

## INFLUENCE OF SALARY SATISFACTION AND ORGANIZATIONAL COMMITMENT TOWARDS TURNOVER INTENTIONS DURING PANDEMIC COVID-19 SITUATIONS

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### ABSTRACT

The purpose of this study is to identify the influence both simultaneously and partially of salary fairness, presence of benefits, affective commitment, and continuous commitment toward turnover intention during the pandemic covid-19 situation. The method used in this research is quantitative with an explanatory research approach. The data was collected through online questionnaires that are spread to all respondents. The sample used in the research are 216 respondents with random sampling technique. While the analysis technique used is Multiple Regression with the use of SPSS 25.0. This research demonstrates that the salary fairness and continuous commitment has a significant influence partially towards turnover intention. The presence of benefit and affective commitment has no significant influence partially toward turnover intention. On the other side, Salary fairness, Presence of benefits, Affective commitment and Continuous Commitment simultaneously affect 44,6% to turnover intention during the pandemic Covid-19 situation.

**Keywords:** salary fairness, presence of benefits, affective commitment, continuous commitment, turnover intention

### INTRODUCTION

In 2019 the world is shocked by a major event. A new virus was discovered and immediately becoming main attention of the world because it spread very quickly and caused a very high death rate. History records that the beginning of the emergence of this virus was in a small town in China called Wuhan where is located in Hubei Province, China.

On December 31st, 2019, this outbreak was traced to a type of corona virus. New, provisional name 2019-nCoV by the World Health Organization (WHO). Currently, the virus is known as Covid-19. The number of cases and increasing day by day is moving exponentially. Early March 2020 was the first time a corona case was recorded in Indonesia.

Pandemics also have a negative impact on the business world. The economy has an impact, including for small

and large companies. Not a few companies have gone out of business, or are trying to survive with various strategies. One of the strategies taken by companies to survive during the pandemic is reducing the salaries of employees. The employee's salary deduction will be implemented temporarily following the government's call for work from home (WFH).

With a reduction in the salary received by an employee, makes the tendency for a decrease in organizational commitment. Employees work below their ability standards, or in other words, employees only do work according to their wishes without meeting the predetermined performance standards. Meanwhile, on the other hand, organizations also need to maintain employee performance in order to remain optimal and productive despite this high uncertainty.

Another possible impact of this salary reduction is the intention of employees to look for other jobs with their expectations salaries. This matter often creates desire in employees to leave these companies and look for another more suitable company with the hope. A reason to seek other alternative jobs in between is satisfaction with that salary be accepted. The individual feels it sense of fairness (equity) to salary received in connection with the work he does. Salary satisfaction can be interpreted as that someone will be satisfied with his salary when the perception of salary and what they get accordingly with the expected.

According to Lum in Putra et al (2016) salary satisfaction can mean that a person will be satisfied with his salary when the perception of salary and what they get is in accordance with what is expected. Several studies have identified aspects of satisfaction that were found to be associated with individual desires to kleave the organization including satisfaction with salary and promotions.

Wei Su in Satwari et al (2016) describes turnover intention reflects on the likelihood someone will change or change jobs within a certain period of time. Turnover intentions are the tendency or intention of employees to stop working from their jobs (Witasari in Rohmanaji et al (2016). On the other hand, turnover intention refers to the results of individual evaluations regarding their continued relationship with the organization and has not shown definite action to leave the organization.

Another cause that can lead to an employee's desire to leave the company is when the employee's level of organizational commitment has decreased. Organizational commitment is a strong desire to remain as a member of a particular organization, a desire to strive in accordance with the wishes of the organization, as well as certain beliefs and

acceptance of the values and goals of the organization. In other words, it is an attitude that reflects employee loyalty to the organization and a continuous process in which organizational members express their concern for the organization and its success and continuous progress (Luthan in Nurandini, 2014).

Based on the description on the above background, the authors are interested in conducting research on: "Influence of salary satisfaction and organizational commitment towards turnover intentions during pandemic covid-19 situation".

To strengthen the phenomenon, researchers conducted preliminary studies to seek viable data on the experience of employees related to salary reduction and its probable link to: a) whether employees will remain committed to stay despite the salary reduction (organizational commitment), and b) whether they have any intention to leave if their salary is reduced (turnover intention). Preliminary conducted in September 2020 involved 84 respondents (n = 84) who are employees from many industries (Property, Economy, Automotive, Hospital, Media, etc) and have experienced a reduction in salary.

Using SPSS 25.0 analysis, the results of this preliminary study showed that employees who experience a decrease in salary simultaneously experience changes in organizational commitment; and their desire to leave the company is stronger. The Preliminary study showed that there exists a relationship between a decrease in salary with organizational commitment and turnover intention.

## RESEARCH METHOD

This research is a quantitative research with the type of causal comparative quantitative where the researcher will analyze the causal effect of two independent variables, which are: salary satisfaction and organizational

commitment to one dependent variable, which is turnover intention.

Instrument that is use in this research was a questionnaire. The questionnaires are distributed using Google Form to all respondents. The questionnaire used in the study consisted of three types of questionnaires; 1) questionnaire of salary satisfaction. This questionnaire consists of 11 Items arranged based on the theoretical dimension: salary fairness and presence of benefits. 2) Questionnaire of organizational commitment. This questionnaire consists of 12 Items arranged based on theoretical dimensions: affective commitment and continuous commitment. 3) questionnaire of turnover intention this questionnaire consists of 12 Items arranged based on the theoretical dimension The tendency of an individual to think of leaving the organization he is currently working for, The possibility that the individual will seek work in another organization.

The scoring techniques used in this research questionnaire is a Likert scale. This study uses a sampling technique that belongs to random sampling or probability sampling where everyone in the population has the same opportunity to become research respondents from questionnaires distributed online by being willing to fill out the questionnaire.

## **FINDING(S) AND DISCUSSION**

The respondents in this research are Indonesian worker with the age range < 30 to > 40 considered to have experienced a reduction in salary during pandemic covid-19 situation. From 216 respondents who filled the questionnaire, 205 respondents had reduction in salary. While the 11 respondents have no experienced a reduction in salary.

There are 44 respondent involved in validity test. Validity test calculated with SPSS 25.0 with by comparing the total corrected item values of each question with r tables. If the significance level is  $\geq \alpha$

(0.05), then a questionnaire said to be valid. Otherwise, it considered as invalid if r is lower than r-table. For the research instrument that measure salary fairness (X1), presence of benefits (X2), effective commitment (X3), and continuous commitment (X4), also turnover intention (Y) that were filled by the respondents with a total of 44 people, then r-table value is 0,297. It showed that have correlation coefficients above 0,297, so that, all items in these elements can be said to be valid.

There are 44 respondent involved in Reliability test. This reliability testing was calculated using SPSS 25.0 by searching for Cronbach's Alpha value of each variable. As stated in the chapter two, the minimum limit for a reliable variable is at 0,5. From the result of all reliability test interpretation of Cronbach's Alpha is 0,958. Therefore, the data is reliable and can be used for two or more times.

Based on the results of the normality test using the Kolmogorov-Smirnov method, the significance (sig) of the normality test was 0.200 where the results were > from the 0.05 significance level so that it can be concluded that the data distribution in this study was normally distributed.

The results of the heteroscedasticity test using the Glejser test, the significance results of the independent variables; Salary fairness (0.264), Presence of Benefits (0.088), Affective Commitment (0.073), and Continuous Commitment (0.080), all scores > Sig 0.05. This shows that there are no symptoms of heteroscedasticity.

Based on the results of the multicollinearity test are obtained in the output table, where all the independent variables indicate that VIF; Salary fairness (1,010), Presence of benefits (1,028), Affective commitment (1,019) and Continuous Commitment (1,039). In other words, all VIF values <10, so it can be concluded that there are no symptoms of multicollinearity.

The results of the autocorrelation test, it is known that the value of Durbin-Watson (DW) = 1.880. Furthermore, it is compared with the dU value in the Autocorrelation table where the significance is 5% (0.05) with the number of samples = 205 and the number of Independent Variables as much as 4 (K = 4), which is 1.8094. DW value > dU (1,880 > 1,809), thus it can be said that there is no indication of autocorrelation.

The researcher used multiple regression models in order to understand relationships between the independent variables (X) which are that Salary fairness (X1), Presence of benefits (X2), Affective commitment (X3) and Continuous commitment (X4) and the dependent variables Turnover intention (Y). It is used because in this research, the independent variables are more than one.

The requirement value that has to be achieved in F-test is the significance value has to be less than 0,05. From figure 4.12 above, it showed that significance value is 0,000 which is less than 0,05. Based on the result of research, it can be concluded that Salary fairness (X1), Presence of benefits (X2), Affective commitment (X3) and Continuous commitment (X4) have a simultaneously significant influence towards Turnover intention (Y). So, the researcher will accept  $H_5$  and reject  $H_0$ .

$R^2$  value which to describe Coefficient of Determination, where the  $R^2$  value is 0,446 (44,6%) means that there is a quite strong correlation between the independent variables (X) which are that Salary fairness (X1), Presence of benefits (X2), Affective commitment (X3) and Continuous commitment (X4) and the dependent variables Turnover intention (Y).  $R^2$  used to show how large all independent variables can affect the dependent variable. It means that the independent variables (X) which are that Salary fairness (X1), Presence of benefits (X2), Affective commitment (X3) and Continuous commitment (X4) can describe

and affecting 44,6% about the dependent variable Turnover intention (Y).

According to the t-test results, it can be concluded that among four independent variables showed that the most significance factor is Continuous commitment (X4). It can be seen at t-value where the value of Continuous commitment (X4) is 10,155. It is the highest among others independent variables. Therefore, Presence of benefits (X2) and Affective commitment (X3) has not a significant influence towards Turnover intention (Y). But, those independent variables which are Salary fairness (X1) and Continuous Commitment (X4) partially still give influence towards Turnover intention (Y) as it showed on t-values in t-test table.

### **The Influence of Salary Fairness towards Turnover Intention during the Pandemic Covid-19 Situation**

The result of H1 testing using multiple regression found that:

H1:  $\beta_1 \neq 0$ : There is a significant influence of salary fairness towards turnover intention during the pandemic Covid-19 situation.

Based on the results of H1 analysis, it is stated that the Salary fairness has a significant effect on Turnover Intention. The result of the effect based on the  $\beta$  coefficient score of the Salary fairness is negative, meaning that the higher the Salary fairness perceived by the respondent, the lower the turnover intention. This applies the opposite, the lower the Salary fairness, the higher the Turnover Intention.

This is reinforced by what was conveyed by Lum in Handaru (2012) which are the reasons for employees to look for alternative jobs, including satisfaction with the salary received by the employee. Individuals want to feel a sense of justice (equity) in the salary they receive in connection with the work they have done.

According to Farlianto (2014), Reasons for looking for alternative job to employment include satisfaction with the salary received. The individual feels it a sense of fairness (equity) to the salary received in connection with the work he does. Salary satisfaction can mean that someone will be satisfied with his salary when the perception of salary and what they get is as expected.

### **The Influence of Presence of Benefits towards Turnover Intention during the Pandemic Covid-19 Situation**

The result of H2 testing using multiple regression found that:

H02:  $\beta_2 = 0$ : There is no significant influence of presence of benefits towards turnover intention during the pandemic Covid-19 situation.

The second hypothesis is rejected, thus it can be concluded that the dimension of salary satisfaction, namely the presence of benefits, has no effect on turnover intention during the Covid-19 pandemic situation. This indicates that individuals feel the benefits received by employees during the Covid-19 pandemic are not problematic and do not make them form turnover intention. Salary satisfaction or benefits can mean that employees will be satisfied with their salaries when their perceptions of salary or benefits and what they get are in accordance with what they expect. Individuals who feel satisfied with their work and the benefits provided by their company are more likely to remain in the organization despite experiencing cuts in salary during the Covid-19 pandemic (Cohen et al, 2015).

### **The Influence of Affective Commitment towards Turnover Intention during the Pandemic Covid-19 Situation**

The result of H3 testing using multiple regression found that:

H03:  $\beta_4 = 0$ : There is no significant influence of affective commitment towards

turnover intention during the pandemic Covid-19 situation.

The third hypothesis is also rejected, thus it can be concluded that the organizational commitment dimension, namely affective commitment, has no effect on turnover intention during the Covid-19 pandemic situation. This indicates that those related to employee emotions and employee involvement in an organization during the Covid-19 pandemic does not make it form turnover intention. Employees whose organizational commitment is based on low affective commitment will continue to work with the company of their own accord, based on their level of identification with the company and their willingness to assist the organization in achieving its goals. The stronger the recognition and involvement of individuals with the organization will have a high commitment (Mercurio, 2015)

### **The Influence of Continuous Commitment towards Turnover Intention during the Pandemic Covid-19 Situation**

The result of H4 testing using multiple regression found that:

H4:  $\beta_1 \neq 0$ : There is a significant influence of continuous commitment towards turnover intention during the pandemic Covid-19 situation.

Based on the results of H4 analysis, it is stated that Continuous Commitment has a significant effect on Turnover Intention. The result of the influence based on the  $\beta$  coefficient score of continuous commitment is negative, meaning that the lower the Continuous Commitment, the higher the Turnover Intention. Continuous commitment is formed from the heavy feeling of employees that they will lose their strategic position if they leave the organization. According to Biswas, S., Bhatnagar, J (2013), organizational commitment affects the desire to leave employees which can be caused by the low

commitment of employees to the organization which is shown by an indifferent attitude towards their work and the longer they tend to want to leave the organization.

### **The Influence of Salary Satisfaction and Organizational Commitment Simultaneously towards Turnover Intention during the Pandemic Covid-19 Situation.**

The result of H5 testing using multiple regression found that:

H5:  $\beta_1 \neq 0$ : There is a significant influence of salary satisfaction and organizational commitment simultaneously towards turnover intention during the pandemic Covid-19 situation.

Hypothesis 5 test result explain the salary satisfaction and organizational commitment simultaneously has a significant influence towards turnover intention during the pandemic Covid-19 situation. According to F-test, there is a simultaneous significant influence of salary satisfaction and organizational towards turnover intention during the pandemic Covid-19 situation. It means that every increase of the salary satisfaction dimension and organizational commitment dimension simultaneously will influence positively towards turnover intention during the pandemic Covid-19 situation.

According to the R2 test, there quite strong correlation towards turnover intention during the pandemic Covid-19 situation. Based on the test the independent variables (X) which are that Salary fairness (X1), Presence of benefits (X2), Affective commitment (X3) and Continuous Commitment (X4) simultaneously affect 44,6% to turnover intention during the pandemic Covid-19 situation.

Although the calculation of the significance score on the T-test shows that there is no significant effect on X2 (Presence of benefits) and X3 (Affective Commitment), in fact this does not mean

that the two variables have no effect at all, there is still an influence from the two variables. such a little though. This can be seen in the  $\beta$  coefficient score from the T-Test table, namely X2 (-0.186) and X3 (-0.012) are negative.

### **How Do Employee Perceive Salary Fairness, Presence of Benefits, Affective Commitment and Continuous Commitment Influence their Intentions to Leave the Company during the Pandemic Covid-19 Situation?**

To answer this research question, the interview approach needs to used, there is using interviews with some of the research respondents. The researcher selected the sample to interview randomly, so that there were six research respondents (3 men and 3 women). The conclusion of some of the answers above states that a reduction in salary causes a decrease in salary fairness (considered unfair) which causes an increase in the intention to stop working and move to another company. Presence of benefits in the form of bonuses, overtime pay, and insurance considered sufficient additional income to help conditions during this pandemic. Declining salary fairness triggers a decrease in commitment to the organization and ultimately triggers the desire to stop working or find another job.

### **CONCLUSION**

Based on the results in the previous chapter, the following conclusions can be explained as below:

Salary satisfaction and organizational commitment during the Covid-19 pandemic led to an increase in employee turnover intention. All of the Independent Variables shows that there are influences towards Dependent variable, with negative influences. Employees stated that the salary received from the company was not in accordance with the work carried out and stated that the salary deductions received by employees during the Covid-19

pandemic gave an indication that there was employee dissatisfaction with salaries and a lack of employee commitment to the company.

Empirically gives an indication that Salary fairness (Dimension of Salary satisfaction) has a significant effect on turnover intention during the Covid-19 pandemic.

Empirically gives an indication that the continuous commitment (dimension of organizational commitment) has a significant effect on turnover intention during the Covid-19 pandemic.

Empirically gives an indication that salary satisfaction and organizational commitment simultaneously have a significant effect on turnover intention to turnover intention during the Covid-19 pandemic.

Based on those conclusions drawn above and some findings in this study, there are some possible cause of actions may be identified. The following recommendations are made:

### **Practical Recommendations**

The recommendation for the HR division is to approach employees in order to determine the perception of management's ability to resolve conflicts over salaries in a company.

Recommendations for decision makers in the company are to always pay attention to and make adjustments to the employees' basic salaries and to curb the implementation of pay slips in a timely manner so as to increase employee salary satisfaction. After the results of salary satisfaction and organizational commitment have an effect on employee turnover intentions, the company should further improve employee salary satisfaction and strengthen employee commitment to the company so as to prevent undesirable employee turnover.

### **Company Recommendations**

If a company wants to reduce the turnover intention of its employees, the company must increase the organizational commitment of its employees. This can be done, for example, by involving employees more in enforcing a policy within the company, involving employees in selecting supervisors so that in the future they feel comfortable working with the supervisor, and also by holding events that can bring employees closer to the group their respective work.

### **Future Researcher**

For researchers who will conduct research with variable salary satisfaction and variable organizational commitment and their effect on turnover intention, it is suggest to relate them to other variables not mentioned in this study. Other variables such as Normative Commitment, Increase in salary, or Salary structure and administration / management or it can also be a factor in employees' perceptions of the turnover intention phenomenon itself.

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