

The Effect of Equity Compensation on Turnover Intention by Work Dedication and Work Absorption as an Intervening Variable (Study on Honorary Nurse at IA Moeis Hospital Samarinda)

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**The Effect of Equity Compensation on Turnover Intention by Work Dedication and Work Absorption as an Intervening Variable
(Study on Honorary Nurse at IA Moeis Hospital Samarinda)**

Timmy Emelia Sitania*, Tetra Hidayati and Saida Zainurossalamia Z A

Abstract A high turnover rate will have a negative impact on the organization. This can create instability and uncertainty on labor conditions and human resources improvement. The factors encouraging job satisfaction give effects to person's decision to move or quit. Even the fluctuating turnover intention rate in the last three years at IA Moeis Hospital, the purpose of this study was to determine the effect of equity compensation, work dedication, work absorption on turnover intention. Respondents in the study were honorary nurses at IA Moeis Hospital as many as 113 respondents. Data was analyzed by using SEM-Smart PLS version 3.37. The results showed that among five predetermined hypotheses made, there were two rejected, highlighting: there is a positive and insignificant impact of work dedication on turnover intention; and there is positive effect and no significant work absorption to honorary nurse turnover intention at IA Moeis Hospital Samarinda.

Keywords: Equity compensation; work absorption; work dedication; turnover intention

INTRODUCTION

The globalization that the medical world is facing opens opportunities for health workers to find new jobs, which can lead to employee decisions to leave their jobs (turnover). Among other health workers nurses have the highest turnover rates of professional groups (Mosadeghrad, 2013). High turnover affects the nurse's morale and consequently their ability to meet patient needs and provide quality care decreases (Mosadeghrad, 2013). A high turnover rate will have a negative impact on the organization, such as this creates instability and uncertainty about labor conditions and increased human resources in the form of training costs that have been invested in employees until the cost of recruitment and retraining. High turnover also

results in ineffective organization because the company loses its employees and needs to retrain new employees. Considering employee performance management as a system implies a cycle in which the different performance management stages are aligned (Van Thielen, Bauwens, Audenaert, Van Waeyenberg, & Decoster, 2018).

Engagement affects employees in completing work (tends to have a satisfactory quality of work) and will have an impact on the low willingness to leave work (Scheimann, 2010). Work engagement according to (Schaufeli et al., 2003) is a motivation, a positive, fulfillment, way of view of work characterized by vigor, dedication, and absorption. Work dedication is characterized by a significant sense of enthusiasm, inspiration, pride, and challenge. Work

dedication has a broader range not only of belief or cognitive but also affective. Work absorption is characterized by a full and deep concentration of work, characterized by the rapid passage of time (Schaufeli et al., 2002).

The equity of compensation is of two kinds: internal equity and external equity (Flippo in Lauren, 2017). Internal equity includes whether the compensation received by the employee is in line with the input given by the employee. External equity is the comparison of results obtained by an employee equal or at least in accordance with the compensation received by another employee who has the same duties and work within a company or in the external labor market. A similar opinion was also expressed by (Adam in Mello, 2011) that each employee would compare the ratio of inputs and outcomes he received and compare outcomes received from comparison persons. If there is a balance between inputs and outcomes from comparison persons then the outcomes can be said to be fair (Equity Theory).

IA Moeis Hospital is one of the regional hospitals owned by the Government of Samarinda City. The number of nurses employed is 40.08% of the total staff in the hospital, which is about 190 nurses out of a total of 474 employees. Of these, nurses have an important role in the effort to meet the purpose of the establishment of this hospital, which serves and provide satisfaction to the community. The compensation / payroll system at the employees of IA Moeis Hospital especially honorary staff is regulated in a policy issued by the local regional head, namely Mayor. Since its establishment in 2007 until 2017, it has experienced three turns of decision in determining the amount of compensation / honorarium received by honorary staff in IA Moeis Hospital. This is because the amount of compensation obtained depends on the value of local budget submitted from the hospital to the region. In addition, the compensation earned by honorary staff is obtained from the remuneration system (the division of services obtained from the grouping of each individual based on the length of work, work load and education), so that the newly employed honor nurse will get compensation value.

Turnover rate at IA Moeis Hospital in the last three years in 2013 - 2016 indicates the number of fluctuations. The nurse turnover at IA Moeis Hospital is the largest in 2015 of 6.6% and decreased in 2016 by 5.9%, and even then because it is influenced by the increase of

manpower in 2016. From the results of the interim survey conducted by interview, it was found that compensation which are not comparable or have different ratios with employees working in other hospitals. That the ratios they receive are not comparable with those received by other employees in similar hospitals (Parikesit General Hospital, AW Sjahranie Hospital, and Atma Husada Public Hospital). This causes the number of turnover intention in the hospital occurred from year by year.

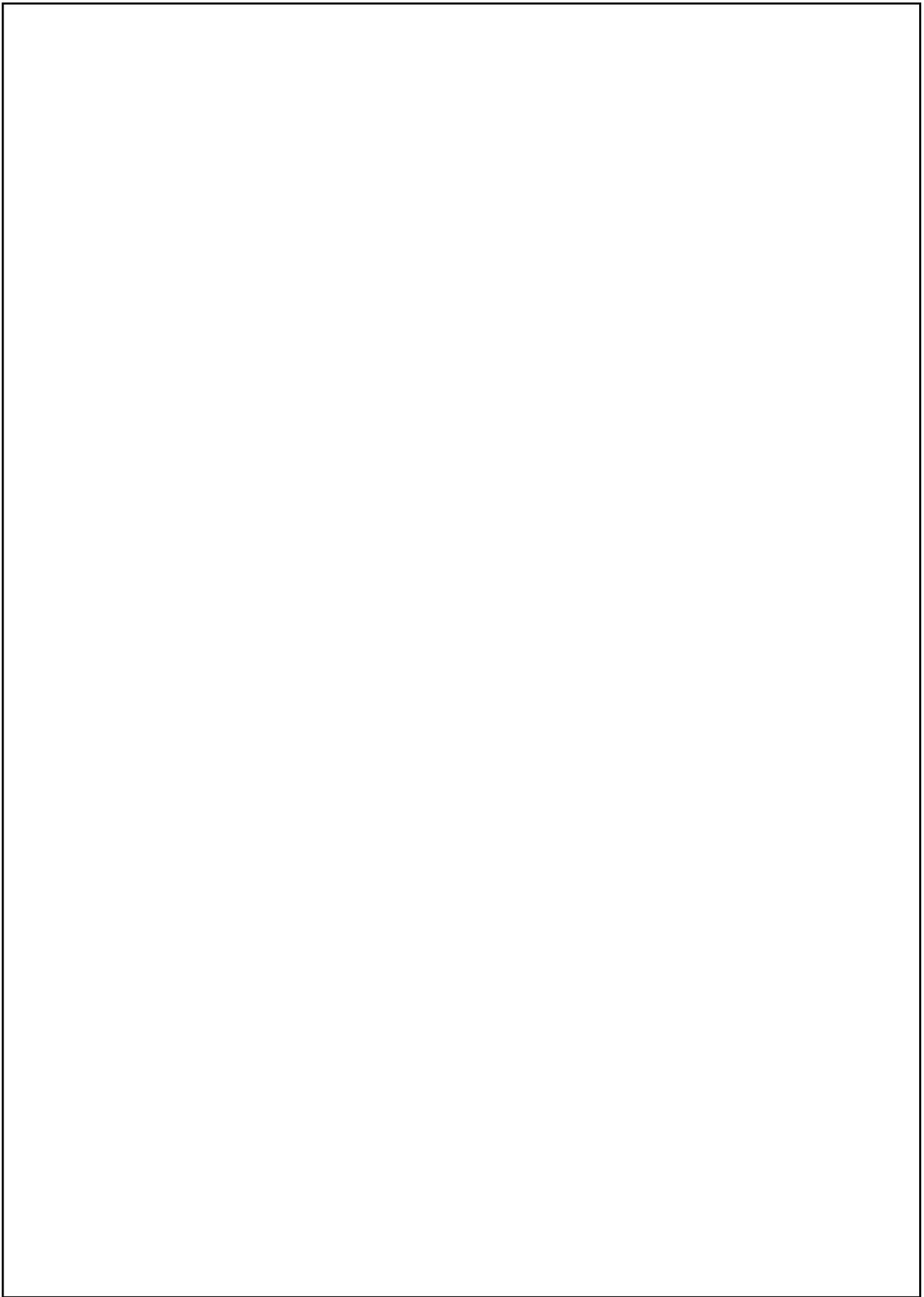
Given the above phenomenon, the authors are interested to conducted research on the influence of equity compensation to turnover intention with work dedication and work absorption as a intervening variable in honorary nurses at IA Moeis Hospital.

The purpose of this study are: (1) to know the effect of equity compensation on turnover intention honorary nurse in I.A. Moeis Hospital Samarinda; (2) to know the effect of equity compensation on work dedication of honorary nurse at IA Moeis Hospital Samarinda; (3) to know the effect of equity compensation on work absorption of honorary nurse in IA Moeis Hospital Samarinda; (4) to know the effect of work dedication on turnover intention of honorary nurse in IA Moeis Hospital Samarinda; (5) to know the effect of work absorption on turnover intention of honorary nurse in IA Moeis Hospital Samarinda.

CONCEPT AND HYPOTHESIS ⁷

(Mobley, 1986) stated that turnover intention is expressed interchangeably with intention to quit and leave. Turnover intention can be defined as cognitive manifestation, deliberate and conscious willingness of an employee to leave organization which lead toward behavioural decision to quit (Mobley et al., 1979). (Tett & Meyer in Atef et al., 2017) have defined turnover intention as "the conscious and deliberate willfulness to leave the organization". (While Medina, 2012) has defined turnover intention as an employees considerations of leaving his organization and looking for a new job opportunity within a certain periode of time. Also (Issa et al., 2013) turnover intention is the employees thought of voluntary quitting his job which in turn certainly impact his performance and could impact his organization position.

According to some of mentioned definitions, it can be concluded that turnover intention is the employee's intention to quit a membership of an organization or to



disconnect from the organization in which it is compensated. The desire to move reflects the individual's desire to leave the organization and look for alternative job. When employees stop working from the organization, it will have an impact on the level of productivity and profit received by the company and also related to losses related to lost opportunities (lost of opportunity). The next consequence is that companies have to hire and train new employees. Along with declining productivity during the vacancy period of job positions, another impact that arises is the increased stress felt by other employees who must take over the roles and duties of the departing employees. It is important for the organization to understand why employees leave the organization.

Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship, (Milkovich, Newman., & Gerhart, 2011). (Dessler, 2012), employee compensation is all form or pay or reward going to employees and arising from their employment and it has main component. There are direct financial payment in form of wages, salaries, incentives, commission and bonuses, and there are indirect payments in the form of financial benefit like employee-paid insurance vacation. (Thomas, H.S., 1982) said compensation is any form of payment to employee for work they provide their employer. (Williams et al., 2008) on his journal said there are two conceptual frameworks that provide initial input for the development of a comprehensive typology of compensation satisfaction, pay and benefits. (Jeffrey, A.M, 2011), compensation is a key strategic area for organizations-impacts an employers ability to attract applicants, retain employees, and ensure optimal levels of performance from employees in meeting the organizations strategic objectives. When individuals perceive that they are being treated inequally relative to their peers, they usually try to establish equity by increasing their outcomes or decreasing their inputs. Increasing outcomes might involve asking for additional compensation or pilfering from the organization. Decreasing inputs might involve not working as hard, taking longer breaks, coming in late, leaving early or resigning. The design of equitable compensation must incorporate three types of equity; internal, external, and individual. These perceptions of equity impact motivation, commitment, and performance on the job.

2
The first scholar who conceptualized engagement at work was (Khan, 1990), who described it as the " harnessing of organization members selves to their work roles: in engagement, people employ and express themselves physically, cognitively, emotionally and mentally during role performance. In other words, engaged employees put a lot effort into their work because they identify with it (Schaufeli., & Bakker, 2008). (Schaufeli, & Bakker, 2008) stated that work engagement is formed by two main factors, namely job demands and job resources. They claim job demands are physical, psychological, social and organizational aspects of work that require constant physical, cognitive and emotional effort. Therefore, it is associated with certain physical or psychological costs. However, job demands do not always produce negative effects, but can turn into work stress when accompanied by demands that require great effort that can ultimately lead to negative effects such as depression, anxiety, and burnout. Job resources are the physical, social, psychological, or organizational aspects of a capable job, (1). Reduce job demands in relation to psychological sacrifices provided by employees, (2). Influence on achievement of goals (3). Stimulate development and learning. Job resources contribute significantly to work engagement when job demands are high.

Many researchers and practitioners put forward the idea of engagement as being psychologically positive with respect to work reflected in words (enthusiastic, energetic, passion, vigor) and engagement as well as a motivational reflection of a genuine desire to provide a business that focuses on organizational goals and success. (Bakker, 2011) agrees that engagement is the best conceptualization and is characterized by a high level of energy and a strong identification with one's work.

Although the definition of constructs is different but all of these definitions agree that engagement is "desirable, has an organizational purpose, and has both psychological and behavioral factors which involves energy, enthusiasm, and focused effort" (Herbert, 2011). (Schaufeli et al., 2004) developed operationalization of engagement and defines work engagement as "a motivational, positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption." Which when interpreted engagement is a motivation, a positive thing,

fulfillment, work related thoughts that characterized through vigor, dedication, and absorption.

Hypotheses Development:

The research conducted by (Cho et al., 2006) in London revealed that the work engagement within each nurse makes them

highly committed to the organization, and the desire to move small.

H4 : work dedication has a negative and significant influence on turnover intention.

H5 : work absorption has a negative and significant influence on turnover intention.

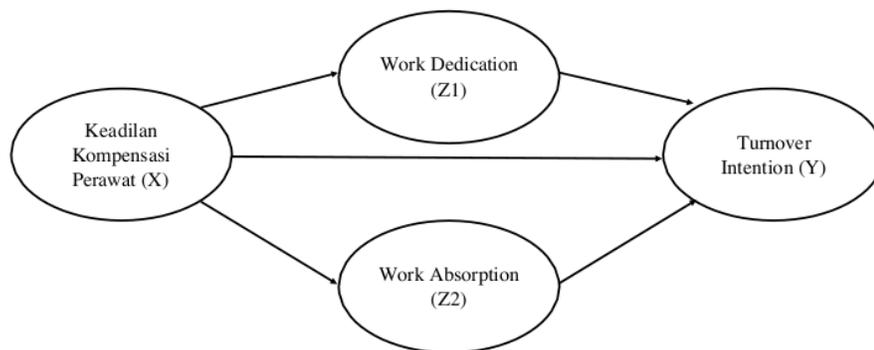


Figure 1 – Conceptual framework

METHODS

This research is an explanatory research in which knowing and explaining the influence between variables aimed at testing a theory or hypothesis in order to strengthen or reject a theory or empirical study which have been conducted before and then it continued with testing the hypothesis. Therefore, this research explained the causal correlation among variables. This research used survey technique by distributing questionnaire consisting values based on Likert scale by using interval value 1-5. Variables of the research consisted of one independent variable (X), equity compensation; one dependent variable (Y), turnover intention; and two variables intervening (Z), work dedication (Z1), work absorption (Z2).

Data sampling was conducted by using non probability sampling technique that was based on consideration of research or based on the desired elements or based on certain criteria, Sugiyono (2013, p.81). The population

of the research are honorarium nurses at hospital as 113. Using a saturated sample of 113 honorary nurses.

The analytical tool of the research was Smart-PLS 3.3.7 and the method of the research was path analysis method. According to (Sarwono, 2013) the main purpose of PLS is to explain the relationship between constructs and emphasize the notion of value of the relationship. Hypothesis test design that can be made is a hypothesis test design, in this study presented based on research objectives. The level of confidence used is 90%, so the level of confidence or inaccuracy limit of $(\alpha) = 0.1$.

RESULTS AND DISCUSSION

Estimation Stage. Based on the iteration process, indicator Z1.1, Z1.5, Z2.4, Y4 until Y8 was < 0.50 so it should be eliminated.

In addition of those variables, each indicators of variables had a loading factor value > 0.50, it can be concluded that indicators had a feasible to measure.

Table 1 - Loading factor of each construct

Variable	Construct	Loading Factor	Description
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Equity Compensation	According to payment (X1)	0,75	>0,5
	Performance	7	0
	(X2)	0,92	>0,5
	Comparable	9	0
	(X3)	0,92	>0,5
	Appropriate	7	0
	(X4) Risk	0,93	>0,5
	(X5)	2	0
	Length of work (X6)	0,90	>0,5
	On time (X7)	6	0
	3	>0,5	
	5	0	

Work Dedication	Enthusiastic	0,27	Eliminati
	(Z1.1) Excited	6	on
	(Z1.2)	0,86	>0,50
	Meaning and purpose	5	>0,50
	(Z1.3) Inspires job	0,73	>0,50
	(Z1.4)	8	Eliminati
Work Absorption	Challenging (Z1.5)	0,82	on
		2	
		0,18	
		8	
	Immersed (Z2.1)	0,90	>0,50
	Focus (Z2.2)	8	>0,50
Turnover Intention	Time flies	0,90	>0,50
	(Z2.3)	5	>0,50
	Intensely	0,93	Eliminati
	(Z2.4)	1	on
	Proud (Z2.5)	0,44	>0,50
		5	
Turnover Intention		0,91	
		8	
	Thoughts of leaving (Y1)	0,81	>0,50
	Looking for new job (Y2)	8	>0,50
	Consideration of leaving	0,82	>0,50
	(Y3) Late to work (Y4)	9	>0,50
	Career hopeless (Y5)	0,58	Eliminati
	Find a new vacancy	7	on
	(Y6) Absent for	0,22	Eliminati
	interview (Y7) Sent	0	on
a CV (Y8)	0,36	Eliminati	
Meaning of working (Y9)		9	on
		0,14	on
		4	Eliminati
		0,35	on
		3	on
	0,22	Eliminati	
	3	on	
	0,66	>0,50	
	5		

Source : Smart-PLS 3.37

Table 2 – Loading factor of each construct at second iteration

Variable	Construct	Loading Factor	Description
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Equity Compensation	According to payment (X1)	0,79	>0,5
	Performance	4	0
	(X2)	0,90	>0,5
	Comparable	9	0
	(X3)	0,90	>0,5
	Appropriate	7	0
	(X4) Risk	0,91	>0,5
	(X5)	2	0
Work Dedication	Length of work (X6)	0,91	>0,5
	On time (X7)	3	0
		0,91	>0,5
		6	0
	Excited (Z1.2)	0,89	>0,5
	Meaning and purpose (Z1.3) Inspires job	4	0
	(Z1.4)	0,79	>0,5
Work Absorption		4	0
		0,85	>0,5
		1	0
	Immersed (Z2.1)	0,90	>0,5
	Focus (Z2.2)	7	0
	Time flies (Z2.3)	0,90	>0,5
Turnover Intention	Proud (Z2.5)	6	0
		0,93	>0,5
		5	0
		0,92	>0,5
		0	0
Thoughts of leaving (Y1)	Looking for new job (Y2)	0,89	>0,5
	Consideration of leaving (Y3)	2	0
	Meaning of working (Y9)	0,89	>0,5
		3	0
		0,70	>0,5
	1	0	
	0,75	>0,5	
	5	0	

Source : Smart-PLS 3.37

Based on second iteration, the indicators of equity compensation consist of payment, performance, comparable, appropriate, risk, length of work, and on time had met the

convergent condition in which having the value of > 0.50. The indicators of work dedication consisting of excited, meaning and purpose, inspired job had met the convergent condition in which having the value of >0.50. The indicators of work absorption consisting

of immersed, focus, time flies, and proud had met the convergent condition in which having the value of > 0.50. The indicators of turnover intention consisting of thought of leaving, looking for new job, consideration of leaving, and meaning of working had met the convergent condition in which having the value of > 0.50.

Therefore, it can be concluded that all indicators are fiasible to measure the variables of this research and could be continued to analyze the outer model and the inner model.

Testing of Measurement Model (Outer Model) and Structural Model (Inner Model):

Table 3 – Model testing

Variables/ Indicators	Outer Loading	T-Statistic	Composite Reliability	AVE	AVE Root
Equity Compensation			0.966	0.803	0.896
According to payment	0.794	7.666			
(X1) Performance	0.909	7.802			
(X2)	0.907	7.696			
Comparable	0.912	7.798			
(X3)	0.915	11.234			
Appropriate	0.913	7.922			
(X4) Risk	0.916	11.459			
(X5)					
Length of work (X6)					
On time (X7)					
Work			0.884	0.718	0.847
Dedication	0.894	7.230			
Excited (Z1.2)	0.794	5.748			
Meaning and purpose (Z1.3)	0.851	5.637			
Inspires job (Z1.4)					
Work			0.955	0.841	0.917
Absorption	0.907	23.085			
Immersed	0.906	22.441			
(Z2.1) Focus	0.935	39.940			
(Z2.2) Time	0.920	26.033			
flies (Z2.3)					
Proud (Z2.5)					
Turnover Intention			0.886	0.663	0.814
Thoughts of leaving	0.892	4.143			
(Y1) Looking for new	0.893	4.075			
job (Y2)	0.701	2.813			
Consideration of leaving (Y3)	0.755	4.006			
Meaning of working (Y9)					

Source : Smart-PLS 3.37

Table 4 – R Square

Variable	R-Square
Work Dedication	0.038
Work Absorption	0.058
Turnover Intention	0.038

Source : Smart-PLS 3.37

Table 5 – Result for Inner Weight

	Original sample Mean (O)	²⁴ Sample Mean (M)	Standar Deviation (STDEV)	T Statistic	P Values
Equity compensation (X) -> Turnover Intention (Y)	0.195	0.208	0.102	1.974	0.052
Equity compensation (X) -> Work Dedication (Z1)	0.196	0.219	0.100	1.960	0.051

Equity compensation (X) -> Work Absorption (Z2)	0.24 1	0.246	0.092	2.60 4	0.009
Work Dedication (Z1) -> Turnover intention (Y)	0.06 6	0.041	0.209	0.31 5	0.753
Work Absorption (Z2) -> Turnover Intention (Y)	0.00 5	0.021	0.194	0.02 5	0.980

Source : Smart-PLS 3.37

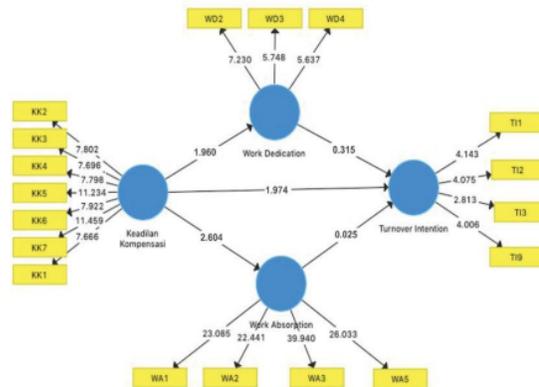


Figure 2 – Structural model (source : Smart-PLS 3.37)

Based on overall result, the indicators of each variable had outer loading value greater than 0.5 and t-statistic value greater than t-critical value (1.96) which meant that each valid and significant indicator explained each variable. The four variables had AVE value higher than 0.50 and all variables had AVE root value higher than the correlation coefficient between one variables with another. Thus, it can be concluded that the data had a good discriminant validity. The values of composite reliability of all construct were more than 0.60 so it had met the reliable criteria. Based on the overall evaluation results of convergent, discriminant validity and composite reliability that had been described above, it can be concluded that the indicators as a measure of latent variables were valid and reliable.

The result of PLS analysis was shown in table 5 and figure 2. This result was based on the model showing that equity compensation and work engagement had an influence on turnover intention concept.

Data from the table and figure conclude as follows:

- Hypothesis 1 stated that equity compensation concept has negative influence on turnover intention on honorary nurse at IA Moeis Hospital is accepted.
- Hypothesis 2 stated that equity

compensation concept has positive influence on work dedication on honorary nurse at IA Moeis Hospital is accepted.

- Hypothesis 3 stated that equity compensation concept has positive influence on work absorption on honorary nurse at IA Moeis Hospital is accepted.
- Hypothesis 4 stated that work dedication concept has positive influence but not significant on turnover intention on honorary nurse at IA Moeis Hospital is not accepted.
- Hypothesis 5 stated that work absorption concept has positive influence but not significant on turnover intention on honorary nurse at IA Moeis Hospital is not accepted

CONCLUSION

Equity compensation has a negative but

significant effect on turnover intention. This indicates that the equity of compensation received by honorary nurses contributes in the form of a negative influence on turnover intention in I.A. Moeis Hospital, it shows the higher equity of compensation received by the honorary nurses decrease the turnover intention number on honorary nurses in I.A. Moeis Hospital. These results also indicate that the turnover intentions rate of honorary nurse can be derived through equity of compensation given such as eligibility and timeliness in the award.

Equity compensation has a positive and significant effect on work dedication honorary nurses in I.A. Moeis Hospital. This indicates that the equity of compensation received by

the honorary nurse contributes a positive influence on the work dedication. This indicates that an increase in equity compensation makes improvement the work dedication of honorary nurses.

Equity compensation has a positive and significant effect on work absorption of honorary nurses in I.A. Moeis Hospital. This indicates that the equity of compensation received by the honorary nurses contributes a positive influence on the work absorption. This shows that an increase in equity of compensation makes the work absorption possessed by honorary nurses increased.

Work dedication has positive but not significant effect on turnover intention of honorary nurses in I.A. Moeis Hospital. This indicates that the fulfillment of work dedication honorary nurses in IA Moeis Hospital can increase turnover intention rate but not have real impact.

Work absorption has positive but not significant effect on turnover intention of honorary nurse in I.A. Moeis Hospital. This indicates that the fulfillment of work absorption of honorary nurses can increase the turnover intention number but the impact of the increase in turnover intention is not significant.

Finally, the most important suggestion is equity compensation should be modified as appropriately, such as remuneration and distribution of services that have equal, reasonable and proper principles, and the accuracy of payments made well. The work engagement especially work dedication and work absorption in honorary nurses who consider their work must be of value to management for making commitments with honorary nurses, and a great appreciation should be given, such as providing a decent reward for them. Decent rewards will make their own motivation that the work they do is appreciated by the management, so in the future turnover intention numbers can be reduced and even decreased.

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