The Correlation Between Organizational Commitment, Psychological Contract And Turnover Intention Of Sales Clerks At Retail Companies In Purwokerto

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Abstract— **Employee turnover is a classic problem often faced by business owners. The employees' intention to turnover from one company to other companies can be an indication of lack of good relationship between individuals and companies, and shows the low commitment of the employees to the companies. This study aims to figure out: 1) correlation between organizational commitment and turnover intention; 2) correlation between psychological contract and turnover intention. The sample is sales clerks of retail companies in Purwokerto, amounting to 40. The subjects consist of 17 males and 23 females. Most of the subjects are married (31 respondents), aged ≤ 30 years old (19 respondents), having 1 – 4 years job experience (15 respondents). The methods of data collection are Organizational Commitment Questionnaire (OCQ), scale of psychological contract, and questioner of turnover intention. The research result shows r (n : 40) = -0.573, p = 0.001 and r (n : 40) = -0.569, p = 0.001. It can be concluded that a significant negative correlation existed between organizational commitment, psychological contract and turnover intention; the higher organizational commitment and psychological contract, the lower turnover intention, and vice versa. The results of this research are expected to help the sales clerks in performing their psychological contract to the companies and vice versa; the companies are expected to be more sensitive to the needs of the employees (sales clerks), so their positive perception will be formed towards the companies.**

Keywords: *organizational commitment, psychological contract and turnover intention.*

I. INTRODUCTION

Modern retail business is a very promising business opportunity in the era of competitive globalization. Retail is a product marketing method that covers all activities involving selling goods directly to the consumers for personal and non-business purposes. The success of retail companies in the midst of business pressure and competition is quite strict, not separated from quality and performance of human resources.

Human resources are viewed as important company assets because they are dynamic resources and are always needed in every process of producing goods and services. Human resources can influence organizational efficiency and effectiveness (Simamora, 2006). The existence of the resources will be able to determine success of the companies in the future. But in reality, the companies often face their employee's behavior that is considered detrimental and disrupts the company's performance both directly and indirectly.

One of the employees' behaviors is their desire to leave (to turnover) their job which can finally strengthen their decision to leave the job. Most of the employee's turnover have an unfavorable impact on the companies, both in terms of costs and losses and lost time to take advantage of business opportunities. From a business owners' point of view, turnover intention is a more important variable than a turnover action. If the indicator of the intention to turnover is identified earlier, it may be possible to apply changes to influence the employees' intention. However, once an employee stops, there is little that employers can expect to add to the costs of hiring and training other employees.

Turnover intention is defined as an intermediary factor between attitudes that influence the intention to retire/leave the job and to really retire from a business organization (Glissmeyer, Bishop, & Fass, 2008). Turnover can be caused by several things related to individual factors, namely the needs held, the values adhered, and the personality of the employee concerned, as well as factors related to outside the employees, such as coworkers, superiors, and applicable company policies. Thus, employee turnover demands management attention.

Tnay et al. (2013) stated that in the current work environment, the main problem of employee turnover has increased tremendously. This is reinforced by the results of Hay Group survey regarding to the increasing employee turnover rates globally (Wonowijoyo and Tanoto, 2018). The following image is Hay Group survey data on the percentage of turnover rates in the world starting from 2010-2018:
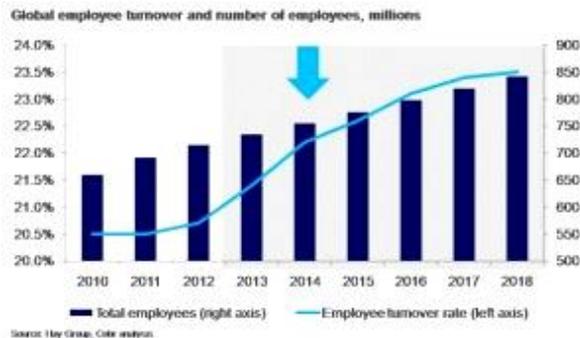
Gambar 1 *Turnover* **Trends 2010-2018**

From the data above, it can be concluded that in 2010-2018 the level of turnover in the world increased significantly every year. Workers/labors around the world were starting to seek new job opportunities since the labor market begins to increase again. The sharpest global employee turnover rate occurred in 2014, with the largest growth occurring in that year. In addition, average turnover ratio in the next five years will increase to 23.4% and turnover will increase faster in developing countries than in developed ones.

Jobs DB Indonesia conducted a survey to 2324 respondents in Indonesia with diverse occupations and career levels. The survey results show that 80% of respondents wanted to turnover in the next 12 months, this was because no satisfaction of the workers with the system and work processes adopted by the company (Praditya, 2015).

According to HRD of X Ltd., employee turnover at X Ltd. was substantially high. This was due to several reasons such as the employees' side work, unfavorable working conditions, and their status. In addition, turnover also increased as contract workers. Therefore, companies have little time to prevent employees from retiring from their jobs.

According to Eisenberger et al. (2002) employees' satisfaction with their direct supervisors was proven to reduce turnover voluntarily and therefore increase commitment. Supervisors who give fair treatment to employees, and respect their contributions and welfare tend to receive employee support, so they feel obliged to take retaliatory action.

Studies of organizational commitment have found different relationships with (a) job search behavior, turnover intentions, and extra-role behavior and performance; (b) job satisfaction and work tension; (c) autonomy and responsibility and role clarity; and (d) age, gender, education, career stage, need for achievement, and service period (Mathieu dan Zajac, 1990).

Organizational commitment is regularly conceptualized as affective attachment to an organization as a consequence of individuals sharing organizational values, their desire to remain in the organization, and their willingness to do business on behalf of the organization (Mowday, Steers, & Porter, 1982). Committed employees are willing to work beyond their minimum job requirements

and tend to remain with the organization rather than those who are not bound (Meyer & Allen, 1991).

Psychological contracts are becoming increasingly important in describing the relationship between employees and organizations/companies. Psychological contracts are built on trust where employees believe that the organization can fulfill their obligations and commitments. Psychological contracts are a reflection of individual expectations of obligations between employees and organizations that contain both individual and organizational aspects (Rousseau, 1995).

Psychological contracts mean that there is an exchange of relationship between the organization and employees and needs to consider expectations and obligations of both parties (Schein, 1980), while psychological contracts not only have the nature of expectation, but also contain commitment and reciprocity to obligations. To meet expectations, it will result disappointment; while to meet liabilities, it will cause anger, thus making people re-evaluate the relationship between individuals and organizations. For the most part, psychological contracts are informal and implicit, not opened. Therefore, it is basically subjective. For example, awards for long-term services rarely become part of a formal contract, but people have expectation in this aspect. So most scientists agree that a psychological contract is a trust that employees have.

In psychological contract theory, voluntary turnover is often presented as a result of a psychological contract violation on the reasons that violation can damage the relationship between employees and their employer made by a psychological contract and causes the employee to question the benefits and obligations associated with the existing relationship (Conway & Briner, 2005; Rousseau , 1995). When employees consider their superiors violating psychological contracts, they see their relationship with the superiors as unbalanced (Stoner et al., 2011).

II. RESEARCH METHOD

This research used quantitative methods. Subjects in this study were 40 sales clerks of retail companies in Purwokerto. Data collection methods used were Organizational Commitment Questionnaire (OCQ), psychological contract scale, and turnover intention questionnaire.

OCQ was designed based on three dimensions of organizational commitment, namely affective, ongoing, and normative commitments. Psychological contract scale consisted of three forms, namely: transactional, relational and balance. The turnover intention questionnaire consisted of three items measuring the respondents' intention to quit from their job. Item was adopted from Khatri, Fern, and Budhwar (as quoted by Yücel, 2012).

Subjects responded to all items based on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). In this study, the organizational commitment questionnaire had a reliability of 0.845 while the psychological contract scale had a reliability of 0.893 and the turnover intention

questionnaire had a reliability of 0.895. Analysis of the data was product moment correlation.

III. RESULTS AND DISCUSSION

Description of demographic data of this research can provide information about research subjects on the variables studied. Demographic data in detail are explained in the table below:

Table 1. Demographic Data of Subject

No	Criteria	N	Mean
1	Gender		
	a. Male	23	
	b. Female	17	
2	Age		32.1 years old
	a. ≤ 30 years old	19	
	b. 31 - 40 years old	16	
	c. > 40 years old	5	
3	Marital Status		
	a. Married	31	
	b. Not Married	9	
4	Length of service (work)		6,1 years
	a. 1 – 4 years	15	
	b. 5 - 8 years	13	
	c. 9 – 12 years	12	

The results showed r (n: 40) = -0,573, p = 0.001 and r (n: 40) = -0.556, p = 0,001. It can be concluded that there is a significant negative correlation between organizational commitment, psychological contract and turnover intention, namely the higher the organizational commitment and psychological contract, the lower the turnover intention, and vice versa.

The results of this research support previous research conducted by Zhang, Ling and Zhang, Xie (2015) which showed that work involvement partly mediated negative effects of organizational commitment to turnover intentions, and negative correlation between organizational commitment and turnover intentions; it became weaker when the employees and their superiors were closer.

Meyer and Allen (in Bergmann, et al., 2000) stated that committed employees had a higher tendency to remain in their jobs. The study consistently supported that increased organizational commitment had been positively associated with individual actions such as a decrease in intentions to find new jobs and reduce turnover. According to Yang (2012) organizational commitment and organizational support were also found to be one of the determinants of desire to move and there was a negative correlation between these aspects with the desire to move.

Mathieu and Zajac (as quoted by Yew, 2011) asserted that the more employees were committed, the more role behaviors such as creativity and innovation were performed. This often made the organization stay competitive. According to Meyer and Allen (quoted by Yang, 2012) committed employees had a higher tendency to keep working. Further research had consistently supported that increased organizational commitment has

been positively associated with individual actions such as decreased intentions to find new jobs and reduce turnover (James et al., as quoted by Itzhaki et al., 2015).

The above results also support previous research conducted by Sianipar and Haryanti (2014) which stated that there was a positive and significant correlation between organizational commitment, job satisfaction and turnover intentions. The higher the commitment to the organization, the lower the turnover intention and vice versa.

The results of this research are also in line with Collins's (2010) research of psychological contracts and turnover intentions which stated that the fulfillment of psychological contracts also proved to be a significant predictor of turnover intentions of employees. The findings of this research indicated that turnover in employees could be reduced if organizational leaders develop good relationships with their employees based on respect, trust and mutual obligations. Then they were able use the relationship to understand and fulfill the unwritten contract between the company and its employees.

Morrison (in Chin & Hung, 2013) found that psychological contracts are predictions of variables of current and future employees' performance. A high psychological contract level promoted trust and a high level of loyalty between employees and employers (Restubog et al., as quoted by Stoner, et al, 2011). In this context, employees had expectations from their employers in relation to factors such as promotion, payment, and career development. Relating to this context as well, employers expect willingness to work, loyalty, and work involvement of their employees. Work involvement, as used here, referred to a state of mind that was associated with positive and satisfying work characterized by strength, dedication and absorption. This obligation was usually implicit and both parties felt that their expectations would be fulfilled.

Researchers have shown that when organizations violate these obligations, job satisfaction and organizational commitment are reduced (Knights & Kennedy, as quoted by Jafri, 2012). Psychological contracts and organizational commitment is able to help build overall performance both in the short and long term (Restubog et al., Stoner, Gallagher, Stoner, 2011).

This research has several limitations. The limitations include number of subjects which are few and only one job position, so that for further research, the other researchers can conduct researches with more number of subjects and from various positions or job positions. The results of this research are expected to help employees in meeting their psychological contract of the company and the companies are expected to be more sensitive to the needs of employees so that a positive perception of employees will be formed towards the companies.

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