

The Effect of Working Stress and Organizational Commitment on Turnover Intentions with Organizational Culture as Intervening Variable among Middle Managers in Indonesia

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ABSTRACT

The purpose of this analysis is to look at the determinants of turnover intentions among managers in Indonesia. Based on existing, we hypothesized that Organizational Culture is a mediator in the relationship between Work Stress, Organizational Commitment towards turnover intention in Indonesia. The respondent is clustered in middle managers from 2 industries: manufacturing and service. A total of 215 questionnaires were returned from the middle managers' level. The data were analyzed using Structural Equation Model - Linear Structural Relationship (SEM LISREL). There are 5 hypothesis questions to be proved. With results: work stress negative and significant affecting organization culture, Organization Commitment positive and significant affecting the culture, stress is positive and significant affecting turnover while both commitment and culture has negative-significant impact towards turnover intentions. This research was made due to very little or none similar research in Indonesia with the respondent middle management level. The findings provide new insights into the field of international human resources in growing MNCs and service businesses.

Keywords:

Turnover Intentions, Work stress, Organizational Commitment, Organizational Culture

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INTRODUCTION

Studies in the past had been conducted in many countries in the world to seek why people want to leave their job. Studied has been conducting in different countries, industries, time, levels of workers, and my other criteria. This study is focusing on middle managers in Indonesia with specific industries: manufacture and service. According to Harvey (2013), globalization and growing competition among companies have resulted in the war for talents in which companies compete for the recruitment and retention of talented employees. Employee turnover can affect financial and non-financial of a company (Kumar, Ramendran & Yacob in Lum (2018). According to Lalitha and Singh in Lum (2018), the expenditure costs included are the costs of recruiting, training and apprenticeship, loss of productivity, reduced commitment, disruptions in service that have a negative influence on the company culture.

There are several factors that influence the turnover intention; this study scope is limited to

work stress, organizational commitment and organizational culture as the intervening variable. Stress at work is one of the variables that may influence the intention to make turnover. Stress can be characterized as the individuals' reaction to demands (stressors) that are placed on them. Contrary to common opinion, stress can be related to both pleasant and negative occurrences, and only becomes troublesome if it remains unresolved due to lapses in the adaptive ability of the person. The person becomes disorganized, disoriented and thus less able to cope when this happens; stress-related health issues can result, Selye (1976).

Other factor affecting turnover intentions in this research is Organizational Commitment. Mathis and Jackson (2006) wrote that the degree to which workers believe and support organizational objectives, as well as the willingness to continue with or leave a company ultimately expressed in absenteeism and employee turnover rates, is organizational commitment. Organizational commitment, according to Griffin

(2005), reflects the degree a individual understands and is attached to the organisation. An individual who has committed is likely to be a true member of the organisation. Zurnali (2010) describes the notion of organizational commitment by referring to the opinions of Meyer and Allen (1993), Curtis and Wright (2001), and SGA Smeenk, et al. (2006), as an organizational commitment that characterizes the psychological state of the employee's relationship with the organization or the implications that determine whether or not the employee will stay in the organization or not; is is recognized in three components: affective commitment, continuous commitment and normative commitment.

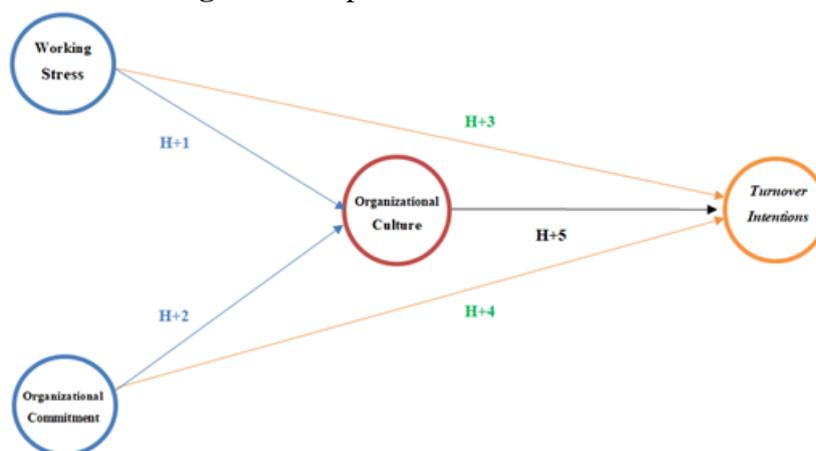
Organizational culture as predict variable affecting turnover intentions has been discussed in literacies along the time. Organizational culture ultimately leads to activities that are considered necessary, linking and empowering each person in it and directing efforts in uncertain circumstances to find solutions, Turner (1994). This understanding provides the justification that each person involved in it must collectively attempt to create optimal working conditions so as to create a

positive environment for efforts to achieve the intended objectives.

Wood et.al. (2010) describes that organizational culture is a set of beliefs and values formed by organizations which guide the activities of each its member in the organization. Study from Cushway and Lodge (GW: 2000) stated that organizational culture is a culture that influenced the team member when the performing they work in the organization. In terms of study, employee turnover intentions have become a major organizational issue regardless of their size, location or business nature because the effects of high turnover intentions on organizational objectives have a detrimental impact on the quality of the goods or services of the company, Long & Thean (2011). Turnover intentions may emerge from many causes or features that are specifically present in the organization such as organizational practices, motivational techniques and organizational culture.

Based on above revies, an empirical research method is formed to accommodate the relations among the variables, especially on the organizational culture as the intermediate factor. The framework as seen below in figure 1.

Figure 1. Empirical Research Method



RESEARCH METHOD

The method of analysis in this study used SEM analysis with the LISREL program. Structural Equation Model (SEM) is a multivariate statistical technique that combines factor analysis and regression analysis. SEM

analysis aims to examine the relationships between complex variables to find a comprehensive picture of the overall model. This research was conducted with a quantitative approach to middle managers with a minimum of one year working in service or manufacturing

institutions in Indonesia. This study used a survey method, which was conducted by distributing questionnaires to manager-level workers in companies in Indonesia with a total of 215 questionnaires distributed. Each item in the questions in the questionnaire was measured using a Likert scale of 1 to 7. The method used is descriptive survey method and explanatory survey method. This method not only declares the condition of the variable or the relation between the variable but also know the affect between the variables (Andrén-martct b et al., 2013). Investigation type in this research is causalities. The definition of operational variable intended to clarify the variables that will be examined, consisting of:

1. Compensation (ξ_1) as variable free.
2. Career (ξ_2) as variable free.
3. The satisfaction of working (η_1) as variables between.
4. Turnover intentions (η_2) as variable bound.

The research model was tested using Structural Equation Modeling (SEM) of LISREL software type where the sample is ranging from 150-400. In this study, there were 215 respondents used as the sample, so it was considered sufficient.

RESULTS AND DISCUSSION

All the indicators are valid and reliable for the research. According to Hair, Black, Babin, & Anderson (2010), construct validity testing and build reliability can be achieved by CFA research. A factor load of 0.50 or more is considered high enough validity to describe latent constructs (Hair et al., 2010 & Ghozali, 2012). Sharma (1996) states that the lowest allowable factor load is 0.40. Hair, et al. (2010) notes that constructs have strong reliability if the Construct Reliability (CR) value is equal or more to 0.70 and the variance value derived is equal or more to 0.50.

Table 1. Path analysys

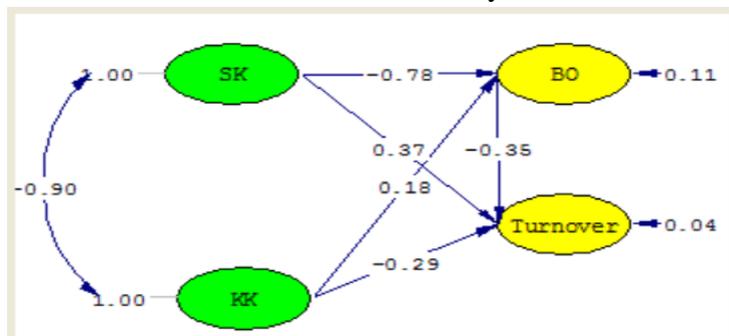


Table 2. Research Hypothesis Test

Hypothesis	Relation between construct	Estimates	T-Values	Result
H1	Work Stress --> Organizational culture	-0,78	-8,41	Negative Significant
H2	Organizational Commitment --> Organizational culture	0,18	2,14	Positive Significant
H3	Work stress --> Turnover intentions	0,37	3,49	Positive Significant
H4	Organizational	-0,29	-3,99	Negative

	commitment --> Turnover intentions			Significant
H5	Organizational culture --> turnover intentions	-0,35	-3,81	Negative Significant

As shown in table 1 and 2 result of the SEM analysis, we can see that relations between variables are varying in result. The score of the t-value of the influence of work stress variables on organizational culture is -3, 09. Because the value of T value obtained is negative and > 1.96 then Ho is rejected and it is concluded that work stress directly has a negative and significant effect on organizational culture. The analysis shows that work stress directly has a negative and significant effect on organizational culture. This shows that the higher the work stress of employees, the more it shows the poor organizational culture in the company. In other way, lower stress creates better culture in the organization. These findings lined up with other research conducted by Olulana (2015) and Lansisalmi et.al. 2010. A good workplace appears to be one where the burden on workers suits their talents and abilities, for the amount of influence they have over their jobs, and for the help they get from people who matter to them. Since health is not only the absence of disease or disability, but also the positive state of full physical, mental and social well-being as described in the Health Promotion Charter of Ottawa-World Health Organization / WHO, (1986) a healthy work environment is a condition which does not only there are no dangerous conditions but abundance that promotes health. The results of this study indicate that the amount of work pressure that causes high employee work stress can worsen the values, behavior, expectations, experience, philosophy, self-image, inner work, attitudes, beliefs and habits of good employees so that the organizational culture formed in the company will not be so good.

T-value score of the influence of organizational commitment variables on organizational culture is 4.39. Because the T value obtained is positive and > 1.96, Ho is rejected and

it is concluded that the organizational commitment directly has a positive and significant effect on employee organizational culture. The analysis shows that organizational commitment directly does not affect the organizational culture of employees. This shows that the level of organizational commitment of employees does not affect the organizational culture in the company. The study has established that while all elements of organizational culture and organizational commitment had positive relationships, purpose and continuity had a very strong effect on organization. The findings of our study correspond to other literature studies (Khalili 2014, Bani et al. 2014; Abbasi et al., 2014; Chehrazi & Shakib, 2014).

Organizational commitment is the experience of employee commitment with the organization. Broadly speaking, workers who are dedicated to their organizations usually feel a connection with their company and believe like they are necessary and recognize the organization's objectives. Such workers' added benefit is that they appear to be more committed in their jobs, demonstrate fairly high productivity, and are more proactive in providing assistance. The definition above represents an indication of broad commitment. The results of this study indicate that the better the commitment of employees, the better the values, behavior, expectations, experience, philosophy, self-image, inner work, attitudes, beliefs and habits of employees so that it will form a good organizational culture.

The t-value score of the effect of work stress variables on turnover intention is 1.33. Because the T value obtained is positive but <1.96, Ho is not rejected and it is concluded that work stress directly cannot significantly influence turnover intention. The analysis shows that work stress

directly has a positive and significant effect on turnover intention. This shows that the higher the jobs stress of the employee, the higher the employee turnover intention in the company.

Research from Martin and Roodt (2008) states that turnover behavior is a gradual process that includes components of attitudes, decisions and behavior. Planned Behavior Theory (Ajzen, 1991) shows that turnover intentions are good predictors of actual behavior. Studies such as Fox & Fallon (2003); Hom & Hulin (1981); Mobley (1982); Mobley, et al. (1978); Newman (1974); Shields & Ward (2001); and Tett & Meyer (1993) have successfully shown that the behavior of turnover intentions consistently has a moderate to strong correlation with turnover, which reinforces the ideas of Ajzen (1991). The results of this study indicate that employee work stress is one of the factors triggering increased employee turnover intention. The result is comprehensible with the other study from the literature (Arshadi and Damiri, 2013, Sewwandi and Perera 2016, Liyanage et al. 2014; Qureshi et al. 2013; Mosadeghrad 2013).

T-value score of the influence of organizational commitment variables on turnover intention is -2.46. Because the T value obtained is negative and > 1.96 , H_0 is rejected and it is concluded that the organizational commitment directly has a negative and significant effect on employee turnover intention. This shows that the higher the organizational commitment, the lower the employee turnover intention in the company.

The results of this study indicate that high employee organizational commitment can reduce employee turnover intention. The results of this study are in line with the results of research Silaban, et al. (2018) which states that compensation and organizational commitment are factors that influence turnover intentions. With improved performance and work skills, the company provides more compensation not only to employees, but also the families of those employees who can increase employee commitment to the company. Findings from the study of Saeed, et al. (2014) which examined the

effect of job satisfaction, job performance, leader change (leader member exchange), emotional intelligence (emotional intelligence) and organizational commitment to turnover intention (Syah et al, 2019).

The finding in the table suggests an indirect effect on turnover intention by the organizational culture. It identified a significant negative relationship between the corporate culture and the intention to make turnover. The T-value score for the effect of factors in corporate culture on the purpose in turnover is -1, 12. As the T value obtained is negative but < 1.96 , H_0 is not dismissed, and it is inferred that employee turnover intention can be affected indirectly by organizational culture. That means corporate culture has weakened the ability of workers to leave. The study shows that the purpose for employee turnover is not influenced by organizational culture directly. The results of this study indicate that high organizational culture will reduce the purpose of employee turnover. The findings of this study are in line with the results of the Bosomtwe and Obeng (2018) report which notes that well structured policies and beliefs within the culture pattern of the organisation would cause the decision of employees to leave an organization decrease. With improved policies and effort from the management to make the organization to be more enjoyable to work with, can improve cultures with the company thus lowering down the intention to leave. This finding confirms the research of Jacobs and Roodt (2008), which documented a major negative relationship between organizational culture and the purpose of turnover.

Other study from Kee (2010), Yeun & Han (2015), Haggalla (2017), found a negative relationship between organizational culture and turnover plan regardless of the field in which the company worked. Such research demonstrated that the work environment affects the emotions of the workers and their decision to leave or remain in terms of the atmosphere existing at the company. Furthermore, the current study confirmed Khaola (2015) research which stated

that all cultural characteristics (adaptability, task, consistency and involvement) explored were inversely related to turnover intentions, indicating that the perception of higher cultural characteristics corresponded to lower staff turnover intentions. Organizational culture therefore needs to be strengthened to reduce the turnover intentions.

CONCLUSIONS

Turnover Intentions are intended to increase when organization did not pay attention to what the cause of it. The study was conducted to satisfy the need to know what is the determinant factor affecting Indonesia's middle managers to remain or leave. The findings of this analysis can be summed up as follows: job stress affects the organizational culture as negative and significant. This means that less stress can create a good working atmosphere and increase organizational culture. Employees are happy to work thus creates more positive values in the organization. It is found as well that job stress affecting positive and significant towards turnover intentions, it can be interpreted that when the employee stress high, their intentions to leave follows. Meanwhile in the study also found that Organizational culture is weakened the intentions of managers to leave.

The other objective of this study also to study the role of Organizational commitment towards Organizational culture and towards turnover intentions. Organizational commitment directly does not affect the organizational culture of employees. This shows that the level of organizational commitment of employees does not affect the organizational culture in the company. Meanwhile, it indicates that high employee the organizational commitment can reduce employee turnover intention.

This study has several limitations. First, the industries where the respondent works are limited by manufacture and service, suggest to have it either more wide to have more view from other areas of making it more narrow on specific industries only to have deeper and thorough. Different or similar industrial sectors that have

distinctly different work cultures which can affect the attitudes of employees. Second, the insistence on turnover expectations instead of real turnover does not help the determination of causality. As normally when an employee leaves his companies there are interesting exit procedures and documents that can be a source of data to get a more accurate reason for leaving. Finally, while the sample reflects the profile of the workforce which middle managers, the real situation and regulations on employment - are such as what about contracts / short term employment cases or another term of employment will affect the turnover decision.

Based on the limitations, to develop the research and get more accurate results we should examine if it can be run in sub-groups in relation to certain professions, in other industries, and in other cultural settings. Cooperation between colleagues or managers may be helpful in reducing distortion from self-serving bias. Future studies will use experimental design and multi-source data to evaluate the cause-effect relationship between the variables proposed in the model and the effect on real turnover behaviour.

In addition, because organizational support can develop job-related abilities, expertise, and skills for workers (e.g. Eisenberger, Huntington, Hutchison, & Sowa, 1986), potential work will explore the other possibilities for mediating positions and assess real turnover.

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