The strength of internal service quality on employee’s turnover intention and job satisfaction to organizational commitment

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KEYWORDS
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ABSTRACT The purpose of this research is to examine the direct and indirect effects of internal service quality (ISQ) on turnover intention through job satisfaction and organizational commitment as mediating variables. There were 208 employees of Banks in Ternate, Indonesia, participating as the subjects of this research. In this research, Staying or Leaving Index, Job Descriptive Index, Organizational Commitment Scale and SERVQUAL are used to measure employee’s turnover intention, job satisfaction, organizational commitment, and ISQ, respectively. In the data analysis, a Path Process Micro Analysis was employed. The result of data analysis showed that ISQ has a direct effect on job satisfaction, organizational commitment, and turnover intention. Indirectly, ISQ also has an effect on turnover intention through job satisfaction and organizational commitment. Directly, the effect of ISQ on turnover intention is higher than indirect effect through mediating variables. The implication of this research results will be specially presented in the discussion.

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1. INTRODUCTION

Turnover is one of the main problems many organizational managements. Most firms are able to recruit employees with high potency and motivation, but fail to retain them (Lam, Lo, & Chan, 2002). Employees are the most valuable asset of an organization (Gul, Ahmad, Rehman, Shabir, & Razzaq, 2012). A high level of turnover will influence a firm’s performance (Kwon & Rupp, 2013), organizational efficiency (Tariq, Ramzan, & Riaz, 2013), and also financial costs for recruitment, rent, and training for new employees, and also loss of incomes due to the vacancies of certain positions (White & Garner, 2011).

Such a loss will be higher if the turnover happens to those with good potentials and job achievement. A study on 900 employees resigning from their jobs shows that 92% have satisfactory or better performances from their superiors’ job appraisals (Robbins & Judge, 2007). On the basis of various research results summarized by Bluedorn (1982), there is a significant positive relationship between a turnover intention and a real turnover behavior. A high turnover intention may also influence employees’ performance in serving the firms’ clients (Ashill, Rod, & Carruthers, 2008). This shows that a higher turnover intention may inflict on some losses than give some benefits for the firms.

In the past, the firm management merely focused on the quality of external services and customers’ satisfaction. At present, this focus is on its internal customers, employees (Chen, Lin, & Ho, 2006). Therefore, many firms start to apply in internal service quality (ISQ) by providing them with management support, positive organizational cultures, and administrative tools (Back, Lee, & Abbott, 2011). The main idea of this concept is the assumption that employees are the firm internal clients (Back at al., 2011) and the firm is trying to make its internal customers (employees) satisfied (Hult, Hurley, Giunipero, & Nichols, 2000).

ISQ allows employees to evaluate the quality of their works by comparing their sacrifices in terms, for example, of efforts and time and what they obtain such as wages, benefits, and rewards (Back at al., 2011). The employees satisfied with the ISQ they get are expected to have a low level of turnover intentions. (Chen at al., 2006). Reinforcing the employees’ satisfaction by recognizing their work results may cause them to identify themselves with the organization and this may improve their service quality and their loyalty to the firm (Chang & Chang, 2008).

Beside ISQ, there are many factors that may influence an individual’s decisions to resign from the firm such as competitive job market, but the management possesses some direct controls over many important factors that may encourage some turnovers (Tracey & Hinkin, 2008). Factors resulting in the turnover intention considered to have a strong effect are job satisfaction (e.g. Ghiselli, La Lopa, & Bai, 2001; Sousa-Poza & Henneberger, 2004; Egan, Yang, & Bartlett, 2004; Moynihan & Pandey, 2007; Chen, at al., 2012) and organizational commitment (Chen at al., 2012). According to Maertz and Campion (1998), turnover intentions, job satisfactions, and perception of alternative jobs.
are the main predictors and early signs of the real turnover behaviors in the near future.

Firms with good managerial systems will be aware of their obligations to fulfill their employees’ needs. The needs include from the most basic to higher ones such as a need for self-actualization. The fulfillment of the needs firms make is one of efforts to prevent any turnover. Unfortunately, most firms merely use an economic approach to retaining their employees. This economic approach is realized by providing them with high wages, bonuses, and incentives. But they often ignore the fact that employees’ non material needs such as job satisfaction may improve employees’ organizational commitment. Besides, according to Seligman (2002) one’s job satisfaction is generally caused by one’s conscience. This conscience is a firm commitment to a job for the sake of the job itself. Seligman (2002) suggests that those with conscience see their jobs as the contribution to higher goodness. A job is satisfying because of the job itself, without any consideration of wages or promotions.

Job satisfaction is an important construct in predicting an employee’s intention to leave his job (Egan et al., 2004). A number of researches reveal that employees’ job satisfaction is negatively correlated with turnover intention (e.g. Sousa-Poza & Henneberger, 2004; Egan et al., 2004; Moynihan & Pandey, 2007; Chen et al., 2012). Even, job satisfaction is considered as the most significant predictor to turnover intention (Pienaar, Sieberhagen, & Mostert, 2007). The more satisfactorily an employee with his job, the lower his intention to change his job or profession will be. An employee who is not satisfied with his job tends to have negative opinion to the job he is doing or to the firm he is working for.

According to Robbins and Judge (2007), employees express their dissatisfaction in four ways: (1) exit, some behaviors intended to leave an organization, (2) voice, expressing active and constructive aspirations to improve the condition; (3) loyalty, passively staying in the firm but optimistically waiting for the betterment of the condition and (4) neglect, passively letting the condition worse. The four ways still give some bad effects on the firm or on the employees’ potency. To avoid any turnover, the firms should make any policies that may attract employees’ interest to improve their job satisfaction to make them stay in their present jobs and therefore the firms may use their resources optimally. Especially for voluntary turnover, it seems that job satisfaction may explain most differences of turnover intention (Chen et al., 2012).

Many heads and organizational managements pay attention to some efforts to improve employees’ motivation in order to reach the organizational purpose such as profits, productivity, growth, and image effectively and efficiently (Gul et al., 2012). Such efforts may be made by improving the organizational commitment (Gul et al., 2012) so that employees will be willing to work harder for the future of the organization. Morris & Sherman’s (1981) research results indicate that an organizational commitment will be able to predict employees’ performance and turnover effectively.

Previous researches show that employees satisfied with ISQ show a higher level of job satisfaction (e.g. Halowell at al., 1996; Seyyedi, Damirchi, & Rahimi, 2012) and better organizational commitment (Back at al., 2011). The variables will influence one’s intention to leave or to stay in the firm. On the contrary, job satisfaction which is unfulfilled reflects their low commitment to the firm, as shown by their low attendance, anxieties, and demands, followed by strikes and at last, turnover.

Dealing with the roles of ISQ in the turnover intention, some conflicts happen. Chen at all (2006) in their research reveal that the components of ISQ may be used to predict turnover intentions directly. But another research finds that ISQ does not become an autonomous variable in influencing employees’ turnover intention. Job satisfaction and organizational commitment are presumed to become mediating variables in increasing turnover intention (Back at al., 2011). The objective of this present research is to test direct effects of employee turnover intention through job satisfaction and organizational commitment.

2. METHOD
2.1 Subject
The subject of this present research is employees in banking industry, consisting of 208 persons from two banks in Ternate City, Indonesia. The bank employees was took as subjects of research with the consideration that they tend to have a relatively turnover intention (Ojedokun, 2008). The subject is permanent employees consisting of 113 males and 95 females with the ranges of ages from 23-49 years (M = 27.86 and SD = 4.54) and years of service of 2-24 years (M = 5.47 and SD = 4.35).

2.2 Instrument
Turnover intention was measured using an instrument of Staying or Leaving Index (SLI) consisting of eight items (Bluedorn, 1982). The first four items measure the possibility of an employee to stay to work in the firm for three months, six months, one year, and two years. The other four items measure the possibility of an employee to leave the firm in three months, six months, one year and two years. (Bluedorn, 1982). From result of the reliability test to the SLI in the employees in Ternate, an internal consistency (α = 0.95) is obtained.

Job Descriptive Index (JDI) was used to measure job satisfaction (Smith, Kendall, & Hulin, 1969). JDI consists of an individual feeling’s response to wage, promotion, fellow employee, supervision, and job (Smith at al., 1969). In this research, a 1997 revised version of JDI (AJDI) was employed. It is development by Balzer et al. (1997) and consists of 72 items with a value for each subscale is 0.88 (job), 0.94 (wage), 0.95 (promotion), 0.94 (supervision), and 0.85 (fellow employee).

Organizational commitment was measured using an instrument of Organizational Commitment Scale (OCS) consisting of 24 items (Allen & Meyer, 1990) that measure three aspects: affective (ACS), continuous (CCS), and normative (NCS) (Allen & Meyer, 1990). From the test result of the tryout to the OCS, its internal consistency (α) is 0.91.

ISQ was measured using SERVQUAL, an instrument to measure either external or internal customers’ perception of service quality given by the organization (Parasuraman at al., 1988). SERVQUAL consists of 22 items and contains 5 ISQ aspects: form, reliability, response, assurance, and empathy with internal consistency (α) of 0.90.
were also tested. The results of the path analysis show that therefore, the mediating variables play some roles in the 

According to the descriptive analysis, the following ranges 

In the data analysis, a path analysis was employed to measure 

direct and indirect effects between the exogenous and endogenous variables and to understand the effects among variables namely exogenous and endogenous variables. The data were analyzed using the PROCESS program (Hayes, 2004).

3. RESULTS

3.1 Data Description

According to the descriptive analysis, the following ranges of scores are obtained: the ISQ variable with the ranges of score of 41-102 (M = 83.05, SD = 13.36), the job satisfaction, 129-212 (M = 186.04, SD = 16.59), the organizational commitment 46-112 (M = 85.01, SD = 15.27), and the turnover intention, 8-40 (M = 18.67, SD = 10.17).

The testing results of the Product Moment correlation, it is known that the four variables are significantly correlated. The relation between the ISQ and the two mediating variables show positive and significant correlations, namely the job satisfaction (r = .87, p = .000) and organizational commitment (r = .87, p = .000). The independent variable and the mediating variables have negative and significant correlations with turnover intention, namely with ISQ (r = -.23, p = .000), job satisfaction (r = -.47, p = .000) and organizational commitment (r = -.28, p = .000). The inter-variable relations are presented at Table 1.

3.2 The Testing of Direct Effects Using a Path Model

In accordance with Kenny’s perspective (1988), it is necessary to test of direct effects of the independent variable to potential moderating variable and dependent variable. On the basis of the regression analysis, it is known that ISQ affects the turnover intention by controlling the organizational commitment and job satisfaction, showing that there is some negative and significant effect \( \beta = -.18, SE = .05, p < .001 \). The direct effect is lower than the total effect of ISQ on the turnover intention \( \beta = -.29, SE = .03 \). Therefore, the mediating variables play some roles in the relation of the ISQ and the turnover intention.

The testing of the direct effect using the path analysis was also made to the relation between the ISQ and the potential moderating variables namely job satisfaction (MI) and organizational commitment (M2). The results show that there are some significant and positive effects \( \beta = 1.07, SE = .04, p < .001; \beta = .75, SE = .08, p < .001 \), respectively.

Direct effects of the potential moderating variables, namely job satisfaction (MI) on the organizational commitment (M2) and the dependent variable (turnover intention) were also tested. The results of the path analysis show that job satisfaction gave some significant and positive effects on the organizational commitment \( \beta = .23, SE = .06, p < .001 \) and significant and negative effects on the turnover intention \( \beta = -.29, SE = .03, p < .001 \). At last, the testing result of the direct effect of the organizational commitment (M2) on the turnover intention show that the effect is significant and negative in nature \( \beta = -.19, SE = .04, p < .001 \). The summary of the results of the statistical testing is presented in Fig. 1.

3.3 Mediation effect

To understand the extent to which the moderating variable, namely the internal service quality, affect the turnover intention, it can be seen from the Bootstrapping results for the indirect effect. From Table 2, it is known that (1) the relation between the internal service quality and the turnover intention is predicted to give some effects \( \beta = .23, SE = .06, p < .001 \) with the range of CI95% .38 to -.24; (2) the relation between the internal service quality and the turnover intention through job satisfaction and organizational commitment is also envisaged to give some effect \( \beta = .05, SE = .02 \), ranging from CI95% -.09 to -.02; and (3) the relation between the internal service quality and the turnover intention through the organizational commitment is expected to give some effects \( \beta = .14, SE = .03 \) with the range of CI95% -.20 to -.09.

4. DISCUSSION

Based on the direct path analysis, ISQ gives some significant effect on the turnover intention. The negative coefficient of the direct effect shows that the effect of ISQ on the turnover intention is negative in direction, meaning that the higher an employee perceives the ISQ, the lower the employee turnover will be. On the contrary, the lower the

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**TABLE 1.** Inter-correlation coefficient of variables.

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Services Quality</td>
<td>-0.89∗∗∗</td>
<td>0.87∗∗∗</td>
<td>0.87∗∗∗</td>
<td></td>
</tr>
<tr>
<td>Turnover intention</td>
<td>-0.90∗∗∗</td>
<td>-0.87∗∗∗</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td></td>
<td>0.82∗∗∗</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational commitment</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**TABLE 2.** Mediation effect of internal service quality on turnover intention through job satisfaction and organizational commitment (n=208).

<table>
<thead>
<tr>
<th>Path effect</th>
<th>β</th>
<th>SE</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.10</td>
<td>0.04</td>
<td>25.88</td>
<td>0.000</td>
</tr>
<tr>
<td>Commitment</td>
<td>0.10</td>
<td>0.04</td>
<td>25.88</td>
<td>0.224</td>
</tr>
<tr>
<td>Turnover</td>
<td>-0.18</td>
<td>0.05</td>
<td>-3.79</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment</td>
<td>0.23</td>
<td>0.23</td>
<td>3.65</td>
<td>0.000</td>
</tr>
<tr>
<td>Turnover</td>
<td>-0.29</td>
<td>-0.29</td>
<td>-8.82</td>
<td>0.000</td>
</tr>
<tr>
<td>Commitment to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>-0.19</td>
<td>-0.19</td>
<td>-5.41</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**Bootstrapped results for indirect effect**

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE</th>
<th>LCCI 95%</th>
<th>UL CI 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ind1</td>
<td>-0.31</td>
<td>0.03</td>
<td>-0.38</td>
</tr>
<tr>
<td>Ind2</td>
<td>-0.05</td>
<td>0.02</td>
<td>-0.09</td>
</tr>
<tr>
<td>Ind3</td>
<td>-0.14</td>
<td>0.03</td>
<td>-0.20</td>
</tr>
</tbody>
</table>

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The relation of the ISQ and the turnover intention is negative in direction, meaning that the higher an employee perceives the ISQ, the lower the employee turnover will be. On the contrary, the lower the
employee perceives on the ISQ, the higher the employee turnover intention will be.

It is in line with the previous research by Chang & Chang (2008), showing that the availability of good ISQ provided by the firm will minimize the employee intention to leave his job, since due to the ISQ the employee feels to be respected and be paid attention the management. On the contrary, minimum ISQ may give some effects on the employee satisfaction, and employees’ inability to identify himself with the organization (Chang & Chang, 2008) may make him not stand to stay in an organization. The empirical evidence shows that ISQ plays a vital role in lowering the level of the employee turnover intention.

A firm that pays some attention to its employees’ needs will improve employee satisfaction, and employee service quality to the customers (Chen et al., 2006). The employees who are satisfactory with and who feel to be respected by the firm will have some moral responsibility to do the same to the firm customers. When the customers give some positive feedbacks to the employee services, this will give more benefits to the firm (Deshpande, Farley, & Webster, 1993).

Employees who want to stay in their jobs at present have certain considerations. The considerations may become factors that will influence one’s decision to stay or to leave the firm. The factors may be anything dealing with the firm itself in the future, or may be from the concerned individual. ISQ is one of the factors from the policies the firm management makes that influences employee’s decision to stay in the firm. The firm applying policies that take sides to the employees, may support employees in doing their jobs, respect and treat them just, and tend to be more capable of retaining its employees. In the era of this fierce competition among firms, it is necessary for a firm to retain its employees since they are the main asset.

Other factors that may influence employee intention to stay in a firm from individuals are among others job satisfaction and organizational commitment. The two factors are not free from the ISQ available (Seyyedi at al., 2012; Ahmad & Al-Borie, 2012). It is in line with the research results, showing that ISQ gives significant effects on job satisfaction and organizational commitment. The more effective the ISQ a firm provides, the higher the job satisfaction and the organizational commitment among the employees will be.

Something important in this present research is the direct effect of ISQ on the turnover intention turns out possessing a higher path coefficient than the indirect effect through job satisfaction and organizational commitment. The lower path coefficient of job satisfaction and organizational commitment on the turnover intention shows that less reinforcement may increase or decrease employee turnover intention from the testing results, it is known that the function of job satisfaction and organizational commitment as the reinforcing or weakening variables is less significant than that of ISQ as the autonomous variable. Although job satisfaction and organizational commitment are important factor that influence the turnover intention, ISQ may also become an autonomous variable in influencing the turnover intention. Therefore it can be stated that employees should not feel satisfactory and have commitment to be able to say at their jobs.

These research results show the importance of the ISQ availability in a firm. The effects of the ISQ aspects on job satisfaction, organizational commitment, or turnover intention explain the necessity of a firm to treat its employees as the internal customers. The firms’ support and attention, appropriate work hours, fellow workers and comfortable work environment may encourage employees to be individuals satisfying with their jobs and their work places. So, firms should give more attention to anything dealing with their employees’ needs in applying the ISQ (Ahmad & Al-Borie, 2012). The employees who are satisfied with their jobs have fewer reasons to leave their jobs. In line with this research result, Back et all (2011) states that high job satisfaction among the employees lead to high organizational commitment and lower turnover intentions, whereas, low job satisfaction will lead to from absence, coming late to job place, doing something without any seriousness, to resignation.

The effects of ISQ on organizational commitment in this research show that employees that may enjoy direct benefits from the ISQ will have higher commitment to the firm they work for. The negative effects of organizational commitment on turnover intention revealed in this research show that the higher organizational commitment among employees, the lower the employees intend to leave their jobs. It is in line with Mowday, Steers, & Porter’s (1979) finding that employees with commitment to the organization tend to have a minimum intention to leave their organization than those with no commitment. It is caused by the fact that the feelings of belongingness and love to the firm in which they work for motivate them to view their firm as a place for earning their living but as the second “family” or “home”.

Therefore, the results of this research show that the indirect effect of the ISQ on the turnover intention through job satisfaction and organizational commitment is significant. The better the employee perception of the ISQ the firms provides with, the higher the job satisfaction and the organizational commitment will be, and this will reduce the

![Diagram](Image)
turnover intention. Whereas, the lower the employee perception of the ISQ, the lower the job satisfaction and the organization commitment will be, and this results in higher turnover intention. As a result, it is important for a firm to provide their employees with high-quality and effective ISQ since this will improve their job satisfaction and organizational commitment so that employees have high intention to stay in the firm.

5. CONCLUSION

The testing result in this present research supports the hypothesis that the service quality variable directly becomes the predicting variable, the turnover intention. Job satisfaction and organizational commitment play a significant role as the mediating variable in the relationship between the internal service quality and the turnover intention. The research results imply that it is necessary for a firm to improve its employee job satisfaction and to make efforts to improve the organizational commitment to reduce any turnover intention among employees.

REFERENCES


