Mediation Role of Organizational Commitments on The Influence of Rewards on Employee Turnover Intention

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ABSTRACT

This research aims to analyze the mediating role of Organizational Commitment (M) on the effect of Reward (X) on Employee Turnover Intention (Y) using quantitative research. Data were obtained through interviews and questionnaires. The sample method of this research is non-probability sampling and a saturated sample technique of 43 employees as respondents. Data processing uses validity test, reliability test, t test, and path analysis assisted by SPSS Version 22.00 and Lisrel 8.8 programs to prove and answer four hypotheses. The results of research are: 1) The level of Organizational Commitment (M) is 0.80 (0.8^2 x 100 = 64%) is directly and positively influenced by the variation of Reward (X), 2) The level of Turnover Intention (Y) is 0.49 (0.49^2 x 100 = 24%) is directly influenced by variations of Reward (X), 3) The level of Turnover Intention (Y) is -0.19 (–0.19^2 x 100 = 3.61%) is negatively affected by variations of Organizational Commitment, 4) Reward (X) indirectly have no significant influenced on Turnover Intention (Y) of -0.15, T-count -0.97< 2.02 (t-table), although Reward (X) directly affect Turnover Intention (Y) but through indirect relationship Organizational Commitment (M) it turns out not significant.

INTRODUCTION

Human resources have a major role in every company activity. Although supported by excessive facilities and infrastructure, but without the human resources support reliable activities of the company will not be resolved properly.

One of the law firm K And K Advocates which is engaged in intellectual property and already has a big name in fact does not guarantee its employees to stay afloat, and this phenomenon identifies factors that cause the employee to leave.

Mr. Denni Koswara as HRD K And K Advocates staff when interviewed explained that the phenomenon of turnover intention often occurs in his office. The percentage of employee turnover rates experienced a high level of fluctuation. Turnover data in 2017 is 5: 39 = 12.8%, turnover in 2018 is 6: 36 = 16.6%, turnover in 2019 is 7: 43 = 16.2%, and turnover in 2020 is 6: 43 = 14 ,2%. As a result of high turnover becomes a problem for the company because it can cause many losses such as the cost of recruiting prospective employees, training, adjusting new employees and various other matters related to human resource management practices. A survey of employees' assessment of organizational commitment is about 18% of employees who still need to be considered for the benefit of the company. One of the factors that influence individual commitment to the organization is the individual's expectations of the organization or company. Another factor that can increase employee commitment is the awarding of employees.

Based on the statements above, the purpose of this research is to determine the effect of rewards on organizational commitment and their impact on turnover intention.

LITERATURE REVIEW

Handoko (2013: 110) suggests that the award is a tool to increase employee productivity and a person's behavior so that it can accelerate the implementation of the work assigned and finally the targets or goals to be achieved are carried out properly. Meanwhile, according to Mulyasa (2007: 77) reward is a form of positive treatment of the subject. Reward is a response to a behavior that can increase the likelihood of repeating the behavior. Hasibuan (2014: 118) argues that rewards are all income in the form of money, goods directly or indirectly received by employees as compensation or services provided to the company.

Organizational commitment according to Luthans (in Triana, 2015: 120) is often interpreted as: 1) a strong desire to remain a member of an organization; 2) willingness to work hard on behalf of the organization; and 3) certain beliefs and individual acceptance of the values and goals of the organization. Mowday (in Triatna, 2015: 120) defines organizational commitment as a condition in which an employee sided with a particular organization and its goals and intends to maintain membership in that organization. According to Triatna (2015: 120), organizational commitment is a measure of the loyalty of members or employees of the organization or company which is characterized by the desire to remain part of the organization, do the best for the organization and always maintain the good name of the organization.

Turnover intention can be defined as the tendency or intention of employees to stop working voluntarily according to their choice, Zeffane (in Kurniasari, 2014: 57). Mathis & Jackson (2012: 237) turnover intention is the process by which employees leave the organization and someone must replace them. Simamora (2016: 109) states that turnover intention is a movement across the membership limits of an organization. Job transfers in this case are avoidable voluntary turnovers and unavoidable voluntary turnovers.

Table 1. Overview of Previous Research.

No	Researcher	Research Focus	Result / Gap
1	Iin Asikin (2015)	Reward, Organizational Commitment.	There is a partial effect of appreciation on organizational commitment.
2	Ni Made, dkk (2016)	Reward, Organizational Commitment	Reward system has a positive and significant effect on organizational commitment.
3	Rohmanaji, dkk (2016)	Reward, Turnover Intention	Reward has a positive effect on turnover intention.
4	Zulva, dkk (2015)	Reward, Turnover Intention	There is a significant indirect effect of reward on turnover intention through organizational commitment.
5	Mawardi (2016)	Komitmen Organisasi, Turnover Intention	Organizational commitment has a significant negative effect on turnover intention.
6	Vera (2014)	Organizational Commitment, Turnover Intention	Organizational commitment has a negative effect on turnover intention.

Source: Processed Primary Data (2021).

Based on the description of the concept and the results of previous research, the conceptual framework in this research is as follows:

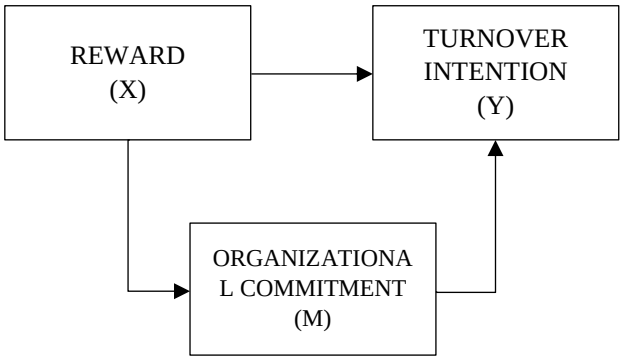

Figure 1. Conceptual Framework.

The formulation of hypotheses that can be developed from the results of previous research and the conceptual framework are:
H1: There is a direct effect of reward on organizational commitment.
H2: There is a direct effect of reward on turnover intention.
H3: There is a direct effect of organizational commitment on turnover intention.
H4: There is an indirect effect of reward on turnover intention.

RESEARCH METHODS

This research is using a quantitative approach. Sampling using non-probability sampling with saturated sampling technique. Sugiyono (2016: 84) says that the non-probability sampling technique is a sampling technique that does not provide an opportunity for each element or member of the population to be selected as a sample. Saturated Sampling is a sampling technique when all members of the population are used as samples (Sugiyono, 2016: 85). Saturated sampling technique is usually done if the population is small or less than 100. Sample of this research is 43 employees as respondents.

Measurement of the questionnaire on the indicators of the influence of Reward (X) on Organizational Commitment (M) and its impact on Turnover Intention (Y) using a Likert scale, which is to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2016: 93).

All data were processed using IBM SPSS Version 22.00 and Lisrel 8.8 software. Questionnaire data for 43 respondents who were collected were analyzed using validity tests, reliability tests, and path analysis, which is an extension of regression to calculate or estimate the direct and indirect effects of exogenous and endogenous variables to test the magnitude of randomness and its contribution as indicated by the path coefficient on each path diagram in causal relationship between variable X (Reward) on variable M (Organizational Commitment) and the impact on variable Y (Turnover Intention), while testing the hypothesis using the T-test.

RESEARCH RESULT

Validity test.

To ensure the data of 43 research respondents on the variables X (Reward), M (Organizational Commitment) and Y (Turnover Intention), validity and reliability tests were used with factor analysis, namely grouping data based on intercorrelation. The first parameter is to pay attention to the value of the measure of sampling adequancy (MSA). MSA value> 0.60 is considered quite good. Second, pay attention to the results of the Bartlett unanimity test, which uses statistics to test the correlation between items that can form one factor. Third, pay attention to the value of the loading factor, which is an item that is declared as a forming factor if the correlation value is greater than (≥) 0.5 (Suryani and Hendryadi, 2015: 261). Results of the validity test are in table 2.

Table 2. Result of Validity Test of Reward (X), Organizational Commitment (M), and Turnover Intention (Y).

Variable	Question	r-Count	r-Table	Description
Reward (X)	1	0,689	0,294	Valid
	2	0,751	0,294	Valid
	3	0,762	0,294	Valid
	4	0,529	0,294	Valid
	5	0,766	0,294	Valid
	6	0,763	0,294	Valid
	7	0,810	0,294	Valid
	8	0,588	0,294	Valid
	9	0,341	0,294	Valid
	10	0,367	0,294	Valid
Organizational Commitment (M)	1	0,564	0,294	Valid
	2	0,638	0,294	Valid
	3	0,701	0,294	Valid
	4	0,734	0,294	Valid
	5	0,828	0,294	Valid
	6	0,688	0,294	Valid
	7	0,628	0,294	Valid
	8	0,864	0,294	Valid
	9	0,652	0,294	Valid
	10	0,550	0,294	Valid
Turnover Intention (Y)	1	0,707	0,294	Valid
	2	0,741	0,294	Valid
	3	0,776	0,294	Valid
	4	0,795	0,294	Valid
	5	0,801	0,294	Valid
	6	0,601	0,294	Valid
	7	0,723	0,294	Valid
	8	0,818	0,294	Valid
	9	0,379	0,294	Valid
	10	0,368	0,294	Valid

Source: Primary Data Processed by SPSS (2021).

There are 10 statement items from each of the Reward (X), Organizational Commitment (M) and Turnover Intention (Y) variables in table 2, and the r-count value for each statement item is greater than the r-table value (0.2940), and all statement items are declared valid.

ReliabilityTest.

This research uses a reliability test with the Cronbach's Alpha technique, if the value obtained by Cronbach's Alpha is less than or equal to (≤) 0.6 is not good, while 0.7 is acceptable and above 0.8 is good.

Table 3. Result of Reliability Test of Reward (X), Organizational Commitment (M), and Turnover Intention (Y) variable.

Variable	Cronbanch's Alpha	Description
Reward (X)	0,914	Reliabel
Organizational Commitment (M)	0,863	Reliabel
Turnover Intention (Y)	0,901	Reliabel

Source: Primary Data Processed by SPSS (2021).

Table 3 can be explained that the value of cronbach's alpha on the Reward variable (X) is 0.914, the value of Cronbach's alpha on the Organizational Commitment variable (M) is 0.863 and the value of Cronbach's alpha on the Turnover Intention variable (Y) is 0.901. This means that all the instruments tested were stated to be good and reliable.

Path Analysis Results.

Structural equation point in the path analysis can be explained in Figure 2. The structural equation of the first model is Organizational Commitment (M) as an endogenous variable obtained an R^2 value of 0.47 or it can be stated that the ability of Reward (X) explains the variation of Organizational Commitment (M) of 47 %, while the remaining 100% - 47% = 53% is influenced by other factors outside the model.

Structural Equations

M = 0.80*X, Errorvar.= 24.30, R^2 = 0.47
(0.14) (5.57)
5.80 4.36

Y = - 0.19*M + 0.49*X, Errorvar.= 34.90, R^2 = 0.12
(0.19) (0.23) (8.01)
-0.98 2.17 4.36

Figure 2. Structural Equation Result of Lisrel 8.8.

The second equation put Turnover Intention as an endogenous variable obtained R^2 of 0.12, which means the ability Reward and Organizational Commitment Turnover Intention explain variation of 12%, and the remaining 100% - 12% = 88% influenced by other factors outside the model, such as working time, organizational culture and leadership.

In this case the relationship between exogenous variables and endogenous variables can be explained in the answer to the research hypothesis as follows:

Hypothesis 1.

The direct relationship between Reward (X1) with Organizational Commitment (M) obtained a value of 0.80 (Unstandardized), T-count 5.80> 2.02 (T-table), significance α = 0.05. This means that there is a significant effect between Reward (X) and Organizational Commitment (M). A positive value in the coefficient parameter means that the higher the reward given, the higher the commitment shown. Conversely, the lower the reward given, the lower the commitment shown by employees.

Hypothesis 2.

The path coefficient obtained from the direct relationship between Reward (X) and Turnover Intention (Y) is 0.49 (Unstandardized), T-count 2.17 > 2.02 (T-table), significance α = 0.05, meaning that there is significant influence between Reward and Turnover Intention.

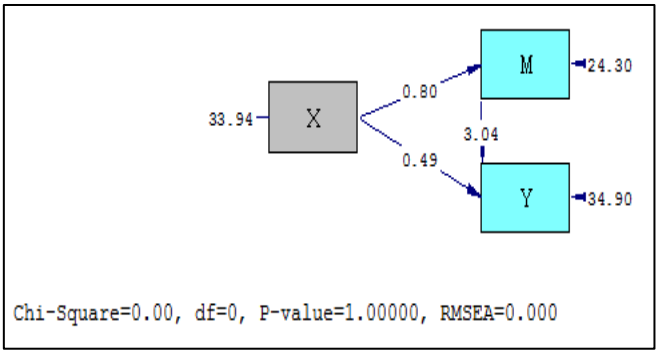

Figure 3. Output direct relationship variable X with M and Y.

Hypothesis 3.

The path coefficient obtained from the direct relationship between Organizational Commitment (M) and Turnover Intention (Y) is -0.19 (unstandardized), T-count -0.98< 2.02 (T-table), significance α = 0.05, meaning that there is no significant effect between Organizational Commitment with turnover intention. A negative parameter coefficient value means that the higher the commitment given, the lower the turnover. Conversely, if the commitment given by employees is lower, the higher the turnover.

Hypothesis 4.

Figure 4 explains that the indirect effect of Reward (X) on Turnover Intention (Y) based on the "Total And Indirect Effect" output is -0.15, T-count -0.97.

Total and Indirect Effects

Total Effects of X on Y

	X
M	0.80
	(0.14)
	5.80
Y	0.34
	(0.17)
	2.03

Indirect Effects of X on Y

	X
M	--
Y	-0.15
	(0.16)
	-0.97

Total Effects of Y on Y

	M	Y
M	--	--
Y	-0.19	--
	(0.19)	
	-0.98	

Figure 4. Structural Equation of Lisrel results.

Indirect effect is obtained from the multiplication of the unstandard coefficient between the Reward (X) path to Organizational Commitment (M) of 0.80 with Organizational Commitment (M) to Turnover Intention (Y) of -0.19, so multiplication result is 0.80 x (-0.19) = -0.15, T-count is -0.97< 2.02 (T-table), meaning that this indicates that the indirect effect is not significant (counted< 2.02). It can be stated that although rewards directly affect turnover intention, but through organizational commitment or indirect relationships, it turns out to be insignificant.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the research results the mediating role of organizational commitment (M) on the effect of reward (X) on employee turnover intention (Y) can be conveyed the following conclusions:

1. The level of employee commitment of 0.80 (0.80^2 x 100 = 64%) is directly influenced positively by the variation of reward. Thus the first hypothesis has been proven.
2. The level of turnover intention of 0.49 (0.49^2 x 100 = 24%) is directly influenced by reward. Thus the second hypothesis has been proven.
3. The level of turnover intention of – 0.19 (-0.19^2 x 100 = 3.61%) is negatively affected by the variation of commitment. Thus the third hypothesis has been proven.
4. Indirectly, the reward does not have a significant effect on turnover intention of -0.15, T-count -0.97, meaning that the indirect effect between reward and turnover is not significant (count< 1.96). Although rewards directly affect turnover intention, it turns out that through indirect relationship commitments it is not significant. Thus the fourth hypothesis is rejected.

Suggestion

Based on the results of research and observations in the field, the suggestions given are as follows:

1. This research proves that variations in organizational commitment are directly influenced positively by variations in rewards, so that in this case the company can maintain organizational commitment in the future.
2. Turnover Intention is directly affected by reward. For this reason, companies must continue to provide awards that are in accordance with employee performance.

3. Future researchers are expected to be able to conduct research with other variables outside of the variables that have been studied in order to obtain more varied results that affect employee turnover intention.

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