

LINKING ORGANIZATION COMMITMENT TO EMPLOYEE TURNOVER: AN EMPIRICAL INVESTIGATION OF MILLENNIAL EMPLOYEES IN SHANGHAI, CHINA.

* Weidong Zheng

PHD Management, SEGI University Malaysia.

Abstract

Employee turnover remains a significant challenge for organizations, especially with the growing presence of millennials in the workforce. This study examines the relationship between organizational commitment and employee turnover among millennial employees in Shanghai, China. Organizational commitment is analyzed through three dimensions: affective commitment, continuance commitment, and normative commitment. The aim of this research is to understand how these dimensions influence turnover intentions among millennials, a generation characterized by distinct work values and high mobility. Using a quantitative research methodology, data was collected from a diverse sample of millennial employees across various industries in Shanghai. Statistical analysis was employed to explore the correlation between the levels of organizational commitment and the likelihood of employee turnover. The findings provide significant insights into the specific aspects of organizational commitment that are most influential in retaining millennial employees.

Key words: organization commitment, employee turnover, millennial employees, affective commitment, continuance commitment, and normative commitment.

Introduction

The millennial workforce is distinct from previous generations in several ways, notably in their pursuit of meaningful work, work-life balance, and opportunities for personal and professional growth. Understanding the factors that contribute to their organizational commitment is essential for developing effective retention strategies. Shanghai, as one of China's most vibrant economic hubs, provides a unique context for this investigation due to its rapidly evolving job market and diverse employment opportunities. As millennial employees increasingly enter the workplace and assume significant roles within organizations, their educational backgrounds and work behaviors have markedly diverged from those of previous generations (Lin et al., 2015). In recent years, it has become a common social phenomenon in China for new-generation employees to leave their jobs to pursue postgraduate studies due to perceived lack of competitiveness within their organizations (Hu, 2019). This turnover, particularly among knowledge-based employees, has resulted in substantial losses for organizations and firms.

Employee turnover is a critical issue for organizations worldwide, impacting operational continuity and incurring significant replacement costs. In recent years, the phenomenon has become particularly pronounced among millennial employees, a demographic characterized by unique work values and expectations (Cummings and Teng, 2003).

While, organizational commitment, defined as the psychological attachment an employee feels towards their organization, plays a pivotal role in influencing their decision to stay with or leave an employer. Various dimensions of organizational commitment, including affective, continuance, and normative commitment, offer a comprehensive understanding of an employee's allegiance to their organization. This research seeks to explore how these dimensions specifically affect turnover intentions among millennials in the dynamic economic landscape of Shanghai.

This empirical study will employ quantitative methods to collect and analyze data from millennial employees in various industries within Shanghai. By examining the correlation between organizational commitment and turnover intentions, this research aims to provide valuable insights for managers and HR professionals to enhance employee retention strategies tailored to the millennial workforce. Through this study, the broader implications for organizational practices and policies aimed at fostering employee commitment and reducing turnover will be discussed, contributing to the existing literature on employee retention and organizational behavior. This research contributes to the existing literature by highlighting the importance of fostering affective commitment to reduce turnover rates among millennials. Practical implications for human resource management include developing strategies that enhance emotional engagement, provide growth opportunities, and create a supportive work environment tailored to the preferences of millennial employees. The study underscores the need for organizations in Shanghai to adapt their retention strategies to meet the evolving expectations of the millennial workforce, ultimately enhancing organizational stability and performance.

Literature Review

Organizational Commitment

Meyer and Allen (1984) proposed a three component conceptualization of organizational commitment. Organizational commitment refers to the psychological attachment an employee feels towards their organization. It is typically categorized into three dimensions:

Affective Commitment: This dimension reflects the emotional attachment and identification an employee has with their organization. Employees with high affective commitment stay because they want to. Millennials are more likely to develop affective commitment when they feel emotionally connected to their work and the organizational culture. (Ertas, 2015; Holtschlag et al., 2020; Lu and Gursay, 2016). Organizations that foster a positive work environment, recognize employee contributions, and align work roles with employees' personal values can enhance affective commitment among millennials, reducing turnover rates

Continuance Commitment: This dimension is based on the perceived costs associated

with leaving the organization. Employees with high continuance commitment remain because they feel they need to, often due to the lack of alternative employment opportunities or the potential loss of benefits. Millennials may have lower levels of continuance commitment due to their willingness to seek new opportunities that better align with their career goals and personal values (Zhao and Liu, 2018). Organizations can address this by providing clear career progression paths, competitive compensation, and opportunities for skill development to increase the perceived costs of leaving.

Normative Commitment: This dimension reflects a sense of obligation to stay with the organization. Employees with high normative commitment remain because they feel they ought to, due to personal values or social pressures. Millennials' sense of obligation to stay with an organization may be influenced by their experiences and the organizational support they receive. Establishing a strong organizational culture that emphasizes loyalty and community can enhance normative commitment among millennials.

Organizational Commitment and Employee Turnover among Millennials

Employee turnover is a significant concern for contemporary organizations, particularly with the increasing presence of millennials in the workforce. Millennials, defined as individuals born between 1981 and 1996, have unique work values and expectations that differ markedly from those of previous generations. One critical factor influencing employee turnover is organizational commitment, which encompasses the psychological attachment an employee feels towards their organization. Understanding the relationship between organizational commitment and employee turnover among millennials is crucial for developing effective retention strategies and ensuring organizational stability (Khan and Morrow, 1991). Organizational commitment is traditionally divided into three dimensions: affective commitment, continuance commitment, and normative commitment. Affective commitment refers to an employee's emotional attachment to, identification with, and involvement in the organization. Continuance commitment pertains to the perceived costs associated with leaving the organization, while normative commitment reflects a sense of obligation to remain with the organization. Each of these dimensions can significantly impact an employee's decision to stay with or leave their employer. (Meyer & Allen, 1991).

Among millennials, affective commitment plays a particularly vital role in influencing turnover intentions. Millennials are known for seeking meaningful work, opportunities for personal and professional growth, and a sense of belonging within their organizations. When they feel emotionally connected to their workplace, they are more likely to exhibit loyalty and a desire to contribute to the organization's success. Organizations that foster a supportive and engaging work environment, offer opportunities for career development, and align with millennials' values are more likely to enhance affective commitment and reduce turnover rates. Continuance commitment, on the other hand, appears to be less influential among millennials compared to previous generations. Millennials often prioritize personal fulfillment and work-life balance over job security and financial stability. As a result, the perceived costs of leaving an organization,

such as loss of income or benefits, may not be as significant a deterrent for this generation. Organizations aiming to retain millennial employees should therefore focus more on intrinsic motivators rather than relying solely on financial incentives or job security.

Normative commitment, which involves a sense of duty or obligation to remain with an organization, can also affect millennial turnover, but its impact may vary. Millennials tend to place a high value on authenticity and alignment between personal and organizational values. When they perceive their organization as ethical and socially responsible, their normative commitment may increase, leading to lower turnover intentions. However, if there is a misalignment between their values and those of the organization, millennials may feel less obligated to stay, regardless of normative pressures. Several studies have highlighted the unique factors driving turnover among millennial employees. Research indicates that millennials are more likely to leave their jobs for reasons such as lack of career advancement opportunities, insufficient work-life balance, and desire for further education or personal development. These findings underscore the importance of addressing the specific needs and preferences of millennial employees to enhance their organizational commitment.

To effectively reduce turnover among millennial employees, organizations must adopt a holistic approach that addresses all dimensions of organizational commitment. This includes creating a positive and inclusive workplace culture, offering continuous learning and development opportunities, and ensuring alignment between organizational practices and millennial values (Zhang, 2010). Additionally, organizations should regularly assess employee satisfaction and engagement levels to identify potential areas for improvement and take proactive measures to address any issues.

In conclusion, organizational commitment is a critical factor influencing employee turnover among millennials. By understanding the unique drivers of affective, continuance, and normative commitment within this demographic, organizations can develop targeted strategies to enhance employee retention. Fostering a strong emotional connection with millennial employees, providing meaningful growth opportunities, and aligning organizational values with those of the workforce are essential steps towards reducing turnover and ensuring long-term organizational success.

Research Methodology

Introduction

This section introduces the research design and other research methods used in this study. The section will describe in detail the research site, population and sampling techniques, use of scales, validity and reliability of scales, data collection procedures, and data analysis. The types of statistical analysis used in this study will be introduced in detail in the data analysis discussion before the summary of this chapter.

Research Design

This study adopted using a quantitative method (Creswell,2017). The choice of research method depends on its applicability, ability to solve the research problem, and ability to achieve the research objectives.

Plus, correlational research aims to determine the extent to which a change in one factor is related to changes in one or more factors based on a coefficient index. Correlation is the most appropriate method for observing whether variables are interrelated (Fraenkel, Wallen & Hyun, 2016). Correlational research is an appropriate method for observing whether variables are interrelated. This study does not seek to determine a causal relationship for a variable but wants to discuss its relationship with variables and other variables.

Lastly, survey method is used to collect the data needed for this study, involving questionnaires. According to Groves et al. (2009), compared with qualitative methods, the survey method can collect large-scale behavioral and belief data more efficiently, and make these data more comparable.

Sample Size

For determining the appropriate sample size for this study, both empirical and statistical methods can be utilized. According to Singh and Masuku (2014), the typical range for sample sizes in empirical studies involving questionnaire surveys is between 100 to 500 participants. Hill et al. (2005) suggest that an optimal sample size for such surveys would be between 100 and 200 participants, with a minimum threshold of 100. Fowler (1993) advises that for quantitative research, sample sizes should ideally range from 100 to 200 participants, while specific subgroups within the study should include at least 50 to 100 participants. For effective statistical inference and to achieve more robust results, sample sizes should ideally exceed 100, with an optimal range between 200 to 300. Moreover, a sample size must surpass 30 participants to ensure the statistical robustness of the results, as stated by Hill (1998).

Since the total number and overall characteristics of employees are relatively certain, this study combines relevant conclusions of empirical methods and uses Krejcie and Morgan (1970)'s calculation technique to determine the sample size. Krejcie and Morgan (1970) proposed a basic sample size calculation formula for determining the sample size of a given population, which has been used by many researchers.

Sampling Technique

The primary criterion for sample selection in a study is that the sample must adequately represent the population about which conclusions are to be drawn (Frankfort-Nachmias & Nachmias, 2008). This study's sample is drawn from millennial employees. There are two main types of sampling techniques used in research: random and non-random sampling. For studies involving large populations, simple random sampling is preferred because it ensures that every individual has an equal chance of being selected (Lavrakas, 2008). In contrast, non-probability sampling does not use random selection; instead, it involves selecting elements based on non-random criteria (Dudovskiy, 2016). Consequently, this study employs the random sampling

technique. Four widely used methods to achieve such samples include simple random sampling, systematic random sampling, stratified random sampling, and cluster random sampling.

Pilot study

In order to ensure the smooth progress of this survey, we conducted a small sample pilot study to ensure the internal consistency reliability of the four scales involved using Cronbach's α coefficient. The purpose of this pilot study is to further improve the questionnaire items so that they can be accurately understood by the respondents and avoid misunderstandings, as well as to check for possible deficiencies in the scales during the survey process, such as cross-cultural semantic deviations. As Leon et al. (2011) pointed out, pilot studies can provide valuable feasibility assurance to help improve procedures, estimate key parameters to guide resource allocation decisions, and can enhance the transparency and interpretability of subsequent evaluations.

Previous researcher, Connelly (2008) pointed out that for descriptive research designs, pilot study sample sizes typically range from 10-30, and pilot study sample sizes can also account for 10% of the actual sample.

Bland and Altman (1997) recommend the following guidelines for interpreting the Cronbach's alpha coefficient:

Cronbach's alpha > 0.9 indicates an excellent level of reliability.

Cronbach's alpha > 0.8 suggests good reliability.

Cronbach's alpha > 0.7 is considered acceptable.

Cronbach's alpha > 0.6 is deemed questionable.

Cronbach's alpha > 0.5 is rated as poor.

Cronbach's alpha > 0.4 is viewed as unacceptable.

In this pilot study, the Cronbach α coefficients all reached 0.7 or above, so the reliability of related scales is acceptable.

Validity

Scale validity refers to the degree to which a scale can accurately measure the concepts or constructs that it intends to measure (Kline, 2000). It reflects the quality of the scale and is an important indicator to ensure the reliability and usability of the scale (Reynolds et al., 2009). Factors affecting test validity include content validity, criterion validity, and structural validity (Straub et al., 2004). These different types of validity evaluate the validity of the scale by determining the consistency of measurement results with standards. Among them, content validity is fundamental.

Reliability

Reliability is an indicator reflecting the stability and consistency of the results of a measurement tool (Furr, 2011). It directly affects the accuracy of scale results and is the primary criterion for judging scale quality (Kaplan & Saccuzzo, 2018). Commonly used statistical methods to judge scale reliability include test-retest reliability, Cronbach's α coefficient, and component correlation (Tang Qing et al., 2015). In practical applications, the reliability coefficient of a scale must reach at least 0.7 before it is considered acceptable (Nunnally, 1978); In basic research, this standard can be increased to 0.8 (Straub et al., 2004). This section discusses the reliability test conclusions of various research scales in previous studies to ensure that each instrument used in this study has good reliability.

Data Analysis Techniques

This study investigates various research questions and hypotheses using key statistical tools and methods prevalent in social sciences. The primary analytical tools employed are SPSS (Social Science Statistical Software Package) and AMOS for structural equation modeling. The analysis includes both descriptive and inferential statistical methods. Descriptive statistics involve calculating data characteristics such as mean, mode, and standard deviation, creating distribution charts, and conducting cross-tabulation analyses. Inferential statistics cover a range of techniques including hypothesis testing, Pearson correlation analysis, analysis of variance, regression analysis, and structural equation modeling (SEM). Prior to analysis, missing values in the data were addressed. The coding of responses was conducted using SPSS version 21 as the initial step in data analysis.

Summary

This chapter details the research methods, including research design, population and sampling procedures, descriptions and evaluation criteria of various scales, analysis of scale validity and reliability of survey procedures, methods of data collection and data analysis. The content discussed in this chapter lays the groundwork for the results of the research in the next chapter.

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