

# The Effect of Employee Retention Company to Turnover Intention Employee—Case Study on Head Office Lampung Bank

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**Abstract—** Achieving company performance will never be separated from the participation of employees. The performance would be good, if employees could survive and there is no significant turnover. Because turnover will cause the losing knowledge and culture that has been made along with the departure of the employee and automatically company will lose their ability, experience and also their assets. Turnover problem in banking industry on 2016 reaches 15 percent which is caused by the efficiency of the company normal cycle. Obviously, this is a big problem for banking sector, where banking is one of the crucial sectors in Indonesia. The main reason of turnover is because employee are not satisfied working in those companies. Therefore it is important for the company managing their employee by maintaining employees who have been involved in the success of the company, and known as employee retention. This study analyzed the effect of employee retention on turnover intention in Bank of Lampung Head Office, involving 129 respondents who are employees of bank Lampung. Simple regression analysis and descriptive analysis were used in this study, to examine and measure the relationship between the employee retention and turnover intention variables. The result showed that a significant negative relationship between employee retention programs on turnover intention at Bank Lampung. This suggests that the employee retention program within the company can reduce the company turnover rate.

**Keywords—** Employee Retention; Turnover Intention; Performance

## I. INTRODUCTION

Bank as an intermediary institution has one functions in distributing credit as an important role for the movement of the economy as a whole and facilitate economic growth [1]. In order to support the function of institution, the role of human resource is very important. Especially in Indonesia, Kwik Kian Gie stated that Indonesia need to give more attention in higher investment to human development efforts [2]. [3] also added “developed countries, focused on the development of human resources because of the educated human resources that will change the nation.”

Without human resources the company will not be able to maximize profit as the result of a good performance. Therefore, company must be able to retain employees to avoid employee turnover. [4] stated one of conditions that can affect company performance either direct or indirectly is the employee behavior and attitude. Attitude and behavior are a difficult thing to be controlled, so it might occurred discomfort that will affect loyalty and employee desire to move (turnover intention) which eventually led to the decision to leave the company.

## II. LITERATURE REVIEW

[5] investigated that employee turnover was one important factor in company, because it can affected to budget and company performance. On their research, it found that employee turnover has a significance influence in achieving company goal. [6] also supported that one of the effort to achieve company goal was by reducing employee turnover level by giving more attention in any factors that can caused the employee desire to move.

Many turnover problems occur in various industry sectors. The talent turnover rate of all industries is still high at 8.4%, the highest in the banking sector, at 16%. Globally, employee turnover is expected to increase from 2014 to the next five years, according to a study by Accenture of 4,100 executives from medium to large companies in 33 countries including Indonesia [7].

In 2016, employees in the banking sector decline. At Bukopin Bank the number of employees decreased by 153 people from 6127 in September 2016 to 5974 in September 2017. Then OCBC NISP Bank also recorded a decrease in the number of employees as many as 363 people. In September 2016, 6874 employees became 6511 employees in September 2017 [8].

Turnover usually begins with the desire to withdraw in the world of work and the right for each individual to make choices about whether to stay or leave the company [9]. This is usually caused by many factors. Having a sense of wanting to separate from the company or unit is known as turnover intention. Turnover intention is the desire to move, it hasn't

reached the stage of realization yet that is to move from one workplace to another workplace [10].

Turnover intention can be anticipated by well management of human resources by the managerial side. Good human resource management is one way to keep employees from having a sense of wanting to get out of the unit or company. If employees get what they want then it will improve performance and vice versa [11]. In retaining employees, special maintenance or management is required with regard to employee needs and desires. Employee maintenance or known as employee retention is a company's ability to retain employees, especially the potential to remain inside the company. According to [12] employee retention is a company's ability to retain potential employees of the company to remain loyal to the company. Employee retention is also an important factor in corporate strategy and is one of the functions in human resource management that is the operational function. In this operational function of maintenance which means maintaining the workforce to survive work in the company [4].

This research was conducted to find out the level of employee retention program and turnover intention level at Bank Lampung Head Office and to know the effect of employee retention program implemented by Bank Lampung Head Office on turnover intention by employees in the company. This research uses quantitative method by distributing questionnaires. The study was conducted cross-section with unit of company analysis.

### 2.1 Turnover intention

[10] defines turnover intention is the desire to move, not yet reached the stage of realization that is to move from one workplace to another workplace. Other understanding according to [13], turnover intention is the intention of a person to quit the company for a reason either voluntarily (originating from within himself) or voluntarily (termination of employment from the company) Turnover intention according to [14] is as a desire to terminate attachment within an enterprise by individuals who receive compensation from the company in which it works.

From some understanding of turnover intention above, it can be concluded that turnover intention is an employee desire to get out or resign from their job. Turnover intention is the result of an individual evaluation of the continuation of their employment relationship with a company that has not been realized in action out of the company. A high employee turnover rate is a commonly used measure as an indication of a company's underlying problem [15].

Several studies have been conducted related to turnover intention. [16] found that there is a negative significance influence between employee satisfaction and turnover intention. [5] found that company commitment have a negative significance relationship to turnover intention.

### 2.2 Employee retention

Employee retention is a company's ability to retain potential employees of the company to remain loyal to the

company [17]. Where employee retention is also an employee's desire to stay on the company for a long periods of time. The employees must be taken seriously and cared for by the manager, otherwise the employee morale, loyalty, attitudes and employee discipline will decline. However, it is not all employees will be out of the company, at least there are many employees who still survive work on the company (retention).

When the turnover occurs, the company will lose the knowledge and culture that has been built along with the departure of employees, such as the statement [11].When the company lost employees, the company also lost the ability, experience, and "corporate memory". When a company loses a person with a lot of knowledge, the company has essentially lost the revenue that the employee should have earned. So, it is very important for the company not to lose employees, which can lead to losses in the work of the company. It is necessary to develop the necessary steps to enable the company to maintain its human resource assets

The objective of employee retention is to retain a qualified employee of the company as long as possible, because qualified employees are invaluable intangible assets for the company. From many of the above understanding, that employee retention is a process whereby a company is able to retain its potential employees in order to remain loyal to the company with a longer period of time.

Previous research that has been done on the effect of employee retention on turnover intention by [11] states that Employee retention does not significantly influence Turnover intention. In another literature on employee retention strategies facing high turnover intention by [18] explained based on the results of AHP processing (Analytic Hierarchy Process) then the dominant factor affecting the hierarchy of employee retention is employee salary. The dominant actor of strategy implementation is the CI-IE Manager. The purpose of the main hierarchy is the improvement of employee productivity. Meanwhile the most dominant employee retention strategy alternative is employee welfare program.

H1. There is a negative relationship between employee retention and employee turnover.



Figure 1. Proposed model of study to test employee retention on turnover intention.

## III. METHODOLOGY

In this study, the object of research in the environment of Lampung Bank and focusing the research on all employees who are 189 people as a population. The sample conducted in this study was 129 respondents. Target of this research is to measure the extent of dependent variable influence, turnover intention to independent variable, employee retention. To measure the effect, use simple linear regression method using

SPSS 20. The whole item of questionnaire has tested its reliability and validity. In addition, the classical test (normality and heteroscedasticity) is also done to ensure that the available data is feasible to be measured regressionally. The method used is descriptive analysis and explanatory to the results of research obtained through questionnaires and interviews. This method is expected to describe how employees view compensation, how the level of employee motivation, and how it relates compensate them with their motivation.

**IV. RESULTS AND DISCUSSION**

**A. Demographics characteristics**

The demographics characteristics for respondents result are shown on Table 1. Gender shows, there were 52% male and 48% were female. This represents the scope of work located in Lampung Bank Headquarters is quite complicated and in charge of many branch offices, so the workload is more severe.

Table 1. Demographics.

	Description	Percent
Gender	Male	52
	Female	48
Age	Less than 25	3
	25 - 30 years	31
	30 - 35 years	11
	35 - 40 years	3
	more than 40 years	52
Qualification	High school	10
	Undergraduate	18
Total Years of Experience	Graduate	72
	1 - 3 years	1
Experience	3 - 5 years	26
	more than 5 years	73

In terms of age, the highest respondents fell into age more than 40 years, which were accounted for 52%. This was followed by 25 – 30 years of age group, in which respondents were 31%. 72% of the respondents were graduated and 18% were under graduated.

Table 2. Regression analysis.

Model	B	St. Error	Standardized		Sig.
			Coefficients	Coefficients	
			Beta	T	
1 (Constant)	17.137	1.515		11.309	.000
	Employee retention	-.078	.027	-.245	2.843

**B. Hypotheses testing**

The next test is about t test. This test is used for find out whether the independent variable has significant or no effect on dependent variable (Priyatno 2012). Testing is done using a level significance of 0.05 and from two sides. The calculation results show – t value < - t table (df = n-2). T table is -1.97882 with t value -2.843, then -2.843 < -1.97882. This can be explained that t value smaller than t table this resulted that H0 is rejected and H1 is accepted. This result was showed different result with previous study that conducted by [11] that show employee retention was not have a significant relationship to turnover intention.

Thus it can concluded that employee retention had a significant effect on turnover intention. A negative t value means the effect is negative, this can be describe that if employee of retention increase then the level of turnover intention will decreased.

**C. Future research**

Future research on this topic can further examine more independent variable in the relationship to turnover intention. Especially in Lampung Bank, because of a limited research on this institution the turnover intention a little bit high, therefore beside company can prevent turnover intention with employee retention, company should build some other human resource factor that can build employee commitment to the company, for example training and development, organization citizenship behavior.

**V. CONCLUSION**

On this study can be concluded that the relationship between employee retention and turnover intention showed negative significance relationship. This can be describe that if company can give some comfortable and give a good facilitation to the employee this can give strong employee retention to the company. Therefore employee will not have any desire to leave the company in other word, turnover intention will decreased.

On this case, the role of company management to be creative in creating comfortable environment in workplace is important. Besides giving more rewards to employee and punishment it necessary.

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