

Perceived Organizational Support and Work Life Balance on Employee Turnover Intention

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Abstract—This research aims to investigate; 1) How perceived organizational support (POS) will influence the work life balance of employees in banking companies in Padang? 2) How perceived organizational support (POS) will influenced employee turnover intention in banking companies in Padang? 3) How work-life balance will influence employee turnover intention in banking companies in Padang? Banking employees who have been working for more than five years are represented as a sample. To determine the sample, the writer used the purposive sampling technique. Data used in this research is primary data. The data was collected by questionnaires distributed to the respondents. Using the Structural Equation Model (SEM) with Partial Least Square (PLS) as an alternative method, the results revealed that; (1) perceived organizational support (POS) has a positive and significant effect on the work-life balance of employees in banking companies in Padang, (2) perceived organizational support (POS) has a negative and significant effect regarding employee turnover intention in banking companies in Padang and 3) work-life balance has a negative and significant effect on employee turnover intention in banking companies in Padang.

Keywords—turnover intention; perceived organizational support and work-life balance

I. INTRODUCTION

The transformation of a dynamic business environment has triggered a paradigm shift on the Human Resources management. Consequently, Human Resources is no longer considered as a burden but as the most important company asset because the company's goals will be achieved if company has well-qualified human resources which can work optimally to support a company to achieve a good performance [1]. Great capital and sophisticated technology does not have meaning without the existence of competent human resources in company. Simamora, noted that none of the factors in business activity has a more direct impact on a company's prosperity another than human resources [2].

However, human nature that continuously strives to pursue a better life can be a challenge for the company. Retaining qualified and reliable employees is increasingly difficult for a company. These desires to acquire a greater salary, better facilities and position has also encouraged employees to find better jobs. These conditions can be the trigger for a high turnover intention (leaving the company) in a company. Research conducted Wyatt, found that most employers do not

know what workers want, which ultimately encourages workers to quit their jobs and find new ones [3].

The issue of staff turnover is becoming increasingly crucial for many companies and industries, especially in the banking sector. The results of the Price water house Coopers (PWC) Indonesia survey [4], revealed that turnover in the banking sector in 2014 had reached 15%, whereas the average turnover in Indonesia is approximately 10-12% in relation to employees. Widjaja et al., stated that 'if the annual turnover within a company exceeds 10%, then the turnover within the company can be categorized as high [5]. Turnover intention is the best predictor of employee turnover and enables it to be seen early [6-8]. Additionally, turnover intention is a person's desire to quit his/her job and find a better job with improved working conditions [9].

It can be challenging to persuade an employee to remain in the organization when the employee has a strong desire to leave. This has an impact on the amount of cost, time and energy that can be incurred if the organization must subsequently recruit competent employees [10]. Therefore, in the end turnover can harm the company, and furthermore, inhibit the achievement of goals and the development of the company. Nerissa and Evi, stated that low-sustainability employees will result in companies experiencing high costs in recruiting and training new employees [11].

There are many factors that can affect employee turnover intention in an organization; thus, we need to know what factors can trigger the employee's desire to leave an organization. According to Meyer and Allen [12] and Mobley [13], the factors affecting turnover intention are age, length of employment, job satisfaction and education level, in addition to company attachment. Furthermore, Dawley et al. stated that perceived organizational support is a major predictor of turnover intention [14].

Perceived organizational support (POS) refers to employees' perceptions of the extent to which organizations value employee contributions and care about employee well-being. POS also refers to the employee's overall beliefs about the extent to which businesses value employees, care about their well-being and support the socio-emotional needs of the employees by providing resources to help [15]. Basically, organizational support that is perceived to be comprehensive

tends to lower an employee's desire to leave the organization [16].

During the last few years there has been a change in the work schedules of employees in the organization. Many employees must work on Saturdays and Sundays, as generally occurs in the banking sector. There are differences in working hours, which differ from standard working hours, i.e. from 8 a.m. to 5 p.m. [17]. The increasing workload and length of working hours has resulted in employees spending more time at work and reducing their time at home.

The issues concerning work-life balance arise as the number of women entering the labor market grows and therefore, results in multiple roles; a mother who at the same time is the breadwinner in the family. Basically, women go out to work, although in Indonesia, they remain responsible for parenting and the home [18].

However, due to the changes in the workplace, globalization has led to considerable focus on work-life balance. The current job scenario is characterized by rapid change, intense pressure, constant deadlines, demographic changes, increasing use of technology and virtual work. Consequently, the issue of work-life balance has become more prominent. Consideration of work-life balance is not just from married workers, couples or working mothers, but working individuals in general [19].

Based on the results of interviews and observations that writer conducted with several employees from the bank in Padang, the bank is still encountering various problems, such as the high turnover intention of employees in their company. This is indicated by the presence of turnover cases in banking companies in Padang, where an average of 2-4 permanent bank employees (staff) leave their companies every year, for better jobs. As mentioned above, turnover intention is a signal of employee turnover [6-8]. It is valuable to research this topical issue by means of focusing on the turnover intention employees of banking companies in Padang. In accordance with the background to the problems described above, this research aims to analyze 1) The effect of perceived organizational support (POS) to the work-life balance of employees in banking companies in Padang 2) The effect of perceived organizational support (POS) to employee turnover intention in banking companies in Padang 3) The effect of work-life balance to employee turnover intention in banking companies in Padang.

II. METHOD

A. Population and Sample

In this research, the object used were the employees who are working in the banking sector in Padang, West Sumatra. For an unknown population which has no sample frames, Cooper and Schindler stated that non-probability sampling is an appropriate sampling technique [20].

Furthermore, the sample was determined by using purposive sampling. The specified criteria were employees who have been working in banking companies for more than 3 years. As many as 100 questionnaires were distributed;

nevertheless, only 90 units were returned. After checked and adjusting the sample criteria, only 78 questionnaires were worth employing in this research. Therefore, the sample in this research was 78 people.

B. Data Analysis

After obtaining data, the next step was analyzing it using the Structural Equation Model (SEM) via Partial Least Square (PLS). PLS is a powerful analytical method that can be used on any type of data scale (nominal, ordinal, interval and ratio), as well as more flexible assumption conditions.

III. RESULTS

A. Outer Model

Instrument validity is evaluated based on convergent and discriminant validity from its indicator, then calculated using PLS. Convergent validity is assessed by examining the correlation between outer loading of the item score or the indicator (component score) with the construct score. Convergent validity is considered high if the value of loading or correlation of the indicator score with a construct score is above 0.70. After twice-testing with Warp-PLS, the overall construct had a value of loading factor above 0.6 and the sig. value was less than 0.05. These results indicate the criteria of convergent validity have been fulfilled or have been met.

Reliability testing can be performed by investigating the value of composite reliability. A construct is considered reliable if the value of composite reliability > 0.70, whilst Cronbach's Alpha should also be > 0.70. Additionally, the value of composite reliability and Cronbach's Alpha, can be seen from the output of latent variable coefficients. Based on data processing with Warp-PLS, it was discovered that the value of composite reliability and Cronbach's Alpha fulfilled the requirement above 0.70. Thus, for the overall result, the output of the measurement model (outer model) in relation to the reflective construct is eligible; hence, it could be continued to the structural model (inner model) for model testing.

B. Inner Model

The model testing with the inner model, for the mediation model, should be calculated with a direct test between Perceived Organizational Support (POS) with Turnover Intention (TOI). The direct effect model, can be seen in the following figure:

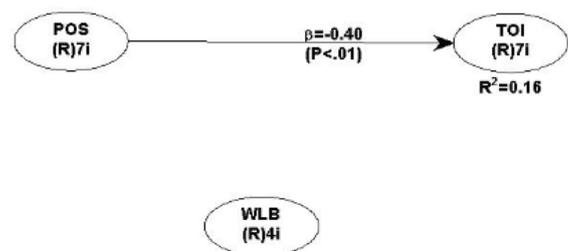


Fig. 1. Direct effect model.

From the model above, the direct effect of POS on TOI is negative 0.40 and significant with p value < 0.01. Thus, the second hypothesis that POS has a negative and significant effect towards turnover intention (TOI) is accepted.

After direct testing between POS and TOI, the next step was to put the work-life balance variable as a mediation variable into the model, so that the indirect effect model was obtained as follows:

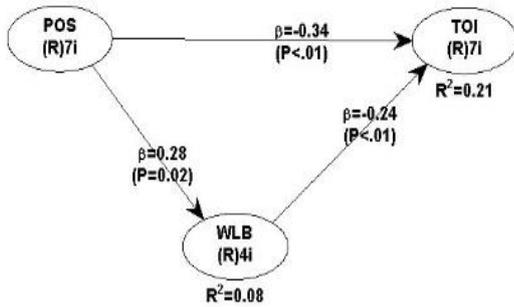


Fig. 2. Indirect effect model.

The estimation result above reveals that the indirect effect of POS on TOI decreased to negative 0.34 and remained significant. It means that the direct effect of POS on turnover intention or through work-life balance (WLB) is lower than the direct effect of POS on TOI. It also shows that partial mediation has been formed, or in other words WLB partially mediates the influence of POS on TOI. This partial mediation form suggests that WLB is not the only mediator for the relationship between POS and TOI but that there are other mediating factors [21].

Based on the indirect effect model above, it is also established that the first hypothesis is accepted, and that the POS variable has a positive and significant effect on work-life balance (WLB), with the coefficient $\beta = 0.28$ and sig.p 0.02 < 0.05. Furthermore, the third hypothesis that WLB has a negative and significant effect on TOI, with the coefficient value $\beta = -0.24$ and sig.p 0.01 < 0.05 is also accepted.

The next step is conducting the structural evaluation (inner model) which includes the model fit test, path coefficient and R2. The model fit test is used to determine whether a model matches the data. In the model fit test there are 3 indices tests; the average path coefficient (APC), average R-squared (ARS) and average variance factor (AVIF) with APC and ARS criteria accepted with p-value < 0.05 and AVIF < 5, [22].

Based on data processing results using Warp-PLS, the model obtained is in accordance with the model fit indicators, as follows:

- APC = 0.289, $\rho < 0.001$
- ARS = 0.147, $\rho = 0.041$
- AVIF = 1.059, Good if < 5

IV. DISCUSSION

Based on the results of the analysis above, it is known that POS has a negative and significant effect on turnover intention. This means that if organizational support is good, it can reduce the employee's desire to leave the organization. Work-life balance also has a negative and significant effect on turnover intention. It can be concluded that when employees can balance commitments between family and work, as well as off-the-job responsibilities and activities, it can reduce the desire of employees to leave the organization. Furthermore, the indirect effect of POS on turnover intention, through work-life balance, also has a negative and significant influence. However, the value of the direct effect between POS on turnover intention is greater than its effect through work-life balance. This means that if employees feel good about organizational support, it can directly reduce the desire of employees to leave the organization.

These results are in line with the research conducted by Wayne et al., that the employees' perceptions of organizational support in seeking a work-life balance affect their willingness to leave the organization and their performances [23]. Malik et al., determined that work-life balance is negatively related to turnover intention [24].

Perceived organizational support (POS) refers to employees' perceptions about how organizations will value the employee contribution and care about employee prosperity. Basically, the high level of perceived organizational support tends to lower employee's desire to leave the organization [16]. The way employees pay the organization for care and respect is by continuing participation which will lead to feeling an important part of the organization and improve employees' self-identity [25].

V. CONCLUSION

The conclusions that can be determined from the research concerning "The Effect of Perceived Organizational Support and Work Life Balance on the Turnover Intention of Banking Employees in Padang" are POS has a positive and significant effect on work life balance. It is means, if there is good organizational support, it can realize work life balance. Then POS has a negative and significant effect on turnover intention. This means that if organizational support is good, it can reduce the employee's desire to leave the organization Work life balance has a negative and significant effect on turnover intention. When employees can balance commitments between family and work, as well as off-the-job responsibilities and activities, it can reduce the desire of employees to leave the organization.

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