure 1.1 shows the relationship between organizational commitment with the employee turnover intention. The independent variables consist of the affective commitment, continuance commitment and normative commitment.

According to the survey done by Nasurdin, Tan and Khan (2018), the finding indicated that organizational commitment is negatively related to turnover intention. Sow (2015) examined the relationship between organizational commitment such as affective, continuance and normative commitment towards the employee turnover intention. The result showed that there is a positive relationship between affective commitment, continuance commitment and employee turnover intention. On the other hand, Yasmin (2015) found out that there is significant and negative relationship between normative commitment and employee turnover intention. Thus, for these past studies a conceptual framework of the study is developed.



Source: Yasmin, K. (2015). Impact of Organizational Commitment on Intention to Quit Among Psychaitric Nurses: Evidence from Pakistan. *International Journal of Learning & Development*, 5(4), 89-102.

Figure 1.1: *Conceptual Framework*

1.7 Significance of Study

This research will help to find out the relationship between organizational commitment and employee turnover intention that will be significant to organization, practitioner and body of literature. For the organization, this may assist them to improve the organizational commitment in order to retain the skilled and experienced employees. This is because high organizational commitment among the employees will lead to decrease in their intention to quit the organization. By this way, the organization will not be able to pay the additional expenses in recruiting, selecting and training the new hires employees (Low and Panatik, 2019).

In the perspective of HR practitioner, they ought to do more practices in improving the organizational productivity, performance and employee job satisfaction in order to increase their organizational commitment and decrease the level of the turnover intention. For instance, HR practitioner could provide the promotion opportunities for the employees. This is because promotion is an advancement of employee to a higher post with greater responsibility, increase in salary and better conditions of service (Belete, 2018). It gives a sense of acknowledged or appreciated by the organizations to the employees. After that, they will become more committed and engaged in their job and this will improve the progress of the project works of the organization (Low and Panatik, 2019). Then, the total productivity of the project will be reduced. Therefore, the practitioner need to find out the possible ways to stabilize the level of turnover intention among the employees which will be identified through this study.

Moreover, this study can acts as the new empirical evidence for the researchers who have desire of doing research in this topic. This is because employee turnover is becoming critical issue in today's companies. It will let the companies to lose the skilled employees and increase the expenses used because they need to hire the new employees to replace the old

employees. When the skilled employees left the company, it will affect the productivity, profitability and effectiveness of the company (Adnan, Rahman and Ahmad, 2018). The company will face the challenges in achieving the company's goals, objectives and expectations.

1.8 Definition of Terms

In this section, operational definition was used to operationally define a variable in order to lend credibility to the methodology and to make sure the reproducibility of the results.

In the study, Tett and Meyer (1993) stated that the employee turnover intention refer to the employees' thought and intentionally to leave their current organization. It is like a probability of an individual in changing the job within a certain period. Turnover intention scale is adapting from Michigan Organizational Assessment Questionnaire (1983) which is the informant to measure turnover intention.

Allen and Meyer (1991) stated that organizational commitment could be defined as how an employee feels about an organization. The mental connection that an employee has with the present organization is referred to as commitment and related to their behavioral and actions within the organization. In this study, Three-Components Model (TCM) Employee Commitment Survey will be assessed using Allen and Meyer Questionnaire (1990).

According Allen and Meyer (1991), affective commitment represents the emotional ties between positive employees experience and the organization. It affects organizational characteristics, personal characteristics and work-related characteristics.

In a study, Allen and Meyer (1991) indicates that continuance commitment can be defined as the perceived costs, both economic and social of leaving to another organization. It refers also to the needs of employees to remain in the organization.

Allen and Meyer (1991) stated that normative commitment represents the moral attachment of an employee to stay in the organization. Thus, employees think that it is the right and moral to stay in the organization as they have high normative commitment to continue working there.

1.9 Summary

This chapter has discussed on the main idea of this study, which is the relationship between organizational commitment and employee turnover intention. Then, problem statement that has been explained together with the research gap. Research objectives, questions and hypotheses is being developed. This chapter covers also the discussion of significant to organization, HR practitioner and body of literature. After that, the definition of terms is being described and explained. The next chapter will be refers to the literature review.