The Effect of Job Satisfaction on Organizational Commitment and Its Impact on the Turnover Intentions of Insurance Agents

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Abstract

This study aims to analyze the effect of job satisfaction on organizational commitment and its impact on turnover. The subject of this research is insurance X agent. This research is a causal quantitative research. This study is designed to test the empirical truth between two or more research variables that have been formulated in the hypothesis. The exogenous variable is the job satisfaction variable. Endogenous variables in this study are organizational commitment and turnover intentions. The data collection method used a questionnaire and the data analysis method used partial least square. The results of the study concluded that job satisfaction affects organizational commitment and organizational commitment affects the turnover of insurance X agents.

Keywords: Job Satisfaction; Organizational Commitment; Desire to Move

Introduction

The company's goal is generally to achieve profits and strive to maintain its long-term survival. To be able to achieve these goals, the company carries out its activities using factors of production, namely capital, ability, skills and labour. Capital production factor is the initial fund of the company in conducting operations, the production factor of ability is the company's ability to perform operations, the production factor of skills is the skill needed in running a business, and the labour production factor is the labour needed to run a business. One of the most important factors is the workforce, because the perfect technology if not supported by quality human resources, then the company will not be able to operate properly.

One of the problems that companies will face in managing human resources is the issue of turnover intentions. Based on these problems, one of the efforts to minimize the problem and achieve the target or goal that his company wants by minimizing the level of employee turnover by paying attention to all factors that cause workers' desire to move (turnover intentions). The desire of workers to move is addressed by a situation where workers begin to find their working conditions are no longer following what is expected (Nita et al. 2017). According to Youcef et al. (2016) worker turnover is an estimated possibility for workers who determine the decision to settle or leave the company. Managers need to find ways to reduce worker turnover so that the company's goals are achieved. This reduction in turnover can
be influenced by many factors including job satisfaction, organizational culture and commitment within the organization (Khan and Aleem, 2014).

Turnover intentions that occur in the company are one of the images of low worker loyalty to the company. Worker loyalty is reflected through the availability and willingness of workers to contribute to the organization and the desire not to leave the organization. A high turnover rate will reduce the efficiency and productivity of the company, whereas if the turnover rate is low then the efficiency and productivity of the company will be maintained. The high level of corporate turnover will have an impact on the company's revenue because turnover incurs hiring costs, training costs, and costs incurred to fill vacant positions within the company.

The termination of workers from the company based on who gave rise to the initiative to quit can be divided into 2 groups. First, voluntary turnover occurs when workers decide either personally or due to other professional reasons to stop working relationships with the company, such as workers wanting to get better-paying jobs elsewhere. Second, a turnover that occurs is not voluntary, occurs if the management/employer feels the need to break the employment relationship with its workers because there is no match or adjustment of expectations and values between the company and the worker concerned or may also be caused by economic problems experienced by the company.

Youcef et al (2016) state that many factors cause workers to move from their workplaces but determining factors of desire to move includes Job Satisfaction. According to Noe et al (2011) job satisfaction is a pleasant feeling derived from the perception of the fulfilment of a job or appreciation for the fulfillment of an important job. To find out what factors makeup job satisfaction can be used job descriptive index (Robbins and Judge, 2013) which consists of the job itself, wages and salaries, job promotions, and colleagues. Some of the researches about factors that affect the desire to move workers include:

<table>
<thead>
<tr>
<th>No</th>
<th>Researchers</th>
<th>Research Title</th>
<th>Variable</th>
<th>Conclusion</th>
</tr>
</thead>
</table>
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| Intention by the Existence of Organizational Commitment, and Intent to Stay as Intermediates Variables Using approach PLS in Sample Worker Department of Transport Saida | Dependend: 1. Organizational commitment 2. Intent to stay 3. Turnover intention | reinforced by the existence of organizational commitment and intent to stay as mediation variables. |

According to Khan and Aleem (2014) job satisfaction negatively affects worker turnover. The effect of job satisfaction on turnover occurs as a result of workers who feel satisfied because they have been met by management so that they can work optimally and decide to settle in a company.

In addition to job satisfaction, organizational commitment also affects worker turnover. According to Robbins and Judge (2013), Organizational Commitment is a state of workers siding with a particular company and its goals and intends to maintain its membership in that company. In other words, organizational commitment is concerned with the high desire of workers to share and sacrifice for the company.

According to Robbins and Judge (2013) workers with high Organizational Commitment have the following characteristics: Proud of the company, feel like they have prospects together with the company, think the company is the best place to work, and are willing to sacrifice for the good of the company.

With the achievement of job satisfaction and high commitment in a company, it can minimize the desire to move workers (Shahzad, 2014). The problem of worker turnover is also experienced by insurance agents. The reason most workers leave a company is based on job satisfaction. In addition, another factor that causes workers to leave the company is a commitment within the organization.

**Literature Study**

1. Moving Desire

Employees are inclined to leave their jobs". Bothma and Rood (2013) define turnover intentions as the extent to which a worker plans to leave the organization. According to Chun dan Chung (2019) "Turnover intentions can represent the plans of individual employees to leave their positions or it can refer to an organization's attempts to displace employees".

Based on this understanding, it can be concluded that turnover intentions are the desire to move that describes the individual's thinking to leave, find a job elsewhere, as well as the desire to leave the organization. High desire to move also results in ineffective organizations because companies lose experienced workers and need to retrain new workers. Turnover intentions are the level of intensity of the desire to get out of the company, many reasons that cause the emergence of turnover intentions and among them is the desire to get a better job.
2. Job Satisfaction

According to Wood et al (2001) job satisfaction is the degree to which an individual feels positive or negative about work, which is an emotional response to one's duties as well as physical and social conditions at work. Robbins and Judge (2013) define job satisfaction as a positive feeling about a job that is the result of an evaluation of the characteristics of that job. Job satisfaction is defined as an emotional state of comfort and positivity and what is liked or disliked as a result of the worker's point of view of his experience at work and his assessment of his work (Akhirge et al., 2014).

One of the objectives of the compensation administration in this case payroll is to maintain existing workers, if compensation is not competitive and does not meet the principle of fairness, it will have implications for the number of good workers who will come out. Salary satisfaction can predict a worker's absenteeism and turnover rates. Workers who are dissatisfied with their jobs tend to do things that can interfere with organizational performance: high turnover, inaction at work, high absenteeism rates, complaints or even strikes. Malthis and Jackson (2006) identified that worker turnover is associated with job dissatisfaction. While workers who get job satisfaction usually have a good attendance record and perform better than workers who do not get job satisfaction. Job satisfaction affects the level of desire to move and absenteeism. Job satisfaction simultaneously has a significant effect on the desire to move workers. Based on the above description, the research hypothesis:

H1: There is an effect of job satisfaction on the desire to move workers.

3. Organizational Commitment

According to Charni, et al. (2019) commitment is a psychological condition that characterizes the relationship between workers and organizations and has implications for individual decisions to remain or leave the organization. According to Robbins and Judge (2013) organizational commitment is defined as "The degree to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization". Carayon, et al. (2013) define an organization's commitment as an individual's relative strength to an organization and its involvement in an organization. Organizational commitment is the desire of members of the organization to maintain their membership in the organization and be willing to strive for the achievement of organizational goals. Conceptually, organizational commitment is characterized by three things: (1) The existence of the strong trust and acceptance of one's goals and values, (2) The desire of a person to make earnest efforts for the sake of the organization. (3) There is a strong desire to maintain membership in an organization. Usually, workers who already have a sense of organizational commitment tend to last a long time in the company and have no desire to leave the company. A sense of organizational commitment will arise when a worker already feels satisfaction in working in the company, and the company itself desperately needs workers who have a high commitment to an organization or company. Based on that definition, it can be concluded that commitment is a psychological condition that is the relative strength of the individual that characterizes the relationship between worker and organization and has implications for the individual's decision to remain or leave the organization. Organizational commitment is the identification and involvement of a person who is relatively strong in the organization.

Robbins and Judge (2013), state that organizational commitment is a situation in which a worker sides with a particular organization and his or her goals and desires to maintain their membership in the organization. Low commitment from workers can hinder the company's performance and allow for high turnover intentions that will ultimately hurt the company. While the high commitment of workers will be beneficial for the company. Commitment concerns the involvement of workers in the organization to realize and achieve organizational goals. Organizational commitment simultaneously has a significant effect on turnover intentions. Based on this description, the research hypothesis:

H2: There is an influence of organizational commitment to the desire to move workers.
Research Methods

The subject of this study is insurance agent X. This study is a study that is quantitative causal. This research is designed to test empirical truths between two or more research variables that have been formulated in the hypothesis. Exogenous variables are job satisfaction variables. The endogenous variables in the study were organizational commitment and turnover intentions. Data collection methods use questionnaires and data analysis methods using partial least square.

Data Analysis Results

1. Outer Model

Table 1: SmartPLS Output for Validity Test (Loading Factor)

<table>
<thead>
<tr>
<th>Variable</th>
<th>KK1</th>
<th>KK2</th>
<th>KK3</th>
<th>K1</th>
<th>K2</th>
<th>K3</th>
<th>KB1</th>
<th>KB2</th>
<th>KB3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kepuasan Kerja (KK)</td>
<td>0,949</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Komitmen Organisasi (K)</td>
<td></td>
<td>0,963</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keinginan Berpindah (KB)</td>
<td></td>
<td></td>
<td>0,951</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on table 1 all statement items have a loading factor > from 0.3 so that all statements are convergent validity.

Table 2: Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kepuasan Kerja</td>
<td>0,910</td>
</tr>
<tr>
<td>Komitmen Organisasional</td>
<td>0,973</td>
</tr>
<tr>
<td>Keinginan Berpindah</td>
<td>0,843</td>
</tr>
</tbody>
</table>

Based on table 2 the AVE value for each variable is greater than 0.5 so that all items of the statement are valid on a discriminant basis.

Table 3: Cronbach Alpha

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kepuasan Kerja</td>
<td>0,951</td>
</tr>
<tr>
<td>Komitmen Organisasional</td>
<td>0,986</td>
</tr>
<tr>
<td>Keinginan Berpindah</td>
<td>0,906</td>
</tr>
</tbody>
</table>

Based on table 3 alpha-cronbach values for each variable are greater than 0.7 so it can be concluded that the statement item for each variable is reliable.
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Figure 1: Output Smartpls path coefficient

Figure 2: Output Smartpls t value

Table 4: SmartPLS Results Coefficient Table

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>T Value</th>
<th>P Value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>The First Hypothesis</td>
<td>0.959</td>
<td>100.611</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Second Hypothesis</td>
<td>-0.707</td>
<td>9.186</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

2. Inner Model

Based on figure 1 the path coefficient for the variable of job satisfaction to commitment is 0.959 meaning that there is a positive influence of job satisfaction on commitment. The path coefficient for the commitment variable to the desire to move is –0.707 means that there is a negative influence of commitment to the desire to move.

a. Test the effect of job satisfaction on commitment.

H1: There is an effect on job satisfaction on commitment.

Based on figure 1 calculated value of 100.611 means that there is a significant influence of job satisfaction on commitment. Because the value of t calculates > 1.96. So it can be interpreted that job satisfaction has a significant effect on commitment.
b. Test the effect of commitment on the desire to move.

**H2**: There is a commitment influence on the desire to move.

Based on figure 1 of the calculated value of 9.186 means that there is a significant influence on commitment to the desire to move. Because the value of t calculates > 1.96. Then it can be interpreted that commitment significantly affects the desire to move.

**Conclusion**

Based on the research and discussion that has been explained in the data analysis, several conclusions can be drawn as follows:

1. There is an effect of job satisfaction on commitment.
2. There is a commitment influence on the desire to move.

**Managerial Implications**

Companies can reduce the desire to move workers by increasing job satisfaction and organizational commitment. Companies should maintain worker job satisfaction, especially regarding job satisfaction with colleagues and the company should increase job satisfaction, especially against superiors. The company should maintain a good corporate image in the eyes of its workers. And the company should improve the values that exist in the organization. The best thing for companies to do is try to persuade workers and try to improve things that can reduce workers' intention to switch jobs.

High turnover has an impact on the additional cost of hiring, testing, interviewing, and training new workers to become professional and competent workers according to the company's wishes. But there are times when worker turnover has a positive impact, namely to replace fewer potential workers with more potential and qualified workers. Competent, qualified and professional workers are investments in a company.

The desire to move experienced by workers is based on the desire of workers to find alternative jobs in other companies that feel better able to provide job satisfaction or provide what are the expectations and goals of workers compared to previous companies.

Cooperation between workers must always be built to optimize their work. Because the cooperation of colleagues and workgroups is a source of job satisfaction for individual workers. Working groups can provide support, advice and assistance to other workers. The establishment of cooperation between workers will affect the intensity of interaction and activity in a group.

Commitment in the worker has an important role in a company, where the role is very meaningful in achieving the company's desires and goals. To be able to achieve the company's desires and goals, workers must have the ability and commitment to work so that the goals expected by the company can be achieved.

Commitment, in this case, is not only to believe and accept the goals of the organization, but the commitment of the organization that is in this work must be worker involvement and worker loyalty because workers who are committed to the company will usually try their hardest to stay in the company and will always show their loyalty to the company.
References


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