FACTORS INFLUENCING TURNOVER INTENTIONS AMONG EMPLOYEES OF A BANKING INSTITUTION

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Abstract

The study aims to identify the relationship between organizational commitment, organizational citizenship behavior, both at individuals (OCB-I) and organization level (OCB-O), organizational justice, perceived organizational support (POS), and turnover intention. The distribution of 200 questionnaires were carried out among employees of Bank ABC (headquartered in Kuala Lumpur), however only 123 usable responses were used. The findings revealed a significant negative association between all factors (organizational commitment, OCB, organizational justice, and POS) and turnover intention. Among the factors, the findings further discovered normative commitment as the most predictive factor influencing turnover intentions among employees of Bank ABC. This study provides useful insights for managers and HR practitioners in understanding the most significant factors that were more likely to reduce the employees’ intentions not to remain at their workplaces. By acknowledging the strongest predictor of intention to quit, this assisted in identifying employees who possessed such intent, so that the managers of Bank ABC can take remedial measures in order to retain them in the company.

Keywords: Banking institution, organizational commitment, organizational citizenship behavior, organizational justice, perceived organizational support, and turnover intention

1.0 INTRODUCTION

The topic of employee turnover is an ongoing concern among researchers because turnover is costly and it impacts organizations (Flint, Haley, & McNally, 2013). High turnover of employee is a major problem to many corporations today, with no exception to banking institutions. This is due to losing workers will cause employers to deal with negative impacts such as significant costs in replacing the position left vacant (Flint et al., 2013). Since high costs are associated with losing workers, this would...
eventually affect the end profit of banking institutions and its mission of cost reduction. Given the significance of retaining staff in order to ensure the sustainability of the institution in a competitive environment (Talat, Munawar, & Hussain, 2016), more attention should be paid on the issue of employee turnover in banking institutions. By taking into consideration the harmful effects of employee turnover, thus, it is crucial to identify factors that might exert influence on the employees to quit. Investigating the determinants of turnover intention would provide better insights in understanding employee turnover.

**Research Objectives**

This study was aimed to investigate the possible contribution of organizational commitment, organizational citizenship behavior (OCB), organizational justice, and perceived organizational support (POS) towards turnover intentions among employees of Bank ABC. It was the purpose of this study to produce a better understanding whether the reason for employees’ leaving their current organization is either dominantly caused by the attitude of the employees (organizational commitment or organizational citizenship behavior) or the characteristics of the company (organizational justice or perceived organizational support).

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**2.0 LITERATURE REVIEW**

Turnover intention indicates the extent to which employees intend to leave the current employment (Cammann, Fichman, Jenkins, & Klesh, 1983) and will probably change their career within a certain period of time (Sousa-Poza & Henneberger, 2004). Literature indicated that turnover intention is influenced by different individual and organizational factors (Flint et al., 2013). In terms of individual factor, researchers suggested that turnover intention can be influenced by organizational commitment and organizational citizenship behaviors (OCB). Organizational commitment reflects the psychological state that binds an individual to the organization (Allen & Meyer, 1990). Past studies showed that employees with a sense of attachment to the organization (affective commitment) or feelings of accountability to remain (normative commitment) tend to have less intention to leave (Gatling, Kang, & Kim, 2016; Karavardar, 2014). As for organizational citizenship behaviors (OCB), it consists of the employees’ voluntary behaviors that are not formally required as part of their positions or jobs, but those behaviors are generally helpful to the overall success of the organization (Organ, Podsakoff, & MacKenzie, 2006). Empirical evidence has revealed the existence of a significant correlation between OCB and turnover intention (Priyadharshini & Mahadevan, 2014; Wei Tian, Cordery, & Gamble, 2016).
The greater the level of citizenship behaviors that benefitted the individuals (OCB-I) and citizenship behaviors that benefitted the organization (OCB-O), the more likely employees are to continue their services at the organization.

Apart from the influence of organizational commitment and OCB, researchers suggested that turnover intention can also be predicted by organizational factors such as organizational justice and perceived organizational support. The employees’ intention to leave may decrease when they perceive fairness about the rewards or outcomes (distributive justice), the organizational procedures (procedural justice), the interpersonal treatment from managers (interpersonal justice), or fairness about the information given by the organizational authorities (informational justice) (Al Afari & Elanain, 2014). Furthermore, when the employees perceived support from the organization (the organization cares about their well-being and values their contributions), they would, in return, reciprocate by enhancing their performance and loyalty towards the organization (Kahumuza & Schlechter, 2008).

3.0 METHODOLOGY

Respondents in this study consist of employees of Bank ABC, headquartered in Kuala Lumpur. The survey was conducted using self-administered questionnaires that were given to the respective officer in the Human Resource Department. The convenience sampling technique was used whereby the employees have the options to voluntarily complete the questionnaire. They were given an ample time of one week to answer the questionnaire. Overall, there are 75 questions in a set of questionnaires which involve questions related to the background of the respondents, organizational commitment, organizational justice, organizational citizenship behavior, perceived organizational support, and turnover intention. Respondents classify (rate) their level of agreement with each of the items using a five-point Likert-type scale ranging from 1 (Do Not Agree at All) to 5 (Totally Agree); while the middle score indicates “Neutral”. The demographic profile of the respondents was focused on their age, race, gender, academic qualification, job status, current position, years of working experience in current organization, and monthly salary.

4.0 RESEARCH FINDINGS

Response Rate

200 set of questionnaires were distributed to the targeted respondents. Table 1 summarizes the response rate of the questionnaire in this study.
Table 1 Summary on response rate of questionnaire

<table>
<thead>
<tr>
<th>Number/ Frequency</th>
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</thead>
<tbody>
<tr>
<td>Total questionnaires distributed</td>
</tr>
<tr>
<td>Useable completed questionnaires received</td>
</tr>
<tr>
<td>Response rate</td>
</tr>
</tbody>
</table>

Based on the summary, of the 200 questionnaires sent out, 123 completed questionnaires were returned giving the response rate of 61.5 percent. These 123 usable responses were used for data analysis.

**Demographic Profile of Respondents**

Overall, the majority of the participants were female (53.7%), aged between 31 to 40 years old (33.3%), of Malay ethnicity (91.9%), and possessed a Bachelor’s degree qualification (74.8%). Most of the participants are permanent staff (87.8%), categorized as executive (51.2%), have been working with the current organization for less than 5 years (40.7%), and possess monthly salary more than RM6,000 (34.1%).

**Descriptive Analysis**

This section reports the level of each variable (organizational commitment, organizational justice, organizational citizenship behavior, perceived organizational support, and turnover intention) among employees of Bank ABC. The level of each variable is determined by considering the mean value in between 1.00 to 2.33 as low level, 2.34 to 3.67 as moderate and mean value in between 3.68 to 5.00 as high level (Allen & Seaman, 2007). The details of the mean scores for each variable are presented in Table 2 as follows:
Table 2 Descriptive statistics of the variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>4.80</td>
<td>High</td>
</tr>
<tr>
<td>Organizational Citizenship Behaviour</td>
<td>5.26</td>
<td>High</td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>3.12</td>
<td>Moderate</td>
</tr>
<tr>
<td>Perceived Organizational Support</td>
<td>4.45</td>
<td>High</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>2.65</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

Table 2 reveals that high organizational commitment, organizational citizenship behavior, and perceived organizational support were represented by mean of 4.80, 5.26, and 4.45, respectively. This result suggests that the employees of Bank ABC show high commitment and have higher tendencies in the willingness to exhibit citizenship behavior (voluntary behaviors) as well as perceived high level of support provided by the organization. In addition, Table 2 highlights that moderate organizational justice and turnover intention were represented by mean of 3.12 and 2.65, respectively. This means that the employees perceived moderate level of fairness in the organization as well as have moderate intentions not to remain with the organization.

**Pearson Correlation Analysis**

This section reports the relationship between independent variables (organizational commitment, organizational citizenship behaviors, organizational justice, and perceived organizational support) and turnover intentions among employees of Bank ABC. The result of the analysis is reported in Table 3.
As can be seen in Table 3, the result shows that each independent variable has a significant negative relationship with turnover intention. The negative link which found between all independent variables (organizational commitment, organizational citizenship behavior, organizational justice, and perceived organizational support) and turnover intention indicates that an increase in all independent variables was associated with a decrease in the turnover intentions of Bank ABC employees. Specifically, among all independent variables (factors), the result indicates that normative commitment was strongly related to the turnover intention. However, there is only a weak relationship between OCB-I and turnover intentions of the employees.

**Multiple Regression Analysis**

This section reports the most dominant variable (factor) that negatively influence turnover intentions of Bank ABC employees. The multiple regression analysis was carried out in order to identify which independent variable (affective commitment, normative commitment, OCB-I, OCB-O, distributive justice, procedural justice, interpersonal justice, informational justice, and perceived organizational support) that has high impact on employees’ intentions to leave. The result of the regression analysis is reported in Table 4.
Multiple regression analysis was used to test if the independent variables significantly predicted respondents' turnover intentions. The results of the regression indicated that turnover intentions of Bank ABC employees are significantly predicted by normative commitment ($\beta = -0.37, p < .001$), whereby it explained 36.7% of the variance.

### 5.0 DISCUSSIONS

This study was conducted with the intention to determine the extent to which aspects like organizational commitment, organizational citizenship behavior (OCB), organizational justice, and perceived organizational support (POS) contributed to the turnover intentions of the employees of Bank ABC.

In the context of this study, employees of Bank ABC scored high in questions related to organizational commitment, OCB, and POS which implied that employees who are working at Bank ABC feel a strong sense of “belonging” to the organization, owe a great deal to the organization, and are highly dedicated to their company’s goals and values. Besides, they are always ready to give assistance to those around them, take steps to try to hinder problems with other workers, and have the desire to offer something beyond their normal duties that could increase the productivity at the workplace. At one and the same time, they perceive high levels of social support from the company, in which the company valued their contributions and cared about their well-being.
Discussion on Relationship between Organizational Commitment and Turnover Intention

The finding of this study revealed that all factors (organizational commitment, OCB, organizational justice, and POS) are significantly associated with turnover intention. This points out that employees of Bank ABC who possess high commitments to the organization tend to have low turnover intention.

The negative association between organizational commitment and turnover intentions has been found in a study by Hollingworth and Valentine (2014). They discovered that employees with low commitment to the organization tended to have greater intentions to quit and work for another employer. Besides, Islam, Ahmed, and Ahmad (2015) have confirmed that commitment towards the organization was important in reducing the employees’ intention to leave. Consistent with previous researches, employees of Bank ABC with emotional attachment (affective commitment) tend to stay based on their desire to do so, and they enjoy being the member of the company. Meanwhile, normatively-committed (normative commitment) individuals tend to have a great sense of obligation to remain; it makes them feel guilty if they leave the company (Melancon, Noble, & Noble, 2011).

Discussion on Relationship between Organizational Citizenship Behaviors and Turnover Intention

As for the link between OCB and turnover intention, employees of Bank ABC who demonstrate citizenship behaviors that benefitted the individuals (OCB-I) and the organization as a whole (OCB-O) are more likely to have willingness to perform beyond his or her formal duties.

Paillé (2013) has found that employees were less likely to quit when they were inclined to perform citizenship behaviours which benefitted the organization. Similarly, Becton, Carr, Mossholder, and Walker (2017) have also supported that the exhibition of more organizational citizenship behaviors enhanced employee retention by reducing their withdrawal behaviors. Accordingly, willingness to perform these discretionary behaviors lead the employees of Bank ABC to volunteer to help spread good practices within their work units or groups, be involved in the political processes of the organization, and/or keep up with the major issues in the organization and hence, stay.

Discussion on Relationship between Organizational Justice and Turnover Intention

In terms of the relationship between organizational justice and turnover intention, the finding implied that the level of turnover intention among employees of Bank ABC will decrease when they perceive that their organization is fair to them. For example, individuals believe that there is a high level of organizational justice at their workplaces when they perceive fairness on how much rewards (pay,
promotion, recognition, and other rewards) they received (distributive justice), the procedures used to
decide the rewards given to them are fair (procedural justice), their superiors treat them with respect and
dignity (interpersonal justice), and their superior provides them with accurate information and thorough
explanation on certain decisions made by senior management (Greenberg, 2013).

Kiersch (2012) has discovered that the employees who tended to show less positive feelings
towards organizational justice had high intention to leave, and vice versa. Additionally, De Gieter, De
Cooman, Hofmans, Pepermans, and Jegers (2012) noted that employees who perceive a fair working
environment are obliged to remain with the same employer for long (low level of turnover intentions). Consistent with previous researches, the significant relationship between organizational
justice and turnover intention in the context of this study suggested that the more the employees of Bank
ABC perceive justice at the workplace, the more likely they will continue to work and stay with their
current organizations.

**Discussion on Relationship between Perceived Organizational Support and Turnover Intention**

With regards to the link between POS and turnover intention, the finding of this study revealed
that employees of Bank ABC are motivated to enhance their loyalties and tend to stay when they
perceive support from the company. Employees believe that the company really supports and values
them when they are provided with assistance, special support, and equipment to accomplish their job
assignments and perform their jobs effectively.

Ahmed and Nawaz (2015) found that organizational support has a vital role in inspiring
employees to perform beyond their tasks and to remain with the same employer for long. In fact, a recent
study by Treglown, Zivkov, Zarola, and Furnham (2018) has confirmed that supportive working
environment will lead employees to reciprocate the support by being less likely to want to leave that
organization. Thus, it was not surprising that employees of Bank ABC who receive support from the
company are more likely to feel hesitant about leaving their current job and hence, stay.

**Dominant Factors Influencing Turnover Intention**

Taken together, the significant negative relationship found in this study explains that when the
employees of Bank ABC have high levels of organizational commitment, OCB, organizational justice,
and POS, their level of intentions to leave the company will decrease. Among various individual and
organizational factors, the study reported that normative commitment is the most dominant factor that
negatively influence turnover intention among employees of Bank ABC.
Chong and Monroe (2015) reported that while people with high levels of normative commitment were willing to provide responsibilities to their organizations by staying with their current organizations, those with lower levels of the same were more likely to quit and seek alternative employment elsewhere. Similarly, a study by Uraon (2018) has confirmed the inverse relationship between normative commitment and turnover intention, indicating that the higher the level of normative commitment, the more likely the employees would continue to work for their current employers and have less turnover intentions.

Consistent with previous researches, this study has confirmed that employees’ intentions to leave the company tended to decrease as their feelings of obligation to remain (normative commitment) increased. In the context of Bank ABC, the normatively-committed staff had less intentions to leave the company because they owed a great deal to the company and feel obliged to the current company and the people in it. Even if it was to their advantage, they did not feel that it was right to leave the company as they believed the company deserved their loyalty. This made them feel at fault (guilty) if they leave the company. Hence, the significant relationship between normative commitment and turnover intention in this study suggested that the staff of Bank ABC with less feelings of obligation towards the company had high intentions to leave, and vice versa.

6.0 CONCLUSION

In sum, this study contributed practically by showing the importance of normative commitment in a way that such commitment created a sense of responsibility for their organization, which in turn reduced the turnover intentions. It can be concluded that since normatively-committed staff of Bank ABC are dedicated to their company’s goals and values, the managers of Bank ABC should therefore realize that having normatively-committed staff who have less intentions to leave will help the company avoid any associated recruitments cost, trainings, and other expenses (to replace those who leave).
References


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