A Relationship between Organizational Climate, Employee Personality and Intention to Leave

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This study aimed to examine the relationship between organizational climate, employee personality and their intention to leave an organization in the Malaysian context. Four organizational climate dimensions were chosen for this study, i.e. structure, responsibility, rewards and support. Dominance and sociability were the personality dimensions chosen and its moderating effects were on the relationship between organizational climate and intention to leave. Study results revealed that organizational climate has a significant association with employees' intention to leave. All the four organizational climate dimensions had significant negative correlations with employees' intention to leave. Meanwhile, both the dominance and sociability personalities were found significantly moderating the relationship between organizational climate and employees' intention to leave. This study was therefore able to prove the hypotheses proposed and provide support to the existing theories.

Field of Research: Human Resource Management

1. Introduction

Retaining valuable employees is one of the important issues for competitive organizations today as employees are the most valuable assets in any company. It is usually in a company's best interest to put its energy in retaining the quality employees that they already have, and not recruiting them. However, increasing employee turnover has been a trend in many organizations today and the issue of staff retention has continued to plague organizations in Malaysia.

Intention to leave and actual turnover are often highly correlated. For this reason, researchers often use intent to leave as a proxy for turnover. Price (1977) developed a model of turnover which proposes that intention to leave is influenced by personal characteristics, role related characteristics, facility characteristics, turnover opportunities, and job characteristics. Mobley (1982), on the other hand classes the causes and correlates of turnover into a simple model, which presents the determinants into external economy, organizational variables and individual variables.

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This study on employee's intention to leave, however, is zooming in at the organizational and individual levels. One of the organizational variables used is organizational climate which potentially correlates to turnover while employees' personality is selected in this study as a moderating variable associated to intention to leave. Employees tend to leave organizations that endure unfavorable organizational culture. However, organizational culture is something cemented to the organizations and it is not easy to change. Implementing employee retention strategies by changing organizational culture could be time-consuming and it would not probably show significant results in the short term. The process is further complicated by various types of employees' personalities that resist changes. On the other hand, it would be easier for an organization to improve the organizational climate that share personalities of the employees which consequently will change the overall impression and perception of employees towards their work. Over time, positive organizational culture could be developed and changed based on the stretched norms and assumptions.

It is hoped that this study will shed some light for organizations that encounter high turnover rates resulting from unfavorable organizational climate. Knowing more about why people intent to leave is important to develop general guidelines to improve the relevant organizational climate factors that are considered short-coming in the organizations.

2. Literature Review

Turnover is defined as the cessation of membership in an organization by an individual and their movement out of an organization. Voluntary and involuntary turnover are commonly distinguished. Voluntary turnover is individual movement across the membership boundary of a social system initiated by the individual while involuntary turnover is movement not initiated by the individual, probably by the organization (Price, 1977; Mobley, 1982; Reggio, 2003). Even though turnover is most frequently thought of in terms of negative organizational consequences, the movement of employees in and out of an organization is however able to revitalize an organization. The most obvious positive consequence is replacement of better performers in the organizations. When turnover occurs, it creates opportunities for replacement which subsequently brings with innovation, new ideas and approaches, contributing to organizational effectiveness via change. Turnover may also be able to reduce cost by eliminating or merging vacant positions as high-priced talent may be traded for lower-priced talent with equal capabilities (Roseman, 1981). Besides, turnover may be the last-resort of conflict resolution as many personal or task conflicts are not easily resolved, especially if they stem from differences in fundamental values or beliefs. Turnover may be the ultimate solution to conflict in order for the organization to function effectively (Staw, 1980). Nevertheless, turnover of employees disrupts teams, raises costs, reduces production, and results in lost knowledge (Mustapha & Mourad, 2007). It is a negative aspect, appearing to reflect significant work place problems. The loss of employees through turnover may result in increased recruitment and training costs and lost of productivity as projects lose continuity and key activities are interrupted. Mistakes flourish as overloaded employees try to fill in until replacements are hired and trained (Roseman, 1981;

Sagie et al, 2002). There is also a chance even after going through the hiring process that the wrong person for the job was hired. If an organization realized that they have in fact hired the wrong person, either way more time must be invested by either trying to save the new hire, or go through the hiring process once again (Sammer, 2000). In addition, turnover may negatively affect the attitudes and morale of those who remain. When employees leave an organization voluntarily, they often justify their departure by finding fault with their jobs while other employees within the organization will develop their own perceptions of why another employee left. The inferences can damage the work environment and relationships by spreading inconsistent mistruths. A single termination may be accompanied by a series of terminations in rapid succession (Roseman, 1981).

Organizational climate is defined as a global impression of one's organization and personal impact of the work environment, which influences the individual's work behaviors and job-related attitudes. It describes the perception of employees towards their organizations which would link to work attitude formation (Litwin & Stringer, 1968; Pritchard & Karasick, 1973). In the organizational climate construct, structures are usually designed to ensure that the mission and strategy of the organization are effectively implemented. It deals with levels of responsibility, decision-making authority, and formal reporting relationship with others in the organization (Isaksen & Laurer, 1998). Litwin and Stringer (1968) defined responsibility as the employees' perceptions of the degree of autonomy extended to them by the organization, the feeling of being their own boss and not having to be double-checked on their decisions made. Employees are found to experience emotional exhaustion when they perceive inconsistencies in management expectations and lack of clarity about their job responsibilities (Jaramillo et al., 2006). Reward identifies the feeling of being rewarded fairly and equitably as well as the perceived organization's promotion policies. If an employee feels that he or she is unlikely to obtain a good evaluation or promotion even after having great endeavors in such a working environment, he or she will probably search for another job elsewhere (Huang et al, 2003). Support is referring to the perceived helpfulness of the managers and other employees in the group which emphasizes mutual support from people in the organization. Climate with perceived good support is believed to have low level of interpersonal conflict. Empirical findings suggest that perceptions of organizational politics are significantly related to turnover intentions. Even though quitting may not prove feasible due to lack of suitable external opportunities or other restrictions, psychologically the person may still intend to leave the organization (Hom et al, 1992). Based on the above literature, this study seeks to test the following hypotheses:

H_1: Organizational climate has a significant association with respondents' intention to leave the organization.
H_2: There is a significant relationship between organizational structure and employees' intention to leave.
H_3: There is a significant relationship between employees' responsibility and their intention to leave.
H_4: There is a significant relationship between the reward system and employees' intention to leave.
H_5: There is a significant relationship between support and employees' intention to leave.

Stephen Robbins (2005, p. 100) defined personality as the sum of ways individual reacts to and interact with others. He commented that an adult's personality is generally made up of both hereditary and environmental factors, moderated by situational conditions.   Organizations nowadays are concerned with employees' personality primarily because personality factors are important in organizational settings. Employers are more interested in finding applicant's flexibility to meet changing situations than ability to perform the job. As organizations face a dynamic and changing environment, employees are required to be able to readily change tasks and move fluidly between teams. It is probably more important that employees' personality fit with the overall organization's culture than with the characteristics of any specific job. Personality has the impact on how employees interpret their organizational environment, and hence shaping the behaviors in light of those interpretations. When an individual's personality has a high degree of congruence with the work environment, it is believed to result in stability and lower turnover rate. A dominant employee is one who is confident, effective, competitive, outspoken and shows a greater desire for and the use of power. In contrast, a less dominant employee would be reluctant to exercise authority and possibly reluctant in directing the activities. A dominant personality is associated with turnover intention as dominant employees are highly self-confident which predicts greater emotional stability and self-control and therefore is well-adjusted. A well-adjusted employee is likely to have higher tolerance of stress and attempts to be well adjusted to their work environment (Locke, 1991; Yuki & Van Fleet, 1992; Viswesvaran & Deshpande, 1998). The sociable employee would be one that exhibits comfort and confidence when interacting with others. In contrast, a non-sociable employee would have difficulty interacting with others and might feel uncomfortable when speaking in public (Downey et al, 1975). Sociable individuals possess positive orientation towards the world in general and to social interactions, experiencing positive emotions. Positive emotions are likely to be correlated with job satisfaction and employees tend to be less likely to quit their jobs (Sherman, 1989; Connolly & Viswesvaran, 2000). Based on the above findings, the following hypotheses were developed:

H_6: Respondents' personality has a significant relationship on their intention to leave the organization.
H_7: Respondents' personality moderates the relationship between organizational climate and their intention to leave the organization.

3. Methodology and Research Design

This study employed a descriptive design to ascertain the characteristic of the variables of interest. The descriptive design was applied in this study to describe the characteristics of groups of employees and to find out the relationship variables between organizational climate, employee personality and their intention to leave a job, respectively. Questionnaires were distributed to working adults in order to gauge the employees' individual level of analysis, and thus data obtained was treated as an individual data source. Non-probability sampling method was adopted. About 300 questionnaires were sent out and a total of 191 were received, representing a response rate of 63.7%. Of this, only 183 were usable for data analysis as others were incomplete.

The questionnaire was designed to cover four sections. The first section contained research questions on four dimensions of organizational climate, i.e. organization structure, responsibility, rewards and support. Since this study observed employees' perceptions toward the condition of their workplace, therefore the perception-based climate instruments of Litwin and Stringer's Organizational Climate Questionnaire (LSOCQ) was adopted. Respondents were asked to indicate how they would agree in the work environment given by choosing one of the five responses provided, ranging from 1, definitely false to 5, definitely true. The second section measured the respondents' intention to leave with a five-point Likert scale, ranging from 1, strongly disagree to 5, strongly agree. The third section covered the respondent's personality in terms of dominance and sociability. Each subscale contained 16 true or false questions. The first half of the16 items contained questions relating to dominance whereas the second half of the 16 items measured sociability. Finally, the fourth section asked about the respondents' demographic characteristics

4. Discussion of Findings

The correlation results demonstrated that the all the four dimension of organizational climate have significant inverse relationship with employees' intention to leave. The overall organizational climate Pearson Correlation, $r = -0.75$ ($p<0.01$) indicated a strong negative correlation between organizational climates and intention to leave. Out of the four dimensions, structure, rewards and support showed large correlations with intention to leave with a r value more than 0.50 ($p<0.01$) while responsibility indicates a medium correlation with a r value of 0.48 ($p<0.01$), marginally lower than 0.50. It gave an overall picture that positive organizational climate has the significant effect on lowering the employees' turnover intention, which was in line with the past researchers' findings who reported that positive organizational climate predicts positive work attitudes and behaviors. Employees are more satisfied working in a positive work environment and therefore less likely to leave their organizations (Pace, 2002; Aarons & Sawitzky, 2006).
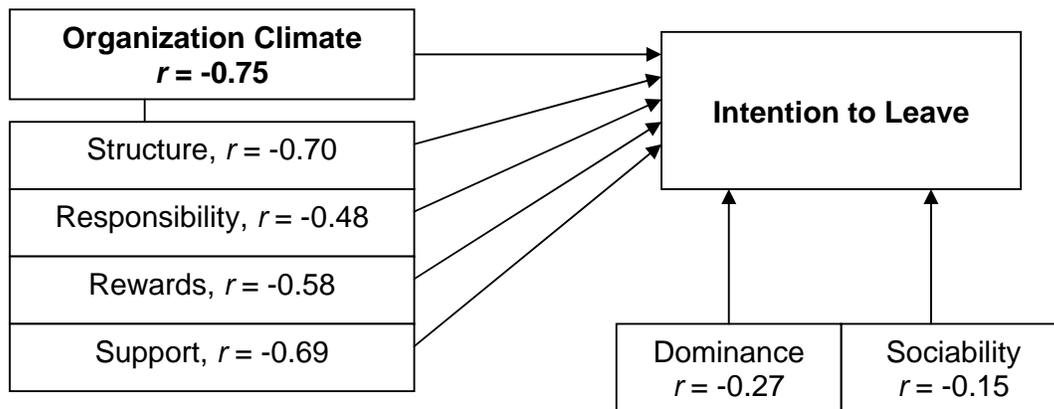

Figure 1 Summary of correlation relationship between organizational climate dimensions, dominance and sociability personalities and intention to leave.

The multiple regression results revealed that about 57% of the total variation associated with intention to leave was accounted by the four dimensions of organizational climate. The negative regression coefficients again explained that any improvement in these organizational climate dimensions will decrease employees' intention to leave. Structure was the most important dimension that influenced employees' intention to leave, followed by support and responsibility. The least important was rewards.

Besides, both the dominance and sociability personalities showed significant negative relationship with intention to leave with low correlation of r value less than 0.30 at significant level of 0.01 for dominance and 0.05 for sociability. In terms of moderating effect, the multiple regression results indicated that both the personalities were significant predictors for intention to leave as well, increasing the explanatory power of multiple regression models from 57% to 60%. In other words, there is about 40% of the model was explained by other factors not stated which affect employees' intention to leave. This study has discovered that respondents having lower dominance personality were easier or have higher likelihood of leaving their organizations as compared to respondents who perceived themselves having higher dominance. This is similar with respondents who have higher perception towards sociability are less likely intent to leave their organization. As such, H_1 to H_7 were fully supported.

Table 1: Hierarchical Multiple Regression Model Summary

Model	Ind. Variables	B	Beta	R^2	F	t	Sig. (p)
1	(Constant)	20.190		0.569	58.776	24.532	.000
	Structure	-.201	-.408			-5.239	.000
	Rewards	-.019	-.023			-.315	.753
	responsibility	-.126	-.147			-2.482	.014
	Support	-.177	-.290			-3.490	.001
2	(Constant)	21.549		0.594	42.936	14.277	.000
	Structure	-.206	-.419			-5.491	.000
	Rewards	-.054	-.068			-.895	.372
	responsibility	-.107	-.124			-2.110	.036
	Support	-.157	-.258			-3.150	.002
	dominance	-.176	-.167			-3.065	.003
	Sociability	.153	.128			2.265	.025

Out of the six predictors, however, only five predictors had significant relationship with intention to leave. Even though rewards had significant correlation with intention to leave in the earlier analysis, its impact in the regression model was overshadowed. The overall model equation can be expressed as:

Intention to leave = 21.55 - 0.21 structure – 0.11 responsibility – 0.16 support -0.18 dominance + 0.15 sociability

5. Conclusion

The result of this study was in the hypothesized directions in which perceived positive organizational climate decreases intention to leave. This relationship was in line with previous findings reported and thus this study managed to validate the results obtained by past researchers.

When employees encountered rules and procedures that they perceived as meaningless and burdensome, it created high stress to them. Over time, it reduced their discretion, job involvement and job satisfaction. Consequently, it triggered the feeling of pointlessness continued working in the organizations. This has been congruent with a previous study done by Lapidus et al. (1997) who provided empirical evidence that formalization was positively related to job stress and job dissatisfaction. Likewise, this study's finding suggested that employees were less likely to leave if they were clear with their authority and accountability, and able to exercise individual judgment without being double-checked all the time and therefore having the feeling of being their own boss. In other words, employees preferred to participate in decision making regarding their job scopes, rather than following instruction or being directed all the time. Even though rewards system was not a significant predictor in regression, it correlated significantly to intention to leave. The results demonstrated that employees would like to stay on in organizations that exercised fair and equitable performance-based rewards system and provided opportunities for promotion for those having great endeavors in their organizations. In addition, a very significant relationship had been shown between support dimensions in organization climate with employees' intention to leave. Employees were likely to stay in their organizations if they were working in a perceived friendly, supportive and strong peer cohesion environment. Results also supported the previous researchers' findings (Locke, 1991; Yuki & Van Fleet, 1992; Viswesvaran & Deshpande, 1998) which predicted dominant employees were well-adjusted individuals and tended to adjust themselves to the work environment. They were less likely to quit their jobs even though working in a negative work environment. Like wise, employees with high sociability personality showed a preference for the organizations and possess positive orientation towards the world in general and to social interactions, experiencing positive emotions. Enjoyment and positive emotions in work had subsequently lowered intention to quit their jobs (Sherman, 1989; Connolly & Viswesvaran, 2000).

Thus, this study concluded that organizations could reduce turnover rate by improving the organizational climate. Any of the organizational climate dimensions that perceived to be negative may trigger employees' intention to quit their jobs, more so for the less dominant and less sociable employees. To reduce employee turnover rates, an organization should eliminate unnecessary rules and procedures that are ineffective and burdensome. High-performance employees should be empowered to make decisions. Giving adequate decision-making authority makes employees feel that they are valued and treated respectfully and hence will continue to serve the organization. Meanwhile, organizations should practice fair and equitable performance-based rewards system and employees should be paid what they are worth and not what the organization guidelines require. Besides, if employees are working in an environment that they can express themselves and being developed with more interpersonal support and opportunities for career

advancement, the employees are more likely to stay in the organizations. Therefore, organizations should then provide broad-skill training, organize mentoring programs and succession planning. These activities motivate the good employees to stay as it increases the promotion from within opportunities and provides employees a greater sense of connection to the organizations. The understanding of people develop perceptions of fit over time needs to be emphasized. Perceptions drive individuals' behaviors and choices and employees tend to stay in organizations that perceived compatible with their personalities. Hence, the management team needs to be observant enough to understand the characteristics of employees they have and make necessary changes and customize policies and systems accordingly.

In a nutshell, this study has demonstrated that Management should form an organization that promote positive organizational climate which includes well-defined job responsibilities and policies with flexible structure, fair and equitable rewards system as well as a supportive and friendly work atmosphere. Positive organizational climate exerts and enhances employees' job satisfaction and hence less likely to look for jobs somewhere else. Keeping good employees is critical to business success and organizations should make employee retention a part of corporate culture. The findings of this study are noteworthy given that the relationship was assessed in the context of Malaysia organizations. The results gained are consistent with the findings obtained in other countries recorded in literature; it is therefore possible to speculate that some degree of generalization of the relationship in this study exists.

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