

## The Effect of Job Satisfaction on Turnover Intention and the Moderating Organization Commitment: Evidence from the Banking Sector.

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**ABSTRACT** :Turnover intention is an individual's desire to leave the organization. So that employees do not have the desire to leave the company, the company needs to pay attention to the factors that affect turnover intention. The purpose of this study was to determine the role of organizational commitment to mediate the effect of job satisfaction and workload on turnover intention. This research was conducted at Banking sector from Indonesia, west Sumatra. The number of samples taken was 157 employees, with explanatory research. Data collection is done through questionnaires semi primary data through interviews. The research uses the Sekaran-Krejci and Morgan table formula to take sample from Banking sector. Based on the results of the analysis found that job satisfaction has a positive and significant effect on organizational commitment. Organizational commitment has a negative and significant effect on turnover intention. Job satisfaction has a negative and significant effect on turnover intention. Organizational commitment mediates positive and significantly the effect of job satisfaction on turnover intention. The management of Banking sectoris have to advised to reduce the level of turnover intention by increasing the level of employee job satisfaction by meeting the needs of employees. Employee organizational commitment is further enchanced by listening to employee aspirations so that employees do not have the desire to leave the company.

**KEYWORDS:** *job satisfaction, organization commitment, turnover intention, the Indonesia banking industry*)

### I. INTRODUCTION

There are a lot of companies and organizations that they don't realize how was important this stuff, and human resources role toward organizations in the myriad area. Ranging from strategic planning to the company image. One of the main crucial roles as factors that will determine the company's success lies on the company's human resources(Pande Made Arma Suputra, Anik Yuesyi, 2019). By providing optimal results in human resources, it is necessary to continuously develop human resources to create quality human resources and have a more composition role (Mustamu, 2013).Quality in human resources will probably be the most important thing for the education and development function when these are implemented and the principles of quality management and behavior change processes will be needed at all levels of the organization (Fordyce & Barney, 2015).

Human resource is term commonly used to explain the activities of organization in companies related to selecting and recruitment. One of the main crucial roles as factors that will determine the company's success lies on the company's human resources. The high level of turnover intention can have a variety issue and negative effects on organizations. Banking Sector industry in Padang, West Sumatra recently has increasingly employee in turnover. It was happened in from 2016 until 2020, but not at least in 2019 has the highest increase in turnover. Almost the problem of turnover due to by low level of organization commitment, low satisfaction of employee, and thus thing obtained the increasing in turnover. There is the intention of employee in here to leave the organization and search a new organization in order they felt unsuitable in term of salary and workload from manager is leading the company(Nuansa et al., 2018; Yasinta et al., 2020).

### II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

#### 1. Introduction

In this second chapter, the researcher will discuss and explain this section while providing and describing a literature review that is relevant to the research and also provide a basis for a theoretical review. This section will begin by reviewing the dependent variable and after that will be followed by the independent variable, and the possible reciprocal relationship between the two variables and will finally be followed by a summary of the

research. This study will use some research literature, such as the relationship between the topic of intention to quit or leave their job as the independent variable, and job satisfaction and workload as the dependent variable and last is organizational commitment as mediating variable as dependent variable.

## 2. Job Satisfaction

According to, Job satisfaction is a person's overall attitude towards his job and job satisfaction is an important aspect of organizational behavior because it is positively correlated with employee performance (S. Robbins & Judge., 2009). According to (Fred Luthans, 2006) job satisfaction is kind of emotional in positive or even in negative emotional where this came from the appraisal of experience. According to (Mathis & Jackson, 2011) about the job satisfaction is a positive emotional state from the resulting of evaluation of experience.

According to old theory (Locke, 1976) the definition of job satisfaction as cognitive response (evaluative), affective (emotion) and behavioral someone on his job, where this evaluation was measure on the characteristic of employee on his job, emotional response toward his job and also the intention behavioral on his working.

While this explanation has the same meaning according to (Fred Luthans, 2006) about the job satisfaction is the result of employee perception in term of how well their important in job, if they do the best thing in job and is done by good performance it will improve employee performance. So here are five factors that affect job satisfaction, namely (Fred Luthans, 2006):

- Promotion opportunities, is an opportunity to advance in the organization.
- co-workers, Therefore, it is not surprising that having friendly and supportive colleagues will increase job satisfaction. Superior behavior is also a major determinant of job satisfaction.
- Supervision, Supervision is the ability of supervisors to provide technical assistance, monitor and evaluate work, and provide support within the organization.
- Salary, Salary is a reward that an employee receives in return for all the things they do to the company
- Work itself, work can provide its own job satisfaction such as work with interesting assignments, work that is useful and valuable, to create an opportunity to learn, and to accept responsibility.

From the theories of the definition of job satisfaction, it can be concluded that job satisfaction is kind of the reflection from positive emotional in term of feelings and attitudes that come from a person's work experience during his/her workplace, as well as the aspects that exist in his job. If employees are satisfied with their work, they will feel happy and free from pressure so that they will feel safe to continue working in their work environment. States of job satisfaction could be positive or negative emotions depend on the appraisal of one job experience, in other words, a positive or negative emotional of job satisfaction the employee's assessment of the extent to which he is satisfied with his job (Bayarçelik & Findikli, 2016).

## 3. Organization Commitment

Organizational commitment is the relationship between individuals and the organization, so that the individual "feels ownership" of the organization, where the emotional of employee will attach in (Nuansa et al., 2018). This statement was strengthened by (Fred Luthans, 2006) in his book about organization commitment as an attitude reflecting the employee loyalty to their organization. Commitment shows a strong belief and support for the values and goals that the organization wants to achieve. High organizational commitment can be required in an organization, because the creation of high commitment will affect the professional work situation. From above information said that organizational commitment is a kind of ambition and has strong feelings in the organization to maintain membership and are willing to strive to achieve organizational goals. This case, also formed as a psychological construct with a characteristic of the relationship between membership and other organizations, and this implies the decision to continue into their membership in the organization (Nuansa et al., 2018).

Organizational commitment can be identified as individual ties and organizational ties. Employee commitment toward the organization can be generally reflected due to organizational commitment (Susanty & Miradipta, 2013). Mentions work commitment as another term for organizational commitment. According to him, organizational commitment is an important dimension of behavior that can be used to assess the tendency of employees to stay as members of the organization. Organizational commitment is an identification of a relatively strong person's involvement in the organization. Organizational commitment is the desire of organizational members to maintain membership in the organization and are willing to strive for the achievement of organizational goals.

Organizational commitment is the level at which a worker to identifies an organization, where the organization has its own goals and hopes for remain as a member in organization (S. P. Robbins & Judge, 2014). According to (Fred Luthans, 2006) Organizational commitment is the relationship between the individual and the organization, so that the individual will feels as ownership of the organization, where the emotions of the employees will stick with it. In term of organization commitment there are several three dimensions to use as research such as:

- *Effective commitment*, occurs when an employee member wants to be a part of an organization because they have the same emotional relationship, where employee members have the same values in an organization.

- *Continuity of commitment*, the purpose of this commitment continuity the availability of individuals to remain in an organization because the employee has no other place to find another job or due to the certain economic rewards toward the employee. Means the component based on employees' perceptions of the losses that will occur or be faced if they leave the organization.
- *Normative commitment*, are the employee's feelings about the obligation he has to give to the company, and this action is the right thing to do.

#### 4. Turnover Intention

Turnover intention is the level of employee to leave the company with many reason to quit his/her job to get better job (Pande Made Arma Suputra, Anik Yuesyi, 2019). Another meaning turnover intention is the process by which workers or an employee tends to leave an organization or companies will be replaced (Mathis & Jackson, 2011). Turnover intention is an action of employee to quit his job by himself or not voluntary from companies, so that the word of turnover intention is the employee to tend to leave the companies voluntarily. There are three indicators of turnover intention such as intention to leave from the job, second is the desire to get another job lastly is the desire to leave the organization in the coming months.

Turnover intention it could be a necessary matter for company itself because it will decrease the desire in term of skilled and performance of employees in their area, and also it will increase the cost of company in term of new employee due to new employees for recruitments. All of these matters happened if employee have low satisfaction level, vice versa if employees have higher satisfaction level that will be better for company and it will develop and increase the desire of employees in productivity and performance of employee, and this beneficial for the progress of organization because it will minimize the desire to turnover as well(Askiyanto& Soetjipto, 2018). Turnover is an indication of employee stability. The higher the turnover, the more frequent employee turnover occurs. Therefore, this will prejudice for the company. Because, if an employee leaves the company, it will bring various costs (Haryono et al., 2019).

According to (Jonathan & Westover, 2014), stated that turnover consists of two matters, namely voluntary turnover and forced turnover (not voluntary). Voluntary turnover is turnover made by employee's decisions for any various reasons to leave their company. However, voluntary turnover can be handled by the company's HR. Involuntary or forced turnover is turnover made by the company for any reasons such as the employee not performing well and bad behavioral. Voluntary turnover usually occurs because of one's own desire due to how attractive the current job is and other job alternatives are available. Meanwhile, involuntary turnover occurs due to dismissal by a superior and is unexpected for the employee who experienced it said (S. P. Robbins & Judge, 2014).

#### 5. The Effect of Job Satisfaction on Organization Commitment

Belief that the organization commitment is important variable when discussing about the turnover intention, due to employee's commitment are more committed to their company and less likely to tend to leave and quit from their companies. According to the (Mishra K et al., 2015), (Saeed et al., 2014), and (Yamazakia et al., 2015) stated that organizational commitment has positive and significant effect on organizational commitment.

#### 6. The Effect of Organizational Commitment on Turnover Intention

According to Thakre & Shroff (2016) described and examined that about the relationship between organization commitment and turnover intention founded that there is a negative relationship between organization commitment and turnover intention. Where there is an indication of high turnover intention indicating low commitment. Priya & Sundaram (2016) found that job satisfaction is one of the most important antecedents of organizational commitment. Liu et al. (2019) found a high commitment relationship, preferring to live and work with organizations rather than leaving the organization.

According to (Made et al., 2018; Yasinta et al., 2020), in their research about the effect of Work Satisfaction, Organizational Commitment and Workload on Turn over Intention on Pt. Bank Rakyat Indonesia (Persero) Tbk Unit Kanca Denpasar Gajah Mada where organization commitment has a negative and significant effect on turnover intention at PT. Bank Rakyat Indonesia TBK Denpasar Unit Gajah Mada. This means if an employee in the organization commitment at PT. Bank Rakyat Indonesia (Persero) Tbk, has increase the turnover intention level will also increase.

(Setiyanto & Hidayati, 2017) in his research paper effect of job satisfaction on turnover intention with organizational commitment as a mediating variable, show the result of this paper is the strong negative relationship between organizational commitment and employee turnover intention, the higher the level of employee organizational commitment, the lower the employee turnover intention level.

#### 7. The Effect of Job satisfaction on Turnover Intention

The result of research of Ni Nyoman Yani Sri Lestari, Ni Wayan Mujiati, Job satisfaction have negative and significant effect on turnover intention. The result of this study relating to the relationship between job satisfaction and turnover intention are in line with research by Pande Made Arma Suputra, Anik Yuesti and Nengah Sudja, the result of job satisfaction there is no significant influence on turnover intention. These things have been proven by previous researcher that job satisfaction is an important factor in emphasizing employee

turnover intention. So, employees who feels satisfaction will feel comfortable in their environment so it is difficult to leave the organization.

### III. METHOD

This research is a causal research because it aims to examine the causal relationship between the independent variable job satisfaction and organizational commitment and the dependent variable turnover intention. In analyzing the data, the researcher will use the SEM-PLS program which is this operated as a final tool to produce a structural model for the data.

The data source used in this research is primary data. Primary data obtained by researchers by distributing questionnaires given to employees of PT Banking sector from west Sumatra, Indonesia. According to (Sugiyono, 2015) population is an term of general in area, be it objects or areas that meet the characteristics and qualities that have been determined by researchers to be studied. This study uses explanatory research which is in this research used to determine whether a variable has an effect or not in particular situation and also the population for this study were 156 employees of Bank Nagari. The technique used in selecting this sample is simple random sampling and provide equal opportunities for every member of population to become the research samples

### IV. RESULT AND DISCUSSION

Test validity aims to measure the quality of the testing instrument that used and it is also intended to determine the validity of an instrument and also to explain how well the concept can be defined by a measure (Hair et al., 2014). The instrument could be valid if several instruments are able to measure and reveal the data under study appropriately. Reliability is defined as the ability of the indicator to produce deep values repeatedly (consistently) in each research activity.

Convergent validity will be valid if the value of outer loading or correlation score is higher than 0,7 (Ghozali, 2013). However, if the outer loading is between 0,5-0,6, the researcher should not delete the indicators that have the loading score AVE and the indicator commonality is higher than >0,5. If in this study the loading indicator is less than 0.5, the instrument validity examiner will be deleted and then re-estimate.

The table below will show the value of outer loading on the variables Job satisfaction (JS), Organization Commitment (OC) and Turnover Intention (TI). The result on outer loading is the result of processing using PLS3.

**Table IV.1**  
**Outer Loading**

|      | JOB SATISFACTION | ORG.COMMITMENT | TURNOVER INTENTION |
|------|------------------|----------------|--------------------|
| JS.1 | 0,831            |                |                    |
| JS.2 | 0,846            |                |                    |
| JS.3 | 0,877            |                |                    |
| OC.1 |                  | 0,870          |                    |
| OC.2 |                  | 0,876          |                    |
| OC.3 |                  | 0,777          |                    |
| OC.4 |                  | 0,693          |                    |
| OC.5 |                  | 0,775          |                    |
| OC.6 |                  | 0,756          |                    |
| OC.7 |                  | 0,781          |                    |
| TI.1 |                  |                | 0,878              |
| TI.3 |                  |                | 0,704              |
| TI.4 |                  |                | 0,916              |

Sources: Results of SmartPLS 3 (2021)

It was found that there are several things values of outer loading, which is on these indicating that there are 3 indicators that are invalid as a reflection of variables that have a value below 0.5. Where the variable is JS4(0,475), JS5(-0,0,35), JS6(0,119), TI2(0,367). One of the them, the indicators below that have invalid values which is these indicators will be deleted in this research, because the outer loading value is less than 0.5.

Table IV.2

| Variables                      | Average Variance Extracted (AVE) |
|--------------------------------|----------------------------------|
| <b>Job satisfaction</b>        | <b>0,725</b>                     |
| <b>Organization Commitment</b> | <b>0,627</b>                     |
| <b>Turnover Intention</b>      | <b>0,702</b>                     |

Sources: result of SmartPLS 3

Based on table 3.2 above, it can be seen that the AVE slots of each of these have a value above 0.5. Visually, the AVE value can be seen from the histogram graphic image below.

Table IV.3

Construct Reliability and Cronbach's Alpha

|                    | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|--------------------|------------------|-------|-----------------------|----------------------------------|
| JOB SATISFACTION   | 0,810            | 0,811 | 0,888                 | 0,725                            |
| ORG.COMMITMENT     | 0,900            | 0,913 | 0,921                 | 0,627                            |
| TURNOVER INTENTION | 0,781            | 0,805 | 0,875                 | 0,702                            |

The rules for assessing reliability with a rule of thumb composite must be greater than  $> 0.6$  (Hair et al., 2014). The construct has to be reliable if the composite reliability of each variable, the result of research can be seen in the table above.

Table IV.4

Path Coefficient (Mean,STVD,T-Values) (Direct Effect)

| Mean, STDEV, T-Values, P-Values                      | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ( O/STDEV) | P Values     |
|--|---------------------|-----------------|----------------------------|-------------------------|--------------|
| <u>Job Satisfaction</u> -> <u>Org. Commitment</u>    | 0,489               | 0,488           | 0,079                      | 6,168                   | <b>0,000</b> |
| <u>Job Satisfaction</u> -> <u>Turnover Intention</u> | -0,209              | -0,210          | 0,106                      | 1,969                   | <b>0,050</b> |
| <u>Org. Commitment</u> -> <u>Turnover Intention</u>  | -0,353              | -0,354          | 0,104                      | 3,387                   | <b>0,001</b> |

After finding the hypotheses that will be tested. Therefore, the significant effect of variable job satisfaction and organization commitment on turnover intention. Where the application of the t test is used to determine the significance of the effect of the independent variable on the dependent variable or exogenous and endogenous variables. The next step is to compare or contrast the t value have to greater than the t table (t count  $>$  t table) with a significance at 5% alpha, where the alpha is known as the statistical value is 1,96.

In the following description, the result of the table is show that **job satisfaction** has a **positive** and **significant** effect on **organization commitment** with (parameter coefficient 0.489) and this is significant at alpha = 5% where the statistical value is  $6,168 > 1,96$ , (t count  $>$  t table) so that the first hypothesis is accepted.

Variable **job satisfaction** has a **negative** and **significant** effect on variable **turnover intention**, with parameter coefficients is -0.209 and this variable is significant at alpha = 5% where the statistical value is  $1,969 > 1,96$  or they have the same value with t table. So that we can conclude the variable job satisfaction is accepted.

Furthermore, for the variable **organization commitment** has a **negative** and **significant** effect on **turnover intention** with (parameter coefficient -0.353) and for significant at alpha = 5% with a statistical value is  $3.387 > 1.96$  (t count  $>$  t table) so that the third hypothesis is accepted.

## V. CONCLUSION

Based on the results of the study stated that job satisfaction has significant negative effect on turnover intention and organization commitment has significant negative on turnover intention. Further research can be carried out by looking at the limitations of this research which can be used as a source of ideas for the development of this research in the future. The suggested research expansion of this study is to add independent variables that affect job stress in influencing turnover intention. In addition, the research indicators used in this study can be added with other indicators outside of this research that are relevant to the research to be conducted.

This journal is still far from perfection, it is necessary to develop for the other variables by further researchers. Next researchers need to add some other variables that related to turnover intention by employees at a company.

In addition, it is also necessary to use mediation variables that are more accurate with the character of the research object of research, which is expected to produce better results. In addition, when conducting research by distributing questionnaires, it is hoped that researchers will conduct a pilot test so that academics and practitioners can find out whether the list of statements on the questionnaire can be understood properly.

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