

# EMPLOYEES' PERCEPTIONS ON ORGANIZATIONAL SUPPORT AND AFFECTIVE COMMITMENT TOWARD TURNOVER INTENTION: THE CASE OF TOKO EMAS HARAPAN

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**ABSTRACT** - *To achieve better performance, organizations should be able to utilize its resources including maximizing the human resource. One of the problems faced by organizations in relation with human resource is high turnover rate. For the Small and Medium Enterprises (SME) like Toko Emas Harapan, high turnover rate has been encountered within a year. To decrease the turnover rate, several studies agreed that the organization should define turnover intention among its employees. This study determined the antecedents of turnover intention such as perceived organizational support (POS) and affective commitment. It confirmed the mediating effect of affective commitment in relation with POS and turnover intention. One hundred twenty-eight employees out of 152 were willing to answer a self-administered questionnaire. Four hypotheses were analyzed using the Structural Equation Modeling with the software LISREL 8.80. The results of this study showed that POS positively affected affective commitment. Affective commitment has a negative effect on turnover intention. POS negatively affected on turnover intention. Affective commitment is confirmed to be a mediating variable between POS and turnover intention. The recommendation was to increase POS (informal training, fairness, care, values, and appreciation of good performance) so that it would achieve affective commitment to lower the turnover intention of employees in Toko Emas Harapan Surabaya.*

**Keywords:** *Perceived Organizational Support, Affective commitment, Turnover intention, Small medium enterprise, Gold store*

## I. INTRODUCTION AND SIGNIFICANT CONTRIBUTION OF THE STUDY

In today's era of globalization, competition is increasingly fierce. Organizations must perform better in order to be more superior in the competition, which depends on how the organizations are managed by managers and top decision makers. To achieve better performance, organizations should be able to utilize the resources efficiently including maximizing the human resource.

Human resource is one of the organizational factors that determine how an organization is running its business. One of the problems faced by organizations in relation with human resource is turnover. According to Tumwesigye (2010), organization may reduce turnover if it can reduce turnover intention.

In Indonesia, the percentage of employee turnover is quite high, even the highest compared to other countries in Asia Pacific region (Firdanianty, 2008 in SWA Magazine). In the Asia Pacific region, the employee turnover rate reached 10%, while in Indonesia alone reached 7%. This turnover rate happened in most of the sectors in Indonesia. One sector that is rarely studied in case of turnover intention is Small and Medium Enterprises (SMEs).

SME consists of various business sectors. One sector of the SMEs that is interesting to be discussed is the gold store. In Surabaya, the second largest city in Indonesia, gold store is a part which has never been missed in the famous shopping malls such as Tunjungan Plaza, Galaxy Mall, and Pakuwon Trade Center, among others.

A similar case appears in traditional markets such as Pasar Wonokromo, Pasar Pacar Keling, and Pasar Tambak Rejo, to name a few.

One of the famous gold stores at the traditional market in Surabaya is Toko Emas Harapan. Its core business is the purchase and sale of gold jewelry. This company was established in 1978. Until now, Toko Emas Harapan has several branches all over Surabaya with 152 employees. This is one of successful example of gold store in the level of small business enterprises (SME) that served its external marketing adequately.

Based on the interview with the owner of Toko Emas Harapan, the transfer of generation and the tightened business competition resulted to changes in its business strategy in the last five years. After the changes, this organization suffered a high employee turnover which also indicated a high level of turnover intention. The owner said that the company has already attempted to treat employees well, by giving a bonus, which is a good form of Perceived Organizational Support (POS). However, the good treatment did not increase the affective commitment of employees nor did it prevent the employee's turnover intentions.

But an interview with the owner alone was not enough to objectively represent the employees' turnover intention. The researcher was encouraged to conduct initial interviews with former employees of Toko Emas Harapan. Based on ten former employees of Toko Emas Harapan, their decision to quit from their employment at Toko Emas Harapan were due to the little concern about employee well-being. These former employees did not feel emotionally-attached to the organization, or in the other words, lack of affective commitment.

According to Bluedorn, (1982), turnover intention is the tendency attitudes or the degree to which an employee has the possibility to leave the organization or voluntarily resigned from his job. Literature indicated that turnover intention is the most immediate precursor of turnover (Bluedorn, 1982). According to Tumwesigye (2010), organization may reduce turnover if it can reduce turnover intention. It is therefore; widely acknowledged that identifying and dealing with antecedents of turnover intentions is an effective way of reducing actual turnover.

In response to the empirical data above, one of the antecedent factors of turnover intention is believed to be affective commitment (Rhoades, Eisenberger & Armeli, 2001). Affective commitment corresponds to an employee's personal attachment and identification to the organization resulting in a strong belief in an acceptance of the organization's goal and values.

In addition, affective commitment is also often considered to mediate the relationship between POS and turnover intention. Previous researchers (Hom and Griffeth, 1995) contended that antecedents of turnover often operate through mediating variables (such as organizational commitment) to influence behavioral intentions and actual turnover.

Furthermore, according to Eisenberger, Huntington, Hutchison & Sowa (1986) in Tumwesigye (2010), POS has long been considered a key predictor of affective commitment and turnover intention. In organizational research, the concept of POS has been applied to describe the psychological process underlying the employee attitudes and behavior. The concept of POS according to Eisenberger, Huntington, Hutchison & Sowa (1986), refers to the extent to which the organization values their employees' contributions and cares about their well-being. This concept has been used to describe the social exchange relationship between the employer and the employee.

These explanations related to organizational support theory states that in order to meet socio-emotional needs and to assess the benefits of increased work effort, employees form a general perception concerning the extent to which the organization values their contributions and cares about their well-being (Shore & Shore, 1995). Such POS would increase employees' felt obligation to help the organization reach its objectives, their affective commitment to the organization, and decreases in stress and withdrawal behaviors such as absenteeism and turnover.

## II. RESEARCH METHOD

The type of investigation in this study used causal model where POS positively affect affective commitment and negatively affect turnover intention, while affective commitment negatively affects turnover intention.

Population for this research is all employees of Toko Emas harapan. The quantity of the population in this research is known, which is 152 employees. Populations are taken regardless of gender, education and work experience. All employees in Toko Emas Harapan are shop assistant without particular hierarchy level. However the response rate in this study consist of 84.2 % (128 employees).

The type of the sampling design must be matched with the research objective. As all of the employees at Toko Emas Harapan have exactly the same job without particular hierarchy level, the researcher will use all of the population as samples.

Level measurement in this research is interval measurement. Variable measurement scale used is a Likert Scale, where the researcher collects and processes data obtained from questionnaires by giving weight to the assessment of each statement. The answer of each instrument that uses a Likert scale have a level of very positive to very negative, as in this research using Strongly Agree to Strongly Disagree.

### III. RESULTS

Data were processed using the SEM program in LISREL 8.80. Based Hair, Black, Babin, Anderson, & Tatham (2006), the criteria used to test the suitability of the model include the GFI (Goodness of Fit Index), the RMSEA (Root Mean Square Error of Approximation), the CFI (Comparative Fit Index), and the value Chi Square. The results of data processing can be seen in Table 9. Indicators in Table 9 are measurement tools used to determine the overall suitability of the model.

Table 9  
*Structural Model Goodness of Fit Index Value*

Goodness of Fit Measures	Value	Criteria	Note
<b>Absolute Fit Indices</b>			
Minimum Fit	126.19	142.1382	Good Fit
Function Chi Square		(df=116)	
Probability	0.24397	≥ 0.05	Good Fit
GFI	0.895	0-1	Marginal Fit
RMSEA	0.0263	≤ 0.08	Close Fit
<b>Incremental Fit Indices</b>			
NFI	0.978	≥ 0.90	Good Fit
CFI	0.997	≥ 0.90	Good Fit
<b>Parsimony Fit Indices</b>			
AGFI	0.862	≥ 0.90	Marginal Fit
PNFI	0.834	Greater Value	Good Fit

Hair, Black, Babin, and Anderson (2010) identified the Goodness of Fit Indices into three types:

1. Absolute Fit Indices is direct measures of how well the model specified by the researcher to reproduces the observed data. It contains several indices as follows.
  - (a) Chi Square is the only statistical test of the differences between matrices in SEM. The requirement for chi square is tend to be small (Wijanto, 2008). It depends on degree of freedom that showed the amount of mathematical information available to estimate model parameters. So, in this

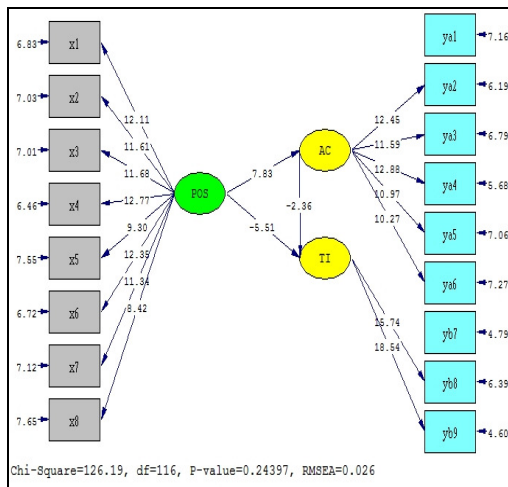
study the chi square should be lower than 154.344 with the degree of freedom is 116. The result showed a good fit measurement for chi square. Furthermore, Significance Probability should be greater than 5% to make the empirical data similar to the model. This study result showed the significant level is 0.07 that means the empirical data is similar to the model.

- (b) Goodness of Fit index (GFI) was an early attempt to produce a fit statistic that was less sensitive to sample size. The possible range for GFI must be greater than 0.90 to achieve good measurement. This study found out the value for GFI is 0.895 that according to Wijanto (2008), this value indicated a marginal fit.
  - (c) Root Mean Square Error of Approximation (RMSEA) attempts to correct for the tendency of the chi square GOF test statistic to reject model with a large sample or a large number of observed variables. The requirement value for RMSEA is lesser than 0.08 and the result showed RMSEA= 0.0263 that according to Wijanto (2008), this value indicated a close fit.
2. Incremental Fit Indices differs from absolute fit indices that assess how well the estimated model fits relative to some alternatives.
    - (a) Normed Fit Index (NFI) is one of the incremental fit indices, it ranges between 0 and 1, and a model with a perfect fit would produce an NFI of 1. This study result showed the value of NFI is 0.978 which is categorized as good fit.
    - (b) Comparative Fit Index (CFI) is an incremental fit index that is an improved version of the normed fit index. The CFI value range between 0 and 1, with higher values indicating better fit. This study found out the CFI = 0.997, which indicated good fit.
  3. Parsimony Fit Indices is design specifically to provide information about which model among a set of competing

model is best, considering its fit relative to its complexity.

- (a) Adjusted Goodness of Fit Index (AGFI) tries to take into account differing degrees of model complexity. AGFI value must be greater than 0.90 to be indicated as good fit. This study result showed the AGFI value = 0.862, which is categorized as marginal fit.
- (b) Parsimony Normed Fit Index (PNFI) adjust the normed fit index by multiplying it times the PR. Relatively high values represent relatively better fit. In this study, the PNFI value = 0.834, which is categorized as good fit.

After the Goodness of Fit analysis, Hair, Black, Babin, Anderson (2010) explained that good fit alone is insufficient to support a proposed structural theory. Those authors suggest the further analysis performed is to see the t-value (greater than 1.96) and the loading factor (greater than 0.5). Furthermore, to accept the alternative hypothesis that performed in the study, the null hypothesis is rejected based on statistical significance level. In this analysis, if t-value is greater than 1.96 (significance level at 5%), it means all the regression coefficients in this study are significantly not equal to zero. Hypotheses 1, 2, 3, and 4 tested for causality are accepted.



Hypothesis 1 states that “Perceived Organizational Support (POS) has a positive effect on Affective Commitment at Toko Emas Harapan”. In table 11, T-test value of 7.834 suggests that POS has a positive effect on affective commitment at Toko Emas Harapan.

In this study, Hypothesis 2 states that “Affective Commitment has a negative effect on Turnover Intentions at Toko Emas Harapan”. Based on the results in Table 11, the t-test value of -2.356 implies that affective commitment has a negative effect on turnover intention at the company.

Table 11  
Structural Relationship Model Testing Results

Hypothesis Statement	T-value	Loading Factor
Perceived Organizational Support (POS) has a positive effect on Affective Commitment at Toko Emas Harapan	7.834	0.724
Affective Commitment has a negative effect on Turnover Intentions at Toko Emas Harapan	-2.356	-0.234
POS has a positive effect on turnover intention at Toko Emas Harapan	-5.515	-0.580
POS has an indirect effect on turnover intention through affective commitment as an intervening variable at Toko Emas Harapan	-2.323	Indirect effect: -0.169 Direct effect: -0.58

Hypothesis 3 in this study states that “POS has a direct effect on turnover intention at Toko Emas Harapan”. Based on the results of t-test value in Table 11, t-value = -5.515. Therefore, it proves that there is a direct effect of POS on turnover intention.

Hypothesis 4 in this study states that “Affective Commitment will mediate the relationship between POS and turnover intention at Toko Emas Harapan”. Through the previous discussion on the mediated regression analysis can be obtained the results that all four test conditions are met. The results also indicated that there is a weaker influence of the direct influence of POS on turnover intention (H3) and the indirect effect of POS on turnover intention in which it was obtained that the regression coefficient for direct effect is weaker (-0.580) than regression coefficient for indirect effect (-0.169). It is concluded that the affective commitment shown to mediate the relationship between POS and turnover intention.

#### IV. CONCLUSION

Statistical results proved that the POS is significant and has positive effect on affective commitment. The relationship between POS and affective commitment is explained by R2 value of 0.524, meaning that POS explain affective commitment by 52.4 %. While, affective commitment was significantly and negatively influence on turnover intention, and the POS directly affect turnover intention. However, this

study also proved that the affective commitment as an intervening variable or proved to mediate the relationship between POS and turnover intention. R2 value of the relationship between POS and affective commitment toward turnover intention was 0.588, meaning that POS and affective commitment explained turnover intention by 58.8%. Thus, all hypotheses were accepted according to the requirements of the four statistical tests.

As explained earlier, the POS has significant and positive effect on affective commitment. This is consistent with an explanation of the reciprocity norm which encourages employees to reciprocate the organization that concern about their well-being. Meeting this obligation helps maintain the self-image of those who repay their debts, avoids the stigma associated with reciprocity norm violation, and encourages future favorable treatment by the organization (Rhoades, Eisenberger, & Armeli, 2001). Through norm of reciprocity, POS should create a felt obligation to care about the organization's welfare and help the organization reach its objectives (Rhoades, Eisenberger, & Armeli, 2001). It also coincides with findings of Tumwesigye (2010) which mentioned that POS will trigger a desire to repay benefits offered by the organization by the greater identification with the organization (affective commitment). Receipt of H1 in this study is also related to the female demographic data of 83%. According to Simon and Nath (2004), woman behaviors are mostly more concerned with feelings. Therefore, the researcher predicts that with the presence of those concern, employees at Toko Emas Harapan has a strong affective commitment.

Furthermore, affective commitment has significant and negative effect on turnover intention. This is consistent with previous studies (Clegg, 1983; Meyer, Stanley, Herscovitch, Topolyntsky, 2002). Later, Meyer, Stanley, Herscovitch, Topolyntsky (2002) confirms that affective commitment is negatively related to withdrawal behaviors. Acceptance of H2 in this study relates to the female demographic data of 83% and the long work that is generally less than a year. As explained earlier, women tend to use feelings, so that when the affective commitment has been strong, the tendency to move to another workplace also getting less. In addition, demographic data also showed that most respondents were worked less than one year. This relates to the research by Martin (2011) which stated that behavior of employees who are still at an early stage in the company are highly spirited and the propensity to leave is low.

The following discussion is the influence of a negative and significant effect on turnover intention. This is consistent with Eisenberger, Huntington, Hutchinson, & Sowa (1986) found that perceptions of support from the organization reduced absenteeism and increased organization citizenship behavior and employee performance. Okello-Ouni (2004) also investigated the relationship between POS and sales force turnover intentions among four manufacturing companies. His findings reveal that turnover intentions and actual turnover of sales force are significantly and negatively related to POS. This is also correlated with the female employees' demographics, income levels around Rp.750.000, - to Rp.1.000.000, - and the long work that is less than a year. Women who have strong feelings when they have been won by either the perception or attention by this gold store, they are expected to have a low propensity to move to another store

Affective commitment mediates the relationship between POS and turnover intention. Although, POS can directly affect significantly and negatively to turnover intention, but through the analysis of total, direct and indirect effects, this research proved that the indirect effect of POS on turnover intention is greater than its direct effect. This is consistent with research of Tumwesigye (2010) which revealed that the turnover intention is influenced by the POS through organizational commitment (affective, normative, continuance). The study also suggests four conditions are met. When linked with demographic data, it can be explained that women have a tendency to use their feelings compare to men, so if the perception touches their feelings then they will have a low propensity in finding another job. In addition, the level of high school education will not look for another job (Martin, 2011). Finally, the year of employment that is less than a year is reluctant to trigger the employee to look for another job when they already have good perception that bind to their feelings. The explanation is consistent also with Maertz & Griffeth (2004) used the hedonistic approach-avoidance theory to explain turnover. The theory contends that people are hedonistic, seeking to maximize pleasure and avoid pain. People tend approach situations that make them feel good and avoid situations that make them feel bad.

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