

Predicting Turnover Intention Among Pharmaceutical Employee Through Psychological Contract Fulfillment For Work Engagement

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Abstract—The aim of this study is to analyze the implication of psychological contract fulfillment on employee's turnover intention through work engagement. Data sample were collected from 240 employees foreign pharmaceutical industry in Indonesia. Data analysis using the Structural Equation Model. The data collection is merely based one shoot study. The finding show that Both of psychological contract fulfillment dimension transactional and relational plays a significant predictor for turnover intention. They will determine how changes turnover intention through work engagement. At the end of the year the tendency of employee involvement is high due to the high pressure of the company to achieve targets and direct performance bonuses for the targets achieved. Limited function effect of psychological contract fulfillment on turnover intention in Indonesian pharmaceutical companies. This research gives significant contribution to the literature on theories regarding employee work engagement and turnover intention in the Indonesian context.

Keywords—turnover intention, pharmaceutical employee, psychological contract fulfillment, work engagement

I. INTRODUCTION

The pharmaceutical business has changed over the year, marked by competitive market and external influence. Nowadays, industry companies are no longer offer a lifetime employment, personal achievement, and loyalty to the company [1]. The problem in providing employment relation is to connect both employee and employer obligation needs of employees and organizations. Few studies stipulate that altering employee and organization relationship nature will result changes in psychological contract [2]. Psychological contract fulfillment (PCF) is employees' belief of mutual obligations between them and employers [3]. Employees believe that organization will fulfill their needs (e.g. employment and career opportunities) when they accept a position or reject other employment offers. This psychological contract creates employees to be an active participants in the organization in which leads to organizational effectiveness

[4,5]. Employees will likely to be loyal to the organization when the employers fulfill its obligations [6].

Employees who perform well in the organization will have a higher expectation of their organization in which leads to have a better psychological contract with the organization due to their bigger contribution. As a result, engaged and attached employees will do twice hard work than the low engagement employees. Conversely, Bal et al. [7] PCF is related to a higher level of work engagement. The dynamic of PCF refer to social exchange theory (SET) [8]. The employee will try to work as well as possible and hope of getting a good reply from the company [9].

Turnover intention from professional perspectives regarding as personal identity in daily work li [10]. Following Guerrero et al. [10] use of cognitive dissonance test (CDT), elaborate the self-belief about work experience and willingness. Research in the field of human resource management (HRM) is not only about psychological contact and work involvement [11] but an understanding of ongoing professional engagement and turnover intention (TI) [12]. Turnover rate impact to the cost of recruitment and working spirit, weaken the intellectual capital, and inhibit sustained and health development of enterprises. The explanation of the variables that affect employee turnover intentions has received widespread attention among academics and practitioners

Three variables affect employee turnover intentions: 1) Personal characteristics among age, seniority, gender, marital status, education level, income; 2) Characteristics of work, work environment and organization: such as organizational culture, organizational support, organizational justice, organization integration and working condition, work load, and work autonomy; 3) Organization external factors: such as employment opportunities and labor market conditions. The increasing explanation of turnover intentions is based on the perspective of psychological contracts that are formulated in stages and have become a characteristic of HR management research [13]. A view Researchers believe in PCF's direct impact on employee turnover intention [14], but some

researchers have different view. As the conclusion, It is important to verify the PCF as a predictor for TI through work engagement [7,15,16]. Turnover intention is as a phenomenon that requires solution. Research to obtain explanation on turnover intention is necessary. Results of the research can be used as a framework to solve turnover intention. The research objective is to obtain explanation on turnover intention among pharmaceutical employee through psychological contract fulfillment for work engagement.

II. LITERATURE REVIEW

Work engagement as an obligation from the employer that must be fulfilled. PCF in relation with higher work engagement and lower turnover intention, but only for employees with short period [7]. PCF develops through an interaction process between employees and employers, which comes into force during recruitment but can be influenced by a number of human resource practices [17]. Bakker and Albrecht [18] most of research pointed to differences in WE as a function of conditions, Individual characteristics, and behavior. PCF defined it as an individual's belief in mutual obligations between the person and other parties such as the employer (either the company or someone else), as a set of promises or obligations that can be enforced legally between employer and employee [19], as affective response, behavior and cognitive toward organizational change [20]. PCF is an option to manage employee turnover intention [21]. PCF focuses on the nature of promise related to the exchange relationship includes promises made explicitly and implicitly [22,23]. *PCF dimension* in accordance with the concept used as a reference Rousseau [24]. *PCF dimension* in terms of relational and transactional. *PCF* is increasingly attracting attention, especially when there is a dynamic change in the company. PCF in which each party in that exchange reciprocates the other party's contribution [8]. There is an "obligation nature" of psychological contracts that is far stronger than generic perceptions about social.

H1: Psychological contract fulfillment affects work engagement

Work Engagement (WE) as an employee's effort to carry out the tasks and responsibilities by using self-expression, cognitive and emotion [25]. Work Engagement and employee engagement have the same characteristics and forming aspects [26]. Work Engagement as a condition where a person has positive thoughts so that she/he is able to express herself/himself physically, cognitively and affectively in doing her/his work [27,28]. Work Engagement is a situation which related to a positive, satisfying, motivational welfare affective work [29], an individual condition related to work welfare and therefore does not require external manifestations to develop [30]. Extended research on previous work engagement that showed contribution and climate of organizational [31].

PCF is relation with interesting work content [32]. Social atmosphere is negatively connected with intention to leave job. A number of studies prove relation between psychological

contracts in employees' behavior [7,32]. PCF reduces employee's TI [14,19]. PCF did not have a significant impact on job satisfaction, organizational commitment, or intention to migrate for employees who were sent through employment agencies [21]. Bal [7] confirms that PCF is related with higher work engagement and lower turnover intention, this only applies to employees with shorter work period. Unfulfilled of psychological contracts is a negative statement follows with intention to leave the organization. Psychological contracts on employee attitudes and behaviors such as intention to leave an organization [33]. Xiong and Wang [21] proposed that organization failure in fulfilling psychological contracts will trigger intention to leave.

H2: PCF affects the turnover intention

The position of turnover intention on the real behavior of employees [20]. Intention to Leave' is a logical step at work [34]. TI as a dynamic strength for resign [35]. *Turnover intention* (TI) is an individual intention to leave his organization within a certain time period [19]. The subjective probability is that a person will leave himself or herself from organization within a certain period of time" [5], related to turnover intention. The change in turnover intention, Intention to leave is the interest to permanently and voluntarily resign from the organization [36]. Work Engagement as a mediator for turnover intention [37]. Work engagement has been linked to turnover intention [27]. Highly involved employees usually have already accumulated a lot of resources, and stronger dedication [38]. Work engagement has been linked to turnover intentions [27].

H3: work engagement affects the turnover intention

III. METHODS

Descriptive verification method with a survey of 240 pharmaceutical employees who were randomly selected. SEM tools analysis which based on the covariant was used to analyze the data. The measurement of PCF refers to Xiong and Wang [21], Rousseau [24], Blomme et al. [39], both of dimensions are 1) relational, 2) Transactional. Work engagement measurement was carried out using the Utrecht Work Engagement Scale (UWES)-[18,23,26,40-42]. Turnover intention is measured based on the integrative concept of behavior development predictions from planned behavior theory [43]. 3 items related to how often to consider leaving at the last 6 months job, how much is the probability of leaving and active behavior to find another job [44].

IV. RESULTS AND DISCUSSION

In line with Schaufeli and Bakker [27], Soares and Mosquera [30] *Psychological Contract Fulfillment* the value factor weights 1) Job content (0.775), 2) Development opportunities (0.797) 3) Job security (0.742), 4) Intra-organizational mobility (0.755) 5) Work-family balance (0.759), 6) Atmosphere employment (0.798), 7) Autonomy, (0.712), 8) Salary (0.838) 9) Performance related payments (0.825), 10) Clear job descriptions (0.807) and 11) Broader

promotional opportunities (0.747). The highest dimension is transactional. This result is in line with the indicators which are put forward with different value factor weights. In general, employees get performance benefits based on work performance or target achievement. Average Variance Extracted is 0.607, which means that on average 60.6% of the information contained in each of these indicators. Non-fulfillment of psychological contracts causes changes in employee behavior at work.

In the WE indicators, in accordance with the developed construction of UWES scale, the value weights of each indicator for the Vigor dimension 1) Feeling full of energy for work (0.737), 2) Excitement (0.740). On the dimension of Dedication 1) Work is so challenging (0.795), 2) Work is inspiring (0.765), 3) Enthusiastic about work (0.735), 4) Job pride (0.705), 5) Finding meaning and purpose of work, (0.757) on dimensions Absorption 1) Drifting / drifting while working (0.8), 2) Difficult to separate from work (0.707. AVE value is 55, %). Transactional dimension as observed variables with the highest value factor weights is also as an dimension of employees who have a high WE. This shows that providing work content, salary, performance related payment, clear job are very important for employees. But in the other side financial company is limited. Fortunately, the economic situation and competitive in work force are not supported to make a good transactional to employee. Company must get balancing bargaining to increase WE. Strategic WE cannot be separated from the success of the company in building a system of HR functions for psychological contract fulfillment and focus to develop relational dimension better than transactional. It is in line with Bakker and Albrecht [18], Soares and Mosquera [23], Schaufeli et al. [26] and Gupta et al. [41] about dimensions and indicators for *Work Engagement*.

The value factor weights for TI indicators is how often to consider leaving the last 6 months with a value factor weights (0.903), how much is the likelihood of leaving (0.863) and active behavior to find another job (0.841). AVE value is 0.78. The fit between attitude and feeling determines how the next behavior will be. Employees tend to change attitudes and affective to reach consonants. But not infrequently that those three indicators are consistent. The results of the structural model test are as follows.

TABLE I. GOODNESS OF FIT

| Goodness | The Result of the Structural Model | | |
|--------------------------|------------------------------------|--------------------------|--------------|
| | Cut of Value | The result of experience | Conclusion |
| Significance Probability | ≥0.05 | 0.00 | Marginal Fit |
| RSMEA | <0.08 | 0.093 | Marginal Fit |
| GFI | ≥0.90 | 0.751 | Poor |
| AGFI | ≥0.90 | 0.697 | Poor |
| CMIN/DF | ≤2 or ≤3 | 3.0 | Fit |
| TLI | ≥0.95 | 0.872 | Marginal Fit |
| CFI | ≥0.95 | 0.885 | Marginal Fit |
| PNFI | ≥0.6 | 0.752 | Fit |
| IFI | ≥0.90 | 0.886 | Marginal Fit |

CMIN / DF values which are fit, CMIN value is 3, PNFI which shows the test results > 0.6, that is 0.744, means fit and other values that support (marginal fit/values that are close to the standard) modification of the model so that this model can be accepted. Modifications as proposed by Arbuckle et al. [45]. The main focus is to increase the influence on indicators 3) Security, 4) Intra-organizational mobility 5) Work-family balance, 6) Work atmosphere, 7) Autonomy, 8) Salary 9) Payments related to performance, 10) A clear job description with a clear system guarantee integrity to guarantee psychological contract fulfillment. The system as an integrated system in HR management. The company shows a high commitment on the ethical side to carrying out HR functions to ensure PCF. The system was designed not only as stated by Ulrich [46] and Rousseau and Greller [47] on how to make contracts that function and can be stored in organizations. The system illustrates the position of HR governance as a strategic partner of the company [48]. New concept about how the function and role of HR as a key to a system that guarantees psychological contract fulfillment of employees.

The modification results show that GOF values are better such as RMSEA (0.066). GFI (0.851) AGFI > 0.763, CMIN is 2.002. TLI values are 0.936, CFI (0.947), PNFI (0.741). IFI value of 0.948 in general the model complies with observations. The direct effect of PCF on WE is 0.767 and the effect of WE on turnover intention is -0.795. The direct effect of psychological contract fulfillment on TI is 0.090. In line with Bal et al. [49] which confirms that PCF is related to WE and turnover intention [21,27,30,38].

V. CONCLUSION

The use of individual epistemology to obtain data can lead to bias. Length of work, type of work, personal demographic characteristics are considered homogeneous and can increase of bias in measurement and estimation. Work Engagement can be used as a predictor for TI. WE is influenced by psychological contract fulfillment. HRM as a strategic partner focuses on improving the relational dimension to improve PCF. There is pressure both competition in the pharmaceutical industry and the bleak economic future of the trade war.

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