

**Factors Influencing Employee Turnover Intention:
The Case of Retail Industry in Bangkok, Thailand**

Xiangping Wu¹ Pussadee Polsaram, D.B.A.²

Abstract

Purpose—The purpose of the paper was to measure the effect of job characteristic, job satisfaction and organizational commitment on employee turnover intention.

Design/Methodology—A survey questionnaire was used to collect data from a sample of 384 employees in retail industry. The Structure Equation Model (SEM) was used to analyze the model and examine the postulated hypothesis.

Findings—Results showed that job characteristic has positive effect on job satisfaction and organizational commitment, job satisfaction also has positive effect organizational commitment, both of job satisfaction and organizational commitment were found had negatively effect on employee turnover intention.

Research Implications—The findings provide the understanding of the factors affect employees' turnover intention. Thus, it gives recommendations for managers to improve job satisfaction and organizational commitment to reduce employee turnover intention.

Research Limitations—Given the size of the sample used, it was impossible include all the factors in this study. As a result, only the most popular and well-researched factors were examined.

Key words: job characteristic, job satisfaction, organizational commitment, employee turnover intention

¹ Master of Business Administration in International Business

The University of the Thai Chamber of Commerce

² Lecturer, The University of the Thai Chamber of Commerce

Introduction

Retail industry is an intermediary structure that communicates consumers and producers, with the development of economy development (Littler and Hudson, 2003). Retail market provides a large number of jobs, without the large retail corporations, a considerably large number of employees will unemployed and this would unavoidably affect the nation's economy. In Thailand, retail industry is one of the important components of Thailand GDP worth approximately 1.4 trillion Baht, including modern trade 40% and traditional trade 60% (Thailand Retail Industry report, 2011). It is the largest sector of the private economy (Hart et al., 2007).

However, employee turnover become to a major concern for many organizations nowadays. High employee turnover have a devastating effect on a company, especially if the lost employees are high performers. Thailand has seen more than a 10% average turnover rate for several years (Employee Turnover Costs Report, 2012). High employee turnover in Thailand cost the country in terms of human resource development and reduce the nation's global competitiveness (Thailand Retail Industry Report, 2011). Thus, one of the biggest problems in several industries is high employee turnover. High employee turnover has an impact on the quality and quantity of production. Thus, it is view as an area of cost that can be measured and benchmarked. For the causes lead to occur of employees' turnover intention, many aspects have been studied by experts, psychological factors such as job satisfaction and organizational commitment.

In the fierce competition situation, saving cost for each organization is indispensable. It is one of the most important methods that could improve the success of organization. Therefore, the objective of this study concentrates on how job characteristic, job satisfaction and organizational commitment influence employee turnover intention. Thus, the results are benefit to promote employee's positive emotions for the managers who want to forecast and control the employee's

negative attitude in retail industry of Bangkok, Thailand.

Literature Review

Literature in this study includes employee turnover intention, organizational commitment, job satisfaction and job characteristic.

Employee Turnover Intention

Employee turnover is an important factor influencing employee productivity and other results. Barak et al., (2001) suggested that employee turnover is terror and costly. Hence employee turnover is worth manager's while pay attention. Employee turnover intention is the single best predictor of turnover and as a key element in study employee behavior, also be the last step before the employee voluntary to leave (Lee and Bruvold, 2003). Employee turnover intentions has been substantiated of employee turnover to be robust accept from the most of scholars (Lee and Bruvold, 2003). For the definition of employee turnover intention, some researchers defined that employee turnover intention like a time-consuming process from thinking of quitting, intention to search a new job and intention to quit or stay (Jacqueline and Milton, 2007).

Organizational Commitment

Lambert (2003) indicates that organizational commitment as a psychological attachment of an employee to an organization. It's viewed as a set of behavioral intentions to motivating many organizational and behavioral outcomes, which can be conceived of as a pattern of behaviors (Goulet and Frank, 2002). Given that the nature of organizational commitment is layered in terms of one's possible commitment level, three specific commitment types have been identified which are affective commitment, normative commitment, continuance commitment (Meyer and Allen, 1984). Allen and Meyer (1997) defined that affective commitment pertains to the extent to which an individual identifies with

organization and reflects employee affective orientation towards. Continuance commitment was indicated that the employees do not leave organization because they are not willing to give up many years of accumulated results, and they need time to adapt to leave organization, and look for the new job (The Pennsylvania State University, 2011). Normative commitment has defined that an employee stays with an organization due to moral obligation; he/she doesn't want lose co-workers as lessor for resigning (Pastorino et al., 2010).

Organizational commitment is viewed as the strongest predictor of employee turnover intention (Ahuja et al., 2007). Lin and Chen (2004) point out that organizational commitment negatively related with employee's turnover intentions. Then managers want to reduce the employee turnover intention by improving organizational commitment, such as increases pay promotion, monetary bonuses, (Kaplan and Ferris, 2001). Because the high turnover bring about high enterprise cost, reduce the employee turnover must be a good way for cost reduction.

Hypothesis 1: Organizational commitment has positive effect on employee turnover intention.

Job Satisfaction

The most widely accepted explanation of job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience (Droussiotis and Austin, 2007). Lim (2008) suggest that job satisfaction has significant influence whether individual or organization. Employees may have higher satisfaction when they are more satisfied to the work environment. Thus, this study focused on job facet satisfaction, which about specific job aspects. Pay satisfaction, salary is the basic requirements of employee, they are looking for a line with the labor pay remuneration. Supervisory satisfaction, supervisor is a frontline manager who is responsible for the supervision of employees. Co-worker

satisfaction, the close relationship among the co-workers can improve the rate of employee satisfaction (Wei, 2009). Promotion satisfaction, the action of shifting an employee up the organization hierarchy which will normally bring to an increase of responsibility and status and a better remuneration package among the individuals who are promoted.

Several studies also indicated that job satisfaction is one of the most important factors for turnover intention (McKnight et al., 2009). The research has proposed a positive relationship between job satisfaction and organizational commitment (Yousef, 2000). It has a negative relationship with turnover intention (Alexandrov et al., 2007). Therefore, job satisfaction has been shown to reduce turnover intentions by the mediating construct organizational commitment. Hence, Lai Wan (2007) indicates that the satisfied motivated employee hard work for organization and positively influence organizational commitment.

Hypothesis2: Job satisfaction has positive effect on organizational commitment.

Hypothesis3: Job satisfaction has negative effect on employee turnover intention.

Job Characteristic

Hackman and Oldham's (1975) job characteristic model identified five core job characteristics, including skill variety, task identity, task significance, autonomy, and feedback. They are related to three underlying psychological states: work meaningfulness, knowledge of results, and sense of responsibility. Consequently, job feedback is positively related to commitment (Johlke et al., 2000). Job characteristics is not only influence the employees' feelings but also their behavioral outcomes. There should be positive relationships between job characteristics and job outcomes, such as job satisfaction and turnover intention (Gam, 2008). Employees' cognition of job characteristics would affect their performance as well as inspire them (Morgeson and Humphrey, 2006).

Hypothesis4: Job characteristic has positive effect on job satisfaction.

Hypothesis5: Job characteristic has positive effect on organizational commitment.

Conceptual Model

Based on the literature review, the conceptual model of this study is presented as Figure 1.

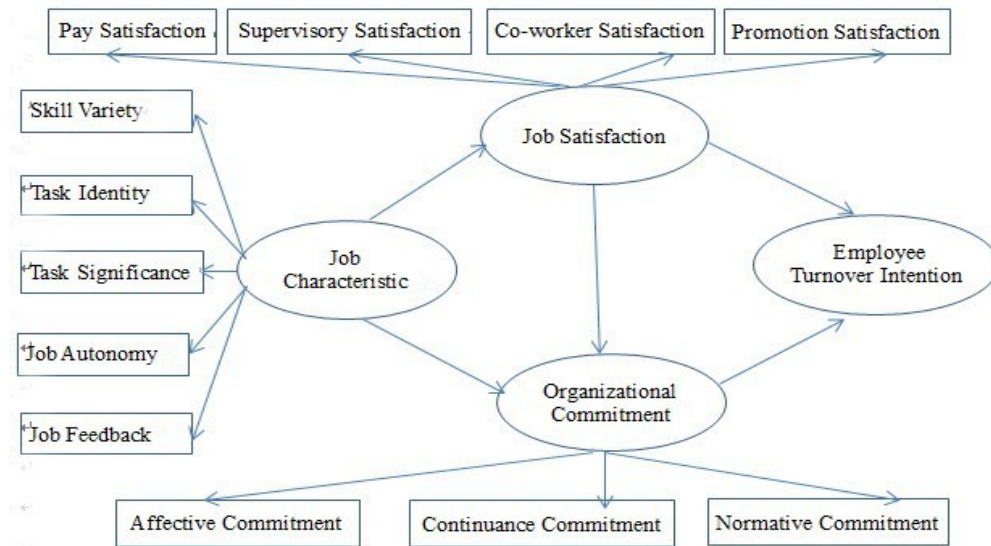


Figure 1: Conceptual model of the research

Methodology

This study used quantitative research methodology for exploring factors and developing a model of the employee turnover intention. The target population in this study focused on the employee who works in the retail industry in Bangkok, Thailand. The size of sample group was 384 samples that's extraction from the population.

Research Instrument

In this study, the structured questionnaire was designed in English and was translated to Thai language. There were 5 parts which are personal information, job characteristic, job satisfaction, organizational commitment, employee turnover intention. The five point Likert scale was used to measure the data.

Data analysis

The structural equation model (SEM) was performed to investigate the effect between dependent variable and independent variables. LISREL8.72 program was used to analysis the data. The total effect and indirect effect are show in the output of LISREL program. Five hypotheses were determined.

Results

In this study, 384 completed questionnaires from respondents were analyzed. Most of respondents are female (60.68%), single (74.74%) and age between 20 – 26 years old (39.32%). Besides that, the most of respondents are holding high school education level (39.84%), bachelor degree (36.72%). More than half respondents (52.34%) have monthly income in 9,000 to 15,000 Thai Baht. There are 32.03% of respondents who were working in the first year. Almost half of them work in sales' position and hold 48.18 %.

Table 1 Correlation Matrix

Correlation Matrix between latent variables	JC	JS	OC	ETI
JC	1.00			
JS	0.58	1.00		
OC	0.48	0.67	1.00	
ETI	-0.55	-0.38	-0.33	1.00

Note: Correlation is significant at the 0.01(**) level.

Table 1 shows relationship among independent variables (job characteristic), mediate variables (job satisfaction, organizational commitment), and dependent variable (employee turnover intention). According the results, job characteristic (JC) has positive correlation with job satisfaction (JS) by r value 0.58 ($p=0.01$), and organizational commitment (OC) by r value 0.48 ($p=0.01$). JC has negative correlation with employee turnover intention (ETI) by r value -0.55

($p=0.01$). The job satisfaction (JS) has positive correlation with organizational commitment (OC) by r value 0.67 ($p=0.01$), and has negative correlation with employee turnover intention (ETI) by r value -0.38 ($p=0.01$). Organizational commitment (OC) has negative correlation with employee turnover intention (ETI) by r value -0.33 ($p=0.01$).

The results showed a goodness of fit of this model by Chi-Square which is 30.16 ($p = 0.067$) in the standard p must much than 0.05. Root Mean Square Residual (RMR) in this study was 0.011, if RMR approach to zero means the model perfect fit with the conceptual framework. For root Mean Square Error of Approximation (RMSEA) in this study is 0.035, accord with the standard of less than 0.05. For Comparative Fit Index (CFI) was 1 and it achieved the high standard. Adjusted Goodness of Fit Index (AGFI) was 0.96 within the scope of the standard. The result in table 2 indicated that the model fits the data well.

Table 2 Parameters of Statistic

Variables	Factor Loading		SE	t
	b Std.	Solution		
Measurement Model				
LAMBDA-X				
JC				
AVGSV	0.42	0.42	0.11	5.17
AVGTI	0.47	0.47	0.07	4.26
AVGTS	0.51	0.51	0.14	4.21
AVGJA	0.46	0.46	0.06	4.14
AVGJF	0.50	0.50	0.03	17.78
LAMBDA-Y				
JS				
AVGPS	0.59	0.59	---	---
AVGSS	0.57	0.57	0.05	11.43
AVGCS	0.43	0.43	0.06	7.68
AVGPROM	0.63	0.63	0.06	10.45
OC				
AVGAC	0.66	0.66	---	---
AVGCC	0.58	0.58	0.05	11.79
AVGNC	0.58	0.58	0.05	11.66
ETI				
ET	1.00	1.00	---	---
BETA				
JS → OC	0.63	0.63	0.12	5.07
JS → ETI	-0.27	-0.27	0.11	-2.38
OC → ETI	-0.22	0.22	0.10	-2.08
GAMMA				
JC → JS	0.60	0.60	0.07	8.92
JC → OC	0.25	0.25	0.08	3.20

The Parameters of statistic is showed in Table 2 which consisted by LAMBDA-X, LAMBDA-Y, GAMMA and BETA total four components. LAMBDA-X is job characteristic which includes skill variety (AVGSV), task identity (AVGTI), task significance (AVGTS), job autonomy (AVGJA), job feedback (AVGJF). The five dimensions have weight from 0.42 to 0.51, t value from 4.14 to 17.78. LAMBDA-Y in this study includes job satisfaction, organizational commitment and employee turnover intention. Job satisfaction consists by 4 observe variables included pay satisfaction (AVGPS), Supervisor satisfaction (AVGSS), Co-worker satisfaction (AVGCS), promotion satisfaction (AVGPROM). They have weight from 0.43 to 0.63 by a t value from 7.68 to 11.43. Organizational commitment includes 3 components which are affective commitment (AVGAC), continuance commitment (AVGCC) and normative commitment (AVGNC). These three components have weight from 0.58 to 0.66 by t value from 11.66 to 11.79.

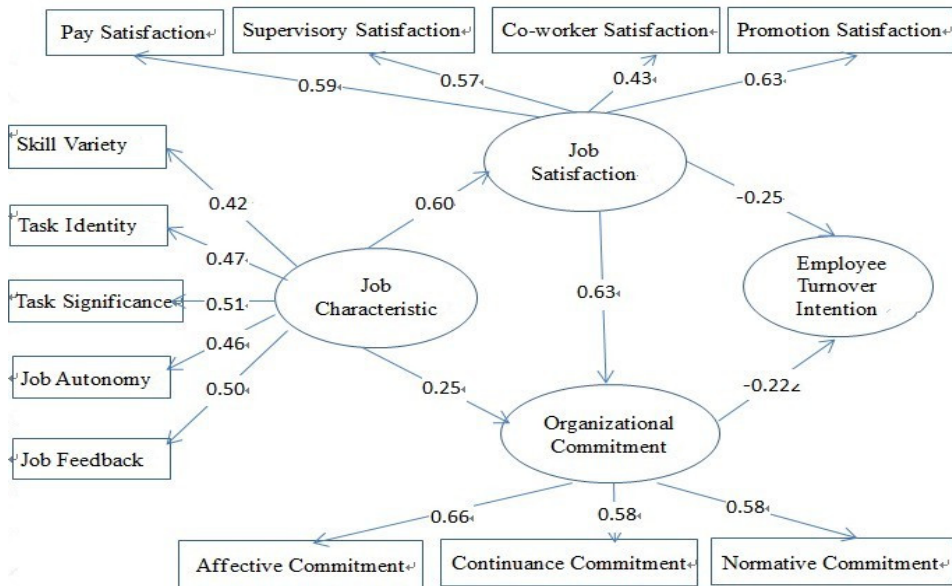
BETA means the level of weight that the endogenous variable can measure the endogenous variables. In this study, job satisfaction (JS) can present 63% (Std=0.63, SE= 0.12, t= 5.07) of positive level of organizational commitment (OC), it can present 27% (Std=-0.27, SE= 0.11 t= -2.38) of negative level of employee turnover intention (ETI). Organizational commitment (OC) can present 22% (Std=-0.22, SE= 0.10 t= -2.08) of negative level of employee turnover intention (ETI). GAMMA parameters means the weight of latent variable can present exogenous variable. Job characteristic (JC) can present 63% (Std=0.63, SE= 0.07, t= 8.92) of positive level of job satisfaction (JS), it also can present 25% (Std=0.63, SE= 0.08, t= 3.20) of positive level of organizational commitment (OC).

Table 3 Total Effects, Direct Effect and Indirect Effect of Model

Effect Cause	JS			OC			ETI		
	TE	IE	DE	TE	IE	DE	TE	IE	DE
JC	0.60	---	0.60	0.63	0.38	0.25	-0.30	-0.30	0.00
JS	---	---	---	0.63	---	0.63	-0.40	-0.13	-0.27
OC	---	---	---	---	---	---	-0.22	---	-0.22

Note: TE = Total Effect DE = Direct Effect IE = Indirect Effect

Table 3, describe the total effect, indirect effect and direct effect among each variable. The results indicate that job characteristic has positive direct effect to job satisfaction at 0.60; also has positive indirect effect to organizational commitment at 0.38 and direct effect at 0.25; it has negative indirect effect to employee turnover intention at -0.30. Job satisfaction has positive direct effect to organizational commitment at 0.63, has negative indirect effect to employee turnover intention at -0.13 and direct effect at -0.27. Organizational commitment has negative direct effect on employee turnover intention at -0.22. Therefore, each variable has significant in structural model.

Figure 2 SEM results of this study

Conclusion

In this study, all hypotheses are accepted. The findings confirm that job characteristic has positive direct effect on job satisfaction and organizational commitment, it consistent in the literature review of Gam (2008). Job satisfaction has positive direct effect on organizational commitment consistent with Yousef (2000) and has negative direct effect on employee turnover intention (Alexandrov et al., 2007). Organizational commitment has been point out that it can negatively affect employee turnover intention the same result with Lin and Chen (2004). Thus, each variable has significant in structural model and anastomosis with hypothesis which put forward from literature combined with the actual situation.

Discussion

The finding from this study is useful for understanding the factors influencing employee turnover intention of retail industry in Bangkok, Thailand. Therefore it's beneficial for managers to reduce employee turnover intention. Such as improve job satisfaction of employee, managers could give more opportunities

advancement. In addition, managers could improve job satisfaction by design the appropriate job for employees. The second way is improve organizational commitment of employee by improve affective commitment, set up good corporate image and instill to employee positive values. The third way is improve job characteristic, design work to fit most of the employee's competence and values. Give employees more freedom and pay more attention to employees and their work.

In order to make the framework more comprehensive and can be used in more other areas, job characteristic and job satisfaction can be measure by more dimensions. For future research can put more dimensions such as organizational satisfaction, put new variables in model such as employees' values. The model can be compare in more different industries, thus the sample group of research can use other industries and countries. For example, it can be used to study about employee turnover intention of manufacturing industry in Thailand or other countries. Also can be study in employee turnover intention of insurance, or Banking.

The future research should provide an appropriate quantity of questions in the questionnaire. As far as possible ask each respondent serious answer all questions. Ensure that the data collected with the highest quality.

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