

The Influence of Pay Satisfaction and Organizational Commitment on Turnover Intention on Employees of PT. Bank Muamalat Indonesia, Tbk Medan

Sahrn Joni Hasibuan, Emmy Mariatin, Fahmi Ananda

Faculty of Psychology, University of Sumatera Utara, Medan, Indonesia

Abstract— Turnover can cause problems for the company. Therefore it is important for organizations to know the main factor that influence turnover intention. This study aims to analyze the effect of pay satisfaction on turnover intention on permanent employees of PT. Bank Muamalat Indonesia, Tbk Medan. This research using all the subject in population, that is all permanent employees of PT. Bank Muamalat Indonesia, Tbk Medan. Data collection method in this study is using likert scale, namely turnover intention scale and pay satisfaction scale. The results were analyzed statistically using multiple regression, and it shows that pay satisfaction have significant effect on turnover intention even it is on a little impact. High pay satisfaction can reduce employee turnover intention, so the implication of this research is organizations can concern on the pay satisfaction on every each employee.

Keywords— Turnover intention, pay satisfaction, organizational commitment, bank muamalat, permanent employees.

I. INTRODUCTION

Bank Muamalat is the first Islamic bank in Indonesia. Competition in the banking world forced Bank Muamalat to always increase productivity and work efficiency. In October 2016 Bank Muamalat offer an early retirement program to employees and there are 60% of the total number of Bank Muamalat employees in Indonesia who enthusiast to join the program. Even the program was closed, there was so many employees that decided to leave the company. Based on the Annual Report in 2018 the number of employees became just 4,131 people. This table describe for the details of decreasing total employees:

TABLE I. Total number of employees of PT. Bank Muamalat Indonesia in 2015-2018.

No.	Year	Number of employees
1	2018	4.131
2	2017	4.444
3	2016	4.727
4	2015	6.389

According to Cascio (1991) turnover can cause problems for companies. Turnover causes additional costs both direct and indirect costs. According to Price (2001) turnover is separating the employees from membership of an organization. Turnover distinguished based on the source of intention there are voluntary turnover and involuntary turnover (Price, 2001). Employees who join the early retirement program can be included in the voluntary turnover category, because the desire to leave the company comes from within the employees. They are trying to find another job outside the

organization. According to Tett & Meyer (1993) awareness in finding alternative other jobs outside the organization is turnover intention. Mobley et al. (1979) added turnover intention is the perception and evaluation of individuals towards alternative employment. Turnover intention is a strong indicator of turnover.

Based on the interviews with employees who participated in the early retirement program, they are not satisfied with their salary. According to the research conducted by Wahyuni et al. (2014) and Sun (2011) which found that salary is significant factor causing turnover intention. Furthermore Hersusdadikawati (2005) revealed salary satisfaction has a negative influence on turnover intention. The higher the salary satisfaction, the lower the turnover intention.

Based on the explanation, researcher want to look further at the effect of salary satisfaction on turnover intention on employees of Bank Muamalat Medan.

II. OBJECTIVES & METHODS

The main objective of this study was to examine the influence of pay satisfaction on turnover intention on employees of PT. Bank Muamalat Indonesia Medan city. This research is population research. All permanent employees of PT. Bank Muamalat Indonesia Medan city is a research population with 85 subject. Data were collected using turnover intention scale and pay satisfaction scale.

Turnover intention scale was developpt by the aspects of planned behavior theory by Ajzen (2005): attitude toward turnover, subjective norms toward turnover, perceived behavioral control toward turnover. The reliability test result is .712. Pay satisfaction scale is based on Heneman & Schwab (1985) theory (1985): pay level, benefit, pay raises and pay structure/administration. The reliability test results is .884.

Both scale used Likert model with five answer choices that were very inappropriate, inappropriate, neutral, appropriate and very appropriate. The score for every aitem moved from 1 to 5, with a score point 1 for very inappropriate choices up to a score point 5 for very appropriate.

III. RESULTS AND DISCUSSIONS

The results of this study are pay satisfaction impact 6.5% on turnover intention, and 93.5% can caused by the other factors. Pay satisfaction having a negative influence on turnover intention, it means that employee who feel the higher satisfaction about the payment are the one who have the lower

turnover intention. And employee who feel the lower satisfaction about the payment, are the one who have the higher turnover intention.

The explanation above corresponding to Hersusdadikawati (2005) study that found salary satisfaction has an effect on turnover intention. Then Andini (2006) also found that pay satisfaction with turnover intention has a negative influence. Employees who are satisfied with their salary have no tendency to leave the organization.

Other studies also suggest that pay satisfaction can reduce turnover intentions (Dailey and Kirk 1992; DeConinck and Stilwell 2004; Motowidlo 1983; Currall et al. 2005). Motowidlo (1983) explains the indirect relationship between pay satisfaction and turnover through turnover intention. The relationship between salary quantity and turnover intention is mediated by pay satisfaction. Pay satisfaction is the most significant thing in reducing turnover intention (Tekleab et al, 2005).

Tett & Meyer (1993) found that turnover intention is the willingness to leave the organization. Turnover intention is the final stage when one decided to leave the organization. Turnover intention is the strongest predictor of turnover (Cho & Lewis, 2012; Podsakoff, LePine, & LePine, 2007; Griffeth et al., 2000).

Tett & Meyer (1993) added that turnover intention is predicted by satisfaction. The most important satisfaction for employees is pay satisfaction which is considered to be related to employee wellbeing and can affect the employee's work behavior. An employee will be dissatisfied with his salary if there is a difference between the salary that should be received with what they earn (Lawler, 1971; Locke, 1969). Furthermore Heneman & Judge (2000) stated that the lack of salary will have an impact on employees in their work. It can decrease the employee performance (Bretz & Thomas, 1992), delay (Koslowsky, Sagie, Krausz, & Singer, 1997), absence (Weiner, 1980), and theft (Greenberg, 1993) and turnover intention (Motowidlo, 1983; Trevor, Gerhart, & Boudreau, 1997). Hellriegel & White (1973) added that employees who leave the organization tend to have low salary satisfaction compared to employees who persist in the organization.

Based on pay satisfaction categorization, this study shows that all Bank Muamalat employees have low pay satisfaction. This is in line with the data from the interview that found the employees stated that the salary factor was the factor that made them decide to leave. This is consistent with the statement of Motowidlo (1983) that pay satisfaction is the most powerful determinant that causes a person to leave the organization. Newman (1974) and Carraher (2011) found that pay satisfaction is a very significant predictor of turnover intention.

IV. CONCLUSION

Based on the results of the study, pay satisfaction has a negative influence on turnover intention. High pay satisfaction will reduce turnover intention. The implication of this research that management must pay more attention to employee

salaries.

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