THE EFFECT OF SATISFACTION AT WORK IN EMPLOYEE TURNOVER INTENTION

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Abstract

This literature review is aimed to examine the satisfaction at work and the turnover intention among employees in the Indonesian Banking Sector. The Indonesian banking sector also faces a lot of issues that can affect their performance. One of the major problems that the Indonesian Banking Sector is facing is employee turnover. Job satisfaction has been increasingly valuable in the workplace. Many organizations have now realized that when their employees are happier, their attitudes will be better towards their work. Their motivation will be higher and also, this can impact their performances as well. Therefore, when the employee is loyal to the organization, the turnover rate will decrease because the employee is happy and wants to stay working in the organization. The main objective of this literature review through analyzing three main articles is to analyze the effect of satisfaction at work in Indonesian Banking Sector employee’s turnover intention.

PENGARUH KEPUASAN KERJA TERHADAP NIAT PENGANTIAN KARYAWAN

Abstract

Tinjauan pustaka ini bertujuan untuk mengkaji kepuasan kerja dan niat berpindah pada karyawan di Perbankan Indonesia. Sektor perbankan Indonesia juga menghadapi banyak masalah yang dapat mempengaruhi kinerjanya. Salah satu masalah utama yang dihadapi Perbankan Indonesia adalah pergantian karyawan. Kepuasan kerja semakin berharga di tempat kerja. Banyak organisasi sekarang telah menyadari bahwa ketika karyawan mereka lebih bahagia, sikap mereka akan lebih baik terhadap pekerjaan mereka. Motivasi mereka akan lebih tinggi dan juga, ini dapat mempengaruhi kinerja mereka juga. Oleh karena itu, ketika karyawan loyal terhadap organisasi maka tingkat turnover akan menurun karena karyawan tersebut senang dan ingin tetap bekerja di organisasi tersebut. Tujuan utama dari tinjauan pustaka ini melalui analisis tiga artikel utama adalah untuk menganalisis pengaruh kepuasan kerja pada niat berpindah karyawan di industri Perbankan di Indonesia.
INTRODUCTION

In today’s highly competitive world of business and the emerging rise of Industrial 5.0, human resource management is very important and valuable. This is because human resource is the key in developing, reinforcing and changing the culture of an organization. Business competition between companies is getting tougher, not just in the current era but also in the future. Therefore, companies across all sectors of industries need to find several ways in attaining competitive advantages from their competitors. One of the competitive advantages that a company should have is to keep the employees that perform best. Employees are considered the most valuable asset that belongs to the company as employees can determine the reputation of the company and is related to the profitability of the company (Amir Elnega, 2013).

Banking is one of the most important sectors and holds a major role in business activities in every country (Saleh, A.S, A. Moradi-Motlagh, and R. Zeitun, 2020). Banks are one of the main contributors in Indonesian economic development. These financial institutions are seen as the backbone and pillar of economic activities in the nation because it is the major supplier of financial resources between private and government institutions (Razzaq, S.N. Maqbool, and W.U. Hameed, 2019)

However, just like other business sectors, the Indonesian banking sector also faces a lot of issues that can affect their performances. One of the major problems that the Indonesian Banking Sector is facing is employee turnover. Employee turnover is the process in which an individual decides to quit and change their jobs. Employee turnover in the Indonesian banking sector is higher than other sectors. In 2019, according to Mercer, the employee turnover rate of Indonesian banking sector is at 14% while the average of other sectors is only 7% (Adisti, 2019). In 2018, the employee turnover rate of the Indonesian banking sector is 12% while the average of the other sectors is only 8% (Adisti, 2019). This showed an increase of 2% between 2018 and 2019. Although there are a lot of reasons for why the employees in the banking sector decided to resign, the top 3 major reasons are that there is a lack of satisfaction at work due to unclear career path and job security, competitive pay and lack of manager interactions. According to surveys conducted by PWC Indonesia, about 40% of the banking employees are not satisfied with a clear career path and job security and this affects their satisfaction at work while the other 30% complains about the lack of managerial interaction in their respective banks (PwC Indonesia, 2014).

Job satisfaction is typically measure in the degrees of multiple factors or aspects that affect job satisfaction. For an example, a worker can be pleased with certain elements of a job, feel neutral about some or can be displeased with others. Elements of a job can also have a different degree of importance, which then causes those elements to be weighted differently in assessing overall job satisfaction. (Robbins, 2016). According to Abu-Bader (2015), job satisfaction is interpreted as to how people feel about their jobs and different aspects of their job.

According to the research data that has been collected by the authors about the level of satisfaction at work for the banking workers in Indonesia, many banking employees are experiencing a not satisfied or unhappy at their work and the effect of this dissatisfaction can be seen from the productivity rate of the workers at work, high absenteeism, low job performance and the low quality of services that this workers provided to the customers. This shows that satisfaction at work is an important aspect for the employees and the organizations because it can create a positive and conducive environment in the organization (David, 2011). Satisfaction at work can cause the employee to stay and enjoy working for the organization.
Therefore, when the employee is loyal to the organization, the turnover rate will decrease because the employee is happy and wants to stay working in the organization. The main objective of this article review is to analyze the effect of satisfaction at work in Indonesian Banking Sector employee’s turnover intention.

LITERATURE REVIEW

Satisfaction at work

Job satisfaction has been increasingly vital in the workplace. Many organizations have now realized that when their employees are happier, their attitudes will be better towards their work. When their motivation is higher, it will impact their performances as well. Job satisfaction is defined as to how people feel about their jobs and different aspects of their jobs. It is to the point in which people satisfied their jobs or not. (Robbins, 2016) Job satisfaction is normally measured in the degrees of multiple viewpoints or factors that affect job satisfaction. For example, one worker can be happy with certain elements of a job, feel neutral about some or can be unhappy with others. Elements of a job can also have a different degree of importance, which then causes those elements to be weighted differently in assessing overall job satisfaction. (Robbins, 2016) Factors that can affect job satisfaction are colleagues or coworkers, treatment from the supervisors or managers, working environment and the employee’s wages.

In professional literatures, job satisfaction has received a lot of attention and much of the research has looked at the relationship between job satisfaction and a variety of personal and professional variables. Abu-Bader (2015) had divided them into four categories. Gender, age, education, and ethnicity are examples of personal attributes. The second category is concerned with workplace issues such as role conflict, client volume, workload, and autonomy. Work incentives, such as promotion chances, a good salary, or financial bonuses, fall under the third category. The fourth group is concerned with workplace interpersonal interactions, such as supervisory quality and collaboration with coworkers. (Margono, 2020)

Employee’s level of job satisfaction is affected by various factors. The amount of salary and benefits; the quality of working conditions; the job, which includes various tasks, the interest and demand the job generates, and the clarity of the job requirements); the perceived fairness of the promotion arrangement within an organization; and the leadership and social relationships are just a few of these factors (Parvin & Kabir, 2011). Job discontent and satisfaction, according to Beateman and Snell (2011), are determined by the job's expectations. Employees will be satisfied with the products and processes if they are treated fairly.

Employee Turnover

Employee turnover or intention that is mixed under an identification bracelet with work, according to Bothma and Roodt (2012), is a sort of withdrawal behaviors. This indicates that the employee's goal is to leave the company. Employee turnover, according to Ongori, is the cycle of laborers near the artisan booth; between enterprises, jobs, and pursuits; and between employed and jobless status (2007). Individual turnover intentions are influenced by factors such as age, gender, marriage, educational attainment, and years of service with the company (Liu and Wang, 2006).

Workers with youthful, inexperienced, and high education levels, according to Ma et al. (2003), have lower levels of job satisfaction and commitment to the organization, and these unfavorable attitudes are connected with turnover intention. As a result, people with limited experience are more likely to switch occupations frequently. Turnover refers to the process by which employees depart a company and must be replaced. (Mathis & Jackson, 2011)
Employee turnover is the act of a worker terminating his or her employment relationship with a company (Zhang, 2016). Employee turnover has both advantages and downsides. The benefit is that low-quality personnel may be quickly replaced, and the organization's inventiveness, flexibility, and adaptability can all benefit from the addition of new workers. However, the downside is that the cost of leaving will rise, as will the implicit costs of recruiting, training, and productivity. Employee turnover can result in low morale between the workers, reduce the organization’s reputation and damage position chain.

METHOD

This study uses the method of literature review and the criteria of the inclusive articles is that an increase in the satisfaction at work decreases the rate of employee turnover in the Indonesian Banking Sector. On the other hand, the criteria of the exclusive articles is that the articles are in full text. Article searches are limited to articles that are accessed only through the internet database such as Google Scholar, ScienceDirect and Scopus with the banking sector as area of organization, Indonesia as the area of the country and variables discussing job satisfaction and employee turnover. Articles that met the inclusion criteria were collected and analyzed systematically. On the other hand, the published literature searches were under the range of 2011 to 2021. Articles that met the standard’s range were then analyzed and presented in a narrative form.

RESULT AND DISCUSSION

Based on the analysis of the articles, the authors can conclude that the higher level of employee’s satisfaction at work can cause his or her turnover intention towards the organization to decrease.

The result of the article “Factors impacting employee satisfaction and commitment in banking Industry in Surabaya, Indonesia (Ivan Junius, 2015)” shows that satisfaction at work has an effect on the commitment level towards the banking industry, in which the commitment is related to the turnover intention of the employee. According to Michael r. Tampi (2010), who is also an executive in the banking industry states that the employees always deal with great risk, many responsibilities and ethic code daily. This can affect the level of job satisfaction in them. Therefore, it is important for them to feel satisfied and be committed towards the bank. On the other hand, if the employee sees the risks, responsibilities and ethical codes of their job as something not likeable or not challenging for them, it will result in lowering their job satisfaction and thus make them want to quit their job.

Another article from Azzahra, Ilmi and Wijaya (2021), job satisfaction can be seen when the workers are able to carry out their task and duties properly and effectively. Example of this is that the workers are producing work outcomes that are accordance to the organization’s expectations. This hence will produce a form of commitment within the workers to continue working and performing well with the company which will ultimately stop any desire to leave. According to other findings from the article “The effect of work environment, stress, and job satisfaction on employee turnover intention” published in Makassar, Indonesia (Kurniawatya, Mansyur Ramly, and Ramlawati, 2019), the work environment, stress, and job satisfaction have an impact on Mandiri Bank employees’ turnover intentions. The work environment has a direct beneficial impact on job satisfaction, which may be boosted by making efforts to improve the work environment for Mandiri Bank employees both physically and non-physically.
Job satisfaction has a direct negative impact on the likelihood of leaving. This means that through recognizing and rewarding workers who perform well, enhancing their welfare, cultivating their passion for work, and applying consultative monitoring on Mandiri Bank staff, the level of turnover can be decreased. Thus, in order to reduce employee turnover, Bank Mandiri must repair and improve the work environment, both physically and non-physically, in terms of supporting facilities, physical environment, management practices, and so on. The K3 concept such as occupational health and safety must be implemented precisely, as well as stress reduction in the form of reducing work overload, reducing conflict, assigning appropriate responsibilities, and improving employee career development policies.

CLOSING

After the evaluation and the analysis of the articles, the authors can conclude that it is very important for the workers to have a high level of job satisfaction for them to carry out their duties well in order to form a commitment within themselves to continue working and performing well within the organization. This will stop any desire to leave the organization they are in. Another conclusion that can be made is that working environment, both physically and non-physically such as comfortable office, supportive colleagues and good atmosphere have a direct effect on the job satisfaction of each workers and hence it is important that these working environments should be maintained in order to have a low level of employee turnover.

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