

**THE INFLUENCE OF JOB SATISFACTION,  
ORGANIZATIONAL COMMITMENT AND PAY  
SATISFACTION ON TURNOVER INTENTION  
OF ACADEMIC STAFFS IN SELECTED  
PRIVATE HIGHER EDUCATION  
INSTITUTIONS IN KOTA  
KINABALU, SABAH**

**AGNES BINTI DANSUN**

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**CERTIFICATION**

NAME : **AGNES BINTI DANSUN**  
MATRIC NUMBER : **PE20117126C**  
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**DECLARED BY**

Signature

- 1. MAIN SUPERVISOR**  
(PROF. MADYA DR HAJAH ARSIAH HJ. BAHRON)

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- 2. CO-SUPERVISOR**  
(MR. DATU RAZALI BIN DATU ERANZA)

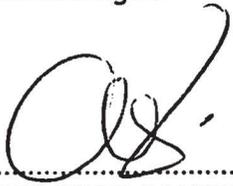
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## DECLARATION

I hereby declare that the materials in this thesis are original except for quotations, excerpts, summaries and references, which have been duly acknowledged.

4<sup>th</sup> September 2014

  
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AGNES BINTI DANSUN  
PE20117126C

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## ABSTRACT

Various literature reviews have investigated employee turnover intention within both the private and public sectors. However, little is known about employee turnover intention within Private Higher Education Institution in Kota Kinabalu, Sabah. The purpose of this study is to explore the relationship between job satisfaction, organizational commitment and pay satisfaction on turnover intention among academic staffs in Private Higher Education Institution in Kota Kinabalu, Sabah. In this study, job satisfaction, organizational commitment and pay satisfaction acts as independent variables. Meanwhile, turnover intention acts as dependent variable. This study adopts correlational study survey to answer the three research questions developed. The method of data analysis includes descriptive statistics, confirmatory factor analysis and structural equation modeling (SEM). The results imply that relationship between job satisfaction and organizational commitment does not have significant effect on turnover intention. However, the result of the relationship between pay satisfaction shows a significant influence on turnover intention. The findings indicated that pay satisfaction is the root cause of turnover intention, while job satisfaction and organizational commitment has minor influence on the turnover intention. Limitations of the study and recommendations for future research are also presented in this study. This research should serve as a guide to management in Private Higher Education Institution, especially in Kota Kinabalu, Sabah to deepen their understanding of the employees' behavior and take the necessary steps to reduce the turnover intention.

## ABSTRAK

### ***Pengaruh Kepuasan Kerja, Komitmen Terhadap Organisasi Dan Kepuasan Penggajian Terhadap Keinginan Untuk Berhenti Kerja di Kalangan Kakitangan Akademik di Institusi Pengajian Tinggi Swasta di Kota Kinabalu, Sabah***

*Pelbagai sorotan kajian telah dijalankan berkaitan dengan keinginan untuk berhenti kerja dikalangan pekerja samaada dalam sektor awam dan swasta. Walau bagaimanapun, tidak banyak kajian yang telah dijalankan mengenai keinginan untuk berhenti kerja di Institusi Pengajian Tinggi Swasta di Kota Kinabalu, Sabah. Kajian ini bertujuan untuk mengkaji hubungan diantara kepuasan kerja, komitmen terhadap organisasi dan kepuasan penggajiaan terhadap keinginan untuk berhenti kerja di kalangan kakitangan akademik di Institusi Pengajian Tinggi Swasta sekitar Kota Kinabalu, Sabah. Dalam kajian ini, kepuasan kerja, komitmen terhadap organisasi dan kepuasan penggajian berperanan sebagai pembolehubah tidak bersandar, manakala keinginan untuk berhenti kerja berperanan sebagai pembolehubah bersandar. Kajian ini menggunakan kajian korelasi untuk menjawab tiga persoalan kajian. Kaedah analisis merangkumi deskriptif statistik, confirmatory factor analysis dan structural equation modeling (SEM). Keputusan kajian yang diperolehi menunjukkan bahawa hubungan diantara kepuasan kerja, komitmen terhadap organisasi dan keinginan untuk berhenti kerja mempunyai kesan yang tidak signifikan. Walau bagaimanapun, keputusan kajian hubungan diantara kepuasan penggajian terhadap keinginan untuk berhenti kerja menunjukkan hubungan yang signifikan. Hasil penyelidikan ini menunjukkan bahawa kepuasan penggajian merupakan faktor utama yang menyumbang kepada peningkatan kadar keinginan untuk berhenti kerja dikalangan kakitangan akademik di Institusi Pengajian Tinggi Swasta sekitar Kota Kinabalu, Sabah. Kepuasan kerja dan komitmen terhadap organisasi hanya merupakan faktor sampingan kepada masalah peningkatan kadar keinginan untuk berhenti dikalangan kakitangan akademik. Hasil penyelidikan ini sepatutnya dijadikan sebagai panduan kepada pihak pengurusan di Institusi Pengajian Tinggi Swasta terutama sekali di Kota Kinabalu, Sabah supaya pemahaman terhadap perlakuan pekerja dapat diperdalamkan dan seterusnya mengambil langkah yang perlu untuk mengurangkan kadar kakitangan daripada berhenti kerja.*

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## LIST OF ABBREVIATION

<b>AVE</b>	-	Average Variance Extracted
<b>CFA</b>	-	Confirmatory Factor Analysis
<b>HESA</b>	-	Higher Education Statistics Agency
<b>JSS</b>	-	Job Satisfaction Scale
<b>PHEI</b>	-	Private Higher Education Institution
<b>PLS</b>	-	Partial Least Square
<b>SEM</b>	-	Structural Equation Modeling
<b>SPSS</b>	-	Statistical Package for Social Sciences
<b>TCM</b>	-	Three Component Model

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Employees' turnover intention is one of the widely research area and most frequently recognized as predictors of employee turnover (Ahmad Faisal, Mohd. Zaid, Mohd. Roslan, Ahmad Azmadi and Abang Sulaiman, 2012; Elci, Sener, Aksoy and Alpan, 2012). Employees' turnover intention was treated as a critical issue in Human Resource perspective as the employee intention to quit has a strong relationship with actual employee turnover (Nurul Nadia and Hafizal, 2012; Wali, 2013). Employee turnover is a problem faced by many organizations due to its significant impact on the overall productivity and success of the organization.

One of the critical problems in many organizations is to retain the high quality employees (Jain, 2013; Iqtidar, Zainab, M. Shakil and Khalid, 2010) including Private Higher Education Institution especially academic staffs. The problem of retaining academic staff is a growing concern worldwide because of its impact on the financial and consequences on academic that the institutions has to endure (Xu, 2008; Pienaar and Bester, 2008; Seema and Maryam, 2013). Among the most undesirable consequences of high turnover rate of academic staffs includes loss of previous investment, disruptions of teaching programs, difficulties in students' planning, difficulties in finding a replacement of student's advisor, the financial cost of recruiting new employees as well as the time that the faculty spent on the hiring process (Xu, 2008). Pienaar *et al.*, (2008) has also identified other problems associated with the academic staffs' turnover such as costs related to deteriorating of employees' organizational loyalty, loss of skills, knowledge, experience and abilities regarding the institutions as well as cost of time spent in training newly recruited academics. All of these issues effect on the



quality of education and eventually effect negatively on the image of the institutions in the long run.

Higher education institution has become one of the vibrant businesses in Malaysia and the number of private colleges in Sabah has increased rapidly over the past few years. In a recent paper by Tang and Sufean (2013), information gathered from Ministry of Higher Education from 2002 to 2007, the institutions of higher learning are accounted 40% to 50% of the market share. The role of private colleges in upgrading the workforce needed for the technological advancement and social economic of a nation cannot be underestimated. These private colleges are expected to be the repository of the specialized, skilled and knowledgeable intellectuals. However, to ensure the growth of economy and to realize the Malaysia Government's aim to secure the nation's place amongst the industrialized countries by the year 2020 (Morris, Arzmi and Wood, 2003) it is important to cultivate the intellectual capitals of the academic staffs that are needed.

Academic staffs were viewed as one of the most critical departments in Private Higher Education Institution to sustain and compete with others. It is the fundamental of functionality of any education institutions. The roles of academic staffs are crucial, as they are responsible to infuse the necessary skills and knowledge to produce quality graduates. As reported by Capelleras (2005) cited in Toker (2011), academic staffs was seen as a fundamental resource that plays a key role in helping the institutions realizing the objectives. Thus, the success of private colleges to produce high caliber graduates are largely depends on the commitment of the academics.

The major concern of the academic staffs' turnover was the loss of talented and qualified staff. When employees leaves the organization, the human capital of the individual will also leave with the person – which is the person's collective value of capabilities, the knowledge, skills and life experiences (Nurul Nadia *et al.*, 2010). In any higher education institution, public or private sector, it is the human capital of academic staffs that is at the forefront of the creation of knowledge and consequently intellectual capitals (Bontis, 2001). Bhasin (2001) also states that "the future drivers of any economy will no longer be capital, land or equipment but the people and

their knowledge". However, human capital has the capability to destroy the intellectual capital by simply leaving the organization. Therefore, it is critically important for an organization to know the intention of an employee to be able to respond to the employee's behavior.

## 1.2 Problem Statement

Government of Malaysia has expressed their concern on the high turnover rate among academic staffs which has increased significantly. A study by National Higher Education Research Institute of Malaysia (2004) reported that the academic staffs' turnover in Private Higher Education Institution (PHEI) is high and the situation is alarming. Other studies have also expressed their concern on the high academic staff turnover faced by the Private Institutions of Higher Education (Ros Intan Safinas, Ramlee, Ariff and Hairunnisa, 2012; Nurul Nadia *et al.*, 2010). This is because there is not much of a career structure in the colleges. Most of the academic staffs leave the institution to go to other institutions and some of them leave to go to public institutions. National Higher Education Research Institute of Malaysia (2004) reported that turnover would get worse when the economy gets better as teaching in Private Higher Education Institution is not seen as a career of choice.

When people leave their employment, it is always a sign that there is something wrong with the organization. The lack of numerous attributes within the organization influences workers' attitudes relating to their commitment and satisfaction with the job. High turnover rate resulted from unsatisfied employees or job related issues mainly due to the problem exist in the organization. Previous studies identified multi-dimensional reasons of employees' turnover including job satisfaction (Toker, 2011; Oshagbemi and Hickson, 2003; Ismail Hussien and Abdul Rahman, 2011; Ssesanga and Garrett, 2005), organizational commitment (Juraifa and Mafuzah, 2013; Reed, Kratchman and Strawser, 1994), work environment (Jacobs and Roodt, 2007), leadership (Chen and Silverthorne, 2004), supervisor behavior (Elci *et al.*, 2012), pay satisfaction (Oshagbemi, 2000; Morris *et al.*, 2003), excessive

workload, employment opportunities (Chiu and Francesco, 2002) are among others. As reported by the National Higher Education Research Institute of Malaysia (2004), academic staffs of Private Higher Education Institution leave the institution because of the perceived low prestige, workload and poor remuneration. In the case of Private Higher Education Institution, job satisfaction, organizational commitment and pay satisfaction are the common problems experienced by the employees, which can be the determinants of intention to quit. In Malaysia, specifically in Kota Kinabalu, Sabah, there are not much research has been done in the area of job satisfaction, organizational commitment and pay satisfaction in private colleges. If there was, most of the studies included the pay satisfaction in the job satisfaction attribute.

Therefore, this study examines the correlation between the identified factors of turnover intention; job satisfaction, organizational commitment and pay satisfaction on turnover intention of academic staffs in selected Private Higher Education Institution in Kota Kinabalu, Sabah.

### **1.3 Research Questions**

The following research questions were developed in order to find out the answers to the problem.

- 1.3.1 Does job satisfaction have a significant relationship with turnover intention among academic staffs in selected Private Higher Education Institution in Kota Kinabalu, Sabah?
- 1.3.2 Does organizational commitment have a significant relationship with turnover intention among academic staffs in selected Private Higher Education Institution in Kota Kinabalu, Sabah?
- 1.3.3 Does pay satisfaction have a significant relationship with turnover intention among academic staffs in selected Private Higher Education Institution in Kota Kinabalu, Sabah?

#### **1.4 Research Objectives**

The overall objective of the study was to examine the correlation between the job satisfaction, organizational commitment and pay satisfaction on turnover intention of academic staffs in selected Private Higher Education Institution in Kota Kinabalu, Sabah. The specific objectives of the study are:

- 1.4.1 to determine the relationship of job satisfaction on turnover intention of academics in selected Private Higher Education Institution in Kota Kinabalu;
- 1.4.2 to determine the relationship of organizational commitment on turnover intention of academics in selected Private Higher Education Institution in Kota Kinabalu; and
- 1.4.3 to examine the relationship of pay satisfaction on turnover intention of academics in selected Private Higher Education Institution in Kota Kinabalu.

#### **1.5 Scope of the Study**

This study examines the relationship of factors influencing the turnover intention of academic staffs in private sector of higher education. The scope of the study was limited to the academic staffs working in private institution of higher learning in Kota Kinabalu area – the fast developing capital city of Sabah (Rodeano, Tajul Anuar, Mustapa and Suriani, 2011) in order to obtain valuable local data.

Academic staffs from private sector of higher educations are mainly selected because this sector is well known for their turnover or mobility. This study focuses mainly to the employees in private sector because as compared to the employees in public sector; they have the tendency to move from one organization to another organization. Regardless of the employees' level of position in the organization, the questionnaires were distributed to the four major Private Higher Education Institution (PHEI) in Kota Kinabalu, Sabah - Cosmopoint College of Technology Sabah, Masterskills College Sabah, PTPL College Sabah, SIDMA College Sabah. This is to ensure the data collection is easily monitored and controlled.

The scope of the literature review focuses on the correlation between the identified factors; job satisfaction, organizational commitment and pay satisfaction on turnover intention. The identified factors were selected based on the earlier studies as it was believed that these factors are the common problems experienced by employees especially in the private sector.

### **1.6 Significance of the Study**

The results of the study made important implications for institution of higher learning, especially to the development of the existing local Private Higher Education Institution (PHEI) in Sabah to grow (Daily Express, 2013). Employee turnover is widespread and increasingly costly and harmful for the institutions' productivity if talented, skilled workers are often leaving, and most of the employees are the newly recruited staffs.

Therefore, this study is significant to assist the policy makers and top management of Private Higher Education Institution in Kota Kinabalu, Sabah to understand the drivers of turnover intention and to respond accordingly with the aim to improve on the stability of the institution. It is necessary for management of private colleges to become aware and support the right mechanism in order to retain valuable employees in the institutions by providing the necessary resources.

Moreover, it is hoped that this study provides a solid background of discussions concerning what can be done to ensure the employees' job satisfaction, employees' organizational commitment and pay satisfaction in Private Higher Education Institution in Kota Kinabalu are properly addressed.

Finally, this study makes useful contributions to the conceptual and theoretical studies for other researchers on job satisfaction, organizational commitment, pay satisfaction, turnover intention and how it is influencing employees' decision to stay or leave.

## **1.7 Definition of Key Variables**

### **1.7.1 Turnover Intention**

Turnover intention refers to an employee conscious and thoughtful decision to leave the organization (Tett and Meyer, 2012).

### **1.7.2 Job Satisfaction**

Job satisfaction refers to the satisfaction of an employee towards his or her judgment of the job (Locke, 1969).

### **1.7.3 Promotion Satisfaction**

Promotion satisfaction refers to the satisfaction of an employee towards promotion opportunities (Spector, 1985).

### **1.7.4 Supervision Satisfaction**

Supervision satisfaction refers to the satisfaction of an employee towards the person's immediate supervisor (Spector, 1985).

### **1.7.5 Fringe Benefits Satisfaction**

Satisfaction with fringe benefits refers to the gratification of an employee towards fringe benefits (Spector, 1985).

### **1.7.6 Nature of Work Satisfaction**

Satisfaction of a nature of work refers to the gratification of an employee towards the type of work done (Spector, 1985).

### **1.7.7 Communication Satisfaction**

Communication satisfaction refers to the satisfaction of an employee towards communication within the organization (Spector, 1985).

### **1.7.8 Organizational Commitment**

Organizational commitment refers to a psychological attachment of an employee to organization that reduces voluntary turnover intention (Allen and Meyer, 1996).

### **1.7.9 Affective Commitment**

Affective commitment refers to employees' emotional attachment, identification and involvement with the organization (Meyer and Allen, 1991).

### **1.7.10 Continuance Commitment**

Continuance commitment refers to employees' awareness towards the costs related with leaving the organization (Meyer and Allen, 1991).

### **1.7.11 Normative Commitment**

Normative commitment refers to the feeling of obligation of an employee to continue his or her employment (Allen and Meyer, 1991).

### **1.7.12 Pay Satisfaction**

Pay satisfaction refers to an employee overall positive affect/feelings of satisfaction towards pay (Miceli and Lane, 1991).

## **1.8 Organization of the Thesis**

The report was organized into five chapters, which is introduction, literature review, research framework and methodology, analysis of findings, and discussions and conclusions respectively.

Chapter One; the introduction, provides an overview of the study, followed by discussion on the problem statements, research questions, research objectives, the scope of study, the significance of study, definitions of key variables and lastly the organization of the thesis.

Chapter Two; the literature review, reviews the previous studies conducted by others and their findings on job satisfaction, organizational commitment, pay satisfaction and turnover intention. Few studies are nearly similar with this study; however the focus is conducted in different industries in different countries. The selection of

dependent and independent variables in this study were derived from the literature review, which was discussed further in Chapter Two.

Chapter Three; the research methodology discusses on the research framework, variables, hypotheses development, research design, unit of analysis, target population and respondents, research instruments, data collection method and data analysis method used to conduct the survey for the research.

Chapter Four; the findings discusses the analysis of data obtained from the respondents. The data obtained was subjected to analysis consists of goodness of measures, construct, convergent and discriminant validity, reliability and descriptive analysis and hypotheses testing.

Chapter Five; the discussions and conclusions discusses on the data analyzed and summarized from Chapter Four. Also, the limitations and future research direction was deliberated.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

As the basis of any research project, literature review is a fundamental part of the entire research process, which identifies the links of the previously published or unpublished work. It provides an overview of sources of ideas in which it shows the relevance of the research being study. This chapter looks into and discuss more thoroughly on the various previously research carried out. It provides in-depth literature on the variables, which were used in this study namely turnover intention, job satisfaction, organizational commitment and pay satisfaction.

#### 2.2 Turnover Intention

As defined by Carmeli and Weisberg (2006), turnover intention refers to the three elements in the process of withdrawal cognition which are the thoughts of resigning from the job, intention to look for a other job and intention to resign. Mobley (1977) conceptualized that intention to stay is the final stage in the process of psychological decision-making before leaving the organization. Since then, turnover intention has become one of the immediate antecedents to actual turnover behavior in many turnover models. Turnover intention has also been regarded as the strongest predictor of actual turnover (Iqtidar *et al.*, 2010; Wali *et al.*, 2013; Mano-Negrin *et al.*, 2004; Wickramasinghe, 2010; Zhou and Volkwein, 2004; Xu, 2008; Nurul Nadia and Hafizal, 2010). As suggested by Shore and Martin (1989), turnover intention and actual turnover are interrelated. However, in predicting turnover, turnover intention are better variables than the affective variables such as job satisfaction and organizational turnover. As such, turnover intention was viewed as a valuable concept as it has a direct relationship with



the actual turnover behavior. Furthermore, turnover variables are much more difficult to predict than intention because it was affected with many external factors (Chang, 1999).

There are a number of antecedents that influence the intention to leave or stay of an employee. Previous studies have identified personal characteristics such as age and gender, organizational condition such as HRM practices and contextual such as labor market conditions as the antecedents of turnover (Cheng and Waldenberger, 2013). They further explained that organizational commitment, job satisfaction and movement capital as antecedents of turnover. A study by Chan Yin-Fah *et al.*, (2010) found that younger employees were obviously having higher turnover intention rate than older employees. Senior employees those who have served the institutions for a longer period, are less likely to leave (Zhou and Volkwein, 2004). It supports Smart's (1990) finding that employees with longer career age are unlikely to leave despite of their tenure status. He reported that the strongest predictor of intention to leave is the career age. Sager *et al.*, (1998) viewed turnover intention as a mental decision that intervene an individual's attitude concerning his or her decision whether to stay or leave which can be considered as an immediate antecedent to stay, or leave.

Brown's (1967) cited in Zhou and Volkwein (2004) identified seven major factors that can influence an employee decisions whether to leave or stay. These factors are closely related to the employees' immediate work environment such as the administrators' competency, the opportunities and facilities of conducting research, the tasks involved in teaching, salary, subjects taught, capability of colleagues, friendliness of colleagues and etc. Barak, Nissly and Levin (2001) examined the precursors of employee retention and turnover among employee those who work in human service suggested that the strongest predictors of turnover intention includes job satisfaction, organizational commitment and burnout. Their results of their study also revealed that employee turnover intention is the strongest predictor of actual turnover among employees.

Caplow and McGee (1958) as cited in Zhou and Volkwein (2004) identified multidimensional reasons for voluntary termination, which includes

conflict within departments, offers from other organization, drifting away and individual reasons. Meanwhile, Jenner and Taylor (2000) characterized four turnover intention which are i) outside factors (for examples illness, moving out of town and aiming to other goals), ii) functional turnover (for examples organizational culture's issue and poor performance) iii) push factors (dissatisfaction with work or the organizational leadership style) and iv) pull of rivals (competitors have better conditions). In Branham's (2005) research, he proposed seven reasons that make employees leave their organizations, which are:

- a. workplace conditions and job duties were not anticipated;
- b. disparity between work and the individual;
- c. less training and feedback provided;
- d. lack of opportunities for growth and advancement;
- e. feeling of devalued and unrecognized;
- f. work-life imbalance and stress from overwork; and
- g. loss of assurance with the management.

Most studies on turnover intention of academic staff includes job satisfaction, tenure, physical working conditions, organizational commitment, recognition, leadership and pay satisfaction as an important variables (Chan Yin-Fah *et al.*, 2010; Wali *et al.*, 2010; Wickramasinghe, 2010; Elci *et al.*, 2012; Chen and Silverthorne, 2004).

As reported by Wali and Nas (2013), there are two widely known perspectives on turnover intention, which are human capital theory and social exchange theory. Human capital theory proposed that the human capital is an organization's most valuable commodity. It suggests the development of employees by increasing their productivity in the organizations other than the incumbent firm or enhancing employees' employability in the market, which promote turnover for better employment. On the other hand, the social exchange theory holds that employees will reciprocate, which affect their turnover intentions. Thus, it creates the feeling of honoring the relationship between the organization and employee relationship.

Steers and Mowday (1981) reported that satisfaction with job, commitment with organization, and involvement with job strongly affect the

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