



**ANTECEDENTS OF TURNOVER INTENTION IN
CHINA'S TOWNSHIP AND VILLAGE
ENTERPRISES**



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**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
2006**

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**Dissertation submitted in partial
fulfillment of the requirements for the degree of
Master of Human Capital Management**

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH**

2006

UNIVERSITI MALAYSIA SABAH

BORANG PENGESAHAN STATUS TESIS @

JUDUL: ANTESEDEN NIAT INGIN BERHENTI DI "TOWNSHIP AND VILLAGE ENTERPRISES" DI CHINA

IJAZAH: Sarjana Pengurusan Modal Manusia

SESI PENGAJIAN: 2004-2006

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DECLARATION

The materials in this dissertation are original except for quotations, excerpts, summaries and references which have been duly acknowledged.

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21 JULY 2006



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ACKNOWLEDGEMENTS

This paper would not have been possible without the encouragement and guidance of a number of people to whom I would like to express my appreciation.

First, I would like to thank my supervisor: Dr. Hj. Arsiah Hj. Bahron for her patience and encouragement.

Second, a sincere thanks goes to Dr. Fumitaka Furuoka for all the time and advice. Thanks Dr Fumitaka for all the help with the statistical analysis.

Lastly, but certainly not least I would like to mention my family and my friends. Without their help, this research could not be completed. Thank you for your support, love and patience; also for tolerating my Irishness. Much love to you!



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ABSTRACT

This is a cross-sectional study to examine the relationship between the dependent variable---turnover intention and three sets of independent variables: demographic factors including age, organizational tenure and income; controllable factors including job satisfaction (with pay, recognition, and supervision), organizational commitment and organizational citizenship behaviors; and uncontrollable factors including perceived alternative employment opportunity and job-hopping. Another objective of this study is to find the extent to which the controllable factors and uncontrollable factors are related to the turnover intention, and give an answer to the question---whether the turnover is controllable or uncontrollable in China's TVEs. A total of 143 employees from EDCH (Economy Development Complex in HeBei Province, China) were involved in this study. The questionnaire in this research paper was constructed based on extensive literature review. The whole data analyses and hypothesis testing in this paper were analyzed using Statistical Package for the Social Sciences (SPSS). The research discovered that demographic factors including age, organizational tenure and income do not have negative and significant relationship with turnover intention; that controllable factors including job satisfaction (with pay, recognition, supervision), organizational commitment, and organizational citizenship behavior were negatively and significantly related to turnover intention; that one uncontrollable factor --- perceived alternative employment opportunity really has positive and significant relationship with turnover intention, but the other uncontrollable factor---job hopping was not found having significant relationship with turnover intention, and that in EDCH, most of the employee turnover is controllable and with regard to the turnover intention, the controllable factors explain more than the uncontrollable factors.

ABSTRAK

Anteseden Niat Ingin Berhenti di “Township and Village Enterprises” di China

Ini merupakan kajian keratan rentas untuk melihat perhubungan di antara pembolehubah bersandar – niat ingin berhenti dan tiga set pembolehubah bebas: faktor demografi termasuklah umur, tempoh berkhidmat dan pendapatan; faktor boleh-kawal termasuklah kepuasan kerja (dengan gaji, pengiktirafan dan penyeliaan), komitmen organisasi dan kelakuan kewargaan organisasi; dan faktor luar-kawal termasuklah peluang pekerjaan alternatif yang ditanggapi dan pertukaran-kerja. Objektif lain kajian ini adalah untuk mencari sejauh manakah faktor boleh-kawal dan faktor luar-kawal berhubungan dengan niat ingin berhenti, dan untuk menjawab soalan – sama ada pusingganti boleh atau tidak dikawal di TVEs di China. Sejumlah 143 orang pekerja daripada Economic Development Complex di Wilayah HeBei (EDCH) di China terlibat dengan kajian ini. Soal-selidik dalam kajian ini dibina berdasarkan sorotan kajian lepas yang ekstensif. Keseluruhan analisis data dan pengujian hipotesis dalam kertas ini dianalisis menggunakan Statistical Package for the Social Sciences (SPSS). Kajian ini mendapati bahawa faktor demografi termasuk umur, tempoh berkhidmat dan pendapatan tidak mempunyai hubungan negatif yang signifikan dengan niat berhenti kerja; faktor boleh-kawal termasuk kepuasan kerja (dengan gaji, pengiktirafan dan penyeliaan), komitmen organisasi dan kelakuan kewargaan organisasi mempunyai hubungan negatif yang signifikan dengan niat ingin berhenti; satu faktor luar-kawal - peluang pekerjaan alternatif yang ditanggapi sebenarnya mempunyai hubungan positif yang signifikan dengan niat ingin berhenti, tetapi satu lagi faktor luar-kawal- pertukaran kerja didapati tidak mempunyai hubungan yang signifikan dengan niat ingin berhenti, dan di kalangan EDCH kebanyakan pusingganti pekerja adalah boleh dikawal. Berkaitan dengan niat ingin berhenti, didapati faktor boleh-kawal lebih dapat menerangkannya berbanding faktor luar-kawal.

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ABBREVIATIONS

TVE	:	Township and Village Enterprise
EDCH	:	Economy Development Complex in HeBei Province, China
JS	:	Job Satisfaction
JSP	:	Job Satisfaction with Pay
JSS	:	Job Satisfaction with Supervision
JSR	:	Job Satisfaction with Recognition
OC	:	Organizational Commitment
OCB	:	Organizational Citizenship Behavior
PAEO	:	Perceived Alternative Employment Opportunity
JH	:	Job-Hopping
TI	:	Turnover Intention
ANOVA	:	Analysis of Variance
SD	:	Standard Deviation

CHAPTER 1

INTRODUCTION

1.1 OVERVIEW

Turnover among employees in China, especially in China's township and village enterprises (TVEs) creates persistent staffing problems for many human resource managers. How to retain the talented employees whom management did not want to lose is becoming one of the most important tasks for those managers.

In this study, the relationship between the dependent variable—turnover intention and three sets of independent variables: demographic factors including age, organizational tenure and income; controllable factors including job satisfaction (with pay, recognition, and supervision), organizational commitment and organizational citizenship behaviors; and uncontrollable factors including perceived alternative employment opportunity and job-hopping will be examined, all of which are often thought to be related to turnover intention. The enterprises in Economy Development Complex in HeBei Province, China (EDCH) provide an appropriate setting as their turnover rates are among the highest in China's TVEs. (National Productivity Board, China, 2002).

In China, many employers widely hold an opinion which they seemed as “common sense” that employees have developed some bad attitudes regarding their jobs due to the labor shortage in labor market in China's TVEs. They also believed

that employees left their jobs for no reason or just being influenced by their friends or relatives. So in this study, not only the relationship between the independent variables (demographic factors, controllable factors, uncontrollable factors) and the dependent variables (turnover intention) will be examined, but whether the turnover is controllable or uncontrollable in China's TVEs will also be explored.

1.2 BACKGROUND OF THIS STUDY AND PROBLEM STATEMENT

In today's highly competitive global economy, developing and retaining talented staff is a major challenge for many organizations, especially for those HR executives. In fact, retention is often referred to as the most critical human resource issue in the minds of executives today (Evans et al. 2000). In recent years, the same thing also happened in china---how to remain the excellent staffs within the organization is becoming one of the most important tasks for human resource managers.

It is well-known that one of the most striking outcomes during China's period of economic reform since 1978 has been the rapid growth and success of China's TVEs (township and village enterprises), which has attained major outcomes in terms of output, employment, and export growth as well as in technology upgrading, profitability and gains in total factor productivity. However, without exception, the TVEs in China are also faced this thorny problem---high voluntary turnover rate. In China's TVEs, more than two-thirds of those enterprises expressed that they had experienced a productivity loss which is greater than 11% as a result of the high employee turnover (National Productivity Board, China, 2002). Besides the

productivity loss, those enterprises also suffered the high cost of recruitment and unqualified products and poor services due to the high rate of employees' turnover. The high rate of employees' turnover also negatively affected the other employees' morale in many organizations. However, we knew that most of the studies on turnover were conducted in the western organizational contexts. Thus, findings of these studies may not be applicable to organizations in China due to vast differences in the economic, social, and cultural environments (Cotton & Tuttle, 1986). But unfortunately, only few research studies focus some attention on this important issue happening in China's TVEs.

Just like what have been discussed above that in China, many employers widely hold an opinion that high turnover rate was resulted from the employees' bad viewpoint and attitude regarding their jobs due to the labor shortage in labor market in China's TVEs. They also believed that some employees left their jobs for no reason or just being influenced by their friends or relatives. However this kind of opinion was untested and as a result prone to errors. According to this opinion widely hold by employers in China's TVEs, most of the employees' turnover in their enterprises is due to two external factors: labor shortage and bad employee viewpoint and attitude regarding their jobs. Thus, to the degree that employers hold this opinion, to solve the problem regarding high turnover rate is becoming a serious but an intractable task for them. Unfortunately, although some human resource managers in those enterprises were acutely aware of the problem, they have not developed any helpful strategies for combating the high turnover rate.

1.3 RESEARCH QUESTIONS

What is the effect of the three sets of independent variables: demographic factors, controllable factors and uncontrollable factors on turnover intention inclusive of the particular differences in the economic, social, and cultural environments between China and western countries? For example, what is the effect of demographic factors on turnover intention? What is the effect of job satisfaction on turnover intention?

Furthermore, according to the widely-held opinion by some employers in China's TVEs--- most of the employee turnover in their companies is attributable to two external factors: labor shortage and poor employee attitudes. So to solve this problem is a serious but intractable task. Aiming at this opinion, in this paper, another research question is: in China's TVEs, whether the turnover is controllable or uncontrollable?

1.4 RESEARCH OBJECTIVES

According to the research questions, this study has two main objectives. The first objective is to find the extent of relationship between the independent variables (demographic factors, controllable factors, uncontrollable factors,) and the dependent variable----turnover intention. In this paper, the independent variables were divided into 3 groups: the demographic factors (such as age and tenure), controllable factors (such as satisfaction with pay and organizational commitment) and uncontrollable factors (such as perceived alternative employment opportunity and job-hopping). The partition would lead to better diagnosis of the turnover problem. The second objective is to find the extent to which the controllable factors and uncontrollable factors are

related to the turnover intention, and give an answer to the question---- whether the turnover is controllable or uncontrollable in China's TVEs.

1.5 BENEFITS OF THIS STUDY

By fulfilling the research objectives mentioned above, this study can provide some useful information for management in EDCH to find the actually important factors influencing the employees' turnover intention while giving a serious consideration on special economic, social, and cultural environments in China. In addition, it could give a big help for the management in EDCH to solve this problem by improving the human resource practices. As a result of that, those TVEs in EDCH can increase productivity, achieve competitive advantage by reducing the employees' voluntary turnover. Of course, the results in this study could also serve as a reference source for further investigations on factors influencing the employee's turnover intention.

1.6 DEFINITION OF KEY TERMS IN THIS STUDY

The key variables used in this study have specific meaning and such definition in general context as well as in the context of this research are outlined below.

1.6.1 Turnover Intention

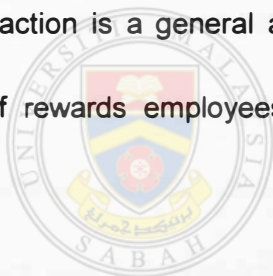
Marvin (1994) defines turnover as "losing people or employees who management did not want to lose and did not expect to lose them".

Previous empirical studies on turnover have used intent to leave rather than

actual turnover behavior as a dependent variable (Baroudi 1985; Igbaria & Greenhaus 1992; Guimaraes & Igbaria 1992; Igbaria & Guimaraes 1999). These researchers evoked, among other factors, the modest costs associated with collecting turnover intention statements. Additionally, turnover intentions that are under more individual control can provide results much more quickly, and are less difficult to predict than actual turnover (Price & Bluedorn 1977). For these reasons, turnover intention is used in this study.

1.6.2 Job Satisfaction

Job satisfaction is a general attitude toward one's job; the difference between the amount of rewards employees receive and the amount they believe they should receive.



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1.6.3 Pay

Pay is salary and wage paid to an employee in the form of money, or a form that is quickly and easily transferable to money at the discretion of the employee.

1.6.4 Recognition

Recognition practices refer to non-monetary means (e.g., extended vacations, tickets to a concert, awards ceremony, thank you notes) by which an organization tangibly signals its appreciation of good quality work and accomplishments. These practices

also included those efforts made by the organization to study employee suggestions carefully and provide them with regular feedback.

1.6.5 Supervision

Supervision is the way supervisors deal with the tasks assigning, performance monitoring and result appraising etc. to their subordinates

1.6.6 Organizational Commitment

The organizational commitment was found to comprise three distinct dimensions: affective, continuance and normative commitment (Meyer & Allen 1997).

In this study, only the affective commitment was taken into account, because most empirical studies have found a stronger relationship between affective commitment and turnover intentions than between continuance commitment and turnover intentions and between normative commitment and turnover intention (e.g., Sommers 1995; Chen et al. 1998). Furthermore, past research showed a positive relationship between affective and normative commitment (e.g., Meyer & Smith 2000) and a strong overlapping in the determinants and consequences of both constructs (e.g., Sommers 1995). Another reason is that prior findings are much more conclusive for the affective dimension than for the continuance and normative one (e.g., Bolon 1997).

In this paper, affective commitment corresponds to an employee's personal attachment to and identification with the organization resulting in a strong belief in the organization's goals and values.

1.6.7 Organizational Citizenship Behaviors (OCB)

OCB is defined as an employee's willingness to go above and beyond the prescribed roles that he/she has been assigned. These extra-role behaviors are considered to be a contribution to the maintenance and enhancement of the social and psychological context that supports task performance in the organization. At the same time, such discretionary behaviors are not explicitly recognized by a formal rewards system, and their contribution to organizational success is based on resource transformations, innovativeness and adaptability.

From previous studies, we know that there are two types of organizational citizenship behaviors: (1) active positive contributions and (2) omission of harm to one's colleagues or organization. In this research paper, the organizational citizenship behavior was considered as a whole, which means in this paper, the OCB was measured from a whole perspective.

1.6.8 Perceived Alternative Employment Opportunity (PAEO)

Perceived Alternative Employment Opportunity (PAEO) refers to an individual's perception of the availability of alternative jobs in the organization's environment (Price & Mueller, 1986), and it is the function of labor market conditions.

1.6.9 Job-hopping

In this paper, the definition of job-hopping has two parts. First, people switch jobs because they have an itch to try out new things or simply because it is fun doing so. The second part of job-hopping consists of social influences or turnover culture. Abelson (1993) defined turnover culture as the shared cognition by organizational members that influence their decisions regarding job movement. Turnover culture makes hopping from one job to the other an acceptable behavior. If an employee has not changed his or her job for a long time, he or she feels increasing pressure to do so because of social influences/turnover culture.

1.7 SUMMARY

Turnover among employees in China, especially in China's TVEs is a serious problem for many HR managers. How to retain the talented employees whom management did not want to lose is becoming one of the most important tasks for those managers.

In this paper, the relationship between the dependent variable---turnover intention and three sets of independent variables: demographic factors including age, organizational tenure and income; controllable factors including job satisfaction (with pay, recognition, and supervision), organizational commitment and organizational citizenship behaviors; and uncontrollable factors including perceived alternative employment opportunity and job-hopping will be examined. Furthermore in this paper, the extent to which the controllable factors and uncontrollable factors are related to the turnover intention will be examined and compared. At last, the question---

whether the turnover is controllable or uncontrollable in China's TVEs will also be explored.



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CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The literature review section will examine recent and historically significant research studies which act as a basis for this study. In this section, a review of some research studies on turnover intention and its related factors will be outlined and discussed in this chapter.

2.2 PREVIOUS STUDY

A thorough survey in the area related to the impact of some factors on the employees' turnover intention in organizations will be illustrated in this part. Those factors include demographic factors, job satisfaction, organizational commitment, organizational citizenship behaviors, perceived alternative opportunity, and job-hopping.

2.2.1 Demographic Factor and Turnover Intention

Demographic factors that have been found to have stable relationship with turnover intention in past research include age, tenure, level of education, level of income, and job category (managerial or non-managerial). Several studies have reported negative relationship between turnover intention and three demographic factors, age, tenure, and income level (e.g., Arnold & Feldman, 1982; Cotton & Tuttle, 1986; Gerhart, 1990;