THE RELATIONSHIP OF ORGANISATIONAL COMMITMENT AND TURNOVER INTENTION AMONGST TOURISM EMPLOYEES IN KOTA KINABALU, SABAH: THE MODERATING EFFECT THE JOB TENURE

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DECLARATION

I hereby declare that material in this dissertation is my own except for quotations, excerpts, equations, summaries and reference, which have been duly acknowledge.

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The purpose of this study is to examine the relationship between components of organisational commitment (affective, continuance and normative) towards turnover intention amongst tourism employees and the effect of job tenure as mediator, specifically those employed by tour operators in Kota Kinabalu. A total of 110 tour operator employees completed the questionnaire. A self-administrated was used by the researchers to collect data. The results indicate that affective commitment and normative commitment were negatively related to turnover intention. While continuance commitment were not negatively related to turnover intention. This study found out job tenure did not moderate the relationship between organization commitment and turnover intention. Findings could highlight the importance of tour operator creating strong relationships with employees, and not just tourists.
**ABSTRAK**

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CHAPTER 1

INTRODUCTION

1.1 Rationale for Research

Tourism is an umbrella term that covers most aspects of the hospitality sector including accommodation, travel intermediaries (tour operators and travel agents), transportation (airlines, rental companies), visitor attractions (e.g. theme parks, museums) and entertainment. Tourism National key economic area refers to accommodation, shopping, tourism products, food and beverage and inbound and domestic transportation (http://etp.pemandu.gov.my, accessed on May 2014).

Within the literature, studies often examine staff turnover amongst hotel employees. One overlooked and less examined area is staff turnover amongst employees working for tour operators. Malaysian Investment Development Authority (MIDA, 2012) has defined tourism into four sub-sectors which is hotels and restaurants, travel agency, tourist guides services, and other tourism services.

Any individual intending to register a company is required to submit an application for the Tour Operating or Travel Agency Business Licence application to the Licensing Division through the appropriate Ministry of Tourism (MOTOR) State Offices or at Tourism Industry Licensing System (SPIP). Licensed and registered Tour operating or travel agency business has two types of business licenses, which
is tour operating business (Inbound tourism, outbound tourism) and travel agency business (ticketing)(http://www.mida.gov.my, accessed on May 2014)

Tourism sector is a demanding industry, and labour intensive. Where the proportion of employee turnover may differ from one county or industry with another, employee turnover in the service industry appears mainly voluntarily and is unpredictable; this happens mostly with employees that work at operational levels (Milman, 2003). Employee turnover in services industry has been studied by many researcher in various countries (e.g. USA, Australia, UK) and results shows various reasons that pull and push employees to leave or stay, even as the organization are accountable to drives strategies to organize and overcome turnover problems (Pizam and Thornburg, 2000).

A talented skilled employee is important for the development of tourism segment in Malaysia because tourism is a labour demanding business, one that relies on the human element. According to Tourism National Key Economic Area (NKEA) report, in Malaysia, the service industry will need roughly around 497,000 added workers until 2020 to achieve the objective (http://etp.pemandu.gov.my, accessed on May 2014).

Malaysian tourism employees tend to move around, 'jumping ship' from company to company. A study done by the Malaysian Ministry of Human Resources (MoHR) point out the issues for tourism employees, the result shows the tourism industry encounters a lack of local labour as not enough Malaysians are working in some particular segment, specifically at the rank of non-managerial positions and the survey shows these positions are mostly taken by foreign employees, which is 6 percent of the hotel industry labour pool.

Apart from that, another challenge the industry had to encounter is in attracting and retaining a talented employee. Tourism industry employs about 14
per cent of the labour pool. Hence, the industry encounters increasing strain from regional markets which offer higher salaries and are attractive to the Malaysian workers. The average wages in hotels/restaurants for a Malaysian, range of RM1,084 per month, compared to RM2,114 in financial services and RM2,621 in oil and gas. (ETP, 2012). The tourism industry usually becomes last options compare with other industries in Malaysia as talented workers are drained from the industry mainly due to low pay.

Judge and Ferris (1993) mention that selecting and recruiting workers not only acquire the right sets of knowledge and skills but also employees who embrace values similar to those of the organization are crucial for organizations to be successful in achieving their goals. To relate with the theory, Edwards (1996) Person-Environment (P-E) fit theory as a framework that embodies the idea of attitude, behaviour and other individual level outcomes result not from the person or environment, but from a fit between the two.

Person environment fit theory has been one of the most helpful frameworks to deal with organisational challenge. To elaborate Chatman, 1991 suggested either Person-Organisation (PO) or Person-Job (PJ) fit encompassing the individual and the work environment. PO fit refers to the compatibility between an individual and the organization in which the person works.

The literature has extensively addressed the connection between dimensions of fit and its outcomes from both organisational and individual perspectives. From the viewpoint of organizations, Edwards and Shipp, (2007) point out PJ and PO fit are expected to lead to higher performance, stronger organisational commitment and lower turnover intentions among the employees. From an employee's perspective, achieving fit may elicit higher job fulfilment, lower stress, greater well-being and superior opportunities for career development.
In line with the above discussion, this study examines the phenomenon of employee turnover within tour operator companies in Kota Kinabalu to relate the P.E fit theory by investigating the influence of organisational commitment on employee turnover intention and job tenure as moderators.

1.2 Travel and Tour Operators in Malaysia

As the national umbrella representative body for the whole travel business in the country, in 1975, a group of travel and tour agents initiated an association to stand for their interests aptly named Malaysian Association of Tour and Travel Agents or MATTA in short, started with 30 members. MATTA's purpose is to encourage the interests of the travel and tour industry in Malaysia. MATTA works directly with the Ministry of Tourism, Arts and Culture (MOTAC) as well as Malaysia Tourism Promotion Board (MTPB) to help organise fairs, seminars, convention and workshops both to create public awareness of the tourism industry as well as to benefit its members. (http://www.matta.org.my, accessed May 2014).

At the moment, MATTA boasts a membership of over 2,800 members include local tour and travel organizations as well as several overseas memberships. For MATTA Sabah chapter the whole membership of active members as at 4 February 2013 stands at 344 categorized by - Active; 335, Branch; 8, Associate; 1 (MATTA Sabah chapter annual report, 2012).

In a nutshell, as a channel for the tourism industry by suggesting to the government the best possible means to assist the growth of the industry and take part actively in initiating and manage activities carry out by the industry's contributor. The Sabah Tourism Board commonly known as Sabah Tourism is an agency of the Sabah State government working under the purview of the Ministry of Tourism, Culture and Environment. Ever since it was founded in August 1976,
Sabah Tourism's responsibilities have constantly stretched out and describe to cater to the current needs of the global tourism market. Sabah Tourism primary job is the marketing and promoting of tourism for the State.

In short, this study will use the Sabah Tourism Board website as reference to extract a list of tour operators from within which respondents will be drawn. In the website (http://www.sabahtourism.com), a total of 66 tour operators were listed consisting of licensed tour operators recommended by the tourist board.

1.3 Research Problem Statement

The tourism industry in Malaysia is a significant foreign exchange contributor, contributing to economic development, exert a pull on investments and offer employment. Tourism growth has attracted more than 25 million visitor arrivals per year provide more than RM60 billion revenue. Tourism industry is an important economic driver for Sabah and third premier donor to Sabah's economy after agriculture and manufacturing. Under the Economic Transformation Programme (ETP), tourism industry has been known as one part of the twelve national key economic areas (NKEA) towards achieving developed nation status by 2020. Although Sabah's tourism industry has shown remarkable growth over the last decade, it faces challenges: lack of skilled human resources, and high turnover. Such a situation is negative and opposes the growth of tourism industry. Even as tourism colleges input graduates into the industry, turnover remains high, with employees jumping ship for even a small increment in salary, or perks. What can the industry do to combat this situation? This study aims to examine the influence of organisational commitment on turnover intention amongst tourism employees in Kota Kinabalu. Findings could highlight the importance of creating strong relationships with employees, and not just tourists.
In tourism industry, McCabe and Savery, (2007) mention that the most common factors of turnover due to the low specialisation of skills and inadequate opportunities for career development. Apart from that, Vaugeois and Rollins, (2007) also mention that availability in tourism job often as a part-time, seasonal and casual for having an extra source of income, whereas actively working on alternative job career also contribute to turnover.

A previous study has shown various factors leading to staff turnover suggested by Gustafson (2006) that can be segmented into three main dimension cause impact to the organization, individual and industry. Thus, Meier (2006) point out most of the factors of turnover studied are on low job satisfaction, low financial returns, no career development, emotional labour, working hours, unsociable working conditions, seasonality, unsatisfactory working relations on the context of organization related causes (e.g. peer relationships, family relationships or labour). Carbery and Garavan, (2003) studies on the job motivations of the labour force, Martin (2004) studies on the total displeasure with the category of the tourism profession and its employment conditions (e.g. low financial rewards, repetitive job content, working environment, relationships with supervisors).

To determine the impact on turnover intention of an employee, this study will use Allen and Meyer's organisational commitment scale, designed to determine the level of multidimensional character of commitment through three divided sub-areas. Meyer & Allen (1991) conclude Each of the three characteristics of commitment: affective, normative, and continuance is predicted to effect the psychological condition which describes an employee's relationship with the organization, and has implications for their extended membership, and may be affected by diverse factors or include potentially different consequences with look upon to absenteeism, job performance, and citizenship. To expand this significant relationship, the Person – Environment fit theory is used to explain compatibility between employees and the work environment. Hence, Jansen & Kristof-Brown (2006) mention when the employees perceive that s/he fit well with the organization, the employee is more likely to have higher levels of organisational
commitment, job satisfaction and lower level of stress that also has significant relationship with turnover intention. Meyer and Allen (1991) suggest that employees with high affective commitment carry on because they want to, person with high normative commitment do so for the reason that they think they should, and those with high continuance commitment because they need to.

Person-environment (PE) fit theory is proposed as a method of understanding the process of adjustment among organisational members and their work environments. The theory was initially proposed by French, Rodgers, and Cobb (1974). It has several factors which explain the theoretical and empirical value in understanding adjustment in organizations. Edwards (1996) used the P.E fit theory approach to linked stress mention while there are many ways of idea about individual-organisational relationship and stress, the concept of person-environment it widely used. Jansen and Kristof-Brown (2006) then mention that Person-Environment arises when the employees and the environment are compatible. Although originally thought P.E fit theory as a single dimension the researcher have acknowledged several different of types of P.E fit, including:

i. Person – organization fit: refer to employee and organization has meet compatible needs. Thus, if the employees feel he or she doesn’t fit with organization culture will experience stress and might contribute to turnover.

ii. Person – job fit: refer to employee’s skill, abilities and experiment go with the demands and requirement of the organization. Thus, the employee’s ability don’t match the job needs will lead to pressure that also will contribute to turnover intention.

iii. Person – vacation fit: amount to which a person has chosen a compatible careers, due to various reason of a person perusing career but if the person question the job choice and regret it, he or she will likely experience stress and will lead to turnover intention.

iv. Person – group: refer to individual interpersonal compatibility and work group. An employee can’t stand working with certain group of co-worker,
costumer and vendors will create stress to the employee’s that might trigger to leave the organization.

1.4 Research Question

The research questions this study addresses are as follows;

i. Does Organizational commitment (i.e. affective commitment, continuance commitment and normative commitment) have significant relationship with turnover intention among tour operator companies in Kota Kinabalu, Sabah?

ii. Does job tenure moderate the relationship between organisational commitment (i.e. affective commitment, continuance commitment and normative commitment) and employee turnover intention?

1.5 Research Objectives

The specific objectives of this study in line with research question are as follows;

i. To examine the effect of organizational commitment (i.e. affective commitment, continuance commitment, and normative commitment) on employee turnover intention in the context of tour operator companies in Kota Kinabalu, Sabah.

ii. To investigate the role of job tenure as moderating factor in the relationship between organizational commitment (affective commitment, continuance commitment, normative commitment) and employee turnover intention.
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