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Effect of Job Design and Organizational Commitment to Employee Retention in a Lighting Company

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Abstract—Employee retention is a common issue in lighting companies due to its competitiveness in the industry. The objective of this research is to study the effect of job design and organizational commitment on employee retention in a lighting company. The quantitative approach used in this research with survey method. The sample size for this research was 204 employees selected randomly. The data were obtained by distributing a questionnaire and analyzed by using path analysis. The result of the research can be concluded that: 1) job design and organizational commitment had a positive direct effect on employee's retention; 2) job design had a positive direct effect on organizational commitment. The implication is that weak or strong retention needs to be considered in company management because it will have an impact on the tendency or resilience of employee turnover.

Keywords---competitiveness, employee retention, employee turnover, job design, organizational commitment.

Introduction

Since the transition of incandescent and fluorescent to LED technology in the lighting industry, the lighting industry has become an open market with almost no barriers to entry. To win the tough competition, lamp manufacturers need to have a strong competitive advantage over their peers. In simple terms, competitive advantage can be defined as the ability obtained through the characteristics and resources of a company to have a higher performance than other companies in

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the same industry or market. Competitive advantage or competitive advantage is an advantage over competitors obtained by offering lower value or by providing greater benefits due to higher prices (Kotler & Keller, 2003).

Competitive advantage can be seen from several aspects such as capital, management, product quality, and distribution network. Competitive advantage to maintain product quality or distribution network that leads to customer loyalty depends on the ability of human resource management (Masihabadi et al., 2015). Competence in Human Resource Management will lead to maximum utilization of other resources to achieve company profitability. To achieve company goals, it is necessary to pay attention to human resources, namely human resources that differentiate a company from other companies. Especially in an industry, where hundreds of similar players are playing with the same technology. Only people who have a competitive advantage can make the company win the competition with its competitors. Currently, the company faces a high employee turnover rate, which is above 10% for the last 5 years (Currivan, 1999; Ozolina-Ozola, 2014).

Employee retention is one of the main focuses in today's organizations (Oladapo, 2014). Employee retention is defined as the percentage of permanent employees in the organization (Phillips & Connell, 2004). Also, employee retention is seen as an organizational strategy to keep human resources competitive (De Long & Davenport, 2003). The main purpose of employee retention is to avoid losing competent employees which will have an impact on company productivity (Bansal, 2014).

Job design is the functions of arranging tasks, duties, and responsibilities into an organizational unit of work (Manuaba & Darma, 2021). According to Ali & Aroosiya (2015), the working definition for the study purpose is that 'The job design is the way to organize the contents, methods, and relationship of jobs to achieve organizational goals and objectives as well as the satisfaction of jobholders.

Organizational commitment is defined as the desire on the part of an employee to remain a member of the organization (Meyer & Natalie, 2002). Organizational commitment is a condition in which a large employee commits himself to the organization and adheres to organizational goals, and hopes to retain membership in the organization (Robbins, 2006; Schermerhorn et al., 2010; Cooper, 2011; Luthan, 2011; Colquitt et al., 2014).

Meyer & Natalie (2002), Cooper (2011) and Colquitt et al. (2014), divide organizational commitment into 3 types, namely: affective commitment, continuous commitment, and normative commitment. Affective commitment refers to the emotional aspects of employees regarding their involvement in an organization. Employees who have a strong affective commitment tend to be loyal to the company (Wisenthige & Guoping, 2016). However, this is also determined by the level of income, job satisfaction, and career certainty of employees in the company which emotionally creates a pleasant and comfortable situation or vice versa. Continuous commitment refers to the employee's view of work in the company that encourages morale, hope, and the desire to stay or leave the company (Man et al., 2002; Kozak & Rimmington, 1999). Employees consider

sustainability in the company because of their need for the company, on the other hand, leaving the company will cause losses. The strength of continuity commitment tends to bring someone to continue working in a company. Normative commitment is the employee's feelings about the obligations that must be given to the organization based on certain norms and rules (Kustina et al., 2019). The commitment of employees to continue working for the organization due to pressure from these norms and rules, including working time, work discipline, and a reward system for work performance. This commitment refers to a reflection of the feeling of his rights and obligations as an employee of the company. Dwiarta (2010), concluded that strong normative commitment will be formed if employees can internalize norms and rules regarding work obligations, are applied consistently and consequently, and are considered useful in meeting their needs.

Higher employee retention will provide benefits for the company such as higher productivity, maximum profitability, and reduced costs. High employee retention in an organization can result from the opportunities given to employees to develop professionalism which will lead to higher and long-term loyalty to the company (Kataike, 2013). It is expected that better job design and higher organizational commitment will increase employee retention.

This study aims to get a better understanding with the title "The Effect of Job Design and Organizational Commitment on Employee Retention in Lighting Companies". The identification of problems in this study is: 1) Is there an effect of job design on employee retention. 2) If there is an effect of organizational commitment on employee retention. 3) If there is a direct effect of job design on organizational commitment. The results of the study are expected to provide more understanding of the effect of job design and organizational commitment on employee retention so that these two factors will receive consideration from the company in managing human resources for business progress (Kennedy & Daim, 2010; Ahammad et al., 2016).

Methodology

This research uses a quantitative approach, with a survey form through a causal approach. The survey results were analyzed using multivariate statistics with path analysis. This research is a case study in a lighting company with 383 employees. From the employee population, a sample of 204 employees was taken based on the Slovin formula.

Data collection in this study was carried out by distributing questionnaires designed in the form of a Likert scale. On this scale, the questions are equipped with five alternative answers and their weight for each alternative. For the Linkert scale, the details are as follows: Always = 5, Often = 4, Sometimes = 3, Rarely = 2 and Never = 1. This study uses 3 instruments to measure employee retention, job design, and organizational commitment. The instrument has been tested on 30 respondents, to obtain valid and reliable instrument points using Pearson and Cronbach Alpha criteria. The analysis technique is path analysis. Before the analysis, several test requirements must be met, namely: data normality test, linearity test, and regression significant test.

Results Respondent characteristics

The study respondents consisted of 56 (76.5%) males and 48 (23.5%) females. most of them are married with the number of families ranging from 4 - 6 people. As many as 88.2% of employees have worked for more than 5 (five) years while 11.8% have only worked between 1 year - 4 years. Income levels vary from the regional minimum wage criteria of IDR 4.2 million for contract workers to IDR 40 million for middle managers. Table 1 below presents respondents' answers about the level of satisfaction, organization, and retention of employees in the workplace.

Table 1
Answers to the Job Design, Organizational Commitment, and Employee Retention of Light Companies (N = 204)

No.	Statement	1	2	3	4	5
A	Job Design					
1.	Company provide necessary training to develop employee competency	15 (7.4)	25 (12.3)	40 (19.5)	30 (14.8)	94 (46.0)
2.	The employee involved in setting the target to achieve the company's goal	5 (4.5)	10 (9.0)	7 (6.3)	42 (20.5)	140 (68.70
3.	Company give authority to make the decision when needed	22 (10.8)	20 (18.0)	12 (10.9)	95 (86.3)	55 (50.0)
4.	Employees work as their capability.	- (0.00)	- (0.00)	16 (7.8)	162 (79.4)	26 (12.7)
5.	There is a clear task for each employee	10 (9,0)	28 (13.7)	20 (18,0)	132 (64.7)	14 (6,6)
В.	Organizational Commitment	10.4 (5.1)	16.6 (8.1)	19.0 (9.3)	92.2 (45.2)	65.8 (32.2)
6.	I am quite loyal to the company because I apply the rules consistently and consistently.	24 (11.7)	36 (17.6)	18 (8.8)	98 (48.0)	28 (13.7)
7.	This company has a clear career development.	45 (22.0)	33 (16.2)	25 (12.3)	62(30.4)	39 (19.1)
8.	I will continue to work at this company, even though there are job opportunities with a better income.	10 (9.0)	17 (8.3)	85 (41.7)	58 (28.4)	34 (16.6)
9.	There are clear rules regarding the increase in salaries/wages of employees.	36 (17.6)	24 (11.7)	30 (14.7)	70 (34.3)	44 (21.7)
10.	In the company, there is a reward system for employees who excel.	32 (15.7)	26 (12.7)	44 (21.7)	65 (31.8)	37 (18.1)
	Average	29.4 (14.4)	27.2 (13.3)	40.4 (19.8)	70.6 (34.6)	36.4 (17.8)
C.	Employee Retention					
11.	The company pays attention to placement following the knowledge and abilities possessed by employees.	47 (23.0)	38 (18.6)	22 (10.8)	60 (29.4)	37 (18.2)
12.	The company manages the workplace as comfortably as possible for employees.	38 (18.6)	36 (17.6)	45 (22.0)	55 (50.0)	30 (14.8)
13.	Company leaders strive to create a harmonious and mutually supportive working relationship between employees.	35 (17.2)	28 (13.7)	38 (18.6)	70 (34.3)	33 (16.2)
14.	Employee performance is evaluated by the company to determine career paths.	16 (7.8)	18 (8.8)	10 (9.0)	105 (51.5)	55 (50.0)

15.	Each year there is time for employees to take recreation together.	65 (31,8)	32 (15.7)	15 (7.4)	80 (39.2)	12 (10.9)
	Average	40.2 (19.7)	30.4 (14.9)	26 (12.7)	74 (36.3)	33.4 (16.4)
	Total Average	26.7 (13.0)	24.7 (12.2)	28.5 (14.0)	78.9 (38.6)	45.2 (22.2)

Table 1 shows that on average the majority (77.4%) of the employees studied showed that company has clear task and responsibility, while the company also support people development. More than half of employees (52.4%) also tend to support strong organizational commitment, because the company is considered to have implemented consistent and consistent (normative) rules, managed employees according to their talents, and created resilience by building harmonious and mutually supportive working relationships. continuity of work, as well as increasing salaries following regulations and implementing a reward system for employees who excel (affective). A small proportion of employees (27.7%) tended to have low commitment, especially for employees at lower levels and had contract status. It is not clear how they will be appointed as permanent employees, they are ready to move when the work contract expires.

It is suspected that job design and organizational commitment affect the retention of the employees studied. In Table 1, it can be seen that half of the employees tend to support strong retention, especially in about treatment of companies that pay attention to the knowledge and abilities of employees in job placement, giving employees a sense of comfort. Employee workplace, leadership support for harmonious working relationships, and so on. How much influence do job design and organizational commitment have on employee retention will be analyzed? (Whittington et al., 2004; Pee & Lee, 2015).

Requirements analysis

Research variable description which consists of job design, organizational commitment, and employee retention, is prepared in a statistic description that includes minimum score, maximum score, range, mean, modus, median, standard deviation, and variants. Analysis requirement test which is used in the research including normality test, linearity test, and regression significant test. Normality tests in this research use Galat data estimation. By using the Lifeforms test, so data is normal if L count < L table, and data is not normal if L count > L table. The result of the regression significant test for job design, organizational commitment, and employee retention is shown in Table 2 and Table 3.

Table 2 Summary of Galat Estimation Normality Test with Liliefors Test (Lo)

Galat Estimation Regression	L Count	$L_{\text{table}} \alpha = 0.05$	
Y to X ₁	0.037	0.062	Normal
Y to X_2	0.049	0.062	Normal
X_2 to X_1	0.03	0.062	Normal

Note: L table = $\alpha = 0.05 = 0.886 / \sqrt{n}$

Table 3					
Summary of Regression Linearity Test Result					

		Linearity Test			
Variable	Equity	$F_{\rm count}$	F _{table}		
			$\alpha = 0.05$	$\alpha = 0.01$	
Y to X ₁	$Y = 68.603 + 0.450X_1$	143.537	3.89	6.76	Significant and Lincon
1 to A ₁		0.992	1.40	1.61	Significant and Linear
V to V	$Y = 1.452 + 0.695 X_2$	402,309	3.89	6.76	Cinnificant and Lincon
Y to X_2		1.355	1.40	1.61	Significant and Linear
		84.740	3.90	6.80	Significant and Linear

Hypothesis testing

To test hypothesis research, the structural equation is divided into: Substructural Equation 1:

Result of coefficient path calculation, there is a direct effect of job design and organizational commitment to employee retention.

$$Y = P \neg y 1 X 1 + P y 2 X 2 \dots (1)$$

$$Y = 0.255X1 + 0.565X2...$$
 (2)

Substructural Equation 2:

Result of coefficient path calculation, there is a direct effect of job design on organizational commitment.

$$X2 = P21 X1 \dots (3)$$

$$X2 = 0.378X1$$
(4)

Path coefficient and value t count can be seen from below path Figure 1:

The results in Figure 1 show that the theoretical model tested represents or is in line with the equation structure based on empirical data. The results of this study are in line with the existing theory in which job satisfaction and organizational commitment have a positive influence on employee retention.

One particular emphasis is that organizational commitment has a greater influence than job satisfaction, so it can be interpreted that the strength or weakness of retention is determined by this organizational commitment, both from the normative, continuity, and affective sides. However, this retention cannot ignore the effect of employee job satisfaction (Thamrin et al., 2021).

This of course implies from a practical point of view that every company must pay attention to this aspect of organizational commitment by paying attention to and increasing awareness, attitudes, and behavior of employees towards retention commitment, which directly determines the progress of the company. This commitment also contains job satisfaction which can determine whether an employee is likely to continue his work or has strong or weak retention which determines employee loyalty to the company.

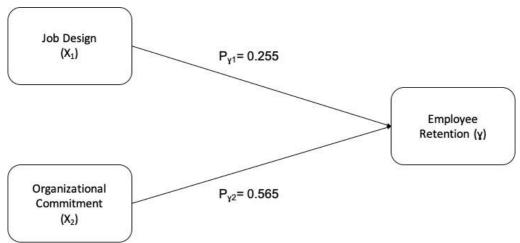


Figure 1. Path coefficient and t count Job design, and Organizational commitment to Employee retention at a lighting company

Discussion

Based on the results of hypothesis testing, job design and organizational commitment have a positive and significant direct effect on employee retention. These findings provide empirical evidence that better job design and employee organizational commitment will provide higher employee retention (Rismayani et al., 2021). This finding is consistent with the findings of research conducted by this finding show that empirically good job design will increase organizational commitment. This fact helps to explain how important job design in the effort of increasing organizational commitment. The research result is done by Bangwal et al. (2017), that there is a significant relationship between job design and organization commitment. The finding shows employee acknowledgment of the design feature of their working space in the green building. These features play important role in their organizational commitment (Meyer & Allen, 1991; Atak & Erturgut, 2010).

These findings indicate that empirically job design and high organizational commitment from employees will increase employee retention. Companies should pay attention to job design and employee organizational commitment to increasing retention and company progress. Both variables tend to develop employee loyalty so that it has a positive impact on higher business performance in terms of increased sales, productivity, profitability, and higher employee retention (Pearce et al., 1995; Rogers, 2001).

Besides, the strategy of increasing commitment will shape the behavior and attitudes of employees needed to build a psychological relationship between the organization and company goals. So, companies need to focus on developing employee commitment that can be trusted in carrying out their duties consistently in supporting organizational goals (Eisenhardt, 1985).

As stated by Asuah-Duodu et al. (2019), they showed how organizational commitment effect on employee turnover and low organization commitment also

come from the result that employee does not feel happy with their task, which brings a low ownership feeling toward the organization.

Various studies have also shown that employee dissatisfaction with their work often leads to work stress attitudes, leading to a low level of employee commitment to work organizations. The latter situation not only leads to low work productivity, but also low loyalty, and a strong desire to resign from work (Aghdasi et al., 2011; George, 2013; Velnampy & Aravinthan, 2013; Sariwulan et al., 2019).

Conclusion

The results of the study reinforce the theory that Job design has a positive direct effect on employee retention; Organizational commitment has a direct positive effect on employee retention; Job design has a direct positive effect on organizational commitment. This strengthening at the same time shows that these variables are determinants of the company's progress, so it needs serious attention. Employees who feel dissatisfied with their task will affect the strength or weakness of commitment to the work organization, which in turn affects the strength and weakness of employee retention.

Recommendation

Based on the research results, the following suggestions are made:

- Retaining good prospective employees with the right placement tends to shape employee job design. A better job design, not only from achieving target as set by the company but also a challenge for prospective employees to excel and be appreciated by the company.
- Many other factors can increase employee retention, one of which is organizational commitment. However, organizational commitment is also influenced by leadership attitudes, job design, consistent and consistent application of rules, appreciation for achievement, and so on, which need to be considered by companies to develop strong employee retention.
- For further research with other disciplines, it will be useful for any organization if they can easily monitor the retention factors of its employees, so that every decision the organization makes can be calculated not only from profitability but also from increasing its employees.

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