PROCEEDINGS

International Conference on Management, Hospitality & Tourism, and Accounting (IMHA) 2012

Governance Enterprising towards Accountable and Sustainable Future Business in Digitally Free Trade Era

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IMHA 2012
Foreword from Chairman

Warmest Greeting!

Welcome to the International Conference on Management, Hospitality & Tourism, and Accounting (IMHA) – 2012 as a program of Asian Academy of Management (AAM) Indonesian Chapter and BINUS University.

Recently Governance Enterprise is applied to describe the framework of company's good governance and business management. Entering the era of free trade and digital business worlds where competition is increasing, the organization should not only innovate products/services but also necessary to run a responsible, growing and sustainable governance. That's why the theme for this event: "Governance Enterprising towards Accountable and Sustainable Future Business in Digitally Free Trade Era".

In this event, we would like to express our appreciation to AAM Headquarter – Malaysia, Universiti Sains Malaysia (USM) and Universitas Teknologi Yogyakarta (UTY) for their support and cooperation in this conference, also deep gratitude and thanks to the reviewers for their dedication and time.

Participants, researchers and speakers from around the world have joined on this favorable event. This gathering is meant to provide a leading break for sharing ideas, practices and research discoveries for the improvement of business and management.

Lastly, I would like to congratulate to all members of the committee for their hard work, support and effort in making the event successful. To all participants of IMHA 2012, we would like to congratulate for presenting the paper and sharing the knowledge. Hopefully you will enjoy the event and make networking with other participants.

Best Regards.

Chairman of IMHA 2012
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Effect of Job Satisfaction and Organization Commitment to Organizational Citizenship Behavior and Its Impact on Employee Retention (Case Study at PT. KMA)

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ABSTRACT
Current human resource potential to the needs of the company. The company always aims to maintain its potential employees to remain loyal to the company, in other words, enterprise must be able to increase their good performance employee retention rates. This is due to PT KMA has experienced a turnover rate increasing from year 2008 to year 2010. Therefore, sharing of methods are used by companies to determine the factors that lead to increased employee turnover. In research, the cause of increased employee turnover researchers looked at two factors: Job Satisfaction and Organizational Citizenship Behavior. PT KMA is a company that specializes in freight forwarding, freight, packing and trading of general goods by land and sea. The purpose of this study is to analyze the effect of Job Satisfaction and Organization Commitment to Organizational Citizenship Behavior and its impact on Employee Retention in PT KMA. The method used in this study is the Pearson Correlation and Path Analysis. Data obtained from questionnaires to all staff PT KMA to measure the level of Job Satisfaction, Organizational Commitment, Organizational Citizenship Behavior, Employee Retention of the perception of each employee using a Likert Scale. From the results of this study were obtained Job Satisfaction and Organizational Commitment simultaneously contribute significantly to the Organizational Citizenship Behavior of 69.7%. Job Satisfaction and Organizational Citizenship Behaviour simultaneously contribute significantly to the retention of employees by 80.3%.

Keywords: Job Satisfaction, Organizational Commitment, Organizational Citizenship Behavior, Employee Retention.

INTRODUCTION
Background of Study
In the era of globalization of business competition is not only experienced by companies dealing in goods but also experienced by companies engaged in the service sector. The number of new competitors in the industry who are competing to win customers, making the company focuses on providing service to customer satisfaction. Indonesia has a low human resources. According Anonim (2008), data from the UNDP (United Nation Development Program), Indonesia is ranked 111th of 182 countries in the world in the Human Development Index in 2009. Indonesia can be said to be in countries with medium human development (Medium Human Development). This requires an act of leadership in managing, administering, and maintaining the existing human resources properly, so as to achieve corporate objectives.

An organization needs Citizenship Behaviour Organizational behavior (OCB) are embedded in their employees. Employees who have the OCB will have a high loyalty to the organization where she works, and by itself will feel comfortable and safe to work. An organization is said to be effective if employees want out of low and high work satisfaction (Agus Triyanto, 2009-2).

Job satisfaction is a positive emotional state that is the result of the evaluation of one's work experience. Mangkunegara and Supriyatno (2008) insist "Job satisfaction is related to turnover implies that a high job satisfaction is always associated with low employee turnover, and otherwise". In other words the higher the level of employee satisfaction will increase employee retention.

PT. KMA is a company that specializes in freight forwarding, freight, packing and trading of general goods by land and sea. Companies operating in 1996 and officially became a form of Limited Liability Company (PT) in 2006, currently employs 60 employees. In recent years, the PT KMA turnover.
Table 1. Turnover Data PT. KMA Year 2008-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>The number of people out</th>
<th>The number of employee</th>
<th>Turnover Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2</td>
<td>62</td>
<td>3.23%</td>
</tr>
<tr>
<td>2009</td>
<td>4</td>
<td>58</td>
<td>6.9%</td>
</tr>
<tr>
<td>2010</td>
<td>5</td>
<td>60</td>
<td>8.33%</td>
</tr>
</tbody>
</table>

Source: Data from PT KMA.

Based on data from 2008 to 2010 showed in Table 1, that the rate of turnover at PT KMA has been increasing year after year. PT KMA should be able to retain their good employees as long as possible, especially if the employee has a very positive impact for PT KMA. Which means that the retention of employees should be getting better.

Retention of employees is the company's ability to maintain the company's potential employees to remain loyal to the company. In addition, in order to improve employee retention rates the company should also have to strengthen the organization's commitment to its employees.

The above background brings to the question of this study.

Research Question

The research question of this study are (1) how much influence job satisfaction and organizational commitment on organizational citizenship behavior on PT KMA, (2) how much influence of job satisfaction, organizational commitment, and organizational citizenship behavior on the retention of employees in PT KMA.

In order to find the answer of this research questions, the review of related literature will be elaborated.

Literature Review

Robbins (2008:99) insisted job satisfaction can be defined as a positive feeling about one's work is the result of the evaluation of its characteristics. Dimensions that determine job satisfaction of employees according to Robbins (2002:149-150), is: (1) work that is mentally challenging, (2) a reasonable return, (3) working conditions that support, (4) co-worker support.

Robbins and Coulter (2006:57) found organizational commitment can be defined as a situation where an employee is in favor of the objectives of a particular organization and hope to be able to maintain membership in the organization. Meyer and Allen characterize the organization's commitment to multi-dimensional than three-component model (Luthans. 2006:249-250), is: (1) affective commitment, (2) continuance commitment, (3) normative commitment.

Budiharjo (2004) suggested that OCB has a characteristic behavior of voluntary / extra-role behavior that are not included in job descriptions, which are helping behavior, and behavior that are not easily seen and judged through the evaluation of performance. According to Organ (Ancient and Seniati, 2004:106), OCB consists of five dimensions, is: (1) altruism; (2) duty; (3) sportsmanship; (4) civic virtue; (5) conscientiousness.

Retention of employees is the company's ability to maintain a potential employee-owned company to remain loyal to the company. According to Mathis and Jackson (2006:128-135), there are several factors determining the retention of employees, is: (1) organizational components, (2) organizational career opportunities, (3) award and retention of employees, (4) the design of tasks and jobs, (5) employee relations.

Agus (2009) found that OCB had a positive influence on the desire going out and indicated a positive relationship and have a significant effect of OCB on job satisfaction, while Debora dan Purba (2004) indicated that the components of the organization that influence affective commitment and OCB was a lasting commitment. Where as normative commitment does not have a relationship with OCB.

Rodd Haunenknecht and Howard (2009) whose research was conducted by taking samples from the entertainment and hospitality industry employees openly as much as 24,629 people, found 12 employees and the retention factor most frequently mentioned reason for employees to stay long in a company that is job satisfaction, while Dana and Hasanbasari (2007) showed that there was a significant and positive relationship with job satisfaction organizational citizenship behavior, there is a significant and positive

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relationship with organizational commitment to the organization citizenship behavior, and the existence of a positive and significant relationship job satisfaction and organizational commitment to organizational citizenship behavior.

The Literature Review then strengthen the idea to a research framework.

**Research Framework**

![Diagram of Research Framework]

**Methodology**

The method used in this study were (1) the this study is associative research (2) the method used is survey research, (3) units of analysis are individuals (employees of PT KMA), (4) the dimensions of the research is a cross sectional, (5) sampling method is census, the whole of the company's employees, (6) the analytical techniques of path analysis (Path Analysis) and Pearson Correlation.

**DISCUSSION**

**Findings**

Structural equation of the sub-structure 1:

\[ Y = \beta_{11} X_1 + \beta_{12} X_2 + \varepsilon_1 \]

\[ Y = 0.3209 X_1 + 0.428 X_2 + 0.3209 \varepsilon_1 \]

\[ R^2 = 0.897 \]

![Diagram of Sub-structure 1 and its Path Coefficient]

Figure 1. Sub-structure 1 and its Path Coefficient

The results of the analysis of sub-structure 2 model 1, prove that there is no significant path coefficient: Organization's commitment variable (X2). Therefore, Model 1 needs to be fixed by trimming math issuing a variable X2 which is considered insignificant path coefficients result from the analysis. Then be repeated or tested again, without including the variable X2.

Structural equation of Model 2 sub-structure 2:

\[ Z = \beta_{11} X_1 + \beta_{21} Y + \varepsilon_2 \]
\[ Z = 0.309 \times X_1 + 0.506 \times X_2 + 0.4438 \times \varepsilon_2 \] 

\[ R^2 = 0.803 \]

**Figure 2. Model 2 Sub-structure 2 and its Path Coefficient**

So the overall effect of the causal variable Job Satisfaction (X1), Organizational Commitment (X2) on Organizational Citizenship Behaviour (Y) and its impact on Employee Retention (Z) can be described in a complete structural model as follows:

**Figure 3. Empirical Causal Relationship Variables X1, X2, and Y Toward Z After Trimming**

The following is the explanation:

- Job Satisfaction and Organizational Commitment to simultaneously contribute to a direct and significant impact on Organizational Citizenship Behaviour amounting to 89.7%. Job satisfaction has a significant contribution to the Organizational Citizenship Behavior of 0.5722 x 100% = 32.72%, and the commitment of the Organization has contributed significantly to the Organizational Citizenship Behavior of 0.4282 x 100% = 18.32%.

- Based on the test track sub-structure 2, the partial sub-variables are not all acceptable because the coefficient of X2 to the Z lines are not significant. So after we got the result that trimming Job Satisfaction, Organizational Citizenship Behavior simultaneously contribute to the direct and significant impact on employee retention at 80.3%. The amount contributed to the retention of Employee Job Satisfaction of 0.3092 x 100% = 9.55% and the contribution of Organizational Citizenship Behavior on Employee Retention at 0.6062 x 100% = 35.72%.

**CONCLUSION**

1. Job Satisfaction and Organizational Commitment simultaneously influence the Organizational Citizenship Behavior at 89.7% and the remaining 10.3% influenced by other factors. Job Satisfaction significantly influences the Organizational Citizenship Behavior at 32.72% and
contribute positively Organizational Commitment and Organizational Citizenship Behaviour significant at 18.32%.

2. Job Satisfaction, and Organizational Citizenship Behaviour simultaneously contribute significantly to the retention of employees and the remaining 80.3% 19.7% influenced by other factors. Where Job Satisfaction positively and significantly contribute the retention at 5.56% while Employee and Organizational Citizenship Behaviour contribute in a positive and significant impact on employee retention by 35.72%. Meanwhile, the Organization’s commitment to the retention of employees is not significant. Where organizations have a commitment to strong relationships, and contribute positively to employee retention.

REFERENCES


