

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter includes researches, writings and scholarly opinions concerning the employees voluntarily turnover, and also the turnover intent of employees. This literature review also provides critical views of researchers and experts concerning the relationship between employee commitment, employee turnover, forms of commitment, and related studies on effective commitment towards communication. The relationship between communication satisfaction and employee commitment in Malaysia is further explored as well.

2.1 Employee Turnover

Turnover is defined as the “ratio of number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period (Price, 1977).” Woods (1995) defined turnover as filling vacancy by manager each time the position is vacated. Turnover is also known as the replacement cycle of hiring new employees.

Employee turnover is a phenomenon prevalent in emerging economies. No specific reasons can be given to why people leave the organization. Employee turnover means changing jobs and job rotation of employees in the labour market; between organizations, jobs and environment, and also between states of employment and unemployment (Abassi and Hollman,

2000). Employee turnover can be divided into two categories: voluntary turnover and involuntary turnover.

2.1.1 Voluntary Turnover

Turnover often relates to job satisfaction and it is crucial to distinguish between voluntary turnover and involuntary turnover. In this study, which focuses only on voluntary turnover, turnover can be defined as employee's decision to terminate the employment relationship in an organization (Dess & Shaw, 2001). Another definition is "voluntary cessation of membership of an organization by an employee of that organization (Morrell et al., 2001)." Voluntarily turnover can be due to better job opportunities, unfavourable working environment, and attractive financial sources outside of the organization (Mobley, 1977). Voluntary turnover is believed to be more harmful to the organization and it occurs more frequent than involuntary turnover in an organization (Lambert & Hogan, 2009). A study reported that over 60 to 70 percent of employee turnover is voluntary (Blakely & Bumphus, 2004).

2.1.2 Turnover Intent

Turnover intent is widely studied by researchers in the past decades. Turnover intent is defined as "reflection of the probability that an individual will change his or her job within a certain time period" (Sousa-Poza & Henneberger, 2002). When there is a turnover intent, the possibility for a turnover to happen is high. The main reason for studying turnover intent is

because it is not complicated to measure and the results are more accurate (Firth et al., 2004).

2.1.3 Effect of turnover

Employee turnover can be very costly for organizations. A study in an American industry indicated that voluntary and involuntary turnover combined, incurred a cost of \$ 11 billion annually. This cost comprised of recruitment and selection, advertising, hiring and also training. Besides, it also involves physical and tangible costs such as monetary loss. Turnover also incurs intangible costs such as declining morale and also disturbance of social and communication ways within the organization (Abbasi & Hollman, 2000). The effects of turnover can be enormous and have serious impact on organizations.

2.2 Commitment

In term of commitment to one's organization, Bateman and Strasser (1984) defined organization commitment as "multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership." The concept of organization commitment is measured by gauging the number of people interested in getting involved in their organization and their willingness to stay. Organizational commitment can also be defined as a "psychological state that binds the individual to the organization (Allen & Meyer, 1990)." The topic with regards to commitment

has been extensively discussed by a lot of researchers from various perspectives (Meyer & Herscovitch, 2001; Meyer et al., 2002).

Most of the literatures on employee turnover are contributions from Allen and Mayer from 1980 until 2000. Meyer and Allen (1984) proposed two forms of commitments and provided a distinction between affective and continuance commitment. Meyer and Allen (1990) then suggested a third form of commitment which is the normative commitment.

Three forms of Commitment

Meyer and Allen (1991) identified a framework that was designed to measure three types of commitment; which are affective commitment, normative commitment and continuance commitment.

2.2.1 Affective Commitment

Porter et al. (1974) connected affective commitment to three factors: 1) Faithful in organization's goals and values; 2) Willingness to sacrifice times and efforts for achieving organization's goals; 3) Desire to stay and become one of the members in organization. Affective commitment is further defined as the desire of an employee to work for an organization because of emotional attachment, the organization positive goals and willingness to be supportive (Greenberg, 2011).

2.2.2 Normative Commitment

Normative commitment is defined as willingness of a person to stay in the organization because he or she feels the loyalty and obligation to his or her

organizations (Weiner, 1982). It refers to commitment whereby an employee feels the need of staying and it is considered the right thing to do (Allen and Meyer, 1990). Greenberg (2011) supported this definition and defined normative commitment as the desire of an employee to work for an organization because he or she feels obligated to the organization. According to Hartmann and Bambacas (2000), when an organization expresses its expectations of the employees, the employees may have the sense of obligation to stay in the organization.

2.2.3 Continuance Commitment

Continuance commitment is defined as the willingness to stay in an organization with reasons such as strong relationship with other employees, retirement benefits and special things about the organization. Besides, it also includes other benefits the employees can gain from the organization (Reichers, 1985). Additionally, continuance commitment is the desire of an employee to work for an organization because the costs of leaving the organization are greater than costs of staying (Greenberg, 2011). According to Hartmann and Bambacas (2000), this commitment often refers to how long an employee works for an organization. Employees with continuance commitment are often referred to as “perceived cost of leaving” and they have lack of choices but to stay.

2.2.4 Relationship between Organization Commitment (Affective Commitment, Normative Commitment and Continuance Commitment) and Turnover intentions

Organizational commitment has been indicated as an important determinant of turnover for call centre employees (Millard, 2003; Zhou, Long & Wang, 2009). Besides, researches have been done to show that employees who are engaged with higher commitment in organization are typically more engaged in organizational citizenship behaviour and caused lower turnover intention (Chen & Francesco, 2003; Cheng & Stockdale, 2003; Jaros, 1997).

Furthermore, studies have been done by few researchers (Blau, 2000; Blau, Tatum & Ward-Cook, 2003) which indicated that organizational turnover intentions proved to be an important dependent variable in most of commitment literature review, which indirectly affects the process of occupational change.

The empirical evidence in another study indicated that merger or post-merger attitudes do impact the affective and normative components of organizational commitment in various ways (Ivy, 1996).

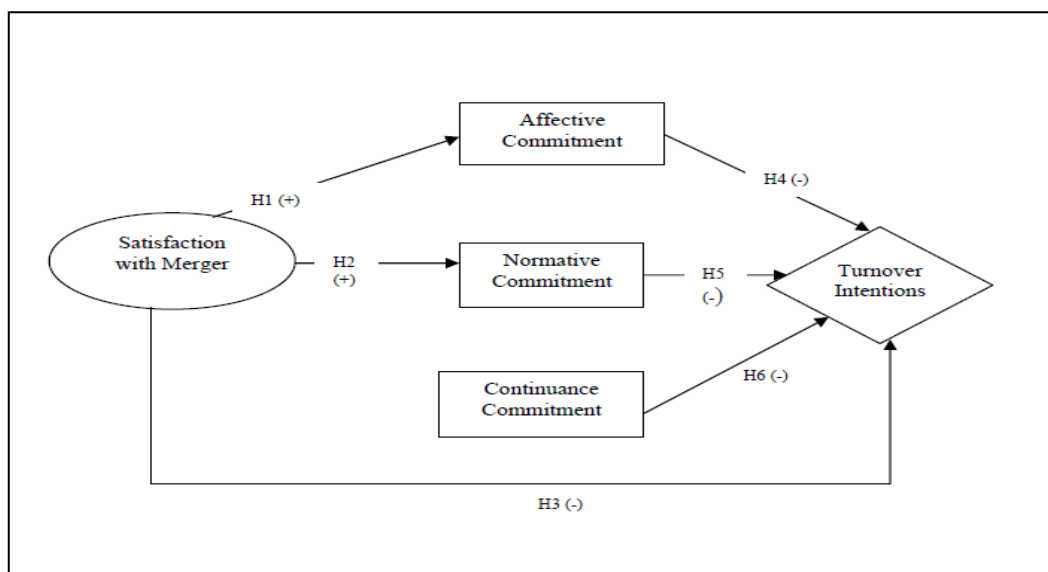


Figure 2.1: Theoretical Model: Impact of employee satisfaction with merger on the components of organizational commitment; affective, normative, and continuance, and turnover intentions (Ivy, 1996).

Traditionally, Meyer et al. (1993) and Allen and Meyer (1990) clarified the research which showed that employees with high degree of affective commitment are likely to remain with the organization because they want to stay. Employees with high degree of normative commitment will stay because they feel they are obliged to stay. Those with strong continuance commitment remain in organization because they have no choice but to stay. Their studies also found that affective commitment and normative commitment have negative relationship with turnover intention. This negative relationship means that when employees are affectively and normatively committed to their organizations, they do not have the intentions to leave their organizations. On the other hand, continuous commitment had no significant relationship between turnover intent.

The result above is also supported by Somers (1995) study in examining the relationship between the three forms of commitment and turnover intention. The researcher found that affective and normative commitments are good predictors of turnover intent but continuance commitment shows no effect on it.

Most studies proved that organizational commitment has significant effects and is the best predictor of organizational turnover intention (Mathieu & Zajac,

1990; Meyer & Allen, 1997; Powell & Meyer, 2004) On the other hand, according to the studies done by Meyer et al. (2002), even though all three forms of commitment relate negatively to turnover, affective commitment is expected to have the strongest relation to turnover intention compared to the other two forms of commitments which are normative and continuance commitment. It should be noted that although the result emphasized on affective commitment, both normative and continuance commitments do influence turnover but in weaker relationships.

The studies on organization commitment and turnover intention have been studied by researchers in the last decades and it is still being tested until today. The researchers stated that affective commitment has developed strong research background with turnover intention (Mowday, Porter & Steers, 1979). The research conducted by Whitener and Walz (1993) reported that affective commitment has significant negative effect on turnover intent of employees but continuous commitment had no significant effect on employees' intention to quit their jobs.

Few researchers provided substantial empirical evidence on the relationship between affective commitment and turnover intention (Farooq & Inam, 2012) as cited in (Huselid & Day, 1991; Lverson & Buttigieg, 1999; Mowday et al., 1982). These results on affective commitment having the strongest relationship towards turnover intention later on has been supported by few researchers including Meyer et al.(2002) in their research. According to Greenberg (2011), the higher the degree of affective commitment employees

have for their organization, the less likely the employees were to resign or be absent from their jobs. This type of commitment leads employees to stay on with their jobs and employees are always ready to work. This result is consistent with studies done by Cooper-Hakim and Viswesvaran (2005) which gave a negative relationship between affective occupational commitment and turnover intention. Furthermore, local researches indicated that affective commitment has large correlation with intention to leave while other two commitments have medium correlation (Kuen , Kuar & Wong , 2010).

On the other hand, a Meta –Analysis by Griffeth et al. (2000) showed that affective commitment is negatively correlated with employee turnover intention. This was further proved by studies done by Chang, Chi and Miao (2007) who posited that affective commitment has proven to be the strongest predictor to turnover intention among the three forms of commitment. Employees are affected by their emotions most when they want to make a decision. They are not so influenced with the costs incurred and the obligation of their behavior.

2.3 Communication Satisfaction

Communication satisfaction is defined as “summing total of an individual’s satisfaction with information flow and relationship variables (Downs & Hazen, 1977).” Previous researchers found that communication satisfaction is a multinational concept, rather than a one-dimensional concept. Communication satisfaction has also been proven to influence employee’s job satisfaction and commitment (Gregson, 1990; Mathieu & Zajac, 1990)

Downs and Hazen (1977) developed a communication satisfaction questionnaire which stresses on eight dimensions: communication climate, relationship with supervisor, relationship with subordinates, organization integration, media quality, horizontal and informal communication, organization perspective and personal feedback. These dimensions are explained in detail below.

2.3.1 Communication Climate refers to communication on both organizational and personal levels. It defines the attitude of the management towards communication. It is one of the strongest dimensions to measure communication satisfaction. In addition, it includes items such as communication in organization, factors which motivates and stimulates employee's organizational goals and also it measures the extent to which it makes them identify with the organization.

2.3.2 Relationship with supervisor includes components of upward and downward aspect of communication. This dimension includes whether the supervisor is willing to be open to ideas and also the supervisor's ability to listen and pay attention to his or her subordinates.

2.3.3 Relationship with Subordinates focuses on upward and downward communication and is only completed by either a supervisor or manager. It includes subordinate's responsiveness to downward communication by top management and their willingness to send information through upward communication. Similarly, the way managers communicate with subordinates

in work, changes and affects how the employees perceive the information given. Messages are conveyed through written memos, formal and informal notes, presentations, emails and conversations.

2.3.4 Organization Integration involves the information which employees receive about their jobs and related matters such as organization policies and benefits. It also includes information about the department and also news on personnel. This type of information is crucial to make employees feel that they have been integrated into the organization.

2.3.5 Media Quality focuses at communication through several channels such as publication, memos and meetings of an organization. It deals with the extent to which meetings are organized, the written directive and amount of information communicated.

2.3.6 Horizontal and Informal Communication concerns about co-workers communication and the accuracy of informal communication. It also examines the effectiveness of the grapevine in an organization.

2.3.7 Organization Perspective is used to measure the level of employees' satisfaction with the benchmark that has been set by organization to communicate about organizational change. It refers to the corporate information concerning the corporate goals and performance within the organization. It also includes information about the organization's financial

position and overall policies as well as external event such as government policies.

2.3.8 Personal Feedback dimension concerns about information on how the employee is being judged and also the problems they faced in their jobs. It also includes how their performances are being appraised.

2.4 Relationship between Communication Satisfaction and Organizational Commitment

The construct of organizational commitment has been studied over the past two decades. Some of the studies have focused on commitment and absenteeism (Varona , (1996) as cited in Larson & Fukami, (1984) and Steers, 1977), job performance (Mowday, Porter & Dubin, 1974; Steers, 1977), turnover (Angle & Perry, 1981; Hom, Katerberg & Hulin, 1979), and decision making (Hall, 1977). Communication is easily overlooked, but the ability of effective communication in influencing organization's success cannot be denied. Furthermore, without communication, there is no way to express thoughts, feelings and ideas.

Until now few studies have supported the relationship between communication satisfaction and organization turnover. There is an explicit positive relationship between communication satisfaction and employee's commitment (Varona , 1996). A study done in Singapore by Putti, Aryee, and Phua (1990) proved that there is a relationship between communication and commitment in an organization. It further confirmed that there is significant

relationship between communication satisfaction and organization commitment.

Furthermore, the relationship between communication satisfaction and employee's organization commitment is supported in a study by Potvin (1991) in three organizations in United States which are: a retail organization, a large hospital and a multi-national high technology organization. The study indicated that there is positive relationship between communication satisfaction and organizational commitment. This study is further extended by two Australian organizations and results provided a positive relationship between communication satisfaction and organizational commitment. The researchers further claimed that supervisor communication, personal feedback and communication climate are three strongest predictors of communication satisfaction relationship with organization commitment (Downs, 1991).

In the meta-analysis by Mathieu and Zajac (1990), they discovered the importance of supervisor communication for organizational commitment. The study suggested that supervisor who provides better ways of communication actually helps to enhance employees' responses in the working environment and thereby it is likely to increase employee's commitment in an organization. On top of that, Potvin (1991) further supported the claim that communication climate and supervisor communication have the strongest correlation to organization commitments.

On the other hand, findings by researchers on horizontal communication and vertical communication towards organization commitment compliment the literatures in organization commitment. The results showed that if there are more people having positive communication with top level management, the more these people will feel committed to the organization. This result supported the literature on relationship between supervisor communication and how employees feel identified in an organization. It can also be deduced from this study that horizontal communication acts as a weak predictor towards organization commitment (Postmes et al., 2001).

Besides that, some researchers focused on cross cultural study to assess the relationship between communication and organization commitment. Varona (1996) for example, used cross cultural study to examine this relationship. Studies showed that supervisor communication has the strongest relationship with organization commitment in American and Australian organizations. For countries such as Guatemala, the strongest predictors of commitment are Subordinate Communication, Organizational Integration and Horizontal Communication.

In conclusion, the dynamics between communication satisfaction and organizational commitment varies in different research context. This could be due to the differences in perceived value of specific organization commitments to each individual in an organization across countries and cultures. The research framework of this study takes into consideration what

has been mentioned above thus allows significant impact to the research determinants and result.

2.5 The Mediating Effect of Organizational Commitment

Many literatures show that most studies emphasized on antecedents and outcome of organization commitment. Among the three forms of commitment, affective commitment has been studied much more than normative and continuance commitment. (Gardner et al., 2011; Meyer et al., 1990; Joarder, Sharif & Ahmed, 2011). Various studies on antecedents such as personal characteristics (need for achievement, age, and education), job characteristics (task identity, optional interaction, feedback) and work experience (group attitudes, organizational dependability, personal import) were done to show the influences of these antecedents to organizational commitment to some degree (Steers, 1977). However, communication satisfaction has also been observed as an important antecedent for commitment (Mathieu & Zajac, 1990; Meyer & Allen, 1997)

Besides, studies on commitment outcomes examine whether the different components of commitment have certain consequences. Attendance, employee retention, job performance and organizational citizenship are commitment outcomes that are studied widely. Employee turnover is found to be the main focus due to its high cost incurring when employees leave the organization (Benson & Tony, 2002). Hence, high organizational commitment is associated with the decrease of turnover intention which may lead to real turnover of employees (Iverson, 1996; Mathieu & Zajac, 1990; Wasti,

2003).Whenever employees impose high organizational commitment, it will contribute to higher productivity and competitive advantage of an organization (Deery & Iverson, 1996). So, the mediating effect of organization commitment is important to determine the relationship between communication satisfaction and turnover intention.

2.6 Conclusion

The five main constructs in communication satisfaction which are communication climate, supervisor relationship, organization integration, horizontal information and personal feedback are used to determine the relationship between communication satisfaction and turnover intention of employees. This relationship is mediated by three forms of organization commitment which are affective commitment, normative commitment and continuous commitment. For this study, the researcher would like to explore this relationship in the Malaysian context using the following research methodology explained in detail in Chapter 3.