Correlation between New Employees’ Organizational Commitment and Turnover Intention in Indonesia

Regina Maria Angundjaja¹, Qian Yan²
College of Economics and Management, Nanjing University of Aeronautics and Astronautics.

Abstract

Turnover is avoided as much as companies can because the cost to employer of turnover are high, includes turnover in new employees. This research’s purpose is to measure whether there is a relation between organizational commitment and turnover intention on Indonesia’s new employees. The result showed that a significant relationship between organizational commitment and turnover intention, $r = -0.553$, $n = 131$, $p < .01$, two tails.

Keywords: Organizational Commitment; Turnover Intention; Human Resource Management.

1. Introduction

Turnover is one of the big challenges that need to be faced by industries. Based on the survey to more than 28,000 organizations all over the world, Compdata Surveys found that turnover rate is increasing every year for the last five years. Turnover is avoided as much as companies can because the cost to employer of turnover are high.

Based on survey conducted for 330 companies in 50 countries, employees tend to leave the jobs when their skills, talents are not properly developed or when the managers fail to promote their career development, and unsatisfied with the boss or management (Hay, 2001). All those reasons reflect how satisfied the employee with their jobs. Employees who are satisfied with their jobs are most likely to commit and loyal to the company, or we usually call it as organizational commitment.

Employees who are satisfied and committed to the organization are more likely to attend work (Hackett, 1989), arrive on time (Koslowsky, Sagie, Krausz, & Singer, 1997), stay with the organization (Tett & Meyer, 1993; Wasti, 2003), perform well (Judge, Thoresen, Bono, & Patton, 2001), and engage in behaviors that helpful to the organization (LePine, Erez, & Johnson, 2002; Cheng, Jiang, & Riley, 2003).

Turnover intention is the largest predictive factor for voluntary turnover (Lambert, Cluse-Tolar, Pasupuleti, Prior, & Allen, 2012). It is important to identify turnover intent as early as possible so organization still can implement actions in order to let employees stay. The correlation between organizational commitment and turnover intention has been an interest in the human resource research field for years as organizational commitment becomes one of direct causes of turnover (Lambert et al., 2012).

Most of the researches were done with Western setting, which is different with Eastern cultural setting. The research that was done in Malaysia by Tnay, Othman, Siong, and Lim (2013) found organizational commitment had no significant relationship towards turnover intention. This finding is contradicted with the previous findings. It could be a great start to explore more about this topic within Eastern setting.

This research is focused on organizational commitment and turnover intention on new employees. New employees, although just have short length of tenure in the company, are as important as senior employees. Yet, the researches about organizational commitment and turnover intention on new employees still limited.

Many researchers have found that length of tenure is negatively correlated with turnover intention (Hayes, 2015; Tews, Michel, & Ellingson, 2013; De Moura, Abrams, Retter, Gunnarsdottir, & Ando, 2009; Gerhart, 1989; Mobley, Griffeth,
Hand, & Meglino, 1979). It means the longer employees stay in an organization, the less intention they have to do turnover. Contradicted with previous researches, some studies revealed that length of tenure still have uncertain correlation with turnover intention (Chan & Morrison, 2000; Beecroft, Dorey, & Wenten, 2008).

2. Review of Literature

2.1. Turnover Intention

Before really withdraw from the company, employees have already had intention to do turnover. This is called as turnover intention. Turnover intention was a cognitive and happened before voluntary turnover (Lambert et al., 2012). Turnover intention is related to desires to quit, plans to leave, quitting, or searching for alternative jobs. Turnover intention is the largest predictive factor for voluntary turnover (Lambert et al., 2012). According to Tett and Meyer (1993), turnover intention is defined as a conscious and deliberate willingness to leave the organization. While Riggio (2012) explained turnover intention as workers’ self-reported intentions to leave their jobs. Based on those definitions, it can be concluded that turnover intention is employees' self-willingness to leave their jobs consciously.

Most of employees who have turnover intention may not actually leave their jobs (Riggio, 2012). Turnover itself is an important decision that need to be considered properly because it may include risk uncertainty about alternative employment, unstable financial income, transaction costs, and psychological costs.

Even though turnover intention may not turn into actual turnover, turnover intention is important to be noticed by organizations. When employees have turnover intention, they are not only thinking of quitting the jobs but also intending to look for alternative employment (Tett & Meyer, 1993). These kind of behavior bring disadvantage to company since it will decrease employees’ productivity; employees tend to focus on looking for new employment rather than doing their jobs with best effort.

2.2. Organizational Commitment

Organizational commitment is defined as the relative strength of the individual’s identification with, and involvement in a particular organization (Porter, Steers, Mowday, & Boulian, 1974). Riggio (2012) concluded organizational commitment as a worker’s feelings and attitudes about the entire work organization. While Aamodt (2010) described organizational commitment is the extent to which an employee identifies with and is involved with an organization.

Meyer and Allen (1984) proposed affective and continuance commitment, which affective is related to emotional attachment to the organization while continuance is related to perceived costs of leaving the organization. After that, Allen and Meyer (1990) suggested the third component which is normative commitment, related to perceived obligation to remain in the organization. There are more detailed explanation about three components of organizational commitment:

i) Affective commitment: Affective commitment is an emotional attachment to an organization to which extent that an employee wants to remain with the organization, cares about the organization, and is willing to exert effort on its behalf.

ii) Continuance commitment: Continuance commitment is an attachment to an organization as a function of what the employee has invested in. It is also related to which extent employees believe that they must remain with the organization due to time, expense, and effort that they already put into (Aamodt, 2010).

iii) Normative commitment: Normative commitment is an attachment to an organization that reflects one’s obligation to continue employment with the organization. Employees tend to believe that they ought to stay with the company, regardless of what it offers them.

Furthermore, organizational commitment on employees has some antecedents:

i) Personal Disposition: An individual tendency to be satisfied influences their commitment to the organization (Noe, Hollenbeck, Gerhart, Wright, 2015; Aamodt, 2010). Certain types of people tend to be motivated and satisfied regardless what kind of jobs they have.

ii) Tasks and Roles: Role is related to set of behaviors that people expect of a person in that job (Noe et al., 2015). Employees feel more satisfied when they know clearly about what to do and how to do the work in that job. Employees tend to be satisfied with the task that has variations and challenges, but does not involve many physical strain and exertion.

iii) Supervisors and Co-Workers: Positive behavior from supervisors and co-workers will lead employees to be satisfied with their job (Noe et al., 2015). Employees want their supervisors close and responsive to them, they feel more satisfied when the supervisors acknowledge their achievements and see them as individuals.
who can take part in succeeding the organizations. Social support from co-workers and supervisors reality help to increase employees’ satisfaction.

iv) **Pay and Benefits:** Satisfaction with pay is important to maintain employees not to do turnover. Pay also contributes to some people self’s worth as it is an indicator of status within organization and society at large. Other benefits beside pay, such as insurance and vacation time, are also important but employees have hard time to measure their worth so it is not considered as much as pay itself.

v) **Perceived Alternatives:** Before employees decide to leave an organization, they might compare first their current job with other alternative employment opportunities. In comparing, employees might also consider what kind of benefits they will get from new employer and what kind of things they should give up if they switch employers. If they perceive there is no better job opportunities, they will decide to stay within the organization. Meyer, Stanley, Herscovitch, and Topolnytsky (2002) found that perceived alternatives correlated negatively with continuance commitment.

vi) **Personal Investment:** As long as employees work in an organization, they invest valuable things from themselves to the organization, such as time, effort, money. These valuable investments will be lost or become worthless at some perceived cost to the employees themselves if they leave the organization. Rather than related to continuance commitment, researchers found that personal investment more related to affective commitment and normative commitment (Meyer et al., 2002; Meyer & Allen, 1984).

vii) **Organizational Culture:** Organizational culture is the values, beliefs, and principles that influence organization’s management structure, custom, and conduct that represent and reinforce those principles (Medina, 2012). Organizational culture can be seen from how the organization do daily work practices, make decisions, create organizational strategy, and internal and external organization correspondences.

Adkins and Caldwell (2004) in their research about organization culture said that when the individuals feel that their values are congruent with organization values, then they are more likely to be satisfied with their job and stay remain in the same

viii) **Cultural Socialization:** Culture is defined as a collective programming of the mind which distinguishes the members of one group or category of people from another (Hofstede, 1991). The norm that applies in one society may be different with the norm that applies in other societies. Culture affect how an individual committed to his/her organization. Yousef (2000) in his research found that leadership behavior and national culture interact together in their influences on job satisfaction. Job satisfaction has a positive correlation with organizational commitment.

### 2.3. Indonesia’s Culture Characteristics

Geert Hofstede found that different countries have common problems, but each of them has different ways to solve the problems. Those common problems represent dimension of cultures. Dimension of cultures is an aspect of a culture that can be measured relative to other cultures (Hofstede, Hofstede, & Minkov, 2010).

i) **Power Distance:** Power distance can be defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally (Hofstede, Hofstede, & Minkov, 2010). Indonesia has high score in power distance. Guru-Student style happens in Indonesia. Superiors expect subordinates’ obedience, while subordinates expect to be told what to do and when. Communication is indirect and avoiding to give any negative comments.

ii) **Individualism:** Individualism in society is defined as societies in which the ties between individuals are loose: everyone is expected to look after him or herself and their immediate family (Hofstede, Hofstede, & Minkov, 2010). The score of Individualism in Indonesia is low, so Indonesia is categorized as collectivism society. Individuals are expected to conform to the ideals of the society and the in-groups to which they belong. Indonesians also perceive work relationship as family relationship because what important is their loyalty to the company.

iii) **Masculinity:** Masculine society happens when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life (Hofstede, Hofstede, & Minkov, 2010). Masculine cultures uses good fight to resolve conflicts. Indonesia is categorized as low masculine society. Indonesians perceive status and visible symbols of success as important aspect. Indonesia still less masculine than other Asian countries. Conflicts in Indonesia are more likely to be resolved by compromise and negotiation. For Indonesian employees, good superiors are the one who is supportive and involve employees in decision making.

iv) **Uncertainty Avoidance:** Uncertainty avoidance is defined as the extent to which members of a culture feel threatened by ambiguous or unknown situation (Hofstede, Hofstede, & Minkov, 2010). Indonesia has low score
in uncertainty avoidance so it means Indonesia tend to accept uncertainty. It is quite taboo for Indonesian to show negative emotion or anger externally. They will keep smiling and be polite although they are upset. In resolving conflict, direct communication is often seen to be a threatening situation and one that the Indonesian is uncomfortable in.

v) **Long-Term Orientation:** Long-term orientation defines societies in which wide differences in economic and social conditions are considered undesirable (Hofstede, Hofstede, & Minkov, 2010). Indonesia has high score in this dimension so it is concluded that Indonesia has a pragmatic culture. People believe that truth depends on situation, context, and time, Indonesians can adapt tradition easily to changed conditions, have strong propensity to save and invest, have persistence and perseverance in pursuing goals.

vi) **Indulgence:** Indulgence is a tendency to allow relatively free impulses of basic and natural human desires related to enjoying life and having fun (Hofstede, Hofstede, & Minkov, 2010). Restraint, on the other hand, perceives belief such as impulse needs to be limited and regulated by strict social norms. Indonesia has restraint culture because it scores low in this indulgence dimension. Indonesia’s society tend to cynicism and pessimism. They do not emphasis on leisure time and they control their impulse of desire. Indonesians perceive that their actions are limited by social norms and feel that content their self is somewhat unacceptable.

2.4. Hypotheses

H0: There is no correlation between new employees’ organizational commitment and turnover intention in Indonesia.

H1: There is correlation between organizational commitment and new employee’s turnover intention in Indonesia.

3. Methodology

3.1. Participants

Population of this research is new employees in Indonesia’s organizations. Sample of this research is employees who work less than a year in organizations, by the time the questionnaire is shared. Characteristics of subjects are Indonesian, active employees, and still working in organizations for less than a year. Sampling technique that is used to gather samples in this research is non-probability sampling. The approach that is used in non-probability sampling to choose research’s subjects is convenience sampling.

The sample size of this research is 131 samples. Researcher gave surveys to 200 employees and only 134 returned the surveys to researcher. Among 134 surveys, there are three surveys which cannot be used because it does not meet the criterion.

3.2. Research Instruments

The questionnaire in this research consists of three parts. First part is demographic, such as age, city where work, gender, education, length of tenure, salary, position in organization (managerial or non-managerial), and types of employment (full time, part time, or internship). The second part is Meyer and Allen’s organizational commitment scale (1990) that has been adapted. This instrument consists of three components, which is affective commitment, continuance commitment, and normative commitment. Each component consists of six or eight items that represent organizational commitment as construct. Ratings are completed using five-point Likert Scale from ‘strongly disagree’ (weighted 1) to ‘strongly agree’ (weighted 5). The third part is turnover intention scale. This instrument consists only two items that represent employees’ intention to do turnover. Ratings are completed using five-point Likert Scale from ‘strongly disagree’ (weighted 1) to ‘strongly agree’ (weighted 5).

4. Data Analysis

4.1. Validity and Reliability of Research Instruments

This research used two research instruments, organizational commitment and turnover intention. Researcher used internal consistency to measure those instruments’ validity. The results showed that organizational commitment scale and turnover intention scale are valid to measure organizational commitment and turnover intention.

Researcher used Cronbach’s Alpha to measure how reliable the instruments in this research. Reliability coefficient of organizational commitment scale is 0.790, while reliability coefficient of turnover intention scale is 0.885. So, both organizational commitment and turnover intention scale are reliable.

4.2. Correlation Analysis

The purpose of this research is to analyze whether there is a correlation between organizational commitment and turnover intention in new employees. To calculate the correlation, researcher used Pearson correlation.
A correlation for the data revealed a significant relationship between organizational commitment and turnover intention, $r = -0.553$, $n = 131$, $p < .01$, two tails.

The significant negative relationship shows that as the organizational commitment increases, the turnover intention decreases. A correlation of $r = -0.553$ means 31% ($r^2 = 0.31$) of turnover intention can be predicted from the relationship with organizational commitment. The value of $r^2$ more than 0.25 indicates large correlation (Gravetter & Wallnau, 2010). So, organizational commitment has large correlation with turnover intention in Indonesian new employees.

Table 1: Correlation Organizational Commitment and Turnover Intention

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<thead>
<tr>
<th></th>
<th>r-correlation</th>
<th>$r^2$</th>
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<tbody>
<tr>
<td>Affective Commitment</td>
<td>-0.526</td>
<td>0.28</td>
</tr>
<tr>
<td>Continuance Commitment</td>
<td>-0.393</td>
<td>0.15</td>
</tr>
<tr>
<td>Normative Commitment</td>
<td>-0.347</td>
<td>0.12</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>-0.553</td>
<td>0.31</td>
</tr>
</tbody>
</table>

According to Table 1., it is found that all components in organizational commitment have negative significant correlation with turnover intention. Among them, affective commitment has the largest correlation with turnover intention. While on the opposite, normative commitment has the smallest correlation with turnover intention.

5. Results

According to correlation analysis, there is a significant negative relationship between new employees’ organizational commitment and turnover intention, $r = -0.553$, $n = 131$, $p < .01$, two tails. When organizational commitment is increased, then turnover intention is decreased. The correlation result also showed that H0 is rejected.

6. Discussion and Suggestion

6.1. Discussion

As stated above, organizational commitment and turnover intention among Indonesian new employees were correlated negatively and significantly each other. This result is consistent with the previous studies in Indonesia about organizational commitment and turnover intention, even though those studies were conducted in different situation other than Indonesian new employees.

Some researchers did their studies in private sector in Indonesia (Andini, 2006; Sidartha & Margaretha, 2015; Sutanto & Gunawan, 2013), and others did their studies in Indonesia’s government sector (Widodo, 2010; Handaru & Muna, 2017). All of the results showed that organizational commitment has negative correlation towards turnover intention.

Another aspect that can be compared between previous research and this research is the characteristic of subjects. This research focuses on new employees, it means the subjects in this research have short period of work (less than a year) in their organizations. While those previous research did not have specific period of work for the subjects, some of them might include long-term work employees and some of them might include new employees.

Period of work seems does not affect the relationship between organizational commitment and turnover intention. Hayes (2015) found in his study that length of tenure was not a predictive factor for turnover intention. Employee’s experience in their first month of working influences their commitment to the organization later (Meyer & Allen, 1988). Employees’ experiences immediately after entering an organization are critical in shaping their commitment to that organization.

The findings of this research indicated that among three components of organizational commitment, affective commitment has the highest correlation with turnover intention. That finding about affective commitment also supports previous finding by Zhao, Sun, Cao, Li, Duan, Fan, and Liu’s (2013). Their study confirmed that affective commitment has positive relation with quality of work life and quality of work life has negative relation with turnover intention.

6.2. Suggestion

According to research’s process and the result that researcher already elaborated before, there are some suggestions which can be used to increase future research’s quality. This research used quantitative method to know the relationship between organizational commitment and turnover intention. Qualitative method has deeper understanding data that can complement quantitative data. It is suggested to use qualitative method for future research.

The finding of this research indicated that affective commitment is more related to turnover intention rather than continuance commitment and normative commitment. Future research can explore why affective commitment has higher
correlation toward turnover intention than continuance commitment and normative commitment. It also can be related to Indonesia’s culture.

7. Conclusion
This research is focused on correlation between new employees’ organizational commitment and turnover intention in Indonesia. Sampling technique that is used to gather samples in this research is non-probability sampling. The approach that is used in non-probability sampling to choose research’s subjects is convenience sampling. There are 131 subjects participated in this research. The data was analyzed using Pearson Correlation in SPSS program. Result showed that there is a significant negative relationship between organizational commitment and turnover intention.

References


