THE EFFECT OF PERCEIVED ORGANIZATIONAL SUPPORT (POS) AND AFFECTIVE COMMITMENT (AC) ON EMPLOYEES’ TURNOVER INTENTION: A STUDY OF MALAYSIAN MANUFACTURING COMPANY

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ABSTRACT

This study examines the effect of perceived organizational support (POS) and affective commitment (AC) on employees’ turnover intention in the manufacturing sector of Malaysia. 297 employees participated in the study. The result of the study indicate that perceived organizational support was significantly related to affective commitment. The results also shows that individuals with higher levels of affective commitment and perceived organizational support tended to report lower levels of turnover intention. Implication were presented for manager who want to keep and encourage their employees to remain in the organization.

Field of Research: Perceived organizational support, affective commitment, turnover intention

1. Introduction

The concept of perceived organization support (POS) is getting attention and being admired day by day in the management sphere of modern business world especially in the manufacturing sector. The effects are largely on retaining and developing the most important assets of an organization i.e. the employees of the organization. Most of all, the support from the organization is very important for the development of the employees.

Over the years, the commitment of employees towards their organizations has been given much emphasized. Affectively committed employees are seen as having a sense of belongings that will increase their participation in the activities of the organization, their willingness to pursue organization’s goals, and their determination to remain with the organization.

Employee turnover is the rotation or changes in possession of workers around the labour market, between different firms and organizations as well as between the states of employment and unemployment. Organizations had invested a lot of capital on the employees in terms of training, development and induction, and retaining of the employees. Therefore, managers must recognize or try to minimize the problem of employee turnover in their organization. In order to do this, they must first understand the possible factors that will contribute to turnover among employees.
1.1 Research background

Malaysia’s manufacturing sector nowadays, as according to Malaysian Industrial Development Authority (MIDA, 2012), is among of the highest contributors to the economy (24.5% out of total 100%) and it contributes 67.6% of the total exports of the country as compared to other sectors. The growth of manufacturing industry in Malaysia is tremendous and total FDI (Foreign Direct Investment) inflows into Malaysia in 2011 had increased by 12.3% to RM 32.9 billion compared with RM 29.3 billion in 2010. In addition, the investments are expected to create about 3.6 million employment opportunities in 2012. All these great achievements and influences of the manufacturing sector has proved that it is now one of the most major sectors in the country and therefore focus and attention should be given to further improve and maintain the development of this sector.

1.2 Problem statement

An annual survey conducted by the Malaysian Employers Federation (MEF) in the year of 2010 had reported that annual labor turnover rates in 2009 and 2010 were approximately 18% and 19% respectively. Further, based on the Labour Market Information, the numbers of new job registrants of Malaysia were increased from 9,896 to 15,936; while the number of active job registrants were increased from 85,030 to 137,716 as compared with March 2007 and 2008 respectively. The large number of applicants signified that the employees have a strong turnover intention, over their current job or working environments.

Based on past literatures, it was indicated that turnover intention is the most immediate precursor of actual turnover (Mobley et al., 1978; Steel & Ovalle, 1984). It is therefore widely accepted and acknowledged that identifying and dealing with antecedents of turnover intentions is an effective way of reducing or solving actual turnover. This is the reason employees’ turnover intention is given much emphasized in this study and its effects or relationship with employees’ perceived organizational support (POS) and affective commitment (AC) will be investigated as well.

Although most of the researches that have been carried out in the past have indicated that there is clear relationship between POS and AC with employees’ turnover intention (Rhoades & Eisenberger, 2002), there has not been much of them which were done in the manufacturing industry, let alone those carried out in the Malaysia context. Therefore, a research or study in the manufacturing field of Malaysia was needed in order to prove the applicability of those theories which have already been accepted previously.

2.0 Literature Review

2.1 Perceived organizational support (POS)

POS has been defined in many ways in the literature. Eisenberger (1986) defined perceived organizational support as “employees in an organization from global beliefs concerning the extent to which the organization values their contributions and cares about their well-being”. In other words, perceived organizational support (POS) focuses on the commitment of the organization towards the employees. The theory that could explain this relationship is theory of social exchange of Gouldner (1960) and Blau (1964) which involves a series of interdependent interactions that generate an obligation to reciprocate. The social exchange concept is then expanded on the organizational support theory to explain the employee-organization relationship. Individuals who perceived high levels of POS are thought to have an obligations to repay the organization for its effort. According to Eisenberger et.al. (1986), there are three forms of encouraging treatments through which the POS
should be increased, based on the organization support theory. The three forms of treatments are fair-ness, supervisor support, organizational rewards and job conditions.

2.2 Affective commitment (AC)

Affective commitment is defined as employees’ emotional attachment to, identification with and involvement in the organization and its goals. It results from and is induced by an individual and organizational value congruency. Meyer, Allen and Smith (1993) reported that there have been numerous studies analyzing the relationship between affective commitment (AC) and variables that were predicted to be related or account for some degree of AC. These researchers also reported that the predictors of affective organizational commitment generally occurred in three categories which are organizational characteristics, personal characteristics, and work experiences.

2.3 Turnover intention

Turnover intention is one’s behavioural intention to quit. Hellman (1997) defined turnover intention as the behavioural intentions illuminating an individual’s intention to leave or stay and is considered to be the primary antecedent or actual turnover behaviour. Reducing turnover in a newly established organization is very important for productivity and to maintain a stable corporate reputation and image. Therefore, knowing turnover’s effects are important for organization, to allow the problem to be handled wisely and correctly.

2.4 Relationship between POS and AC

There are numerous studies examining the relationship between POS and AC (Reid et al. 2008; Meyer et al. 2002; Rhoades & Eisenberger 2002; Liden et al. 2003) The relationship between POS and AC is explained by the social identity theory. Social identity theory suggests that employees remain loyal when they feel their organizations value them and appreciate them (Tyler, 1999). If the support from the organization is able to meet employees’ needs for praise and approval, the employees would incorporate organizational membership into him/her self’s identity and from there develop a positive bond of relationship to the organization.

Lew (2009) who conducted his research in four private universities in Malaysia has found that POS had direct impact on affective commitment. Interview sessions with ten selected respondents of two medium enterprises in the manufacturing industry in Malaysia also found similar result where POS will have positive influence on the affective commitment (Wahab et al. 2009). Thus:

\[ H_1: \text{There is a positive relationship between perceived organizational support and affective commitment.} \]

2.5 Relationship between POS and turnover intention

Over the past years, researchers have focused significant attention on the concept of POS as a key predictor for turnover. Allen et al. (2003) who conducted POS and turnover intention found that POS was negatively correlated with turnover intention. They found that employees who feel that their organisation does not value their contribution or care about their well-being, would be anticipated to develop withdrawal feelings and display negative attitudes such as intention to leave. Hui, Teo and Lee, (2007) examined both turnover intention and POS and through the research, it has been concluded that POS was negatively related to thoughts or intentions of leaving organization. This will
mean that, the higher the level of POS that is felt by the employees, the less likelihood for the employees to have the intention of quitting their jobs. According to Tumwesigye (2010), POS has been found to be negatively related with turnover intention. In a study conducted by Wong and Tay (2010) which involved 93 music teachers from private music schools around the Klang Valley in Malaysia, the teachers are found less likely to leave when they perceive their music schools supported them. Thus;

\[ H_2 = \text{There is a negative relationship between POS and turnover intention.} \]

2.6 Relationship between AC and turnover intention

There have been great deals of research been conducted that attempt or try to link employee affective organization commitment and turnover intention. Allen and Meyer (1991) discovered that AC has a negative influence on turnover intention of the employee. Meta-analyses conducted by Meyer, Stanley, Herscovitch, & Topolnytsky, (2002) have confirmed that AC is well established as an important antecedent of withdrawal or turnover behaviours. Committed employees have been found to be less likely to leave an organization than those who are uncommitted or less committed towards their organizations (Baotham et.al, 2010). Lew (2009) who carried out his research in one of the foreign offshore campuses of Australian universities in Malaysia supported the relationship that lower commitment to the organization may lead to increase intention to quit. Meanwhile, another research carried out in private hospitals in Indonesia had also found similar relationship between the two variables (Guntur, Haerani & Hasan, 2012). Therefore, it seems to be logical to expect that affective commitment will affect intention to quit. Thus:

\[ H_3 = \text{There is negative relationship between Affective Commitment (AC) and turnover intention} \]

3.0 Methodology

3.1 Sample and data collection method

The sample population was one of the largest manufacturing company in Batu Pahat, Johor. The sampling technique used in this study was in the form of stratified sampling. The data were gathered by distributing questionnaires to all employees of the company. The surveys were administered with the support of the management of the organization.

3.5 Research instrument

POS was measured via scale adopted from previous research (Eisenberger et al., 1986 ), AC was measured using item scale which is designed originally by Meyer et al (1993) and the turnover intention was measured using five-item scale originated by Lee, Carswell, & Allen (2008). All question item were measured on a 5 point Likert type scale from strongly disagree (1) to strongly agree (5).

4.0 Finding & Discussion

4.1 Reliability analysis

The realibility analysis which was conducted on Cronbach’s alpha coefficient value for all variables in this study found a range of coefficient from 0.795 to 0.814.

4.2 Response rate and profile of the respondents
319 questionnaires were distributed randomly to employees of company and a total of 279 questionnaires were returned. 229 valid questionnaires had been identified, after ruling out those with insufficient data, which reflected a usable response rate of 71.7%. Among the 319 usable samples, 53.7% of the participants were male and 46.3% were female. In all, 58.1% of the respondents had at least secondary school level of education. Most of the respondent (67.7%) had one to five years experience working in the current company. 60.8% of the respondents work as general workers, followed by executive, supervisor and technician (30.4%) and respondents holding managerial or administrative positions (8.8%).

### 4.3 Correlation analysis

The hypothesis regarding the relationship between variables were tested using correlation analysis. The results shows that POS is positively and significantly (p<0.01) related to AC (r =0.512). Thus, Hypothesis 1 was supported.

The result of this study also shows a negative association between POS and turnover intention (r = -0.414), and it is statistically significant (p<0.01). Hypothesis 2, was therefore supported.

The relationship between AC and turnover intention was also been examined. The result also indicates negative relationship between AC and turnover intention (r = -0.571, p<0.01). Hypothesis 3 was therefore supported.

### 4.3 Discussion

According to the findings of this study, positive relationship exists between perceived organizational support and affective commitment. This suggest that employees will be more attached to the organization if they feel that they receive support from the organization. This is consistent with the result of other studies which have been conducted in different settings (Reid et al. 2008; Meyer et al. 2002; Rhoades & Eisenberger 2002; Liden et al. 2003, Lew (2009), and Wahab et al (2009).

As for the relationship between Perceived Organizational Support (POS) and the employees’ turnover intention (TI), the extent of the relationship was found to be in the medium level as well, with the correlation coefficient value of –0.414 (p< 0.01). The result obtained is in accordance with previous research conducted by Allen et al (2003), Hui, Teo and Leel (2007), Lew (2009), Tumwesigye (2010), Syafiqah (2011) and Wong and Tay (2010) . In other words, the greater employees feel that the organization is not giving them support, the more likely they want to leave the organization.

The correlation coefficient for AC and turnover intention variables is –0.571 at the significant level of p< 0.01. The higher value of negative correlation among these two variables signifies that the relationship between AC and TI is slightly stronger than the correlation between POS and TI. The finding of relationship between these two variables is consistent with the results reported by Lew (2009), Baotham et al. (2010) and Guntur, Haerani and Hasan (2012) whereby individuals with higher levels of affective commitment tended to report lower levels of intention to leave. This suggest that if employees feels that they are cared and valued by their organization, they are less likely to leave their organization.

### 5.0 Conclusion & Recommendation

Although perceived organizational support, affective commitment and turnover intentions has been commonly examined this study has taken its route by examining it from Malaysian manufacturing
company perspective. This study highlights the importance of perceived organizational support towards employees’ affective commitment. This study also indicates that affective commitment and perceived organizational support reported negative association with turnover intention.

Policy makers and human resources practitioners of company should consider perception of supports to foster organizational commitment of the employee. Understanding the relationship between employee perceptions of support and organizational commitment, as well as the role of perception of support and organization in relation to employee turnover intention are crucial in assisting human resource practitioners to maintain a high level of commitment among employees in future.

References


