

# The Impact of Organizational Commitment and Work-Life Balance on Turnover Intention in Start-up Companies

Windhi Swandhani L<sup>1</sup>, Intaglia Harsanti<sup>2</sup>

<sup>1</sup>Psychological Science, Gunadarma University, Depok, Indonesia

<sup>2</sup>Psychological Science, Gunadarma University, Depok, Indonesia

**Abstract**— This study was conducted to see whether organizational commitment and work life balance affect turnover intention in start-up companies. A startup company is a company that has just been established, as a company that is still in its early stages, the culture and characteristics of the company will be different from companies in general. This study uses a data collection method with a questionnaire involving 180 respondents from several start-up companies in Jakarta and surrounding areas. The results of the study stated that there was a significant and negative effect of organizational commitment and work life balance on turn over intention.

**Keywords**— Organizational Commitment, Work Life Balance, Turnover Intention, Start up

## I. INTRODUCTION

The 21st century is the most challenging era for human progression. In the industrial world, this period was marked by emerging of 4.0 era that push all business actors to move forward towards the digitalization process which led to tougher competition. Industrial development in Indonesia during this period was indicated also by the establishment of more start-up companies. A start-up company is commonly defined as a business that has limited operational activities due to its early development (newly established). They mostly are still in market development and research phase (Faturohman, Karna & Wiyono, 2021). This rapid development was further strengthened by funding. According to Pahlevi (2022), until the third quarter of 2021, funding for start-ups in Indonesia was worth US\$ 2.28 billion or around IDR 13.8 trillion. Apart from the greater funding, Rahmawati (2022) mentioned that the number of start-ups at the unicorn level has increased by 7 (seven) companies by the end of 2021, where in 2020 there are only 5 companies, accordingly the total big start-up today is 12 companies. Based on these data, start-up companies have become a new industry that draws more interest in Indonesia.

Turnover intention is an employee's plan to leave the company or change his/her job. The employees' yearning to leave their job or the company influenced by three aspects, including personal, organizational or the characteristics of the job. An employee who loves her/his job and wants to develop his potential through work will certainly have an emotional attachment not only to his work but also to the company. A person who has an emotional attachment to his company will tend to stay. However, personal factors alone will not be optimal when this person is not able to divide his/her capacity

to meet the demands of work and carry out his/her role in personal life. Emotional attachment to work and the company supported by a balance between work and personal life will certainly enable employees to work more efficiently. According to Anisa (2002), having a work-life balance can help employees improve their performance so that they become more productive at work, develop higher control over focus and the ability to concentrate on their duties and responsibilities thus will create an environment where everyone will be dedicated to his/her job. Employees (especially millennials) who can easily manage work and non-work-related responsibilities because they have control over their work schedule tend to have higher job satisfaction. Employees with ability to deal with pressures and responsibilities at home tend to be more focused at work. They are happier and are less likely to leave the company. By observing this phenomenon, work-life balance potentially increase a person's attachment to the company and make he/she stays. If organizational commitment and work-life balance are high, the turnover rate is assumed to be low. This hypothesis is also reinforced by previous research conducted by Jansen (2016) who mentioned that organizational commitment and work-life balance have a negative correlation to turnover intention.

## II. LITERATURE REVIEW

### A. Turnover Intention

Turnover intention is the intention or even the tendency of a person to move or leave a job or company on the basis of his own choice and has the possibility to move from one workplace to another in accordance with the expectations he has for his work (Ramadhani, 2019). Harnoto (2002) states that turnover intentions are the level or intensity of the desire to leave the company, there are many reasons that cause turnover intentions and one of them is the desire to get a better job. There are three aspects to measure employee turnover intention according to Jacobs & Roodt (2007), namely personal aspects, organizational aspects and job characteristics.

Based on the above definition, turnover intention is an employee's desire to leave the company or his job. This desire is still an indication before an employee actually decides to leave or will stay at the company or the job he is doing.

**B. Organizational Commitment**

Committed employees are less likely to engage in job withdrawal even if they are dissatisfied because they have a sense of organizational loyalty or attachment. Even if current employees are not happy with their jobs, they are willing to make sacrifices for the organization if they are committed enough. (Judge, Timothy A & Robbins, Stephen P, 2017). Allen and Meyer (1990) assert that one can have a better understanding of an employee's relationship with a company or organization when three forms of commitment: Affective Commitment, Continuance Commitment and Normative Commitment are considered together. According to Robbins and Judge, (2017) organizational commitment is a condition in which an employee sided with a particular organization and its goals and desires to maintain membership in that organization. Even if they are not happy they will remain loyal to the organization.

Based on the above definition, organizational commitment is an employee's emotional attachment to the organization or company. Organizational commitment will shape the characteristics of employees where they will take sides, be loyal, have a commitment to maintain their membership in the organization or company. The commitment can be in the form of Affective Commitment, Continuance Commitment and Normative Commitment.

**C. Work Life Balance**

According to Lockwood (2003), work-life balance is often defined as a condition in which there is not enough time to handle, manage, or balance between commitment to work and responsibilities in personal life. Work life balance often has a different context and definition depending on a particular point of view. Work life balance according to the employee's view is a situation where there is a dilemma in managing work obligations and personal/family responsibilities. Meanwhile, work-life balance from the company's point of view is a challenge to create a supportive corporate culture where employees can focus on working while working. According to Fisher (2002), work-life balance is defined as a multi-dimensional construct that includes the use of time, energy, goal attainment, and tension in work and personal life. Work-life balance is a balance of roles and responsibilities between work and personal life outside of work that go hand in hand without prioritizing or sacrificing one of them (Gunawan, Nugraha, Sulastiana & Harding, 2019).

Based on the above definition, work life balance is an individual's ability to balance work and personal life while still being able to carry out his obligations and roles properly. This condition can be seen with the ability to balance time management, achieve good goals and manage stress or pressure caused by demands between work and personal life.

**III. MATERIALS AND METHODS**

By referring to the research objective that is to examine the impact of organizational commitment and work-life balance variables on turnover intention, this study used a quantitative research approach supported by non-probability sampling technique with purposive sampling type. As the study is

aiming to investigate whether organizational commitment and work-life balance have an influence on turnover intention, the multiple regression analysis technique applied to test the hypothesis with the help of *SPSS Version 26 program*.

This research is built from the relationship of three research variables as follows:

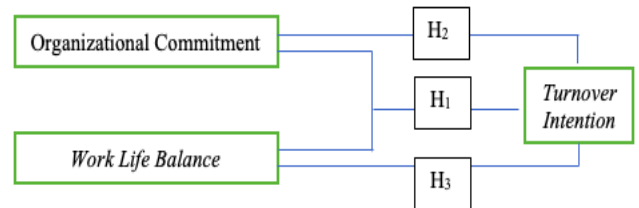


Fig 1: The Impact of Organizational Commitment and Work Life Balance on Turnover Intention

*Hypothesis frame work:*

- H1 : Organizational Commitment and Work-Life Balance have a significant effect on Turnover Intention of start-up company employees.
- H2 : Organizational commitment has a significant effect on turnover intention in start-up companies.
- H3 : Work-life balance has a significant effect on turnover intention in start-up companies.

**IV. RESULTS AND DISCUSSION**

*A. Normality and Linearity Test*

Data normality test in this study was using the *Kolmogorov-Smirnov test* with *SPSS Statistics Versions 26*. The results of normality test on the Organizational Commitment, Work-Life Balance and Turnover Intention variables are listed in the following table:

	Tests of Normality					
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Organizational Commitment	.063	180	.074	.986	180	.077
Work Life Balance	.083	180	.004	.974	180	.002
Turnover Intention	.097	180	.000	.981	180	.017

On Organizational Commitment, the normality test results are of a significance level of 0.074 ( $p \geq 0.050$ ). It means that the distribution of scores of the Organizational Commitment questionnaire in the research sample is normal. Whilst, the normality test on the Work-Life Balance questionnaire showed a significance level of 0.004 ( $p \leq 0.050$ ), indicating that the scores distribution of the Work-Life Balance questionnaire in the research sample is not normal. Furthermore, on Turnover Intention questionnaire, the results obtained a significance level of 0.000 ( $p \leq 0.050$ ) which disclosed that the scores distribution of Turnover Intention questionnaire in the research sample is not normal.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1134.810	2	567.405	56.143	.000 <sup>b</sup>
	Residual	1788.851	177	10.107		
	Total	2923.661	179			

a. Dependent Variable: Turnover Intention

b. Predictors: (Constant), Work Life Balance, Organizational Commitment

Whilst on the linearity test results, we obtained a significance value of 0.000 which was smaller than the significance value of 0.050, it means that there is a linear relationship between the Organizational Commitment, Work-Life Balance and Turnover Intention variables.

**B. Statistical hypothesis testing**

This study used multiple regression analysis for hypothesis testing, and the results are as follows:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623 <sup>a</sup>	.388	.381	3.179

a. Dependent Variable: Skala Turnover Intention

b. Predictors: (Constant), Skala Work Life Balance, Skala Komitmen Organisasi

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	41.251	1.955		21.097	.000
	Skala Komitmen Organisasi	-.213	.040	-.344	-5.367	.000
	Skala Work Life Balance	-.196	.031	-.401	-6.259	.000

*Hypothesis Test I: Organizational Commitment and Work-Life Balance have a significant effect on Turnover Intention of start-up company employees.*

The results of the multiple regression hypothesis test found the F value is 56,143 with a significance value of 0.000 (p<0.05). Based on these results, the Organizational Commitment and Work-Life Balance is verified to have a significant effect on Turnover Intention. The result of regression test shows that the R Square value is 0.388 or 38.8%, which means that Organizational Commitment and Work-Life Balance simultaneously have an effect on Turnover Intention of 38.8% while 61.2% is influenced by other factors that are not included in this study. It means that H<sub>1</sub> that declared Organizational Commitment and Work-Life Balance have a significant effect on Turnover Intention in start-up company employees is accepted.

*Hypothesis II Test: Organizational commitment has a significant effect on turnover intention in start-up companies.*

The results of the multiple regression hypothesis test on the effect of organizational commitment on turnover intention in start-up companies show that the t value is -5.367 with a significant value of 0.000. It means that the Organizational Commitment variable has a significant and negative effect on

Turnover Intention. Correspondingly, the greater the value of Organizational Commitment, the lower the Turnover Intention value and vice versa. The value of Standardized Coefficients Beta shows that the value of Organizational Commitment has a smaller effect than Work-Life Balance, which is -0.344 or 34.4%. Based on the data above, it can be concluded that H<sub>2</sub> postulation: organizational commitment has a significant effect on turnover intention in start-up companies is accepted. *Hypothesis Test III: Work-life balance has a significant effect on turnover intention in start-up companies.*

The results of the multiple regression hypothesis test on the effect of Work-Life Balance on Turnover Intention in start-up companies found a t value of -6,259 with a significant value of 0.000. This indicates that the Work-Life Balance variable has a significant and negative effect on Turnover Intention, meaning that the greater Work-Life Balance value, the lower the Turnover Intention value and vice versa. The Standardized Coefficients Beta value shows that the Work-Life Balance component has a greater influence than Organizational Commitment, that is -0.401 or 40.1%. Based on the data above, it can be concluded that H<sub>2</sub> which states Work Life Balance has a significant effect on turnover intention in start-up companies is accepted.

**V. CONCLUSION**

This study aims to examine the effect of organizational commitment and work-life balance on turnover intention in start-up companies. Based on the results of this study, it can be concluded that the first hypothesis assuming that there is an influence of organizational commitment and work-life balance on turnover intention in start-up companies is accepted. The influence of the organizational commitment and work-life balance variables is in a negative direction, which means that if the organizational commitment and work-life balance in the company increases or is high, it will suppress the turnover intention in startup companies.

In second hypothesis, we are checking whether there is an impact of organizational commitment on employee turnover intention in startup companies. This hypothesis is accepted which means that the higher the employee's organizational commitment to the company or to his/her work, the lower the turnover intention.

The third hypothesis presuming that there is a significant effect between work-life balance on turnover intention in startup companies is also accepted which means that if the work-life balance value increases, the turnover intention value will decrease.

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