

MEDIATING ROLE OF ORGANIZATIONAL COMMITMENT ON HRM PRACTICES AND TURNOVER INTENTION RELATIONSHIP: AN EMPIRICAL EVIDENCE OF PRIVATE UNIVERSITIES IN BANGLADESH.

MOHD H. R. JOARDER
MOHMAD YAZAM SHARIF
UUM College of Business

ABSTRACT

The present study was designed to examine the relationship between various HRM practices and faculty turnover intention among the private universities in Bangladesh. A total of 317 faculty members participated in the survey. Multiple regression analyses were used to test the hypotheses of the study. The results indicated that compensation, working conditions, job autonomy and job security were found strongly and negatively related to faculty turnover intention. The study also found organizational commitment (OC) as a partial mediator of the proposed relationship, while OC was full mediator for the relationship of job security and turnover intention. Limitations, implications and suggestions for future research are formulated.

Keywords: *HRM practices, Organizational Commitment (OC), Turnover intention, Private University in Bangladesh.*

Introduction

Employee turnover is a serious issue for many organizations around the globe, and scholars in this regard argued that turnover is a frustrating reality associated with the management of human resources in the higher education (Buck & Watson, 2002). The study of employee turnover intention is important for organizations because once an employee has quit, there is little the employer can do except assuming the expenses of hiring and training another employee (Dalessio, Silverman, & Schuck, 1986). The reality is that there is nothing much to do once the employee has quit as argued by Dalessio et al. (1986). Moreover, the nature of employee turnover phenomenon is complex, and the causes of turnover vary on the basis of context of research and nature of the organizations (Chen & Francesco, 2000).

In a recent qualitative study on faculty turnover by Joarder, Sharif, & Sabiha (2011), researchers harshly concluded that faculty turnover is a serious problem for private university management in Bangladesh. They also added that faculty turnover rate among the private universities varies from 10 to 19 percent per year, while it was only 2 to 3 percent for public universities. Furthermore, researchers explained that the poor human resource management practices were the most important reason for such a high rate of faculty turnover (Joarder, et al. 2011). Therefore, in the conclusion they called for further empirical investigation on faculty turnover to understand turnover phenomenon better. Earlier, other researchers claimed that faculty turnover is an enduring problem at many private universities in Bangladesh (Akhter, Muniruddin, & Sogra, 2008). Similarly, Ashraf (2009) proclaimed that frequent switching of faculty members from one university to another or sometimes to the outside of academia is a major problem for private universities. In addition, shortage of qualified faculty in one hand, and the high demand for qualified faculty on the other hand made this situation serious for private university management (Ashraf, 2009). The study of Jalil (2009), considered this as 'critical situation' especially for private universities, and found that most of the private universities are experiencing 16% to 17% turnover per year, and this is even higher for some universities; while it is only 2% to 3% per year for public universities. Therefore, it can be concluded that faculty turnover is a serious issue for private university management; and empirical investigation is required to find out what particular HRM practices actually cause such a high faculty turnover.

The prime objective of this paper is to investigate the relationship of various dimensions of HRM practices with organizational commitment and turnover intention in the context of private universities in Bangladesh. Another objective of this study is to examine the mediating role of organizational commitment on the relationship between selective HRM practices and turnover intention. A research framework was developed to achieve the objectives of the study (see figure 1). The framework postulated that HRM practices will directly and indirectly influence turnover intention.

Literature Review

Bangladesh came into being in 1971 when two parts of Pakistan split after a nine-month long liberation war. Presently, with little over 150 million people in a small land having national literacy rate of 47.9%,

Bangladesh is the eighth largest in the world in population with high density (World Fact Book, 2008). With the ever-increasing population in Bangladesh, the demand for higher education has increased five-fold (Bangladesh Economic Review, 2007). The limited capacities of public universities were insufficient to meet the rising demand for higher education. Thus, the establishment of the private higher education institutions was inevitable. The private university act 1992 was enacted permitting the operations of the private university in the country. This initiative has resulted to 54 private universities where more than 6000 full-time faculty members are engaged in teaching till to date (Joarder & Sharif, 2011; Ali & Akhter, 2009). However, it is to be noted that most of the private universities are mainly located in the Dhaka Metropolitan Area (DMA), where about 5000 full-time faculty members are engaged in teaching and research activities (Joarder et al. 2011). The growth of higher education particularly in the private sector is a worldwide phenomenon (Rahman, 2008). Bangladesh in this context, as argued by Rahman (2008) is a promising nation in expanding higher education in the private sector. Practically, the role of private universities in the development of the nation has become unquestionable in Bangladesh. Thus, the retention strategy for competent faculty has been crucial for private university management in particular. The current study hopes to enrich our understanding of what particular human resource practices influence faculty decision to leave the organization.

Faculty Job Security

Job security is considered as one of the important factors for employees' commitment to the organization (Hom & Griffeth, 1995). Similarly, a study conducted by Parnell and Crandall (2003) reported that the perceptions of job security is negatively related to turnover intention. According to Samuel and Chipunza (2009), job security was found to have significantly influencing factors in employee retention in both public and private organization. They stated that there is strong evidence of an association between job security and retention, thus it reduces employee turnover. There are some empirical evidences shows a significant negative relationship between turnover intention and job security (Cotton & Tuttle, 1986; Shaw et al. 1998; Batt & Valcour, 2003).

Faculty Compensation

Compensation is critical in attracting and retaining employee in a competitive labor market, especially for those professionals in the

high-tech industry (Ang, Slaughter, & Ng, 2002). However empirical evidences found that compensation is one of the most important factors for determining employees' job satisfaction, which in turn reduces the intention to leave. Thus, according to many researchers, compensation is negatively related to turnover intention (Grace & Khalsa, 2003; Cotton & Tuttle, 1986). Consistent with the previous results, Billah (2009) and Ovadje (2009) found a strong, negative relationship between pay and turnover intention. In a study of the telecommunications industry, Batt, Colvin, and Keefe (2002) found that pay is significantly and negatively related to turnover. However, different views have been reported by other researchers such as Griffeth et al. (2000), who claimed that a modest relationship exists between pay and actual turnover; while pay is not an important variable for turnover research in the Asian context (Khatri et al. 2001); and Iverson and Deery (1997) concluded that pay has an insignificant influence on turnover decision in the Australian context.

Working Conditions

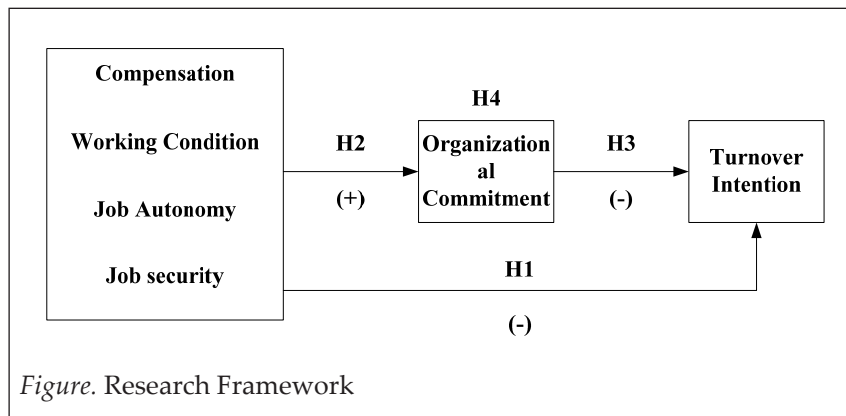
The working condition or working environment can be defined as the surroundings of an employee in a certain work area (Spreckelmeyer, 1993), and the issue of working condition has long been of central interest to research on employees' health and safety as well as employee motivation and performance. According to Kramer and Schmalenberg (2008), healthy working conditions are empirically linked to reduced employee turnover, increased job satisfaction and lower degree of job stress and burnout among employees. Therefore, creating a better working condition is crucial to maintain an adequate workforce for any organizations. To reinforce the importance of working conditions, Pejtersen and Kristensen (2009) argued that positive working condition will not only reduce employee strain but also contribute to a more motivated workforce and in the long-run greater organizational effectiveness, and lower employee turnover. In reality, a quiet working environment is highly required for employee's conformity and job satisfaction (Sundstrom, Town, Rice, Osborn, & Brill, 1994).

Faculty Job Autonomy

According to Price (1997), job autonomy is defined as the employee's ability to set organizational goals and structure the organization to maximize professional concerns. In other words, job autonomy is considered as the freedom of an employee of doing his or her own work or the control over

his or her job activities such as scheduling, work procedures, and task variety (Iverson, 1996). In fact, when employees perceive that they have control over their jobs, they are less likely to leave (Iverson, 1999). Recent research suggests that employees who enjoy greater job autonomy at work will show less likelihood of quitting the current employment (Batt & Valcour, 2003). The belief is that job autonomy decreases turnover by its positive impact on job satisfaction (Price, 2000). Consistent with this idea, Ahuja, Chudoba, Kacmar, McKnight and George (2007) argued that lack of job autonomy lowers the organizational commitment and increases turnover.

Research Framework and Hypotheses Development



Research Methods

The study is based on the primary data collected from the private universities in Dhaka city. Therefore, the population of this study covers all private universities mainly located at Dhaka Metropolitan Area. For purposes of the study, self-structured questionnaires were distributed to the respondents for data collection. The cluster sampling (area sampling) method was used. There are 42 private universities located in 15 different areas in DMA; the researcher randomly selected one cluster/area from 15 areas and distributed about 500 questionnaires. The survey questionnaires contained the measures of HRM practices, Organizational commitment, and turnover intention. The Cronbach alpha values of the variables were within .71 to .92 which was sufficient for analysis (Hair et al. 2006; Ho, 2006; Nunally, 1978).

Results

Descriptive Statistics and Correlation Analyses

Table 1

Mean, Standard deviation, and Correlation Coefficient

Variables	Mean	Std dev.	COMP	WC	JA	JS	AC	CC	TI
COMP	3.66	1.52	-----						
WC	5.18	1.33	.376**	-----					
JA	3.50	1.42	.302**	.307**	-----				
JS	3.89	1.45	.350**	.447**	.345**	-----			
AC	4.59	1.56	.247**	.290**	.186**	.328**	-----		
CC	4.35	1.15	.248**	.116*	.092	.178**	.051	-----	
TI	3.46	1.58	-.438**	-.394**	-.318**	-.355**	-.451**	-.151**	-----

Table 2

Regression Results for Hypothesis 1 [HRM Practices & Turnover Intention]

Variables	Standardized Coefficient β Value	t-value	Significant level
COMP	-.283	-5.26	.000
WC	-.192	-3.43	.001
JA	-.131	-2.49	.013
JS	-.126	-2.24	.026
R ²	.286		
Adj. R ²	.277		
F-value	31.19		

Table 3

Regression Results for Hypothesis 2 [HRM Practices & AC]

Variables	Standardized Coefficient β Value	t-value	Significant level
COMP	.107	1.28	.069
WC	.143	2.33	.020
JA	.035	.61	.539

(continued)

Variables	Standardized Coefficient β Value	t-value	Significant level
JS	.215	3.49	.001
R ²	.145		
Adj. R ²	.134		
F-value	13.2		

Table 4

Regression Results for Hypothesis 3 [HRM Practices & CC]

Variables	Standardized Coefficient β Value	t-value	Significant level
COMP	.216	3.52	.000
WC	-.011	-.178	.059
JA	-.008	-.137	.891
JS	.110	1.72	.087
R ²	.071		
Adj. R ²	.059		
F-value	5.95		

Table 5

Regression Analysis Results for Hypothesis 4 [AC & TI]

Variables	Standardized Coefficient β value	t-value	Significant value
AC	-.45	-8.97	.000
R ²	.204		
Adj. R ²	.201		
F-value	80.51		

Table 6

Regression Analysis Results for Hypothesis 5 [CC & TI]

Variables	Standardized Coefficient β value	t-value	Significant value
CC	-.15	-2.72	.007
R ²	.023		
Adj. R ²	.020		
F-value	7.39		

Table 7

Multiple Regression Analysis Results for Hypothesis 6 (Mediation test of AC)

Variables	Turnover Intention (without AC)	Turnover Intention (with AC)	
COMP	-.283**	-.25**	Partial Mediation
WC	-.192**	-.148**	Partial Mediation
JA	-.131**	-.120*	Partial Mediation
JS	-.126*	-.060	Full Mediation
AC	-.30**	
R ²	.286	.365	
Adj. R ²	.277	.355	
F-Value	31.19	35.75	

Table 8

Multiple Regression Analysis Results for Hypothesis 7 (Mediation test of CC)

Variables	Turnover Intention (without CC)	Turnover Intention (with CC)	
COMP	-.283**	-.277**	Partial Mediation
WC	-.192**	-.192**	Partial Mediation
JA	-.131**	-.131*	Partial Mediation
JS	-.126*	-.123*	Partial Mediation
CC	-.027	
R ²	.286	.286	
Adj. R ²	.277	.275	
F-Value	31.19	24.95	

Discussion

The statistical results of this study indicated that the human resource management practices such as compensation, working condition, job autonomy, and job security were highly significant and all four HRM practices were negatively related to turnover intention. However, among all the HRM practices considered for this study, compensation was found as the most important practice that can influence faculty members in their turnover decision followed by working conditions of the institution.

The result of the current study is consistent with the results of previous studies such as Billah (2009); Ovadje (2009), Shahzad et al. (2008), Batt and Valcour (2003), and Batt et al. (2002). The plausible explanation for

such result in the present study is mostly because of unfavorable socio-economic condition of Bangladesh. This can be expected to be especially important in the regions where poverty levels are very high. Bangladesh is one of the 49 “least developed countries” in the world, where about 45 percent of its population is below the poverty line (United Nations Report, 2002). Therefore, pay should be given a priority in the context of the present study. For instance, in the context of developed nations, pay is not priority; rather other issues such as day care facilities, freedom and decision making ability are major concerns for employees while pay is a major concern for employees in a poor nation such as Bangladesh. Moreover, due to high familial bondage in the Asian collectivistic society, most of the members (including extended family members) of the household usually depend on one income holder in Bangladesh which requires adequate cash incentives for employees. Another important reason for such a desired result in Bangladesh context is due to higher inflation rate, the living expenses are relatively higher in the developing countries.

With regard to faculty job security, the result of the study indicates that faculty job security is also significant which is negatively related to turnover intention. In other words, it can be claimed that the higher the perception of employees on job security is, the lower is the employees’ intention of leaving the current organization, and vice versa. Therefore, it can be argued that employees with high job security are less likely to leave the employing organization. In fact, the study result is in line with the argument of Wong et al. (2002), where researchers stated that the organizations that provide high assurances of job security invoke a reciprocal employee attitudinal and behavioral commitment to the organization.

As far as working conditions are concerned, the result of the study indicated that faculty working conditions are also highly significant and negatively related to turnover intention. Therefore, it can be argued that employees with better working environment are less likely to leave the organization. The result of the study is consistent with the results of previous studies, such as Ashraf and Joarder (2010); Billah (2009); Pejtersen and Kristensen (2009). The study of Ashraf and Joarder (2010) found that working condition is one of the most important predictors of turnover decision, and this factor is negatively related to turnover intention. The study of commercial banks employees of Billah (2009) argued that working conditions of the commercial banks in Bangladesh are highly significant and negatively related to employees’ turnover intention.

The plausible explanation for such consistent results in the case of the present study is that, higher education (i.e. private university education) is reasonably new in the context of Bangladesh, and the private university management was not serious about the faculty working conditions issues. In other words, the authority did not pay much attention to this area of faculty working conditions.

The result of this study indicated that faculty perceptions of job autonomy influence turnover intention negatively and significantly. This means that the higher the perception of faculty on job autonomy is, the lower is their intention of leaving the organization. The findings of this study particularly on faculty job autonomy is in line with previous researchers' argument where they mentioned that the employees who enjoy greater job autonomy at work will experience lower intention to quit the current employment (Batt & Valcour, 2003). The result of the study is consistent with the previous results such as Ahuja et al. (2007), Daly and Dee (2006), and Hom and Griffeth (1995). In the academic setting, Daly and Dee (2006) found that freedom of work, particularly in the academic profession, has been one of most important reasons for faculty to remain with or to leave the job, while Ahuja et al. (2007), and Hom and Griffeth (1995) reported negative relationship between employee job autonomy and turnover behavior.

In relation to mediating effects of organizational commitment, the study found that in both cases of affective and continuance commitment, the relationship between HRM practices and turnover intention is partially mediated. However, only the relationship between job security and turnover intention is fully mediated by affective commitment.

Limitations, Future Research Directions & Conclusion

First, the present study only included faculty members of the private university. The exclusion of public university from the study was a drawback of the present study. Therefore, future research should include both public and private universities in the turnover research. Second, the present study is cross-sectional in nature, thus data were collected at one point in time. Sometimes it is difficult to determine the direction of causality. Thus, longitudinal or experimental designs are required to confirm the causality of the hypothesized relationships.

The main practical implication of the present study is that private university management experiencing problems of high turnover may be particularly interested in this study. The present study however provides the evidence that turnover can also be predicted based on employees'

perceptions, that is, the perceptions of human resource management practices. In summary, the results of the present study point to the importance of examining the role of employees' perceptions of human resource practices in predicting their turnover intention.

References

- Akhter, I; Muniruddin, G & Sogra, K. J. (2008). "A Trend Analysis of Faculty Turnover at the private universities in Bangladesh: A Business School Perspective". *Journal of Business Studies*, 4(1).
- Allen, D. G., Shore, L. M., & Griffeth, R. W. (2003). The role of perceived organizational support and supportive human resource practices in turnover process. *Journal of Management*, 29, 99-118.
- Anderson, D. R., Sweeney, D. J., & Williams, T. A. (2009). *Essentials of statistics for Business and Economics* (5th ed.). Thomson South-Western: USA.
- Ashraf, M. (2009, March 25). "Faculty shifting at private universities in Bangladesh: Blessing or bane". *The Daily Independent*, P 7.
- Ang, S., Slaughter, S., & Ng, K. Y. (2002). "Human capital and institutional determinants of information technology compensation: modeling multilevel and cross-level interactions". *Management Science*, 48, 1427-1445.
- Baron, R. M., & Kenny, D. A. (1986). The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations. *Journal of Personality and Social Psychology*, 51(6), 1173-1182.
- Batt, R., & Valcour, M. (2003). Human resources Practices as Predictors of Work-family Outcomes and Employee Turnover. *Industrial Relations*, 42(2), 189-220.
- Billah, M. M. (2009). Human Resource Management Practices and Employee Turnover Intention to Leave: A Study on Commercial Banks in Bangladesh. *AMDIB Management Review*, 1, 23-42.
- Chen, Z. X., & Francesco, A. M. (2000). "Employee demography, organizational commitment, and turnover intentions in China: Do cultural differences matter?" *Human Relations*, 53(6), 869-887.

- Cotton, J. L., & Tuttle, J. M. (1986). Employee turnover: A meta-analysis and review with implications for research. *The Academy of Management Review*, 11(1), 55-70.
- Dallessio, A., Silverman, W., & Schuck J. (1986). Paths to turnover: A re-analysis and review of existing data on the Mobley, Horner, and Hollingsworth's turnover model. *Human Relations*, 39, 245-264.
- Daly, C. J., & Dee, J. R. (2006). Greener Pastures: Faculty Turnover Intent in Urban Public Universities. *The Journal of Higher Education*, 77(5), 776-803.
- Grace, D. H., & Khalsa, S. A. (2003). Re-recruiting faculty and staff: The antidote to today's high attrition. *Independent school*, 62(3), 20-27.
- Griffeth, R. W., Hom, P. W., & Gaertner, S. (2000). "A meta-analysis of antecedents and correlates of employee turnover: update, moderator tests, and research implications for the next millennium". *Journal of Management*, 26(3), 463-88.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (2006). *Multivariate Data Analysis with Readings* (6th ed.). Prentice Hall Inc., Englewood, New Jersey: USA
- Ho, R. (2006). *Handbook of Univariate and Multivariate Data Analysis and Interpretation with SPSS*. Chapman & Hall/CRC, New York: USA
- Hofstede, G., & Hofstede, G. J. (2005). *Cultures and organizations: Software of the mind*. London, UK: McGraw-Hill.
- Jalil, M. B. (2009, December 27). Improving human resource management in private universities. *The New Nations*, Dhaka.
- Joarder, M. (2009). Faculty Turnover Rate: The critical issue for private university in Bangladesh. *UniLife*, 1(11), 31-32.
- Khatri, N., Budhwar, P. & Chong, T. F. (2001). 'Explaining employee turnover in an Asian context'. *Human Resource Management Journal*, 11, 54-74.
- Lee, C.H., & Bruvold, N.T. (2003). 'Creating Value for Employees: Investment in Employee Development'. *International Journal of Human Resource Management*, 14, 981-1000.

- Meyer, J., & Allen, N. (1997). *Commitment in the Workplace: Theory, Research and application*. Sage, Newbury Park, CA.
- Meyer, J. P., & Smith, C. A. (2000). HRM practices and organizational commitment: Test of a mediation model. *Canadian Journal of Administrative Sciences*, 17(4), 319-331.
- Meyer, J. P., Allen, N. J., & Smith, C. A. (1993). Commitment to organizations and occupations: Extension and test of a three component conceptualization. *Journal of Applied Psychology*, 78, 538-551.
- Ovadge, F. (2009). Exploring turnover among middle managers in a non-western context. *International Journal of Business Research*, 10(2), 64-80.
- Rahman, L. (2008, January 7). "Private universities in rural Bangladesh". *The Daily Independent Bangladesh*, p. 9, Dhaka.
- Samuel, M. O., & Chipunza, C. (2009). Employee retention and turnover: using motivational variables as a panacea. *African Journal of Business Management*, 3(8).
- Spreckelmeyer, K. F. (1993). 'Office Relocation and Environmental Change: A Case Study'. *Environment and Behavior Journal*, 25(2), 181-204.
- Sundstrom, E., Town, J. P., Rice, R. W., Osborn, D. P., & Brill, M. (1994). 'Office Noise, Satisfaction and Performance'. *Environment and Behavior Journal*, 26(2), 195-222.
- Stewart, G. L., & Brown, K. G. (2009). *Human Resource Management: Linking Strategy to Practices*. John Wiley & Sons Inc. USA.
- United Nations (2002). *The Least Developed Countries Report: Escaping the poverty trap*, New York: United Nations.
- Zhou, Y., & Volkwein, J. F. (2004). Examining the influence on faculty departure intentions: A comparison of tenured versus non-tenured faculty at research universities using NSOPF-99. *Research in Higher Education*, 45(2).