

**AS AN INTERVENING VARIABLE JOB SATISFACTION AND ORGANIZATION  
COMMITMENT TO TURN OVER REWARD EMPLOYEES IN ISLAMIC BANKING  
IN THE BATAM, INDONESIA**

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**ABSTRACT**

*The high rate of employee turnover leads to adverse effects to an organization. Such problem is Likely generating instability and uncertainty towards employment condition and human resources cost rise in forms of training invested in them, recruitment and newly built training programs. High employee turnover, in addition, results in organizational ineffectiveness Also Because It loses experienced employees as well as spends many times in training new, inexperienced employees. This study aims to analyze the effect of organizational commitment, turnover intention to reward through work satisfaction variables and to analyze the most effective variables on turnover intention. According to the analysis, it is concluded as the followings: organizational commitment has effect on work satisfaction, reward has effects on work satisfaction,*

*Keyword: Organizational Commitment, Reward, Work Satisfaction, Intention to Turn Over*

**PRELIMINARY**

The bank is an entity that collects funds from the public in the form of savings and channels them to the public in the form of loans or other forms in order to improve the standard of living of the people (Law No. 7 of 1992 concerning Banking as amended by Act No. No. 10 of 1998). The enactment of Act 21 of 2008 concerning Islamic Banking, the development of national Islamic banking industry increasingly have the adequate legal base and managed to encourage faster growth.

Islamic banking showed impressive development progress, asset growth on average over the last 5 years more than 46% per year (Bank Indonesia, 2012). Based on data from Statistics Islamic Banking (Bank Indonesia, 2012), the total assets of the Islamic banking industry by the end of February 2012 has reached Rp. 149.32 trillion, total financing disbursed Rp. 106.53 trillion, Rp Third Party Funds. 116.87 billion and the number of offices 2,380 offices, comprising 1,421 offices Islamic Banks (BUS), 378 office Syariah Business Unit (UUS) and 374 offices of Bank Financing Sharia (SRB).

However, the growth of Islamic banking is high enough it encounters problems with lack of human resources (HR), both in quantity and quality to support the further growth of the industry. In fact, the demand for Islamic banking is high enough human resources to the expansion of business networks, operations and HR needs of Islamic banks in the management level. Meanwhile, the recruitment pattern of human resources in Islamic banking are likely

recruited human resources amongst Islamic banks qualified and have experience and also recruit new human resources who have no background knowledge as well as knowledge of Islamic banking. This condition has become less competitive Islamic banks, Islamic banking human fulfillment can not be met and the frequent shortage of qualified human resources in some Islamic banks.

Due to the difference or gap between supply and demand, the growth of the Islamic banking industry has the potential to be experiencing problems, among others:

- Operational Islamic banks increasingly complex does not grow because SDM not yet have a reliable expertise and knowledge about the Islamic finance.

- Expansion of business that requires high human resources can not be realized because it is not supported by human resources that have Islamic financial background.
- Fulfillment of HR at each level (lower, middle and top management) are not met.

This study was therefore conducted a study / analyze the problem of human resources strategy, especially Islamic banking Islamic banking HR fulfillment. The results of this research study will formulate a strategy to meet the needs of human resources used for the Islamic banking industry, regulators, and stakeholders. Likewise for the banking now faces competition sharia must have qualified human resources. Human resources in the organization are crucial aspects that determine the effectiveness of an organization. Therefore, the organization always needs to invest in implementing the HRM function that started the recruitment, selection to maintain human resources. However, a phenomenon that often occurs is when a company has a good performance can be broken either directly or indirectly by a variety of employee behavior.

One form of such employee behavior is the intention out (turnover intentions) which may lead to the employee's decision to leave his job. Intention out (turnover intentions) can be interpreted that the movement of labor out of the organization. Turnover can be a resignation, transfer out of organizational units, dismissal or death of members of the organization. The high turnover rate would cause a negative impact to the organization, it is like creating instability and uncertainty (uncertainty) against labor conditions and the increased costs of the human resources in the form of training fees already invested in employees through recruitment and retraining costs.

High turnover also resulted in the organization is not effective because the company lost experienced employees and the need to retrain new employees. Currently, the high level of turnover intention has become a serious problem for many companies, even some companies experience frustration when he learned that the recruitment process has managed to capture qualified staff, in the end, turned out to be fruitless because the staff recruited have chosen a job at another company. (Toly, 2006) With the high rate of turnover in the company will increasingly pose a variety of potential costs of both the cost of training that has been invested in employees, the level of performance that must be sacrificed, as well as the cost of recruitment and retraining. (Kelvin and Indriantoro, 2009).

*turnover intention* the high attention of companies as intrusive surgery, childbirth moral problems on employees who live, and also drives up the cost of recruitment, interviewing, testing, checking references, the administrative costs of processing new hire, benefits, orientation, and the cost of lost opportunity for new employees should learn new skills (Simamora, 2010). The high labor turnover rate can be predicted by how much the desire to move shared by members (staff) an organization or company. The studies and the literature suggest that the desire to move someone closely related to pay satisfaction, job satisfaction, and organizational commitment.

According to Mobley (1977) on the Judge (1993), the desire to put an end to duty or leaving the organization negatively related to job satisfaction. Perceived job satisfaction can affect a person's thoughts to come out. The evaluation of the various alternatives work will ultimately realize the turnover for individuals who opt out of the organization will expect more satisfactory results elsewhere. Reasons for seeking alternative employment in between is the satisfaction of their salary. Individuals feel any sense of fairness (equity) of the salary received in connection with its work. Pay satisfaction can mean that a person will be satisfied with his salary when the perception of the salaries and what they earn as expected.

Job satisfaction is also associated negatively with the release of employees (turnover intention) but other factors such as the condition of the labor market, employment alternatives, and length of employment is an important constraint to leave the existing work (Robbins, 2004; Tett and Meyer, 2005; Johnson et. al, 2003). Individuals who feel satisfied with their jobs tend to stay in an organization. While individuals who felt less satisfied with their jobs and will choose to leave the organization. Perceived job satisfaction can affect a person's thoughts to come out. The evaluation of the various alternatives work will ultimately realize the turnover for individuals who opt out of the organization will expect more satisfactory results elsewhere.

Research conducted Meyer et al. (2005) supports that the increase in commitments related to increased productivity and lower turnover. Nature of organizational commitment contributes predict important variables associated with the outcome organizations (eg the intention out). Outcome variables tested in this study relates to the individual's desire to get out of the organization and the sample is employees of Islamic Banking in Batam. Meyer also concluded that organizational

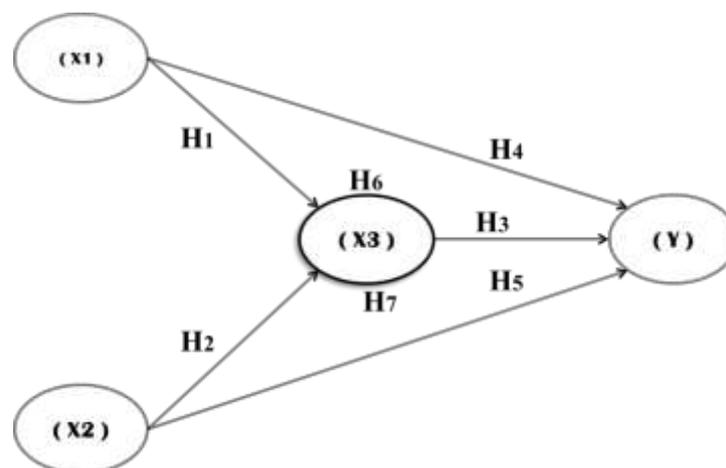
commitment significantly associated with the individual's desire to exit positions and activities within the organization. The workers with a strong affective commitment will remain in the organization because they feel that they should work that way. (Johson et al., 2007; Tett and Meyer, 2006;

According to the research Shore and Martin (1989) and Muller and Price (1990), quoted from Lum et al. (2008), concluded that job satisfaction and commitment associated with turnover, nevertheless more organizational commitment has a strong relationship to the intention out, meaning that job satisfaction is a variable precedes organizational commitment. Organizational commitment is a strong predictor for voluntary turnover. The tendency of the commitment (commitment propensity) before entering the organization will be positively related to initial commitment (before entering the organization) and subsequent commitment (after entering the organization) will be negatively related to turnover voluntary. (Lee et al., 2007) so that employee satisfaction will be influenced by the commitment at an early stage into the organization (Lance and Vandenberg,

High levels of employee turnover is a measure that is often used as an indication of an underlying problem in the organization. Employee turnover can cost a high therefore organizations need to reduce it to levels that are acceptable. However, maintaining the turnover rate of zero is unrealistic and even undesirable. A certain amount of turnover is necessary for employees to develop new skills and be promoted to the level of responsibility is greater.

Previous research that examined the relationship between commitment, job satisfaction and intentions out the support that commitments have an important influence on the desire to get out of the organization, so that job satisfaction is viewed as antecedents of organizational commitment (William & Hazer, 1986). Another model proposed Bateman and Strasser (1984) on Crammer (2006) found that job satisfaction is not the cause of organizational commitment, but the result, in other words, a commitment antecedents of job satisfaction. This study was conducted to examine the effect of pay satisfaction, job satisfaction, organizational commitment to the intention out so that the issues examined in this study can be formulated as follows:

1. Does Organizational Commitment effect on job satisfaction?
2. Do Reward effect on job satisfaction?
3. Is Job Satisfaction an effect on turnover intention?
4. Does Organizational Commitment effect on turnover intention?
5. Do Reward effect on turnover intention?
6. Does Organizational Commitment effect on turnover intention through job satisfaction?
7. Do Reward influence on turnover intention through job satisfaction?



**Picture**  
**Model Framework Research**

## RESEARCH METHODS

The object of this research is the whole of Islamic Banking in Batam City area, either in the form of Commercial Bank and Rural Bank registered at the Financial Services Authority by January

2015, when the study will begin in April 2015. This study focused on the field of Human Resource Management in particular on Satisfaction Work, Reward, Organizational Commitment and Intention to Turn Over. Researchers will analyze job satisfaction as an intervening variable Organizational Commitment and Reward in Islamic Banking in Batam Region.

The method used is the confirmatory analysis study to present the facts that occurred in the field aimed at obtaining secondary data relating to the review of the literature and data about the company. Sugiyono (2009: 90) explains, "Population is the generalization region consisting of objects or subjects that have certain qualities and characteristics defined by the researchers to learn and then drawn conclusions".

In this study population used is organic employees of Islamic banking in the city of Batam, due to non-organic employees usually provided by the outsourcing vendor. A total sample of 176 people is planned but at the time of the study sample that can be used, 134 respondents. Data was collected by using a questionnaire which is a method of collecting data by delivering or distributing a list of questions to the respondent. Each respondent was asked his opinion by giving answers to statements submitted. Data was collected using a questionnaire that by submitting the statements in the questionnaire was made using a scale of 1-5 to obtain data that is intervals and were given scores or grades as follows:

For the category of statements with answers strongly disagree/disagree:

Strongly disagree Strongly agree

1 2 3 4 5

Chosen assessment criteria in Likert scale (1-5) due to the scale of grades 1 to 5 are common assessment used mainly in Indonesia. The scale of 1- 10 was not chosen because the scale is too broad and feared much information biased answers because there are too many choices.

## RESULTS AND DISCUSSION

Based on test results of seven hypothesis proposed in this study only four hypotheses that can be accepted. The following will discuss the results of testing the hypothesis seventh.

### **Hypothesis unity: Organizational Commitment positive effect on job satisfaction**

Based on the analysis of Organizational Commitment lines (X1) on Job Satisfaction (X3) obtained path coefficient of 0.443 with  $t = 6.749$  while the value table = 1.656 ( $\alpha = 0.05$ ), for  $t > t$  table, it can be concluded that a significant path coefficient. By the evidence of this first hypothesis which states there is a direct influence on Job Satisfaction Organizational Commitment, it may be indicated if you want to improve employee job satisfaction can be done by increasing employee Organizational Commitment. Increased Organizational Commitment can be through education or training for self-development and to apply them in leadership and in interacting with fellow employees in the company.

### **The second hypothesis: reward positive effect on job satisfaction**

Based on the analysis Reward pathways (X2) on Job Satisfaction (X3) obtained path coefficient of 0.545 with  $t = 8.314$  while the value table = 1.656 ( $\alpha = 0.05$ ), for  $t > t$  table, it can be concluded that a significant path coefficient. By the evidence of this second hypothesis which states there is a direct effect of reward on Job Satisfaction, it may be indicated if you want to improve employee job satisfaction can be done by increasing the reward to the employee. The reward can recognition of job performance, the arrangement of payroll administration, there is a clear career path, employee health insurance and so on.

### **The third hypothesis: Job Satisfaction negatively affect Turn Over intention**

Based on the analysis path Job Satisfaction (X3) Intention to Turn Over (Y) obtained direct path coefficient of 0,972 with  $t = 9,687$  while the value table = 1.656 ( $\alpha = 0.05$ ), for  $t > t$  table, it can be concluded that the path coefficient significant. By the evidence of this third hypothesis which states there is a direct influence on job satisfaction Intention to Turn Over, it may be indicated if you want to increase employee satisfaction to by providing opportunities for employees in development potential, career development based on performance and increased satisfaction with the comfort in work. The conducive working environment will support employees in carrying out its activities and thus feel

good about their work and will minimize the intention out of the employee.

**The fourth hypothesis: Organizational Commitment negative effect on turnover intention.**

Based on the analysis of Organizational Commitment lines (X1) to Turn Over Intention (Y) obtained direct path coefficient of 0.763 with  $t = 4,067$  while the value table = 1.656 ( $\alpha = 0.05$ ), for  $t > t$  table. By the evidence of this fourth hypothesis which states there is a direct effect of the Organization's commitment to Turn Over Intention, it may be indicated if you want to reduce the intention out of the employees can be done by increasing the Organizational Commitment. Establish communication between superiors and subordinates, conducting a show of togetherness, the vision and mission of the company are some of the ways to increase organizational commitment.

**The fifth hypothesis: reward Turn Over negatively affect Intention**

Based on the analysis Reward pathways (X2) to Turn Over Intention (Y) obtained direct path coefficient of 0.127 with  $t = 2,475$  while the value table = 1.656 ( $A = 0.05$ ), for  $t > t$  table, it can be concluded that a significant path coefficient. The fifth hypothesis indicates there is a significant direct influence Reward Turn Over Intention, With the test results, it can be indicated if you want to reduce the intensity out of the employees first increase employee reward. For example, incentives to employees, bonuses on company performance and so on.

**The sixth hypothesis: Organizational Commitment positive effect on turnover intention with job satisfaction as an intervening variable**

Based on the analysis of Organizational Commitment lines (X1) to Turn Over Intention (Y) through Job Satisfaction (X3) acquired indirect path coefficient of 0,036 with  $t = 0.215$  while the value table = 1,661 ( $A = 0.05$ ) and 2.367 ( $\alpha = 0.01$ ), for  $t > t$  table, it can be concluded that a significant path coefficient. The sixth hypothesis suggests er apart significant indirect effect of Organizational Commitment to Turn Over Intention through job satisfaction. With the test results, it can be indicated if you want to reduce the intensity out of the employee prior improve employee satisfaction through the rearrangement of work through a staffing commensurate with their skills or educational background, creating a diversity of tasks, and provides the opportunity for employees to plan or complete the job independently.

**Seventh hypothesis: reward positive effect on turnover intention with job satisfaction as an intervening variable**

Based on the analysis Reward pathways (X2) to Turn Over Intention (Y) through Job Satisfaction (X3) acquired indirect path coefficient of 0.124 with  $t = 2475$  while the value table = 1.656 ( $A = 0.05$ ), for  $t > t$  table, it can be concluded that a significant path coefficient. Hypothesis seven shows are a significant indirect effect on the Reward *Turn Over Intention* through Job satisfaction. With the test results, it can be indicated if you want to reduce the intensity out of the employee prior improve employee satisfaction through the creation of a conducive atmosphere good office facilities and infrastructures so that employees feel comfortable in their work.

**CONCLUSION**

Based on the results of data analysis, hypothesis testing and the results of descriptive findings of the questionnaire with the number of samples that can be processed employee Islamic Banking in Batam City area as many as 134 people, it can be concluded as follows:

1. The test results showed that there was significant direct effect on Job Satisfaction Organizational Commitment.
2. The test results showed that there was significant direct effect on Job Satisfaction Reward.
3. The test results showed that there was significant direct influence Job Satisfaction Intention to Turn Over.
4. The test results showed that there was significant direct influence Organizational Commitment Intention to Turn Over.
5. The results show there is a direct effect of significantly Reward Intention to Turn Over.
6. The test results showed that there was significant indirect effect of Organizational Commitment to Turn Over Intention through job satisfaction.

7. The test results showed that there were significant indirect influence Reward Intention to Turn Over through Job Satisfaction

## SUGGESTION

1. The leaders of Islamic banking in Batam should pay attention to aspects of organizational commitment, reward because it will have an impact on job satisfaction and job satisfaction in employees will have an impact on turnover intention in the company.
2. The system of compensation and other benefits, it should be designed so as to be adapted to the needs of individuals and organizations. With it expected to increase organizational commitment to employees.
3. Raising awareness of the employee that the employee has a very important role in advancing the company, it is constantly reminded by the leaders of the company.
4. In doing payroll system, should be conducted in a fair, meaning that wages are paid in accordance with the competencies, skills, and jobs (Internally Equitable) and have a competitive value in the market (Externally Equitable)
5. Provides the opportunity for employees to develop ideas in completing his job.
6. Promotion policies and practices of the company should be fair and not based on like and dislike, for sale providing increased personal responsibility and status. Individuals who feel that the decision has no valid promotional properly will affect the work satisfaction.
7. Furthermore, from the results of this study can at least encourage and provoked next research in the field of human resource management with the use of other variables that are not included in this study, such as leadership, work environment, and work facilities.
8. For further research is expected to multiply the number of respondents and can use the interview method in obtaining valid data and describe the actual condition.

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