RELATIONSHIP OF JOB QUALITY AND TURNOVER INTENTIONS IN MALAYSIAN ICT INDUSTRY: AFFECTIVE COMMITMENT AS MEDIATOR AND AGE AS MODERATOR

BY

NUR FARIZA BINTI MUSTAFFA

A dissertation submitted in fulfilment of the requirement for the degree of Doctor of Philosophy in Business Administration

Kulliyyah of Economic and Management Sciences International Islamic University Malaysia

AUGUST 2017

ABSTRACT

In recent years, the concept of job quality has received a substantial and renewed interest among scholars and policy makers. Despite being introduced as early as in the 1960's, not much work has been done in this area and until these days, there is no consensus among scholars on what job quality actually is and how to measure it. As the need to provide better job becomes more salient in many nations, researchers and policymakers have begun to realise the seemingly beneficial impacts of job quality on employee well-being. While this concept continues to flourish in Europe and other developed countries, developing countries such as Malaysia has fallen behind in recognising its importance. The present study was therefore carried out with the objectives to examine the relationship between job quality, turnover intention, and affective commitment in the context of Malaysia's ICT industry. The study also analysed the moderating role of age in the above relationship. The participants of this study were 412 respondents from various ICT companies in Klang Valley and Northern Peninsular Malaysia. Factor analysis using SPSS showed that job quality consisted of eleven factors: appreciation, empowerment, teamwork, superior feedback, role clarity, role conflict, interesting work, conducive place, pay, responsibility, and communication among departments. Further analysis using structural equation modelling (SEM) indicated that job quality was positively related to affective commitment and negatively related to turnover intention. Affective commitment fully mediated the relationship between job quality and turnover intention. The moderating effect of age was also found in this study where older employees valued appreciation more than younger employees. The findings of this study serves as a valuable information to researchers and practitioners especially towards improving the job quality in Malaysia's ICT industry.

ملخص البحث

استحوذ مصطلح "جودة العمل" على أهمية متزايدة ومتجددة بين العلماء وصانعي القرار، وخاصة في السنوات الأخيرة. وعلى الرغم من أنه تم تقديم هذا المصطلح في بداية 1960م، ولكن لم يتم العمل به بشكل كاف حتى يومنا هذا. ليس هناك اجماع بين العلماء على ماهية "جودة العمل" وكيف يتم قياسه. وحيث إن هناك حاجة متزايدة لرفع كفاءة الأعمال على مختلف الأصعدة، فقد بدأت تدرك جهات عديدة مثل الحكومات، الباحثون، وصانعوا القرار الأثار الايجابية لزيادة كفاءة العمل على رفاهية الموظفين. وباستمرار نمو وازدهار هذا المصطلح في قارة أوروبا وغيرها من العديد في الدول المتقدمة، فإن الدول النامية ومنها دولة ماليزيا قد تأخرت في إدارك أهمية هذا المصطلح. تهدف الدراسة الحالية لدراسة العلاقة بين جودة العمل، نية تغيير الموظفين، والالتزام العاطفي في سياق صناعة تكنولوجيا المعلومات والاتصالات في ماليزيا. تحلل الدراسة أيضاً الدور المعتدل للعمر في العلاقة المذكورة أعلاه. كان عدد المستطلعين في هذه الدراسة 412 مشارك من مختلف شركات تكنولوجيا المعلومات والاتصالات في كلانج فالي، وشمال شبه جزيرة ماليزيا. وقد تم تحليل العوامل باستخدام برنامج SPSS وأظهرت النتائج أن "جودة العمل" تتكون من إحدى عشر عاملاً: التقدير، التمكين، العمل الجماعي، ردود الفعل الجيدة، وضوح الأدوار، تضارب الأدوار، العمل المثير للإهتمام، المكان المساعد، المدفوعات، المسؤولية، والتواصل بين الإدارات. وأشار تحليل آخر باستخدام نموذج المعادلة الهيكلية (SEM) إلى أن جودة العمل مرتبطة بشكل ايجابي بالالتزام العاطفي، بينما ترتبط بشكل سلبي بنية تغيير الموظفين. وقد توسط الالتزام العاطفي العلاقة بين جودة العمل ونية تغيير الموظفين. ووجدت الدراسة تأثير معتدل من العمر حيث تم تقدير الموظفين الأكبر عمراً بشكل أكبر من الموظفين الصغار أو الشباب. تساهم نتائج هذه الدارسة في زيادة المعلومات القيمة للباحثين والممارسين وبشكل خاص في تحسين جودة العمل في صناعة تكنولوجيا المعلومات والاتصالات في ماليزيا.

APPROVAL PAGE

The dissertation of Nur Fariza Binti Mustaffa has been approved by the following:

_____
Arif Hassan
Supervisor

_____
Nurita Juhdi
Co-Supervisor

_____
Noor Hazilah Abd. Manaf
Internal Examiner

_____
Rozhan Othman
External Examiner

_____
Sunita Singh - Sengupta
External Examiner

_____
Noor Mohammad Osmani
Chairperson

DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Nur Fariza Binti Mustaffa

Signature………………….....………. Date ……..…………….

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

DECLARATION OF COPYRIGHT AND AFFIRMATION OF FAIR USE OF UNPUBLISHED RESEARCH

RELATIONSHIP OF JOB QUALITY AND TURNOVER INTENTIONS IN MALAYSIAN ICT INDUSTRY: AFFECTIVE COMMITMENT AS MEDIATOR AND AGE AS MODERATOR

I declare that the copyright holder of this dissertation are jointly owned by the student and IIUM.

Dear Allah,

I pray to have eyes that see the best,

A heart that forgives the worst,

A mind that forgets the bad,

And a soul that never loses faith.

Aamin.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

Chapter one introduces the key idea of the present study which is the relationship between job quality and turnover intention. Following the background of study is the problem statement that stimulates the rationale for conducting this study. This is followed by lists of research questions and research objectives, as well as the significance of this study. Next is the scope of research and brief description about ICT industry in Malaysia. Definition of key terms and the way the entire thesis is organised are provided towards the end of this chapter before it ends with a chapter summary.

1.1 BACKGROUND OF STUDY

Job is an important source of living in individuals' lives and their well-being. Apart from providing money to make ends meet, job provides individuals with a better personal or social life that is necessary for self-realisation and social integration (Muñoz de Bustillo, Fernandes-Macias, Esteve, and Anton, 2011a). It is almost impossible to live a life without having a proper job. Blanchflower (2006) discovered that having a job is a pre-requisite for happiness. Although distinguishing between good job and bad job is not an easy task, a good job is typically associated with advancement opportunities and high pay is closely related with positive job attitudes and a high level of well-being among employees (Holman, 2013).

Generally, job quality is the aspects of job that contribute to the well-being of a person and give impact to living standard and quality of life at work. Studies on job

quality include the promising impact of job quality on individuals, organisations, and society (Findlay, Kalleberg, & Warhurst, 2013; Kalleberg & Vaisey, 2005). Aa, Bloemer, and Henseler (2012) and Oxford Research (2011) found linkage between job quality and organisational outcomes where they argued that job quality is able to reduce employee turnover and enhance organisational performance. Job quality is also a crucial factor that contributes to job satisfaction (Clark, 2005; Olsen, Kalleberg, & Nesheim, 2010; Pouliakas & Theodossiou, 2010). In a broad sense, this means that improving employee's job quality can be a good strategy to promote positive work attitudes such as affective commitment and at the same time may curbs negative outcomes such as turnover intention.

Due to the association of job quality with desirable outcomes on organisations and individuals, it has lately been of significant interest among researchers and practitioners (Findlay et al., 2013; Loughlin & Murray, 2013). Over the past few decades, studies on job quality have been prevalent in developed countries such as Britain, United Kingdom (UK), United States of America (USA), Germany, and Denmark (Kalleberg & Nesheim, 2010; Kalleberg & Vaisey, 2005). While studies on job quality continue to flourish in the European context, the attention and interest on job quality is yet to be recognised in countries outside the European setting especially in developing nations (Burchell, Sehnbruch, Piasna, & Agloni, 2012).

In this sense, job quality studies in developing countries like Malaysia is seen necessary especially in one particular sector that is currently facing a serious issue with employee turnover. A report by the Malaysian Employers Federation (MEF) in 2012 indicated that the attrition rate in Malaysia's ICT sector is as high as 75.72 percent. Although high employee turnover in ICT industry is not a new phenomenon and is also happening in other parts of the world like in the USA (Joseph, Ng, Koh, &

Ang, 2007; Lo, 2015), it is noteworthy to study this phenomenon from Malaysian perspective through the lens of job quality. Furthermore, the lack of studies on ICT worker management in developing countries is being acknowledged only recently (Ghapanchi & Aurum, 2011; Ross & Yunus, 2011) and studies on the employee turnover in Malaysia's ICT sector is still at infancy level. All these reasons provide sound justification for the intention of the present study to investigate job quality in the context of turnover issue of ICT employees in Malaysia. The lack of studies on job quality and high employee turnover in Malaysia's ICT sector serves as the research problem of this study. Discussion on these issues are provided in the next section.

1.2 PROBLEM STATEMENT

The concept of job quality has been introduced as early as in the middle of 1960's following the launch of social indicator movement which was very influential in the USA and Europe at that time (Davis & Taylor, 1972). However, until today there is no single accepted definition of job quality and there has been no consensus among researchers on what constitutes job quality (Findlay et al., 2013; Leschke & Watt, 2013). Various attempts were made by researchers in the past to use a standard definition to this concept. Among the attempts include a definition of job quality by Muñoz de Bustillo et al. (2011a) describes job quality as a multidimensional and elusive concept that is understood by everyone yet still challenging to be precisely defined.

A cybermetric search into Google Scholar and JSTOR done by Burchell et al. (2012) revealed that job quality has been receiving lesser attention in the scholarly literature compared to job satisfaction. The graphs in Figure 1.1 and Figure 1.2 show that after narrowing the cybermetric search from a search engine (Google Scholar) to

an academic journal (JSTOR), studies on job satisfaction remain as more frequently found in scholarly literature compared to studies on job quality. This situation calls for more research works to improve the number of literature in this field and to help job quality gets its deserved attention among academicians.

Number of entries for each keyword in Google Scholar per year for the two periods
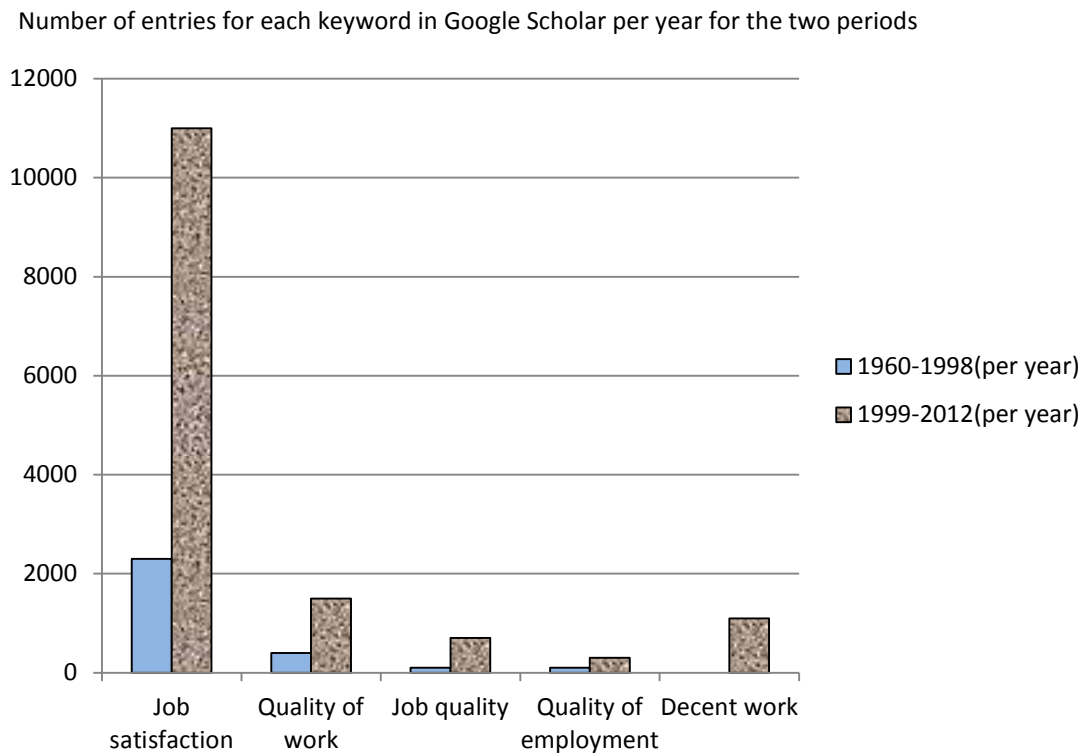
Figure 1.1 Cybermetric Search in Google Scholar
Source: Burchell et al. (2012, p. 13)

Number of entries for each keyword in JSTOR per year for the two periods
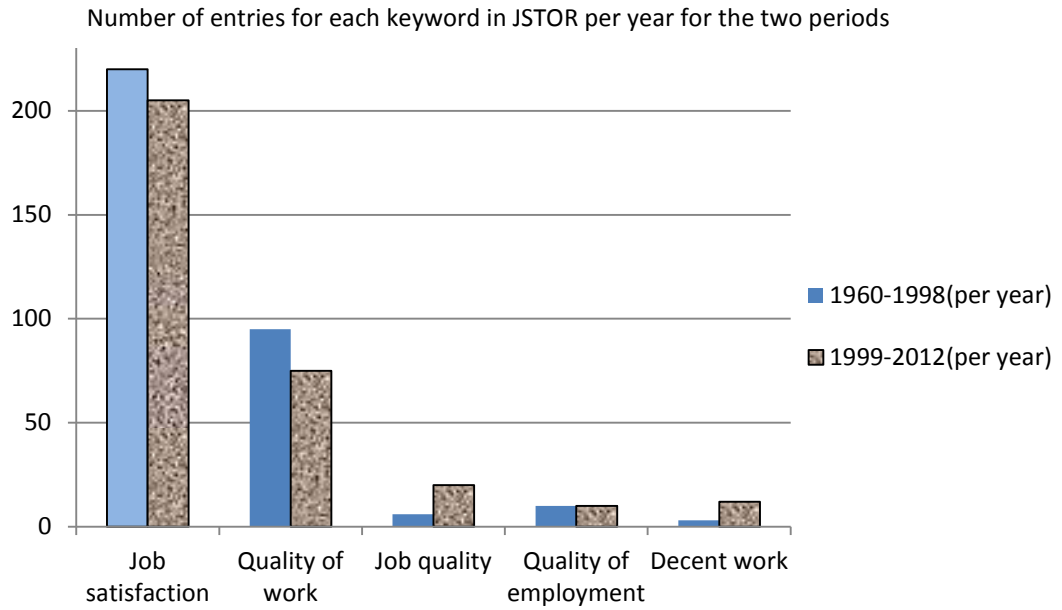
Figure 1.2 Cybermetric Search in JSTOR
Source: Burchell et al. (2012, p. 13)

Despite being among the less popular terms in academic research, the concept of job quality continues to grow in European context due to the renewed interest among researchers and policymakers. Job quality becomes a timely issue in developed countries especially in Europe due to its seemingly potential impact on individuals, firms, and national well-being (Findlay et al., 2013). Among the reasons that enable progressive job quality studies in these countries include the availability of comparable indicators from harmonised surveys, for example the European Working Condition Survey (EWCS) but throughout non-European settings, job quality is yet to receive sufficient attention (Burchell et al., 2012). Additionally, few researchers like Ghai (2003) acknowledged the fact that data concerning work such as job quality are subject to variation, not only within specific regions of a country but also between countries, for example between advanced and developing countries. Therefore, the

5

present study emerges at the right time when more studies on job quality are needed especially in developing countries like Malaysia.

Specifically, this study attempts to explore the notion of job quality in the context of Malaysia's ICT industry which currently faces high attrition rate. The ICT sector is recognised as a sector that helps propel Malaysia towards realising the country's vision to become a fully developed nation by the year 2020 (Economic Planning Unit, 2015). However, one of the prominent challenges faced by the ICT sector is the high turnover rate among professionals working in this sector. A recent report by the Malaysian Employers Federation (2012) revealed that ICT sector scored the highest turnover rate from 2011 to 2012. In Table 1.1, the difference of turnover rate between ICT sector (75.72 percent – the highest) and the associations/societies sector (the second highest) is 42.72 percent. This huge difference calls for immediate attention from researchers to investigate possible causes that lead to this dreadful phenomenon. Suggestions may also be provided to curb future turnover in this sector.

Table 1.1 Average Yearly Turnover Rate of Executives

Types of industry	Annual average
Average Yearly Turnover Rate of Executives July 2010-June 2011 by industry (%)	
Manufacturing	
Basic and Fabricated Metallic Products	23.88%
Electrical & Electronics	23.04%
Food & Beverage	17.88%
Petroleum/Chemical	7.08%
Pharmaceutical/Toiletries/Non	9.6%
Metallic/Mineral	19.92%
Plastic/Rubber	11.88%
Printing/Publishing/Paper/Timber/Wood	16.68%
Products	**18.84%**
Transport/Machinery Manufacturing	
Sub Total	
Non-Manufacturing	
Associations/Societies	33%
Banking/Finance/Insurance	12.12%
Business Services	15.72%
Holdings & Investment/Plantation	17.4%
Hotel/Restaurant	32.4%
IT/Communication	75.72%
Medical Services	19.8%
Professional/Consultancy/Education/Training	29.28%
Property/Construction	15.6%
Transport/Warehouse Services	26.88%
Wholesale/Retail/Trading	18%
Sub Total	**22.44%**
Total	**20.88%**

Source: Malaysian Employers Federation (2012)

High employee turnover is a prevalent issue in ICT industry for decades (Westlund & Hannon, 2008) and this problem is not an exception in Malaysia. In some countries such as India, high employee turnover in ICT sector is a major concern to the nation since ICT sector is the country's economic stabilizer (SamGnanakkan, 2010). In more developed nations such as in U.S., the trend of high turnover rates in ICT industry started since 1960's and continued to become a concern to the industry

even in the era of 2000's (Joseph, Kok-Yee, Koh, & Ang, 2007; Lo, 2015). As an industry that is driven by continuous advancement in technology, the nature of the ICT industry is unstable and volatile (Ross & Yunus, 2011). Some parts in the Indian ICT sector, for example, suffered from turnover rates as high as 75 percent (Machado & Kourakos, 2004). The rapid and constant changes in the ICT industry forced ICT employees to continuously update their knowledge and skills in order to remain relevant and valuable to companies in the field of ICT (SamGnanakkan, 2010). This means that the ICT industry constantly demand for highly skilled ICT employees. Furthermore, highly skilled ICT employees can afford to migrate to companies or even countries that offered better pay and thus making employee retention a challenge in the already volatile industry (Ross & Yunus, 2011).

The departure of valuable ICT employees not only impacted the companies financially in terms of the incurred cost in hiring and training of new employees (Lo, 2015) but also affected the overall stability of the companies. As put forth by Lee and Jimenez (2011), among the consequences of losing talented employees include decreased morale and productivity among their counterparts who still remained with the companies. The reputations and sustainability of the companies are also at stake when the employees who leave are among those who possessed unique skills or talents that are crucial for a company's competitive edge (Ghapanchi & Aurum, 2011). It is also detrimental to ICT companies when the employees who left brought together with them valuable experience and tacit knowledge of certain internal systems and caused disruptions in the operations of the companies (McKnight et al., 2008).

In a systematic review of 72 ICT employee turnover studies from 1980 until 2008, Ghapanchi and Aurum (2011) found that there are as many as 14 reasons that

contribute to ICT employee's intention to quit. These reasons are grouped into individual factors, organisational factors, and job-related factors as depicted in Figure 1.3. Other researchers (Thatcher, Stepina, & Boyle, 2003) also have the same opinion as they argued that dissatisfaction towards organisation and poor job design lower the commitment among ICT employees and trigger their turnover intention. This means that individual factors and job-related factors are among the commonly cited reasons for turnover among ICT employees. Therefore, the present study is heading towards the right direction in search for more insights on this issue as job quality covers more aspects of job compared to only seven job attributes shown in Figure 1.3. Having a better understanding on reasons that lead to employee turnover is vital to ICT industry not only due to the associated financial loss but also because employees are regarded as valuable asset for the growth and sustainability of this industry (Thatcher et al., 2003).