Global Conference on Business & Social Science-2014, GCBSS-2014, 15th & 16th December, Kuala Lumpur

Competitive psychological climate and turnover intention with the mediating role of affective commitment

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Abstract

Employee turnover continues to rise in Malaysia and it is an issue to both researchers and practitioners. This study therefore examines the relationships between competitive psychological climate, affective commitment, and turnover intention. A total of 94 respondents throughout Malaysia participated in this study and the hypotheses were tested using PLS-SEM. The results showed that competitive psychological climate is positively related to turnover intention and is negatively related to affective commitment. Additionally, it is also revealed that affective commitment is negatively related to turnover intention and it mediates the relationship between competitive psychological climate and turnover intention.

Keywords: competitive psychological climate; affective commitment; turnover intention; Malaysia; PLS-SEM

1. Introduction

Employee turnover is an organisational problem that worries employers for decades and therefore, it attracts the attention of both researchers and practitioners. Turnover is a problem because the cost to replace an executive could reach up to 213\% of the executive’s salary who left (Lucas, 2012). Turnover is costly because it incurs recruitment costs, training costs, and separation costs (Boushey & Glynn, 2012). Besides that, turnover also incurs indirect costs such as loss of productivity, reduced morale of the remaining employees, loss of quality, loss of clients, and additional...

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work for the remaining employees (Boushey & Glynn, 2012). That is why organisations should strive to reduce turnover if possible.

The competitive labour market and the low unemployment rate in Malaysia contribute to the job-hopping trend among Malaysians (Choi, Perumal, & Ajagbe, 2012). The average annual turnover rates in Malaysia has risen from 12.3% in 2012 to 13.2% in 2013 (Towers Watson, 2013) indicating that employee turnover will continue to be an issue to employers. The reasons behind this phenomenon should be empirically investigated. Therefore, the continuing rise of employee turnover should not be neglected by employers.

In the recent decade, employers have been exerting higher expectations to their employees due to changes in economic conditions and the competitiveness of the business environment (Bolino & Turnley, 2003). The increasing demands on employees from the employers have caused employees to do more than is required resulting in competition between employees in order to outshine each other (Bolino & Turnley, 2003). The pressure to outperform each other could lead to higher stress, higher work-family conflict, higher exhaustion, and the intent to quit the organisation (Bolino & Turnley, 2003). Prior studies have shown that a workplace perceived to be highly competitive is related to higher tendencies of quitting among employees (Arhab, Houston, Kolla, & Lucker, 2013; Barankay, 2010). Thus, competitive climate at the workplace deserved research attention because it may lead to negative consequences.

This research hopes to plug the research gap on the turnover intention literature and to add further understanding on the relationship between competitive psychological climate and turnover intention among employees in Malaysia. Thus, this study attempts to examine the relationships between competitive psychological climate, affective commitment, and turnover intention while simultaneously examines the mediating role of affective commitment.

2. Theoretical Framework and Hypotheses Development

2.1. Theoretical Framework

Turnover intention refers to an employee’s intention to leave the organisation (Wayne, Shore, & Liden, 1997) and it reflects the voluntary decision of an employee to quit their workplace. Since turnover intention has a positive relationship with actual turnover (Cotton & Tuttle, 1986; Lambert, Hogan & Barton, 2001; Mobley, Horner, & Hollingsworth, 1978), turnover intention is examined as a proxy for actual turnover. It is also more beneficial to focus on turnover intention because remedial actions can still be taken before the actual turnover materialised (Price & Mueller, 1981). Furthermore, it is not pragmatic to track down employees who have left the organisation and employers are not allowed to reveal those employees who have left due to confidentiality issues. Hence, turnover intention is justified to be examined as a proxy for actual turnover.

The belief-attitude-behavioural intention model (Fishbein & Ajzen, 1975) is applied in explaining the relationships between the variables in this study. According to the belief-attitude-behavioural intention model, belief leads to attitude and attitude leads to behavioural intention. It also explains that attitude mediates the relationship between belief and behavioural intention. Competitive psychological climate, as a belief is expected to lead to behavioural intention in the form of turnover intention. It is then expected that affective commitment will mediate the relationship between competitive psychological climate and turnover intention. Figure 1 below depicts the theoretical framework of this study.

![Fig. 1. Theoretical Framework of the Study](image-url)
2.2. Competitive Psychological Climate

Competitive psychological climate refers to the degree to which employees perceive organisational rewards are provided contingent on how they perform compared to their peers (Brown, Cron, & Slocum, 1998). Competition is unhealthy (Kohn, 1993) and furthermore, competition does not necessarily boost higher performance (Stanne, Johnson, & Johnson, 1999). Competitive climate is found to be positively related to workplace bullying and as a result, the competitive climate encourages employees to bully their fellow co-workers who are seen as threats at the workplace (Salin, 2003).

De Meis, Velloso, Lannes, Carmo, and de Meis (2003) discovered that the shortage of funds triggers competition among the Brazilian scientists and as a result, the competitive climate causes burnout, stress, and mental suffering. De Meis et al. (2003) posited that the competitive climate may cause the scientists to leave their academic career and thus slows down the growth of scientific discovery in Brazil. In a study carried out in the United States, employees who often work with other high-performing employees are found to be more likely to quit the organisation due to higher expectation and peer pressure (Arhab et al., 2013). Barankay (2010) discovered that when freelance employees are ranked between each other, they are found to have reduced their work effort and are more likely to quit. Therefore, it is hypothesised that:

H1: Competitive psychological climate is positively related to turnover intention

Fletcher, Major, and Davis (2008) found that competitive psychological climate is negatively related to organisational commitment among information technology professionals with low competitiveness trait. A competitive climate at the workplace is expected to weaken one’s commitment to the organisation because such a climate motivates one to leave the organisation (Arhab et al., 2013; Barankay, 2010; de Meis et al., 2003). Therefore, it is hypothesised that:

H2: Competitive psychological climate is negatively related to affective commitment

2.3. Affective Commitment

There are three dimensions in organisational commitment and they are affective commitment, continuance commitment, and normative commitment (Meyer & Allen, 1991). This study only looks into affective commitment because affective commitment is the strongest predictor for turnover intention compared to continuance or normative commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Thus, this study will only focus on affective commitment.

Meyer and Allen (1991 p. 67) define affective commitment as “employee’s emotional attachment to, identification with, and involvement in the organisation”. According to Meyer and Herscovitch (2001), affective commitment is developed when the employees becomes involved, shared similar values, and derived an identity from the organisation. In short, affective commitment reflects the employees’ affective attachment to the organisation.

Affective commitment has been found to be negatively related to turnover intention (Meyer et al., 2002; Simons & Roberson, 2003). Since Ramamoorthy and Flood (2004) found that affective commitment mediates the relationship between organisational justice and turnover intention, it is also expected that affective commitment has an affective attitudinal role to act as a mediator between competitive psychological climate and turnover intention. Furthermore, based on the belief-attitude-behavioural intention model (Fishbein & Ajzen, 1975), attitude is posited to mediate the relationship between belief and behavioural intention. Therefore, it is hypothesised that:

H3: Affective commitment is negatively related to turnover intention.
H4: Affective commitment mediates the relationship between competitive psychological climate and turnover intention.
3. Research Methodology

The questionnaire was posted online on a local social network website frequented by Malaysians. Those who visited the website were invited to answer a questionnaire by clicking a link that directed them to another page. Only Malaysians who are working in Malaysia were invited to answer the questionnaire by asking them to click the link. All responses received were based on a convenience sampling and the respondents were from throughout Malaysia. The electronic survey method was chosen because it could reach as many respondents as possible throughout Malaysia in the most cost-effective way. Both the SPSS 20 software and the SmartPLS 2.0 software (Ringle, Wende, & Will, 2005) were used in data analysis.

All of the constructs were measured based on scales developed by previous researchers. Competitive psychological climate was measured based on a scale developed by Fletcher et al. (2008) containing four items. The scale was measured using a seven-point Likert scale ranging from (1) “strongly disagree” to (7) “strongly agree”. The Cronbach’s alpha reported by Fletcher et al. (2008) was 0.77.

Affective commitment was measured based on a scale developed by Meyer, Allen, and Smith (1993) containing six items. The Cronbach’s alpha reported by Meyer et al. (1993) for the scale was 0.82. The scale was measured using a five-point Likert scale ranging from (1) “strongly disagree” to (5) “strongly agree”.

Turnover intention was measured based on a scale developed by Wayne et al. (1997) containing five items. The Cronbach’s alpha for the scale was 0.89. The scale was measured using a five-point Likert scale ranging from (1) “strongly disagree” to (5) “strongly agree”.

4. Data Analysis and Results

4.1. Demographic Profile

A total of 94 Malaysian employees responded to the questionnaire. The SPSS 20 software was used to obtain the frequencies of the demographic profile. In summary, the majority of the respondents are below 31 years old (69.2%), are male (64.9%), are Chinese (59.6%), are not married (83%), are equipped with undergraduate degrees (60.6%), are working 12 months or less in their organisation (40.4%), and holding executive positions (70.2%).

4.2. Assessment of the Measurement Model

Based on partial least squares structural equation modeling (PLS-SEM), the measurement model was assessed first using SmartPLS 2.0. To assess the measurement model, the convergent validity, discriminant validity, and reliability of the measurements used were examined.

To assess convergent validity, the factor loadings and the average variance extracted (AVE) were examined. First of all, the factor loadings of each variable were inspected. The individual loadings that are above 0.70 on each variable are deemed significant (Hair, Hult, Ringle, & Sarstedt, 2014). Indicators with very low loadings below 0.40 should be deleted (Hair et al., 2014). No indicators were below 0.40 and as a result, no indicators were deleted. There are several indicators which are between 0.40 and 0.70 but it was not required to be deleted because the AVEs are already above the recommended values (Hair et al., 2014). As shown in Table 1 below, all of the AVEs are above 0.50, which is the recommended cut-off value (Hair et al., 2014). The rest of the indicators have loadings well above 0.70 for each respective variable. Thus, the measurements used for each variable in this study are convergently valid.

To assess discriminant validity, the correlations between the measures were compared with the square root of the AVEs. As depicted in Table 2 below, all of the correlations between the measures are lower than the square root of the AVEs which are bolded on the diagonals. Therefore, the measurements used for each variable in this study are discriminantly valid.

To assess reliability, the composite reliability for each variable was examined. As shown in Table 1 below, the composite reliability for all variables are above 0.60, which is the acceptable cut-off value (Hair et al., 2014). Therefore, the measurements used for each variable in this study are reliable.
Table 1. Results of Measurement Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Loading</th>
<th>Composite Reliabilitya</th>
<th>AVEb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Commitment</td>
<td>AC1</td>
<td>0.795</td>
<td>0.886</td>
<td>0.575</td>
</tr>
<tr>
<td></td>
<td>AC2</td>
<td>0.497</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AC3</td>
<td>0.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AC4</td>
<td>0.885</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AC5</td>
<td>0.874</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AC6</td>
<td>0.582</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Psychological Climate</td>
<td>CPC1</td>
<td>0.862</td>
<td>0.883</td>
<td>0.656</td>
</tr>
<tr>
<td></td>
<td>CPC2</td>
<td>0.843</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CPC3</td>
<td>0.857</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CPC4</td>
<td>0.661</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>TI1</td>
<td>0.879</td>
<td>0.947</td>
<td>0.782</td>
</tr>
<tr>
<td></td>
<td>TI2</td>
<td>0.913</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TI3</td>
<td>0.920</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TI4</td>
<td>0.941</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TI5</td>
<td>0.756</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Discriminant Validity of Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>AC</th>
<th>CPC</th>
<th>TI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Commitment</td>
<td>0.758</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Psychological Climate</td>
<td>-0.237</td>
<td>0.810</td>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>-0.772</td>
<td>0.465</td>
<td>0.884</td>
</tr>
</tbody>
</table>

Note: The bolded diagonals represent the square root of the AVEs while the other entries represent the correlations.

4.3. Assessment of the Structural Model

After assessing the measurement model, the structural model was assessed using SPSS 20 and SmartPLS 2.0. To assess the structural model, collinearity, path coefficients, coefficient of determination, effect size, and predictive relevance were examined. In tandem with the usage of SEM, independent variables are called exogenous variables while dependent variables are called endogenous variables. The mediating variable can be both an exogenous variable and also an endogenous variable.

4.3.1 Collinearity Assessment

First of all, the variance inflation factor (VIF) values for all exogenous variables were examined to assess collinearity. Using SPSS 20, competitive psychological climate and affective commitment were regressed against turnover intention to obtain the VIF values. The VIF values are 1.032 for both competitive psychological climate and affective commitment. None of the variables have a VIF value above 5.00, which is the recommended cut-off value (Hair et al., 2014). Therefore, there is no collinearity issue in this study.

4.3.2 Hypothesis Testing

Bootstrapping was performed in SmartPLS 2.0 to obtain the standardised path coefficients, standard errors, and t values in order to assess the significance of each hypothesised relationship. From Table 3 below, it was found that competitive psychological climate has a significant positive relationship with turnover intention (β = 0.298, p < 0.01) and a significant negative relationship with affective commitment (β = −0.237, p < 0.01). Affective commitment has a significant negative relationship with turnover intention (β = −0.701, p < 0.01). The mediating hypothesis was also supported showing that affective commitment (β = 0.166, p < 0.05) mediates the relationship between competitive psychological climate and turnover intention. Thus, all hypotheses from H1 to H4 are supported.

The coefficients of determination ($R^2$) are 0.679 for turnover intention and 0.056 for affective commitment. It can be interpreted that both competitive psychological climate and affective commitment explain 67.9% of variance in
It means that 32.1% of the variance in turnover intention is explained by other factors which are not covered in this study. Meanwhile, competitive psychological climate explains 5.6% of variance in affective commitment. Thus, the model has predictive accuracy.

### Table 3. Summary of Hypothesis Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path Coefficient (( \beta ))</th>
<th>Standard Error</th>
<th>t value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>CPC ( \rightarrow ) TI</td>
<td>0.298</td>
<td>0.076</td>
<td>3.926**</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>CPC ( \rightarrow ) AC</td>
<td>–0.237</td>
<td>0.101</td>
<td>2.353**</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>AC ( \rightarrow ) TI</td>
<td>–0.701</td>
<td>0.064</td>
<td>10.885**</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>CPC ( \rightarrow ) AC ( \rightarrow ) TI</td>
<td>0.166</td>
<td>0.073</td>
<td>2.277*</td>
<td>Supported</td>
</tr>
</tbody>
</table>

**p < 0.01, *p < 0.05

### 4.3.3 Effect Size

Apart from looking at the \( R^2 \) alone, the change in \( R^2 \) value when a specific exogenous variable is omitted from the model was also examined in order to assess the magnitude of the impact of that particular exogenous variable on an endogenous variable (Hair et al., 2014). Effect size serves as a practical guide to interpret the practical importance of a specific relationship (Preacher & Kelley, 2011). This can be done by examining the \( f^2 \) effect size for each relationship and the results are shown in Table 4 below. The \( f^2 \) effect size is calculated manually (Hair et al., 2014) and the formula is shown below as a note directly below Table 4.

According to Cohen (1988), the rule of thumb is that the \( f^2 \) values of 0.02, 0.15, and 0.35 represent small, medium, and large effect size respectively. Based on the rule of thumb, it can be interpreted that competitive psychological climate has a medium effect on turnover intention amounting to 26.2% and it has a small effect on affective commitment amounting to 5.9%. On the other hand, affective commitment has a large effect on turnover intention amounting to 138.3% and it signifies that this particular relationship is stronger because the magnitude of the effect size is large. However, a small effect size does not necessarily imply the effect is not important (Chin, Marcolin, & Newsted, 2003; Preacher & Kelley, 2011). Furthermore, since all of the hypothesised relationships were already shown to be statistically significant, all of the relationships here are deemed important and meaningful judging by the effect sizes found.

### Table 4. Effect Size for Direct Effects

<table>
<thead>
<tr>
<th>Relationship</th>
<th>( f^2 ) Effect Size</th>
<th>Magnitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPC ( \rightarrow ) TI</td>
<td>0.262</td>
<td>Medium</td>
</tr>
<tr>
<td>CPC ( \rightarrow ) AC</td>
<td>0.059</td>
<td>Small</td>
</tr>
<tr>
<td>AC ( \rightarrow ) TI</td>
<td>1.383</td>
<td>Large</td>
</tr>
</tbody>
</table>

Note: \( f^2 = R^2 \) included \( - R^2 \) excluded \( 1 - R^2 \) included

Based on Preacher and Kelley’s (2011) recommendation, the Kappa-squared (\( \kappa^2 \)) effect size was calculated to determine the indirect effect size. \( \kappa^2 \) is interpreted as the proportion of the maximum possible indirect effect that could have occurred (Preacher & Kelley, 2011). The PROCESS macro (Hayes, 2013) in SPSS 20 was used to calculate the \( \kappa^2 \) effect size. However, benchmarks have yet to be developed for the \( \kappa^2 \) effect size (Preacher & Kelley, 2011). The \( \kappa^2 \) effect size computed is 0.15 meaning that competitive psychological climate has an indirect effect of 15% on turnover intention via affective commitment.

### 4.3.4 Predictive Capability of the Model

The predictive capability of the model can be assessed by calculating the predictive relevance (\( Q^2 \)) which measures the predictive relevance of the model. Hair et al. (2014) recommended the cross-validated redundancy to calculate \( Q^2 \). According to the rule of thumb, \( Q^2 \) greater than 0 (zero) indicates that the exogenous variables have predictive relevance on the particular endogenous variable, whereas \( Q^2 \) less than zero indicates that there is no predictive
relevance (Hair et al., 2014).

The $Q^2$ was calculated by using a blindfolding procedure in SmartPLS 2.0. Blindfolding is a sample reuse technique that omits every $d$th data point in the construct’s indicators of the endogenous variable and uses the resulting estimates to predict the omitted part (Hair et al., 2014). An omission distance between 5 and 10 is recommended to be used to calculate the $Q^2$ (Hair et al., 2014). In this study, an omission distance of 7 was chosen to calculate the $Q^2$. Two separate blindfolding procedures were calculated for each endogenous variable and the $Q^2$ values are 0.027 for affective commitment and 0.528 for turnover intention respectively. The $Q^2$ values for the two endogenous variables are above zero and therefore, it indicates that the model has predictive relevance.

5. Discussion and Conclusion

This study has revealed that a workplace which is perceived to be highly competitive is related to higher turnover intention and lower affective commitment; thus corroborating prior studies relating to competitive climate (Arhab et al., 2013; Barankay, 2010; de Meis et al., 2003; Fletcher et al., 2008). Additionally, this study showed that affective commitment is negatively related to turnover intention, which corroborates prior studies (Meyer et al., 2002; Simons & Roberson, 2003). This study also demonstrated that affective commitment mediates the relationship between competitive psychological climate and turnover intention. From the theoretical perspective, it highlights the role of affective commitment in mediating the relationship between belief and behavioural intention which lends support to the belief-attitude-behavioural intention model (Fishbein & Ajzen, 1975). It also stamps the role of competitive psychological climate as a stressor in weakening affective commitment and strengthening turnover intention.

From the practical perspective, this study highlights that a competitive climate at the workplace does not bode well for organisations because it motivates employees to leave the organisation. It also makes employees less committed to the organisation, which in turn leads to the intention to quit. Hence, policy makers and human resource practitioners in organisations should be cautious in implementing policies at the workplace that could create a competitive climate.

By interpreting the effect size, affective commitment has been shown to have a large effect on turnover intention meaning that affective commitment heavily influences turnover intention. Therefore, more effort should be taken to strengthen employees’ commitment to prevent employees from quitting. Although the effect size of competitive psychological climate on turnover intention and affective commitment are medium and small respectively, a competitive climate should be discouraged nevertheless due to its negative consequences. Since Kohn (1993) has already highlighted the harmful effects of competitive climate at the workplace, practitioners should monitor the workplace climate to avert employees from competing with one another that could harm the organisation and the employees. Therefore, policy makers should encourage teamwork among its employees by organising more team-building activities and avoid implementing reward policies that require competitive comparison between employees that would trigger a competitive climate.

The limitation of this study is that the samples in this study were based on a convenience sampling. Thus, the findings of this study could not be generalised to all Malaysians. It is suggested that future studies be undertaken to overcome the limitation of this study by using a probabilistic sampling if the situation allows it.

In conclusion, it has been empirically shown that competitive psychological climate is a stressor at the workplace that is positively related to turnover intention and is negatively related to affective commitment. Competitive psychological climate also has an indirect effect on turnover intention via the mediating role of affective commitment. Therefore, policy makers should discourage competitive climate to foster affective commitment among employees and to prevent employees from leaving the organisation.

References


