

A RELATIONAL PERSPECTIVE ON TURNOVER: EXAMINING AFFECTIVE, CONTINUANCE, AND NORMATIVE PREDICTORS

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Abstract

High rate for employee turnover intention may lead to significant expenses of an organization, including the direct costs of replacing an employee and the indirect costs related to loss of experience and lowered productivity. The aim of the study is to investigate the influence of organizational commitment toward the employee turnover. The research method used in the study is quantitative approach. The primary data were collected by distributing questionnaires to 100 employees of a state-owned electricity corporation in Jakarta, Indonesia. Multiple linear regression shows that all three components of organizational commitment: affective commitment, continuance commitment and normative commitment significantly influenced employee turnover intention.

Keywords: *organizational commitment, affective commitment, continuance commitment, normative commitment, job satisfaction*

Abstrak

Jumlah karyawan yang meninggalkan atau keluar dari pekerjaannya dapat menyebabkan pengeluaran yang signifikan untuk suatu organisasi, termasuk biaya langsung untuk mengganti karyawan dan biaya tidak langsung terkait dengan hilangnya pengalaman dan penurunan produktivitas. Studi ini meneliti tentang pengaruh komitmen perusahaan terhadap 'turnover' karyawan. Metode dalam penelitian ini menggunakan pendekatan kuantitatif. Data primer diperoleh dengan cara membagikan kuesioner kepada 100 karyawan perusahaan listrik milik negara di Jakarta, Indonesia. Regresi linier berganda menunjukkan bahwa ketiga komponen komitmen organisasi, yaitu afektif, normatif, dan berkelanjutan, memiliki pengaruh signifikan terhadap intensi karyawan untuk meninggalkan atau keluar dari pekerjaannya.

Kata Kunci: *komitmen perusahaan, komitmen afektif, komitmen berkelanjutan, komitmen normatif, kepuasan kerja*

1. Research Background

High employee turnover rate has increasingly been an issue, in both developed and developing countries. According to International Labour Organization (2016), the youth unemployment rate in Indonesia stood at 17.8%, while the average youth unemployment rate in South-Eastern Asia was 13.1%. Thus, unemployment in Indonesia was considerably higher than that in the regional average. The youth-to-adult unemployment ratio in Eastern Asia was 3.2, while the ratio in South-Eastern Asia was 5.1 (International Labour Organization, 2016). According to the Indonesian economic forecast, the employee turnover in Indonesia in 2017 approximately reached 8.4 percent. This problem can raise a question to why the situation occurred (Prahadi, 2015). The decrease in turnover leads to the increase in organizational performance and reduction in costs associated with firm losses, job-specific knowledge, hiring process, and retraining of replacement employees (Egan, Yang, & Bartlett, 2004). Consistent with a study by Mitchell, Holtom, and Lee (2001), when employees leave an organization, it costs the organization time and money to replace them, the total cost which at times range from 90% to 200% of the annual salary for the advertised position. The costs of employee turnover involve advertising expenses, headhunting fees, resource management expenses, loss of time and efficiency, work imbalance, and employee training and development expenses for new joiners (Harrie, 2002). Based on the previous study, organizational commitment has been the most influential predictors of employee turnover (Harun, Salleh, Memon, Baharom, & Abdullah, 2014). Three indicators of affective commitment, normative commitment, and continuant commitment to determine the organizational commitment: i.e.. were tested.

The aim of the study is to analyze the influence of the organizational commitment towards employee turnover intention of a company. The company was selected as the sample in the study because the employee turnover intention was exceptionally high and the company should have addressed it. As seen in Table 1, the employee turnover rate reached 2.5% in January, and this rate decreased to 1.05% in March. However, the situation went from bad to worse in May, June and July with the increase of the turnover from 3.66% to 6.52%.

Table 1. Employee Turnover Data (2018)

Month	Total # of Employees	Employee Turnover	Percentage of Turnover (%)	New Hire	Percentage of New Hire (%)
Jan	200	5	2.50	0	-
Feb	195	7	3.59	2	1.03
Mar	190	2	1.05	1	0.53
Apr	189	5	2.64	7	3.70
May	191	7	3.66	5	2.62
Jun	189	12	6.35	7	3.70
Jul	184	12	6.52	10	5.43

As seen in Table 1, the high employee turnover intention in the state-owned electricity company may negatively impact on the employee productivity. Turnover intention may lead to loss of experienced and trained employees. One possible cause of this problem is the lack of organizational commitment. This study, therefore, focuses on the influence of organizational commitment towards employee turnover intention using quantitative method to test the three factors of the organizational commitment.

1.1. Organizational Commitment

Organizational commitment has both practical and theoretical implications. This commitment is the strength of an individual identification with, and involvement in the organization (Levy, 2003). Organizational commitment requires a member of an organization

to strongly desire to stay afloat and to try according to the wishes of the organization, certain beliefs and acceptance of the values and goals of the organization (Luthans, 2008).

Organizational commitment was initially viewed as a two-dimensional affective and continuance commitment (Meyer, Allen, & Smith, 1993). Affective commitment is defined as “positive feelings of identification with, attachment to and involvement in the work organization,” and this commitment comes from the emotional attachment from employees to the organization (Luthans, 2008). Thus, employees with strong affective commitment will be actively involved in the organization and enjoy their belongingness to the organization.

Continuance commitment is viewed as “the extent which employees feel committed to their organization by virtue of the costs that they feel are associated with leaving” (Allen & Meyer, 1990). Employees who have high normative commitment will stay in an organization because they are supposed to, or ought to do that.

Beyond the two dimensions, normative commitment is defined as “the employee’s feelings of obligation to remain with the organization” (Meyer, Allen & Smith, 1993). Rational commitment related to the commitment based on the employees’ perceptions of losses will occur if they decide not to continue working in the organization (Luthans, 2008). In this case, highly-committed employees will opt to stay in the organization because they need to.

The concept organizational commitment is described as a tri-dimensional concept, characterized by the affective, continuance and normative dimensions (Meyer, Allen, & Smith, 1991). A company or an organization in a competitive environment is often expected to perform better to achieve the organization goal that is frequently disrupted by the employees’ turnover intention. High turnover intention in one company will negatively impact on a company through the unstable working condition and the increasing cost of recruiting new employees. Thus, an organization should strongly commit to increasing its employees’ work motivation. Strong organizational commitment will decrease turnover intention in a company or an organization (Nawab & Bhatti, 2011). Organizational commitment is a crucial employee quality for organizations as it is an indicator of a more stable, engaged and higher performing employee (Perryer, Jordan, Firms, & Travaglione, 2010).

1.2. Turnover Intention

Turnover intent has been defined as an individual’s voluntary or involuntary withdrawal to depart from an organization (Robbins & Judge, 2007). In voluntary withdrawal, employees may quit the organization intentionally because of the difficult work environment, or else, they may have some other job offers. Meanwhile, in involuntary withdrawal, an organization terminates an individual because of his inability. Voluntary employee turnover remains a critical issue for management because of its negative implications for organizations. The term turnover intention is identical to the intention to leave the present organization. The worker’s intention to leave (Cho, Johanson, & Guchait, 2009) is considered as a conscious and deliberate desire to leave an organization within the near future and considered the last part of a sequence in the withdrawal cognition process (Mobley et al., 1978). Previously, turnover intention is the stronger and immediate predictor of actual turnover (Jang and George, 2012). Thus, it is important to investigate the factors that trigger the employees to attempt to quit the company.

The following model depicts the interrelationship of the independent and dependent variables to form the theoretical framework (Figure 1).

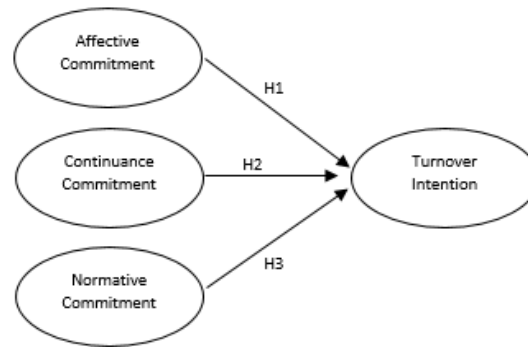


Figure 1. Research Framework

1.3. Hypothesis Development

Structural model in Figure 1 proposes that affective commitment is negatively related to turnover intention. Previous studies have shown that commitment is negatively related to turnover. Affective commitment is negatively related to turnover intention in nurses at private hospitals in Indonesia (Mardiana et al., 2012), in three-star hotels in Malaysia (Kalidass & Bahron, 2015), and among the front desk staff in banking organizations in Pakistan (Mehmood et al., 2016). This commitment also negatively impacts on the employees' intention to leave manufacturing companies (Tarigan & Ariani, 2015). However, there is no relationship between affective commitment and turnover intentions of low-cost hotel employees in the Philippines (Saporna & Claveria, 2013). Similarly, in another study, affective commitment has no significant relationship with turnover of the employees (Tnay et al., 2013). Based on the literature reviewed, the first hypothesis is formulated as follows:

H1: Affective commitment is negatively related to turnover intention.

Structural model in Figure 1 suggests that continuance commitment is negatively related to turnover intention. continuance commitment has negative impact on intention to leave manufacturing companies (Tarigan & Ariani, 2015). This commitment is negatively related to turnover intention of the nurses at private hospitals in Indonesia (Mardiana et al., 2012) and in three-star hotels in Malaysia (Kalidass & Bahron, 2015). However, continuance commitment has significant contributions to the prediction of turnover intentions of the lab scientists in Ghana (Mensah & Kosi, 2016), and continuance commitment has no associations with turnover intentions of the low-cost hotel employees in the Philippines (Saporna & Claveria, 2013). In addition, continuance commitment has no relationships with employee turnover either (Tnay et al., 2013). Based on these discussions, the following second hypothesis is generated:

H2: Continuance commitment is negatively related to turnover intention.

The structural model in Figure 1 suggests that normative commitment is negatively related to turnover intention. Normative commitment negatively impacts on the intention to leave in manufacturing companies (Tarigan & Ariani, 2015). Normative commitment also negatively relates to the turnover intention in the three-star hotels in Malaysia (Kalidass & Bahron, 2015) as well as to the turnover intention in nurses at the private hospitals in Indonesia (Mardiana et al., 2012). High normative commitment leads to less turnover intentions of the lab scientists in Ghana (Mensah & Kosi, 2016). Suprisingly, normative commitment does not affect the turnover intentions of the low-cost hotel employees in the Philippines (Saporna & Claveria, 2013) and does not contribute to the turnover intention in an organization (Tnay et al., 2013). Based on the situations, the hypothesis can be formulated as:

H3: Normative commitment is negatively related to turnover intention.

2. Research Method

In this study, the data were collected using a survey questionnaire. The questionnaire comprises of three sections: first, the respondents’ demographic characteristics; second, the factors of organizational commitment; and finally, the factors of the turnover. The last two sections of the questionnaire were measured using a four-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (4).

The validity of the study was tested using Pearson correlation. The correlation value was then compared to the critical one. The instruments are valid when the correlation value from the study is bigger than the critical one. The result of the validity test of the instrument consisting of 14 items exceeded the lower limit of correlation coefficient of 0.6. Since the instruments had high validity, the data collected were then valid.

The reliability of the study was tested using Cronbach’s alpha. The elaboration of all items on organizational commitment factors (such as affective, continuance and normative) was reliable because all alphas of the variables exceeded the lower limit of the Cronbach’s alpha standard of > 0.60. The alpha coefficient of the affective commitment sample item showed Cronbach’s Alpha of 0.68, continuance commitment of 0.82, normative commitment of 0.62, and employee turnover intention of 0.72. This means that each of the variables exceeded the minimum standard of reliability and hence, can be relied on.

After conducting validity and reliability test of the items listed in the questionnaires, we conducted a test of multicollinearity. The value was given in its reciprocal called Variance Inflation Factors (VIF). If VIF value is < 10 with coefficient of tolerance > 0.1, or vice versa, this means that there is no multicollinearity among the independent variables (Hair et al., 2010). Table 2 shows that all coefficients of VIF are smaller than 10 and all coefficients of tolerance are bigger than 0.1. This means there is no multicollinearity among all the independent variables.

Table 2. The Result of Multicollinearity Test

Independent Variable	Collinearity Tolerance	Collinearity VIF
Affective Commitment	0.93	1.07
Continuance Commitment	0.94	1.06
Normative Commitment	0.92	1.08

A total of 100 questionnaires were distributed to both the management and non-management employees. 100% of the distributed questionnaires were successfully collected from the studied organization. This research took place at the studied state-owned electricity company from June to July 2018. The research preparation, data collection, data processing and data analysis were also completed within this period. The company strictly allowed the researchers to distribute only the exact aforementioned number of questionnaires. Employees were asked not to provide their names nor their identification numbers. Participants were informed that their responses were confidentially recorded.

Statistical Package for Social Science (SPSS) version 23.0 was used to analyze the collected data. Descriptive statistics was used to analyze the respondents’ demographic data of gender, age, educational level, job department/division at work, and years of service in the organization. The data were presented in frequency and percentage. On the other hand, inferential statistics was used to determine the relationship between the independent and dependent variables. The research hypotheses were analyzed using Pearson’s Correlation Coefficient, and the results indicated the strength of the relationship or the degree of association between the two variables. The independent variables of the study were affective

commitment, continuance commitment and normative commitment. Meanwhile, the dependent variable of the study was the employees' turnover intention.

3. Results and Discussion

Table 3 shows the descriptive statistics of the respondents' demographic characteristics from the first section of the questionnaire. Of the 100 respondents, 86% respondents are male and 14% are female. In terms of the respondents' age, most of them fall into the age group of 18 to 24 years old (72%). In terms of educational background, the total number of the respondents with a college degree is 62.4%. The duration of the service of all the respondents to the company ranged between one and two years (69%), and between three and five years (25%). Finally, in the job division category, most respondents were in the distribution and service division (37%). Meanwhile, the technical operation came second highest (28%).

Table 3. Respondents' Demographic Characteristics

Demographic Factor	Characteristic	Percentage (%)
Gender	Male	86
	Female	14
Age	18-24	72
	25-34	26
	35 or older	2
Education	College	83
	Undergrad	16
	Grad School	1
	Distribution & Service	37
Job Division	Technical Operations	28
	Information Technology	12
	Human Resources	10
	Sales & Marketing	7
	Finance/Accounting	6
	Less than 1 year	2
	1-2 years	69
Tenure	3-5 years	25
	More than 5 years	4

The result of the influence of affective, continuance and normative commitments on the turnover intentions of the state-owned electricity corporation employees is summarized in Table 4. The data analysis shows that all the hypotheses are accepted. Turnover intention has a negative significant relationship with affective, continuance and normative commitments ($r=0.50$, $p<0.05$). The significance is proved by the coefficient determination (R^2) at 0.255 or 25.5%, and 74.5% of the analyzed data are influenced by other factors outside the studied model. The committed employees are more likely to stay in the organization.

Partially, the negative significant influence of affective commitment on turnover intentions was -0.205 or -20.5%. Then, the negative influence of continuance commitment was -0.164 or -16.4%. Finally, the negative influence of normative commitment was -0.208 or -20.8%. Generally, the interpretation of the multiple linear regression shows that if the affective commitment, the continuance commitment and the normative commitment increase, the turnover intentions will go down. Additionally, among these three variable commitments, the normative commitment has a dominant negative significance on the turnover intentions.

Committed employees personally contribute more significantly to the organization and perform better for the organization (Perryer, Jordan, Firms, & Travaglione, 2010).

Table 4. The Summary of Multiple Regression Tests

Variable	Coefficients	Std. Error	T	Sig.
Constant	3.49	0.446	7.824	0.000
Affective Commitment Continuance	-0.205	0.054	3.813	0.000
Commitment	-0.164	0.658	-2.537	0.013
Normative Commitment	-0.208	0.090	-2.310	0.023
Multiple R = 0.50				
R Square = 0.255				
F Value = 6.433				
Significant = 0.000				
*Dependent Var.: Turnover Intention				

4. Conclusion

The findings of this study are consistent with those of the previous studies. A total of 206 employees working at manufacturing companies reported that even though job satisfaction has an influence on turnover intention, organizational commitment proved to be a more important variable in determining turnover intention (Tarigan and Ariani, 2015). In addition, when hotel employees feel appreciated, the turnover intention is then minimized (Kalidass & Bahron, 2015). Another finding on 141 medical lab scientists drawn from various public health institutions in Ghana (Mensah & Kosi, 2016) is also consistent with this study. The scarce job opening for medical laboratory scientists in Ghana who desire to quit their current jobs imposes economic challenges as well as social consequences on these scientists. The implications of this study, therefore, are aimed to contribute to the knowledge about the antecedents of employees' turnover intention.

There are several limitations observed in this study. The first limitation lies in the small sample size from the targeted state-owned electricity corporation employees. A larger sample will be able to shed more precise, accurate and comprehensive results for the study. The second limitation comes from the limited scope of this study focusing only on examining the effects of the organizational commitment. For further research, other variables can also be included. The third limitation is the limited location (which was Jakarta) and the type of industry within the study. The finding of this study cannot be generalized to other types of industries and to different locations since different industries and locations may have different perspectives. The following are the recommendations from this study that the organization should be: supportive towards, responsible for, more attentive to, and more appreciative towards its organization goals. Some of these organization goals include the employees' well-being and the unity between the employees and the management.

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