

# Performance Evaluation of Turnover Intentions of Employees' Productive Behavior and Supply Chain Strategy (Studies in Islamic Microfinance Institutions)

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**Abstract-** This study discusses the occurrence of turnover intentions that are influenced by productive behavior of employees and moderated by the supply chain strategy of Islamic microfinance institutions, namely *Baitul Mal Wat Tamwil* (BMT). What distinguishes it from previous studies is that the quality culture is attempted to moderate the influence of employee's productive behavior on turnover intentions. In addition, this study also analyzes separately between the dimensions that exist in employee's productive behavior variables as independent variables that affect turnover intentions. By using 100 samples determined by the Census (Saturated Sampling) method, the research was analyzed quantitatively, whilst the data was processed by using Partial Least Square (SMART-PLS Software) application. The finding of the study failed to prove that the productive behavior, supply chain strategy, and the culture quality of the employees are the moderating variables affecting the turnover intentions, except one dimension of the work stress which had a significant effect on them.

**Keywords;** *Work Ethos, Work Discipline, Work Stress, supply chain strategy, Quality Culture, Turnover Intentions.*

## 1. Introduction

The supply chain is now increasingly viewed as an essential determinant of competitive advantage. Islamic microfinance institutions in Indonesia are categorized as the rapid institutions in showing the role as an intermediary between investors and debtors in accordance with Islamic law. One type of funding institutions that is very mushrooming nowadays is the *Baitul Mal Wat Tamwil* (BMT). This economic atmosphere shows that the level of public trust in the function of the institution as a source of funds is increasingly high. The rapid growth in the number of BMTs can show the level of public trust in the functions of institutions that are able to meet the funding needs of the general public and become alternative solutions especially for small and medium enterprises. However, the rapid number of BMTs that exist is also inseparable from the problems that exist. The problems lie not only in operational activities relating to the products offered, but also in efforts to maintain the quality of services and to maintain the stability of the institution's health adapting to its problems of human resources [1].

Organizations have realized that their supply chain is much more than the cost of getting products into consumers' hands. Some of the causes of unstable management of BMT in Indonesia are poor management, insecure managers, human resources who are not able to work professionally and attract community trust, and the difficulties of the capitalist era [2]. Then some are also related to the occurrence of turnover intentions, the impact of conditions of discomfort in work, both those that occur from the employee's personal factors and the impact of the environment and workplace management. This research is aimed at evaluating the performance of employees for the occurrence of turnover intentions that have an impact on employee's productivity behavior and work culture in an organization or company, especially those that occur in microfinance institutions.

In [3-7] have identified various antecedents of turnover intentions and actual turnover associated with employee empowerment approaches, namely individual characteristics, employee attitudes, organizational conditions and managerial practices. The result said that the employee empowerment has a direct and indirect negative effects on turnover intentions. Then [8-10] conducted a research on turnover intentions on social workers, where the research focused on the emotional work and trust of the organization. They considered that the retention of social workers to be very important in the field of social welfare because the high turnover rate will directly be related to the decline in the service quality. The results of his analysis explained that the emotional labor would increase turnover intentions while the trust would reduce it. In addition, autonomous support and supervision will increase organizational trust, while surface actions are influenced by the displayed various emotions and the duration of the emotional work of the investigated employees. Another article about the turnover intentions delivered by [11] investigated the influence of the ethical climate on turnover intentions, which is measured through instrumental, benevolent and principled indicators. This research firstly showed that those three indicators are indirectly related to turnover intentions through mediating the attractiveness of the company. In addition, the instrumental and benevolent climate are directly related to the desire to move, while a good climate negatively

moderates the relationship between the principled indicator and the attractiveness of the company.

Strengthening the quality of human resources is not only based on the ability of the employees themselves. In other words, not only their behavior and the incidence of turnover intentions that arose mostly from the employees themselves which affect quality of human resources, but also environmental and cultural factors in the workplace that dominantly influenced the behavior of employees' own productivity. Therefore, the purpose of this study is to analyze performance evaluation for the occurrence of turnover intentions of productive behavior of employees and the quality culture that exists in Islamic microfinance institutions [12-20].

## 2. Literature Review and Hypothesis

### 2.1 Performance Evaluation

Better supply chain productivity is reached through a top down approach; it's all about leadership. It is the responsibility of leaders to communicate effectively, set procedure standards, define a hierarchy of importance, empower employees, and derive an efficient training program. Together, the management and employees can create a performance-based culture within the company and its supply chain. Performance evaluation is defined by Meggison, in which it is a process used by the leader to determine whether an employee does his work in line with his duties and responsibilities or not. In addition, according to Sikula, it means that an employee assessment is a systematic evaluation of employee's work and potential that can be developed [16]. Another definition of performance evaluation is put forward by [15], in which it is defined as the assessment of the implementation of a person's (group's) performance or work unit of an organization or company. This can be explained that performance evaluation is a system and how to evaluate the achievement of the work of individual employees, work units and organizations as a whole [3]. The purpose of performing a performance evaluation, according to [4] includes: (1) identifying employee abilities and strengths; (2) identifying employee's development potential; (3) to provide information for employee's development; (4) to make the organization more productive; (5) to provide data for employee compensation that is appropriate; and (6) to protect the organization from labor law demands [3, 20].

Basically, a company or institution evaluates or assesses performance for what has been done by its human resources as a process of improving the quality of what has been done within the organization. The continuation of it will directly provide positive benefits to the survival of the organization [18].

### 2.2. Turnover Intentions

In [21] explained turnover intentions basically the same as the employees' desire to move from one workplace to another. Another opinion was expressed by [12]. It is that turnover intention is the level or intensity of the desire to leave the company, including many reasons that cause them and the desire to get a better job.

In [14] define turnover intentions as the willingness of employees to leave an organization and move to another organization. Turnover is a factor that entails long periods of forced labor [17]. Turnover intention is one form of withdrawal behavior in the workforce, but at the same time it is also a right for each individual to determine his choice, whether or not to work or leave the company. But such behavior is not bad because it is possible that an employee wants to leave the company where he works to get a better place to work in another place or also to have a low level of traffic as soon as he doesn't know the situation where he works at that time [5].

### 2.3. Supply Chain Productivity in Employees

In [6] explains that what is meant by productive behavior is someone who contributes to his environment, imaginative and innovative, responsible and responsive in dealing with others. This can be explained that productive behavior depends also on how far someone can communicate with others to complete their work and responsibilities. There are three factors that influence productive behavior of employees, namely: work ethos, work discipline and work stress [1, 6, 11].

Amongst the characteristics of individuals who have good productive behavior are smart and able to learn quickly, competently professionally or technically, creative, innovative, showing ingenuity and diversity, understanding work, using logic, organizing work efficiently, always looking for improvements, being assessed as valuable by the employer and having the record of achievement.

### 2.4. Quality Culture

Quality culture, according to [4], is an organizational value system that produces a conducive environment for the formation and continuous improvement of quality. The quality culture that is referred to in this definition is the philosophy, belief, attitude, norm, tradition, procedure and hope for improving quality [8], whereas according to [5], quality culture is described as a pattern of values, beliefs and expectations that are embedded and developed among members of the organization regarding their work to produce quality products and services [8].

There are several indicators in measuring quality culture, among others are: (1) the mission of the organization and its relationship to the environment, to the reality and truth; (2) the nature of human beings and their interactions; and (3) the nature of time and space [9, 12]. The quality culture referred also in this study is a culture of action to perform or complete a higher quality work of employees.

### 2.5. Relationship between Employee Behavioral Dimensions and Turnover Intentions

Productive behavior can be indicated by how far someone can communicate with others to complete the work and responsibilities. This behavior can also

influence the attitude towards turnover intentions. If the productive behavior of employees shows good results during work, then the rate of turnover intentions will be lower. The hypotheses offered are:

**H1. The better the productive behavior of employees have, the lower the rate of turnover intentions.**

In this study, we tried to examine separately the relationship between the dimensions that exist in employee productive behavior and the rate of occurrence of turnover intentions. There are 3 (three) dimensions that can be measured in employee productive behavior, namely: work ethos (spirit), work discipline and the work stress. The hypotheses offered are:

**H1a. The work spirit of employees is high, the rate of turnover intentions is getting lower.**

**H1b. The work discipline of employees is high, so the rate of turnover intentions is getting lower.**

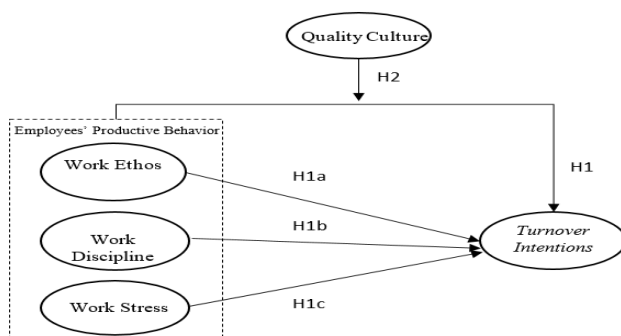
**H1c. The job stress felt by employees is high, so the rate of turnover intentions is higher.**

## 2.6. Quality Culture as Moderating Variable between Dimensions of Productive Behavior of Employees and Turnover Intentions

Quality culture, according to [4], is an organizational value system that produces a conducive environment for the formation and continuous improvement of quality. In this study, quality culture was used as a moderating variable between employee productive behavior and its dimensions on the level of turnover intentions. The assumption is that if the quality culture that exists in the company or organization is done well, this reflects good productive behavior of employees. If the productive behavior of employees is good, then the rate of turnover intentions will be lower. So, the hypothesis offered is:

**H2. Turnover intentions are getting lower if the productive behavior of employees is getting better supported by a good quality culture.**

The conceptual model of the relationship framework between the variables studied is described in the following figure.



**Figure 1.** The Framework of Research

## 3. Method

### 3.1. Samples and Data

From suppliers to customers, technology can facilitate the entire supply chain functions. The research that discusses the relationship between productive behavior of employees and the level of turnover intention here is carried out in Islamic microfinance institutions, in this case the *Baitul Mal Wat Tamwil* (BMT) in Jepara Regency, on the grounds that this institution is vulnerable to turnover intentions. The respondents of the research was all employees working at 24 BMT institutions. In determining the sample using the Census technique (Saturation sampling), that is, all existing employees serve as research respondents. While the data collection is done by distributing questionnaire which contains questions related to the variables under study, in addition to using existing literature.

The process of distribution is carried out according to the target time for three weeks, with each sessions consist of as many as 131 pieces of distribution, and from the specified time the recession can be collected only as many as 119 pieces. From this number, the data is checked and edited, it turns out that there were 19 unfit responds of questionnaire to be processed, for they have been broken and the results of filling them were the same (duplicate contents), so this study have 100 repondents of questionnaire that were considered suitable to be processed as data research.

### 3.2 Data Measurement

The study was analyzed descriptively quantitatively. Processing the data was using the Partial Least Square (SMART-PLS Software) application. Partial Least Square is a predictive technique that can handle many independent variables, even if there is multi-collinearity among existing variables. The PLS method is used because it has its own advantages, among others is the data does not have to be normally multi-variation. Even indicators with scale, ordinal, and interval to ratio can be used. Another advantage is the size of the sample that does not have to be large.

## 4. Results and Analysis

The general description of the respondents is explained in table 1. Most of the respondents studied were female, around 57 people (57%), with the highest age between 23 and 27 years old. The last education of some employees is S1 graduates with a total of 62 (62%), when considerably this age is considered as the most frequent experience of conflict in determining the best between the need for identity and dedication in completing work. While the tenure of employees at BMT is at most a range of less than 3 years, which is a number of 50 respondents (50%) with the most job position in Marketing, namely in the number of 43 people.

**Table 1.** Respondent Demographics

Age	18 – 22 years old	17 %
	23 – 27 years old	43 %
	28 – 32 years old	19 %
	33 – 37 years old	14 %
	38 – 42 years old	7 %
Sex	Male	43 %
	Female	57 %
Last Education	S1 (Bachelor)	62 %
	SLTA (Level of Senior High School)	38 %
Work Tenure	Less than 3 years	50 %
	3 – 5 years	26 %
	More than 5 years	24 %

The good and accurate questionnaire must meet the requirements of validity and reliability. The following table 2 explains the result of the level of questionnaire's accuracy.

**Table 2.** Measurement Model

	Average Variance Extraced (AVE)	Composite Reliability	Cronbach Alpha
Quality Culture	0.321	0.877	0.936
Work Discipline	0.844	0.915	0.891
Moderating Effect 1	1.000	1.000	1.000

**Table 4.** Path Coefficients Employees' Productive Behavior, Turover Intentions and Quality Culture Mean,STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Stancard Deviation (STDEV)	T Statistics (IO/STDEVI)	P Values
Quality Culture → Turnover Intentions	- 0.265	-0.292	0.222	1.197	0.232
Moderating Effect 1 → Turnover Intentions	0.229	0.139	0.128	1.785	0.075
Employees' Productive Behavior → Turnover Intentions	0.333	0.325	0.194	1.718	0.086

Table 4 explains that the results do not support hypotheses 1 (H1) and hypothesis 2 (H2). In this case all measured variables are not significant. Employee productive behavior is not significant in influencing the

Moderating Effect 2	1.000	1.000	1.000
Moderating Effect 3	1.000	1.000	1.000
Work Ethos	0.817	0.899	0.854
Work Stress	0.738	0.918	0.887
Turnover Intentions	0.492	0.785	0.647

Based on table 2 above, it is explained that the value of the Average Variance Extraced (AVE) of each variable is above 0.50, except for the moderating variable of culture of quality and turnover intention. Then composite reliability and Cronbach alpha values are all variables at above 0.70. These results indicate that undertaken questionnaire has met the reliability requirements.

Meanwhile, the level of validity of the distributed session is shown from the results of discriminant validity presented in table 3, which shows that the square root value of AVE is higher than the correlation value below (between variables), so that it can be concluded that it meets the criteria of discriminant validity.

**Table 3.** Discriminant Validity

	Average Variance Extraced (AVE)	Composite Reliability	Cronbach Alpha
Quality Culture	0.321	0.877	0.936
Work Discipline	0.844	0.915	0.891
Moderating Effect 1	1.000	1.000	1.000
Moderating Effect 2	1.000	1.000	1.000
Moderating Effect 3	1.000	1.000	1.000
Work Ethos	0.817	0.899	0.854
Work Stress	0.738	0.918	0.887
Turnover Intentions	0.492	0.785	0.647

Employees' Productive Behavior, Turnover Intentions and Quality Culture

occurrence of turnover intention. In another word, turnover intentions were not influenced by whether the employee works well or not. Quality culture as a moderating variable between the influence of productive

behavior of employees and turnover intention is also not significant, meaning that without being influenced by the quality culture, the turnover intentions can possibly occur or not. Meanwhile, having the results of the direct influence between the culture of quality and turnover intentions, the results showed negative influences though were not significant. It also infers that if the quality culture applied in the company runs well, the rate of turnover intention will be lower.

To answer hypotheses H1a, H1b and H1c, this study analyzes the influence of the dimensions of productive behavior of employees as independent variables on turnover intention, and quality culture as the moderating variable, of which the results are described in the following table 5.

**Table 5.** Path Coefficients  
Dimensions of Employees' Productive Behavior, Turnover Intentions and Culture Quality

	Original Sample (O)	Sample Mean (M)	Stancard Deviation (STDEV)	T Statistics (IO/STDEVI)	P Values
Quality Culture → Turnover Intentions	0.387	-0.031	0.398	0.974	0.166
Work Ethos → Turnover Intentions	0.139	-0.040	0.261	0.531	0.298
Moderating Effect 1 → Turnover Intentions	0.039	0.080	0.216	0.179	0.429
Moderating Effect 2 → Turnover Intentions	0.051	-0.155	0.238	0.213	0.416
Moderating Effect 3 → Turnover Intentions	-0.186	0.075	0.150	1.242	0.109
Work Ethos → Turnover Intentions	0.115	0.102	0.233	0.492	0.312
Work Stress → Turnover Intentions	0.394	0.345	0.098	4.003	0.000
R-Square Turnover Intentions	0.335				
R-Square Adjusted Turnover Intentions	0.381				

In case of the data processing is used for the influence of the productive behavior dimensions of employees as independent variables on turnover intention separately, the results will be different. The above-illustrated table 5 explains that the two variables of the dimensions of employee productive behavior, namely work discipline and work ethos, have no significant effect on turnover intentions. Someone's decision to move to another workplace is not influenced by dedication in discipline and ethos, but is influenced by other factors outside the two variables.

Therefore this result rejects the hypotheses H1a and H1b. Meanwhile, the work stress variable has a positive and significant effect on the occurrence of turnover intentions. That is, the higher the level of stress experienced by the employee, the stronger he will take the decision to move from the former place to work at another. These results accept the H1c hypothesis and support the research conducted by [10,21].

Then the quality culture that moderates each of these variables produces the same thing, it is that the quality culture does not moderate the influence of work discipline to turnover intentions and work ethos to turnover intention, has been shown to be insignificant results of data processing. Meanwhile, the quality culture moderates the negative influence between work stress and turnover intentions. It means that if the stress level of the employee

at work is high, supported by a culture of quality that is not good from where he works, then the rate of turnover intention will also be higher. Employees will take a position to move from their previous place of work. Then vice versa, if the stress level of employees in working is low, but the culture of quality in which he works is not good, then the level of turnover intention is low. R-Square value of 0.335 indicates that the influence of the three variables of the employee's productive behavior dimensions, namely ethos, work discipline and work stress on turnover intentions is only 33.5%, while 66.5% is explained by other variables outside of the research.

## 5. Discussion

The research studies related to turnover intentions show the results of one research to another tend to be different. The indicative factors for this are the employee's behavior and work environment beside personal factors to distinguish the different results. This research is directed at the behavior of employees of Islamic microfinance institutions (BMT) who also have different behaviors, environments and job demands from the existing research studies. The results of this research study indicate that the turnover intentions of BMT employees have been studied were not affected by their productive behavior. However, having examined through existing dimensions in employee productive behavior

variables and being used as independent variables, indicating that the stress level of employees influences the occurrence of turnover intentions. These results support the research conducted by [20] where emotional labor will trigger turnover intentions. Nevertheless, the quality culture variable in the results of this study does not become a reinforcing factor or weakening influence between the variables studied.

The results of this study can be used as a performance measurement at the institution under this study. It is that the employees who work in the BMT tend not to be proven to have attitudes or interests to change jobs (turnover intention) unless they have felt uncomfortable situation in working. This condition actually makes sense, since the demands of work at this BMT are mostly based on meeting targets, so employees will be as much as possible to achieve it. The spirit (ethos) of work and work discipline can be used to reflect their productive behavior. Conversely, if they cannot meet their job targets, the stress in work will be one of the factors that trigger the turnover intentions.

## 6. Conclusion

The best companies have transformed their supply chains with time, investment in good training and development programs, and sustained top-management attention. This research contributes to the new thought about the factors that influence the occurrence of turnover intentions on employees, which makes the productive behavior factor of employees as independent variables that affect turnover intentions and include the quality culture variable as the moderating variable. However, this study failed to prove the influence of employee productive behavior to turnover intentions and quality culture as the moderating variable. The attitude of turnover intention that occurs in BMT employees studied is not based on good work or management behavior, but only due to the level of stress during his work.

## Limitations of Research and the Foreseeing Directions

The limitations of this study lie on results that are not as expected in hypothesis. It is possibly caused by the situation that the employees positioned as the respondents in this study as having different work demands. For the future research can be conducted, the respondents of research can be chosen from mass companies, such as manufacturers. Beside being more numerous, the environment in mass companies or manufacturers is vulnerable to having higher turnover intentions. In addition, the future research is recommended not to use quality culture variables as moderating variables that affect turnover intentions, for the indicators used as the explanations of quality culture are aimed at measuring the evaluation of employee performance, which are not suitable as a reinforcing or a weakening factor of the occurrence of turnover intentions.

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