

**THE EFFECT OF WORKPLACE SPIRITUALITY  
ON TURNOVER INTENTION IN INDONESIAN FINTECH STARTUPS:  
THE MEDIATING ROLES OF JOB SATISFACTION  
AND ORGANIZATIONAL COMMITMENT**



THESIS

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# CHAPTER 1

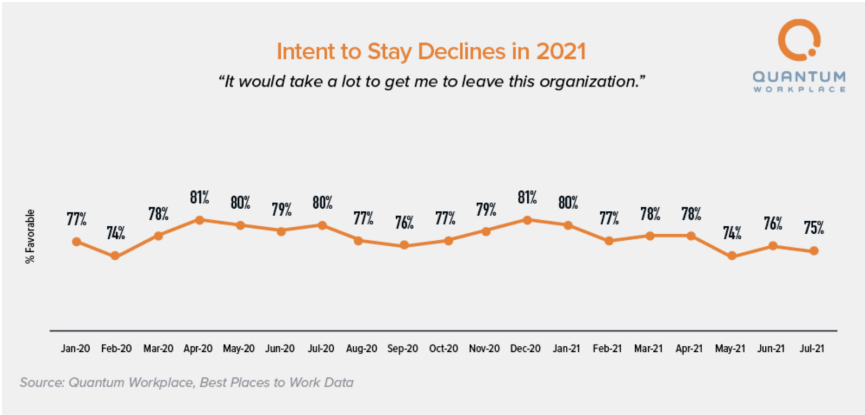
## INTRODUCTION

### 1.1 Background

Indonesian startups have grown rapidly in recent years. According to the Startup Ranking database in 2021, Indonesia has 2,293 active startups, placing 5th right below the US, India, UK, and Canada. These startups employ hundreds of thousands of employees, in which most of them are millennials born between 1981-1996 and gen Z born between 1997-2012. In general, these two generation groups sum up almost half of the entire Indonesian population. Based on the population census in 2020 by Badan Pusat Statistik (BPS), 75.49 million people or 27.94% of the total Indonesian population are gen Z, and 69.9 million people or 25.87% of the total population are millennials. These two generations will replace other generation predecessors such as baby boomers and gen X in the workforce.

Among these startups on the rise are financial technology or fintech startups. According to Kagan (2020), the term "fintech" refers to new technology that aims to improve and automate the delivery and usage of financial services. Fintech, at its most basic level, is used to help organizations, company owners, and individuals better manage their financial operations, procedures, and lives through the use of specialized software and algorithms that run on computers and, increasingly, smartphones. The rise of fintech startups in Indonesia is aided by the fact that despite, according to "The Indonesia Digital Lookbook" report by StartupIndonesia in 2021, there are 83 million of the unbanked population in Indonesia, 73.7% of the total population are internet users (202.6 million people) and 125.6% (or 345.3 million people) have mobile connections. In addition, Indonesia's rapidly expanding fintech sector has been fueled in

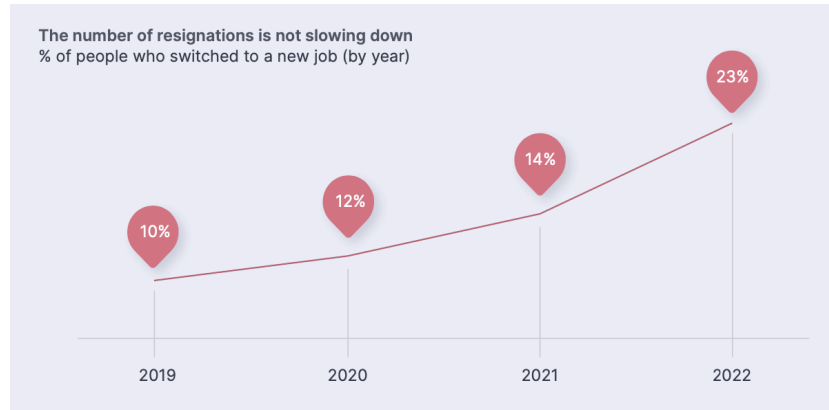
part by a proactive government that has enacted regulations in areas such as peer-to-peer (P2P) lending, digital payments, and, most recently, open banking, in the goal of encouraging innovation and increasing financial inclusion (“Indonesia Fintech Report and Map 2020”, 2021). Fintech startups have a lot of space for expansion, but they have the same problem as most technology companies in general: a high turnover rate. According to De Plazaola (n.d.), the tech industry on average has a fairly high employee turnover rate of 18.3% worldwide.



**Figure 1.1 Employee Intent to Stay in 2021**

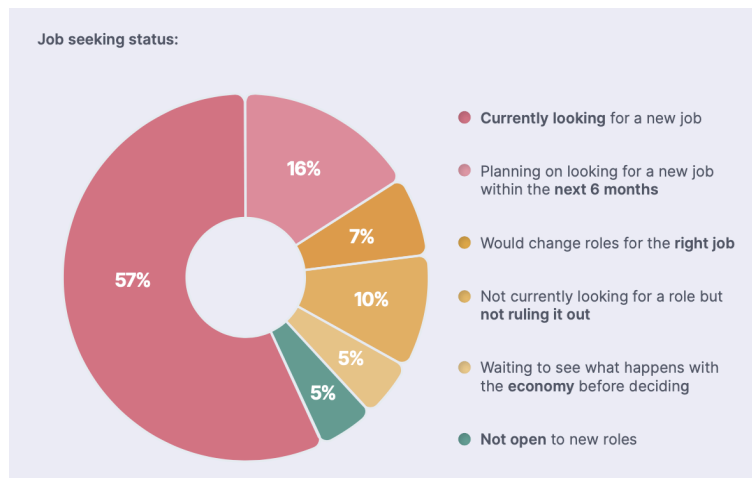
*Source: Quantum Workplace (2021)*

As a matter of fact, according to the “2021 Employee Turnover Trends” (2021) by Quantum Workplace, employees' intentions to stay have been diminishing. Employee turnover is more likely to grow when unemployment rates fall and labor market confidence rises. Regionally, according to the ASEAN Growth and Scale Talent Playbook (2022), 91% of startup employees in 6 out of 10 Southeast Asian countries are open to leaving their existing jobs, with one of the reasons being misalignment with their company’s mission and culture.



**Figure 1.2 The Percentage of People Who Switched to A New Job in Indonesia 2019 - 2022**

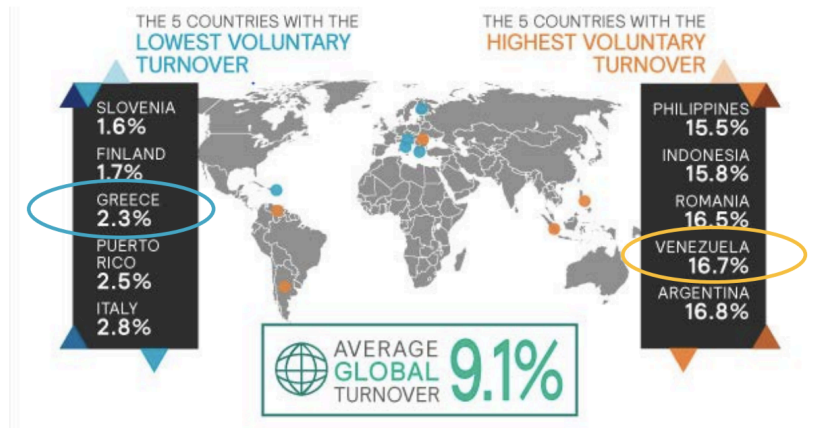
*Source: Page Insights (2023)*



**Figure 1.3 The Percentage of People Who Are Open to New Job in Indonesia in 2022**

*Source: Page Insights (2023)*

Moreover, according to Page Insights’ “Talents Trend 2023 | Indonesia | The Invisible Revolution” (2023), 95% of respondents in Indonesia who started a new job in 2022 are open to new opportunities. As mentioned in the same report, from 2019 - 2022 there was also an increase in % of people who switched to a new job. According to Gutmann (2016), Indonesia is placed number 4 in countries with the highest voluntary turnover rate with 15.8%.



**Figure 1.4 Countries with Lowest & Highest Turnover Rate**

*Source: Guttman (2016)*

High turnover rate means that companies have to allocate more of their cost to the recruitment and selection process. Phillips (1996) stated that “an excessive turnover rate clearly has a tremendous negative impact on an organization’s costs, and HR programs designed to reduce turnover can result in a tremendous bottom-line improvement”. This statement is further corroborated by Glebbeek & Bax (2004) who argued that turnover can have a negative impact on the performance of a company and by Hom & Griffeth (1995) who argued that voluntary turnover results in both measurable and tangible costs, including recruitment and training expenses, as well as intangible costs, such as lowered employee morale and customer discontent.

Alias et al. (2018) differentiate turnover into two categories, voluntary and involuntary. According to Bebe (2016), voluntary turnover occurs when an employee leaves the firm voluntarily, while involuntary turnover occurs when an employee leaves the company unwillingly and compelled to resign due to a variety of circumstances such as poor performance. A research by Zhang (2016) found that there are several factors that affect employee turnover such as personal aspect (age, gender, education, status, etc.), organizational aspect (company

size, salary, promotion, training, individual work attitude, etc.), and social economic aspects (transportation, residence, cost of living, health and education facility, etc.).

Schyns, et al. (2007) defined turnover intention as an employee's intention to voluntarily change jobs or companies. It has been empirically established that turnover intention has a positive relationship with actual turnover (actual behavior) (Byrne, 2005; Hendrix, Robbins, Miller & Summers, 1998; Steensma, Van Breukelen & Sturm, 2004). Several authors also argued that turnover intention can be used as a valid proxy for actual labor turnover (Jaros et al., 1993; Muliawan et al., 2009; Tett & Meyer, 1993). According to Nancarrow et al. (2014), the correlation between “intention to leave” and “intention to stay” was quite strong ( $r=0.84$ ), indicating that the constructs have a lot of overlap (70%). Ngo-Henha (2017) suggested that turnover intention, turnover intent, intention to leave, and intention to quit can be used synonymously to describe the likelihood that an employee will quit their job in the near future.

Workplace spirituality is an emerging area of interest among management scholars and practitioners, in which it resulted in a quest for more rational and logical investigation into workplace spirituality, its construct, and its impact on employees and organizations (Garg, 2017). According to Pawar (2009a), workplace spirituality refers to employee experiences of spirituality at the workplace. It has great significance for research as it is being noted as “a new paradigm of organizational science” (Jurkiewicz and Giacalone, 2004). Moreover, it has utility for practitioners because workplace spirituality is associated with several employee outcomes (Benefiel et al., 2014) and thus organizations are interested in enhancing workplace spirituality (Saks, 2011). According to Wasril (2019), spirituality at work influenced organizational commitment and job satisfaction, and based on research by Chia Lun, et al. (2014), organizational commitment and work satisfaction are two factors that affect turnover intention of

employees. It is interesting to see the effect of workplace spirituality on turnover intention in Indonesian fintech startups with the mediating roles of organizational commitment and job satisfaction.

## 1.2 Research Gap

Previous researchers around the world have focused their study on the constructs of workplace spirituality, turnover intention, job satisfaction, and organizational commitment. Some of those research studies are listed in the table below:

**Table 1.1 List of Previous Studies**

No	Author	Year	Title of Research	Variable of Interest	Findings
1	Sreeja, Thupili; Mukherjee, Ujjal; Jagadeeswari, Urmila	2023	Workplace Spirituality and Turnover Intentions: Mediating Role of Job Satisfaction	<ul style="list-style-type: none"> <li>• Workplace Spirituality</li> <li>• Job Satisfaction</li> <li>• Turnover Intention</li> </ul>	The results of the study support the idea that job satisfaction plays a mediating role in the relationship between workplace spirituality and employees' intention to quit in the Indian IT sector.
2	Rakhmitania, Tina	2022	Job Satisfaction Relationship With Turnover Intention	<ul style="list-style-type: none"> <li>• Job Satisfaction</li> <li>• Turnover Intention</li> </ul>	The employee turnover intention variable and the job satisfaction variable showed a strong relationship.
3	Bugis, Meili; E.S, Dedi Purwana; Saparuddin	2021	The Effect of Job Involvement and Work Stress on Turnover Intention with Organizational Commitment as an Intervening Variable PT. Perkebunan Minanga Ogan	<ul style="list-style-type: none"> <li>• Organizational Commitment</li> <li>• Turnover Intention</li> </ul>	Organizational commitment has a positive and significant effect on turnover intention, in which it proves that the higher the organizational commitment, the lower the level of employee turnover. In addition, job involvement has a positive and significant effect on the turnover intention with organizational commitment as an intervening variable. It can be concluded that the indirect effect is significant, so the mediation hypothesis is supported. This proves that the organizational commitment variable can mediate work involvement on turnover intention.
4	Hussain, Sana;	2020	Workplace Spirituality	<ul style="list-style-type: none"> <li>• Workplace</li> </ul>	The study revealed similar



	Hussain, Zareen		And Turnover Intentions Among The Doctors Working In Private Hospitals In Karachi, Pakistan: A Cross Sectional Study	<ul style="list-style-type: none"> <li>• Spirituality</li> <li>• Turnover Intention</li> </ul>	results from previous studies, but there are some contrary findings between the relationship of different dimensions of the workplace spirituality and turnover intention.
5	Yamin, Adi Perkasa	2020	Factors Influencing Millennial Job Satisfaction and Its Effect on Turnover Intention. A Case Study of a Bank in Jakarta.	<ul style="list-style-type: none"> <li>• Job Satisfaction</li> <li>• Turnover Intention</li> </ul>	Turnover intention is negatively impacted by job satisfaction, therefore the greater the degree of job satisfaction, the lower the intention to leave, and vice versa.
6	Ghayas, Muhammad Muzammil; Bhutto, Sana Arz	2020	Workplace Spirituality and Turnover Intention in the Healthcare Sector of Istanbul	<ul style="list-style-type: none"> <li>• Workplace Spirituality</li> <li>• Turnover Intention</li> </ul>	The study shows that all the dimensions of workplace spirituality namely meaningful work, spiritual association, compassion and alignment of values are found to be negatively associated with turnover intention, thus, it is concluded that workplace spirituality is negatively associated with turnover intention. As a result, managers must focus on meeting the spiritual requirements of their employees to ensure that they do not leave the company too soon.
7	Yansens, Wendell; Tecoalu, Melitina; Wahyoedi, Soengeng; Colline, Fredella	2020	The Effect of Spirituality on Turnover Intention Mediated by Employee Engagement	<ul style="list-style-type: none"> <li>• Spirituality</li> <li>• Turnover Intention</li> <li>• Employee Engagement</li> </ul>	Relationship between spirituality and turnover intention was not confirmed in the study, in which there was no sufficient evidence to state that spirituality has a significant and negative effect on turnover intention.
8	Wasril, Mia Rosyawati	2019	Discovering the Influence of Spirituality at Work toward Organizational Commitment and Job Satisfaction: A Case Study of PT Surya Nusantara Sentosa	<ul style="list-style-type: none"> <li>• Spirituality at workplace</li> <li>• Organizational Commitment</li> <li>• Job satisfaction</li> </ul>	Spirituality at work positively and significantly influenced organizational commitment and job satisfaction, but spirituality at work cannot be implemented if there is no willingness from the management to implement it.
9	Hussain, Suhaidah; Xian, See Huei	2019	Factors Affecting Employees' Turnover Intention in Construction Companies in Klang, Selangor	<ul style="list-style-type: none"> <li>• Organizational Commitment</li> <li>• Turnover Intention</li> </ul>	The research suggested that organizational commitment is highly correlated to employees' turnover intention, therefore it is considered as one of the factors that will affect employees' turnover

					intention.
10	Indrajaya, Amelia Naim; Daryanto, Wiwiek Mardawiyah; Sjahrifa, Cut; Yeung, Shirley	2019	The Conceptual Model Of Spiritual Leadership And Spirit At Work In Creating A Sustainable Competitive Advantage	<ul style="list-style-type: none"> <li>• Spirit at work</li> <li>• Organizational Commitment</li> <li>• Job satisfaction</li> </ul>	The organizational capabilities through Spiritual Leadership and the individual capabilities through Spirit at Work create a model of competitive advantage, in which Organizational Commitment and Job Satisfaction are seen as the proxy for Competitive Advantage in a Model of Service industry.
11	Indrajaya, Amelia Naim	2017	The Influence of Individual Spirituality Toward Spirit at Work in Enhancing Organizational Commitment and Job Satisfaction	<ul style="list-style-type: none"> <li>• Individual Spirituality</li> <li>• Spirit at Work</li> <li>• Organizational Commitment</li> <li>• Job Satisfaction</li> </ul>	Findings from the research showed that Spirit at Work has an impact in enhancing Organizational Commitment and Job Satisfaction.
12	Chen, Man-Ling; Su, Zhi-Yuan; Lo, Chia Lun; Hu, Ya-han; Chiu, Ching-Hsuan; Shieh, Tien-Yu	2014	An empirical study on the factors influencing the turnover intention of dentists in hospitals in Taiwan	<ul style="list-style-type: none"> <li>• Organizational Commitment</li> <li>• Work Satisfaction</li> <li>• Turnover Intention</li> </ul>	The results of the research show that the most important factor affecting the turnover intention of resident dentists is organizational commitment, and the most important factor affecting turnover intention of attending dentists is work satisfaction.
13	Budiono, Sugeng; Noermijati; Alamsyah, Arief	2014	Pengaruh Spiritualitas di Tempat Kerja terhadap Turnover Intention Perawat melalui Komitmen Organisasional di Rumah Sakit Islam Unisma Malang	<ul style="list-style-type: none"> <li>• Workplace Spirituality</li> <li>• Organizational Commitment</li> <li>• Turnover Intention</li> </ul>	Workplace spirituality has a positive impact on organizational commitment to perform, a negative impact on turnover intention, a negative impact on nurses' intention to leave the company, and an indirect impact on nurses' intention to leave the company through an organizational commitment.
14	Gupta, Manu; Kumar, Vinod; Singh, Mandeep	2013	Creating Satisfied Employees Through Workplace Spirituality: A Study of the Private Insurance Sector in Punjab (India)	<ul style="list-style-type: none"> <li>• Job Satisfaction</li> <li>• Workplace Spirituality</li> </ul>	There is a positive relationship between all the dimensions of workplace spirituality and job satisfaction.
15	Dandona, Anu	2013	Spirituality at Workplace and Job Satisfaction	<ul style="list-style-type: none"> <li>• Spirituality at workplace</li> <li>• Job satisfaction</li> </ul>	Through increasing employees' job satisfaction, workplace spirituality contributes significantly to building a solid, well-understood, and supportive organizational culture. It is concluded that workplace spirituality is very

					important in every organization because it has a positive impact on job satisfaction.
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Source: Data processed by the Author (2024)

From previous studies discussing the relationship between variables of workplace spirituality, organizational commitment, job satisfaction, and turnover intention, there were not many researches that used empirical approach to prove the relationship between workplace spirituality and turnover intention with organizational commitment and job satisfaction as mediating variables and addressed the fintech startups ecosystem. Hence, there is a research gap that can be discussed to fill in this study.

### 1.3 Problem Identification

A lot of studies have been done on turnover intention because employees' actual turnover behavior is depending on their intention of leaving the organization (Yang and Wittenberg, 2016). Hence, employees' turnover intention is the most immediate determinant of real turnover behavior in which it must be taken seriously considering the influence it will give on organizational performance and lowering down the efficiency of productivity (Hussain & Xian, 2019). Moreover, this problem is one of the biggest problems faced by startups in Indonesia. Referring to an article by Annur (2019) in [katadata.co.id](http://katadata.co.id), the turnover rate in several startups in Indonesia can go as high as 25% per year.

Many studies have tried to investigate the correlation between turnover intention, job satisfaction, and organizational commitment, but there's only few research that has tried to investigate the correlation between turnover intention and workplace spirituality with mediating variables of organizational commitment and job satisfaction, particularly in the Indonesian

fintech startup environment, in which most of the employees are among the millennial and gen Z generation. Therefore, this study will investigate the effect of workplace spirituality on turnover intention with the mediating roles of organizational commitment and job satisfaction.

#### **1.4. Research Questions**

Based on the background, research gap, and problem identification provided above, this research would like to answer the following questions:

- a. How does Workplace Spirituality influence Job Satisfaction?
- b. How does Workplace Spirituality influence Organizational Commitment?
- c. How does Workplace Spirituality influence Turnover Intention?
- d. How does Job Satisfaction influence Turnover Intention?
- e. How does Organizational Commitment influence Turnover Intention?
- f. How does Job Satisfaction mediate the relationship between Workplace Spirituality and Turnover Intention?
- g. How does Organizational Commitment mediate the relationship between Workplace Spirituality and Turnover Intention?

#### **1.5 Research Objectives**

Based on the research questions provided above, this research would like to achieve the following objectives:

- a. To analyze the influence of Workplace Spirituality on Job Satisfaction.
- b. To analyze the influence of Workplace Spirituality on Organizational Commitment.
- c. To analyze the influence of Workplace Spirituality on Turnover Intention.

- d. To analyze the influence of Job Satisfaction on Turnover Intention.
- e. To analyze the influence of Organizational Commitment on Turnover Intention.
- f. To investigate the impact of Job Satisfaction in mediating the relationship between Workplace Spirituality and Turnover Intention.
- g. To investigate the impact of Organizational Commitment in mediating the relationship between Workplace Spirituality and Turnover Intention.

### **1.6 Scope of The Study**

This study is limiting its scope of study to employees in one of the biggest fintech startups based in the Jakarta metropolitan area and categorized as payment gateway companies. It will discuss the influence of workplace spirituality, job satisfaction, and organizational commitment on turnover intention in fintech startup companies by measuring the factor structure analysis of workplace spirituality as independent variable, job satisfaction and organizational commitment as mediating variables, and turnover intention as dependent variable. The source of data collection and analysis for this research will be dependent on the close-ended questionnaires.

### **1.7 Significance of the Study**

This research aims to contribute the following benefits:

- Theoretical Benefits
  - To provide the result on how workplace spirituality influences turnover intention with mediating variables of job satisfaction and organizational commitment.

- To provide additional literature on the construct of workplace spirituality to the academics community.
- Practical Benefit
  - To provide feedback and recommendation to Indonesian fintech startups on how to maintain and increase workplace spirituality, job satisfaction, and organizational commitment among its employees to reduce their turnover intention, and therefore, reducing the company's employee turnover rate.

## **1.8 Thesis Structure**

This thesis consists of five chapters with the following details:

### **Chapter I: Introduction**

This chapter outlined the prerequisites for sound research including the explanation of research background, questions, objectives, and gap; problem identification; and scope & significance of the study.

### **Chapter II: Literature Review**

This chapter explained the theoretical review as reference & guideline of the research. In addition, this chapter also presented the definition and result of previous studies, including journals, books, newspaper articles, and other sources of information which supported the research.

### **Chapter III: Research Methodology**

This chapter explained the methods used for completing the research, including the type of research, population & sampling technique, and data analysis & hypothesis testing.

#### **Chapter IV: Data Analysis**

This chapter described the details of data analysis, which is an essential part of this study. It also explained the process of data analysis from the procedures taken to take the data to the result and analysis of the result itself.

#### **Chapter V: Conclusion and Recommendations**

This chapter is the final chapter that summarizes the entire analysis from the beginning to the end of the research. The recommendations were provided to help future researchers and academicians understand this topic further.

## **CHAPTER 2**

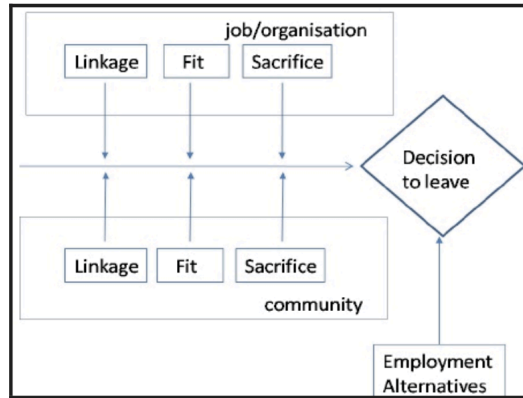
### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will explore the constructs that are related to the objectives of this study. A review of pertinent studies and literature on workplace spirituality, organizational commitment, job satisfaction, and turnover intention will be included. In addition, the relationship between observed components will be studied and reviewed from a prior similar study, and the study's theoretical framework will be discussed as well.

An underpinning theory used in this study is the job embeddedness theory. According to Mitchell et al. (2001), job embeddedness reflects a diverse set of factors that influence employee retention. Mitchell et al. (2001) further argued that “metaphorically, job embeddedness is like a net or a web in which one can become "stuck", one who is highly embedded has many links that are close together (a low level of differentiation)”. Nge-Henha (2017) stated that the result of job embeddedness is employees are so ingrained in their professional and social environments that they are unwilling to give up their ties and relationships in exchange for an unknown new job or an unexpected new environment. Employees' organizational and community integration, according to this theory, is influenced by factors such as personal values, career goals, and knowledge and abilities. According to Mitchell et al. (2001), there are three critical aspects of job embeddedness which includes “the extent to which people have links to other people or activities, the extent to which their job and community are similar to or fit with the other aspects in their life space and, the ease with which links can be broken - what they would give up if they left, especially if they had to physically move to another city or home.”.

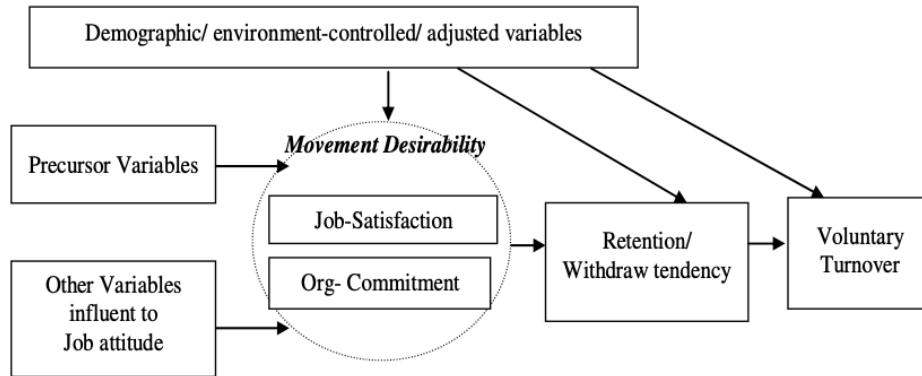




**Figure 2.1 Job embedded theory diagram**

*Source: Nge-Henha (2017)*

Another underpinning theory used in this study is the traditional attitude turnover model by WeiBo et al (2010) which was adapted from Griffeth et al. (2000). According to Griffeth et al (2000), based on review of studies on employee volunteer turnover that have been published in classic management magazines using the model of element analysis, related variables surrounding attitude models led to the identification of eleven different types of demographic predictors; sixteen different types of sub-structure variables linked to organizational and work environment factors as well as job satisfaction, including distributive justice, pay satisfaction, leader-member exchange, work group cohesion, co-worker satisfaction, and role clarification; six different types of variables related to job content and external environment factors, including job scope, routinization, job involvement, comparison with present job, etc.; three different types of other behavioral predictors; and nine different kinds of adjusting variables for the withdrawal process. In a study by Lee & Mitchell (1999) in WeiBo et al (2010), it is widely accepted that the process of employee volunteer turnover, including the intention and behavior of turnover, is the reversed transformation process of employee retention psychology and behaviors in the traditional attitude turnover model.



**Figure 2.2** The traditional attitude turnover model adapted from Griffeth et al. (2000)

*Source: Weibo et al (2010)*

## 2.2 Workplace Spirituality

In recent years, there has been a growing emphasis on the spirit, spirituality, and spiritual phenomena (Pradhan et al., 2017). According to Johnson (2007), "spirit" has become a buzzword in recent years, and businesses are currently investigating the correct attitude (i.e. spirit) among their most important asset, human capital. Furthermore, Maginnis (2001) defined spiritual well-being as a person's accomplishment in satisfying his or her needs and significance in life, and so maintaining a connected existence with one's coworkers.

People spend a huge portion of their life at work and increasingly place demands on the workplace for a sense of wholeness and connectedness, and as a result, there has been a paradigm shift in the consciousness of workers and managers at all levels of organizations to find more meaning, purpose, and fulfillment in their work, rather than just materialistic outcomes (Aboobaker et al., 2018).

According to Sheep (2006), workplace spirituality is ‘the lived experiences and expressions of one’s spirituality in the context of the work’. It also refers to employee experiences of spirituality at the workplace (Pawar, 2009a). According to Ashmos & Duchon

(2000), a workplace can be considered to be spiritual (or spirit friendly) when it recognizes that employees have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community. Here, we can see that there are three components of the definition developed by Ashmos & Duchon (2000), which includes inner life, meaningful work, and community.

**Table 2.1 Schema of workplace spirituality construct**

<b>Authors &amp; Year of Publication</b>	<b>Propositions on workplace spirituality</b>
(Neck and Milliman 1994)	Oneness of life, and Perception of Reality
(Mirvis 1997)	Meaningful Work and Sense of Community
(Beyer 1999)	Meaningful Work and Belongingness to Community
(Mitroff and Denton 1999)	Interconnectedness
(Ashmos and Duchon 2000)	Inner Life, Meaningful Work and Sense of Community
(Harrington et al. 2001)	Sharing and Sense of togetherness
(Milliman et al. 2003)	Meaningful Work and Sense of Community
(Giacalone and Jurkiewicz 2003b)	Transcendence through Work Process and Sense of Community
(Ashar and LaneMaher 2004)	Transcend Meaning, Purposeful Work, Sense of Community, Connectedness and Wholeness
(Marques et al. 2005)	Inner Power, Interconnectedness, Sense of Purpose
(Kinjerski and Skrypnek 2006)	Spiritual Connection, Meaning and Purpose in Work, Sense of Community and Mystical experience
(Sharma 2007)	Spiritual Synergy and Positive Spirit
(Krishnan 2007)	Oneness with all other beings

*Source: Pradhan et al. (2017)*

### **2.3 Organizational Commitment**

Porter (1974) defined organizational commitment as one's actual aptitude to participate in a particular organization. This concept of organizational commitment covers the following three dimensions: (1) employee recognition of and confidence in the values of the company; (ii)

commitment towards the company so as to make substantial efforts; and (iii) readiness to continue in the same company (Mowday et al., 1979). Al-Jabari et al. (2019) suggested organizational commitment as being a voluntary act that is far away from an employee's obligation, which extensively improves the efficiency of the whole company. Another definition is given by Vrontis et al. (2015) in which organizational commitment is the degree of affection that an employee shows towards the company he/she is employed in.

Meyer and Allen (1993) defined three components of organizational commitment as: (i) affective commitment; (ii) continuance commitment; and (iii) normative commitment. These three components of commitment are alternatively described as the product of (i) emotional attachments (affective commitment), (ii) the costs of leaving, such as losing attractive benefits or seniority (continuance commitment) and (iii) the individual personal values (normative commitment) (Brief, 1998).

Affective commitment refers to feelings of belonging and sense of attachment to the organization and it has been related to personal characteristics, organizational structures, and work experiences, for example; pay, supervision, role clarity and skill variety (Hartmann, 2000). According to Aydogdu et al. (2011), continuance commitment, which reflects the recognition of costs associated with leaving the organization, should be related to anything that increases perceived costs. Direct or indirect investments in the organization, side bets, represent such costs best and are operationalized mainly by variables like age, education and tenure (Becker, 1960). Aydogdu (2011) suggested that normative commitment refers to an employee's feelings of obligation to remain with the organization, therefore, employees with strong normative commitment will remain with an organization by virtue of their belief that is the "right and moral thing to do". Normative commitment develops on the basis of a particular kind of investment that

the organization makes in the employee specifically, investment that seems difficult for employees and reciprocates (Meyer and Allen, 1993).

## **2.4 Job Satisfaction**

According to Lee et al., (2016), job satisfaction is a pleasant emotional condition induced by personal assessment on working conditions and an individual's experience of work in organizations, in which this is conceptualized and operationalized as a state of affect or an individual's mindset about their job (Li et al., 2019). According to Spector (1994), job satisfaction can be defined as the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. Job satisfaction refers to the state in which employees take pleasure from their work, or the positive and emotional state of the employee after appraisal of his or her job and performance (Shaikh et al., 2012).

Brief (1998) suggested that job satisfaction is “an internal state which is articulated through affective or cognitive evaluations of job experience with some degree of approval or disapproval”. Accordingly, subordinates' job satisfaction also represents an assemblage of particular attitudinal responses to the job, organizational structure, processes, the relationships of subordinates, and leaders in organizations (Hoon, 2000).

The term job satisfaction is close to the concept of employee well-being (Kianto, 2018). According to Grant et al. (2007), employee well-being is the overall quality of an employee's experience and functioning at work, in which its definition includes three dimensions of well-being: psychological, physical, and social.

## 2.5 Turnover Intention

According to Kim et al. (2010), turnover intentions refer to employees' intentions to quit their jobs, while Takase (2010) suggested that turnover intentions are the thoughts employees have regarding leaving the organization voluntarily at a given period of time. Employees' intention to leave their current employer is known as turnover intention, and it can lead to real turnover, in which the major antecedent of a person's act of turnover, according to a lot of study, is turnover intention (Ooi & Teoh, 2021). Voluntary and involuntary turnover are the two types of turnover that can occur (Alias et al., 2018). According to Bebe (2016), voluntary turnover occurs when an employee leaves the firm voluntarily, and involuntary turnover occurs when an employee leaves the company involuntarily and is compelled to resign due to a variety of circumstances such as poor performance. Despite the fact that there is a distinction between purpose to leave and actual turnover, researchers have discovered that intent has an immediate causal effect on the decision to depart (Addae et al., 2006; Bedeian et al., 1991). An employee's decision to leave a company is an unfavorable outcome for both the company and the person, as it impacts both in a variety of ways (Rahman & Nas, 2013).

In terms of replacement costs and job disruption, critical personnel turnover is deemed damaging to the organization (Addae et al., 2006), as a result, it's become a well-studied phenomenon (Yousaf, 2008). Knowing that turnover intentions have a negative impact on the efficiency of a company, managers look for various ways to increase the stay of their workers (Moussa, 2013). Understanding turnover intention rates may help to reduce actual turnover rates and enable strategies that can be applied to avoid the loss of human resource (Mariwa, 2021). Reddit et al. (2019) suggested that high turnover rates significantly increase the company's financial costs.

## **2.6 Hypothesis Development**

### *2.6.1 The effect of Workplace Spirituality on Proxies of Performance*

The major hypothesis of the effect of workplace spirituality on proxies of performance is higher degree of workplace spirituality influences higher degree of proxies of performance. According to Indrajaya (2017), spirit at work has an impact in enhancing organizational commitment and job satisfaction as two out of several proxies for performance in the service industry.

In research by Wasril (2019) using both qualitative and quantitative methods, it is proven that spirituality at work has influenced both organizational commitment and job satisfaction, in which spirituality at work positively and significantly influenced organizational commitment and job satisfaction.

#### *2.6.1.1 Minor hypothesis on the effect of workplace spirituality on organizational commitment*

A research by Sintaasih et al. (2019) analyzing the relationship between work spirituality, organizational commitment, and performance of rural credit institution (Lembaga Perkreditasi Desa - LPD) administrators shows that work spirituality is proven to give a positive and significant effect to the performance of administrator and organizational commitment, in which the higher the work spirituality the better the performance at work and the higher organizational commitment. Rego & Cunha (2007) suggested that “people denote higher affective and normative commitment and lower continuance commitment when they experience a sense of community in their work teams, feel that their values are aligned with those of the organization, consider that they do meaningful and helpful work, experience enjoyment at work and consider that the organization gives them opportunities for their inner life.”

H1: Higher degree of workplace spirituality influences higher degree of organizational commitment.

#### 2.6.1.2 Minor hypothesis on the effect of workplace spirituality on job satisfaction

A correlation analysis in a research by Gupta et al. (2013) showed a positive relationship between all the dimensions of spirituality in the workplace and job satisfaction. Dandona (2013) also suggested that workplace spirituality is critical in any firm since it has a favorable impact on employee job satisfaction, performance, and productivity.

H2: Higher degree of workplace spirituality influences higher degree of job satisfaction.

#### 2.6.2 *The effect of Proxies of Performance on Turnover Intention*

The major hypothesis of the effect of proxies of performance on turnover intention is higher degree of proxies of performance influences lower degree of turnover intention. In a study by Chen et al. (2014) in analyzing the factors influencing turnover intention of dentists in hospitals in Taiwan, it was proven that level of work satisfaction and organizational commitment affect turnover intention, in which the most crucial element influencing resident doctors' turnover intention is organizational commitment while work satisfaction, on the other hand, is the most critical factor influencing attending doctors' turnover intention.

In addition, turnover is increased by a lack of job security or organizational commitment, and vice versa (Kinicki et al., 2002). This is proven by the fact that the most researched subjects in the work-related issues of turnover are job satisfaction and organizational commitment (Foreman, 2009).



#### 2.6.2.1 Minor hypothesis on the effect of organizational commitment on turnover intention

Hussain & Xian (2019) suggested that organizational commitment is highly correlated to employees' turnover intention, therefore it is considered as one of the factors that will affect employees' turnover intention. While according to Bugis et al (2021), organizational commitment has a positive and significant effect on turnover intention, in which it proves that the higher the organizational commitment, the lower the level of employee turnover.

H3: Higher degree of organizational commitment influences lower degree of turnover intention.

#### 2.6.2.2 Minor hypothesis on the effect of job satisfaction on turnover intention

According to Rakhmitania (2022), the employee turnover intention variable and the job satisfaction variable showed a strong relationship. In a study by Yamin (2020) on a bank in Jakarta, turnover intention is negatively impacted by job satisfaction, therefore the greater the degree of job satisfaction, the lower the intention to leave, and vice versa.

H4: Higher degree of job satisfaction influences lower degree of turnover intention.

#### 2.6.3 *The effect of Workplace Spirituality on Turnover Intention*

Ghadi (2017) suggested that workplace spirituality has a direct significant influence on voluntary turnover intentions. Findings from a research by Hussain & Hussain (2020) confirmed the exploration of previous studies that dimensions of workplace spirituality, namely *compassion* and *alignment of personal values with organizational values*, have a significant relationship with turnover intention, although another finding is contradictory with the previous studies showing that meaningful work has a significant impact on turnover intention. A study by Ghayas & Bhutto (2020) shows that all the dimensions of workplace spirituality namely *meaningful work*,

*spiritual association, compassion and alignment of values* are found to be negatively associated with turnover intention, thus, it is concluded that workplace spirituality is negatively associated with turnover intention. As a result, managers must focus on meeting the spiritual requirements of their employees to ensure that they do not leave the company too soon.

H7: Higher degree of workplace spirituality influences lower degree of turnover intention.

#### *2.6.4 The effect of Workplace Spirituality on Turnover Intention with mediating roles of Proxies of Performance*

The major hypothesis of the effect of workplace spirituality on turnover intention with mediating roles of proxies of performance is higher degree of workplace spirituality influences lower degree of turnover intention with mediator variables of proxies of performance.

##### *2.6.4.1 Minor hypothesis on the effect of workplace spirituality on turnover intention with mediating roles of organizational commitment*

According to Budiono et al (2014), workplace spirituality has an indirect negative influence towards nurses' turnover intention in Unisma Islamic Hospital Malang through organizational commitment variables. Budiono et al (2014) also concluded that (i) the higher the spirituality in the workplace, the higher the organizational commitment; (ii) the higher organizational commitment, the lower the turnover intention; (iii) organizational commitment mediates the influence of workplace spirituality on turnover intention.

H5: Workplace spirituality has an indirect effect on turnover intention through a mediated variable of organizational commitment.

### 2.6.4.2 Minor hypothesis on the effect of workplace spirituality on turnover intention with mediating roles of job satisfaction

In a study by Sreeja et al (2023), the results support the idea that job satisfaction plays a mediating role in the relationship between workplace spirituality and employees' intention to quit in the Indian IT sector. The study by Sreeja et al (2023) also demonstrates that the relationship between workplace spirituality and employees' intention to quit is dependent on job satisfaction, in which employees tend to feel more connected to their jobs when they find meaning and purpose in what they do, which raises job satisfaction levels all around.

H6: Workplace spirituality has an indirect effect on turnover intention through a mediated variable of job satisfaction.

## 2.7 Research Framework

As mentioned previously in the research objectives, this study will examine the effect of workplace spirituality, organizational commitment, and job satisfaction, to employees' turnover intention, in which the research framework as follow:

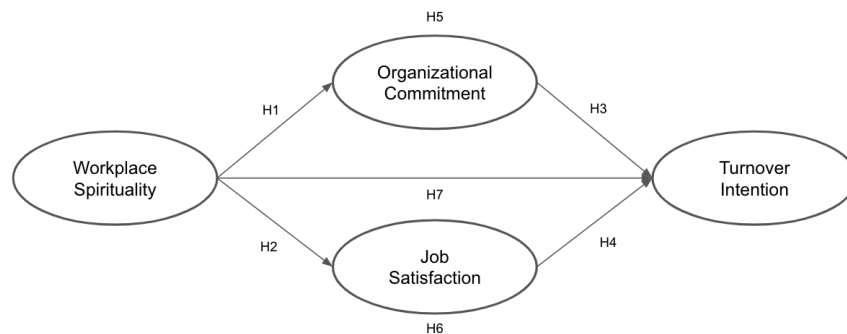


Figure 2.3 Research Framework

Based on the research framework above, there are several hypotheses to be examine as follow:

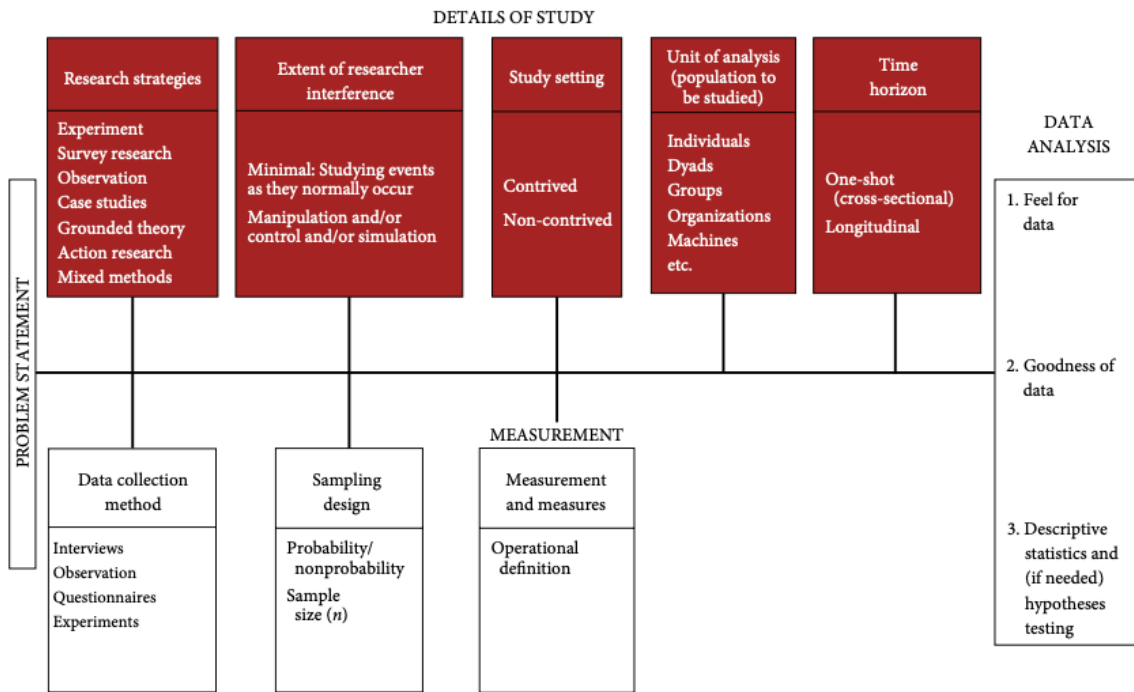
- H1 : Higher degree of workplace spirituality influences higher degree of organizational commitment.
- H2 : Higher degree of workplace spirituality influences higher degree of job satisfaction.
- H3 : Higher degree of organizational commitment influences lower degree of turnover intention.
- H4 : Higher degree of job satisfaction influences lower degree of turnover intention.
- H5 : Workplace spirituality has an indirect effect on turnover intention through organizational commitment as a mediating variable.
- H6 : Workplace spirituality has an indirect effect on turnover intention through job satisfaction as a mediating variable.
- H7 : Higher degree of workplace spirituality influences lower degree of turnover intention.

# CHAPTER 3

## RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter will explain how the researcher will conduct the study in depth, from research design to data analysis. This study will refer to the research design approach by Sekaran et al. (2019) as its methodology:



**Figure 3.1 Research Design**

*Source: Sekaran et al. (2019)*

### 3.2 Research Design

This research is classified as cross-sectional study design, a type of observational study design in which the researcher measures the outcome and the exposures in the study participants

at the same time. Unlike in case–control studies, where participants were selected based on the outcome status, or cohort studies, where participants were selected based on the exposure status, the participants in a cross-sectional study are just selected based on the inclusion and exclusion criteria set for the study (Setia, 2016).

This research is an industry-level study in which the researcher is using a deduction method, a method of theory building in which the researcher begins by developing a specific hypothesis based on the literature review that the researcher has noticed, and then gradually tries to test this hypothesis and see if it holds in various settings. To complete the research and answer the research question, the researcher will employ a quantitative approach, utilizing survey data as the research strategy, which will be applied to a sample in the target companies as representation of the industry. In this work, the mono strategy is employed, and data is obtained utilizing quantitative approaches.

### **3.3 Type and Source of Data**

The two forms of data and information employed in this study are primary data and secondary data. The term "primary data" refers to research data gathered directly from the source in the form of a survey. Primary data for this study will be collected directly from respondents using questionnaires. Additionally, secondary data will be collected by searching for and gathering materials from literature reviews, research, books, reports, and feedback from the academic supervisor.

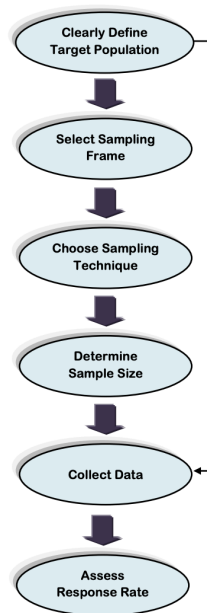
### **3.4 Data Collection Method**

The author will disseminate online questionnaires via email and digital texting services such as WhatsApp, Slack, and Telegram, using Google Forms. The questionnaire approach consists of a series of statements with predetermined responses, which the author may readily analyze into statistical data processing. The questionnaire will be distributed to the population sample's responders. The questionnaire contains closed-ended questions that use a Likert scale in the form of interval scales to assess a person's attitude, intention, opinions, or perceptions about social issues (Sugiyono, 2015), in which the researcher employs a scale range of 1-5 with each relevant scale as follows: "1" Strongly Disagree, "2" Disagree, "3" Neutral, "4" Agree, and "5" Strongly Agree in this study (Hair et al., 2014). In addition, the researcher will also employ scales such as "1" Never - "5" Always, "1" Highly Unlikely - "5" Highly Likely, and "1" To No Extent - "5" To a Large Extent.

### **3.5 Population and Sample**

According to Taherdoost (2016), there are several steps that have to be taken in the sampling process, which includes: (i) define target population; (ii) select sample frame; (iii) choose sampling techniques; (iv) determine sample size; (v) collect the data; and (vi) assess the response rate. The target population of this study is the employees of payment gateway fintech startups in the Jakarta metropolitan area. According to a database by Bank Indonesia on payment gateway companies that were already licensed and operational (retrieved January 24th, 2024), there are 24 companies that are located in the Jakarta metropolitan area. According to the companies' profiles in LinkedIn (retrieved January 30th, 2024), these 24 companies employ a

total number of 4,569 people, which makes the target population of this study. For the sample frame, this research will limit its sample frame to 1 company..



**Figure 3.2 Sampling process steps**

*Source: Taherdoost (2016)*

According to Taherdoost (2016), there are two types of sampling techniques, probability sampling, in which “every item in the population has an equal chance of being included in sample“ and non-probability sampling, in which “it is often associated with case study research design and qualitative research”. This research will use non-probability purposive sampling, in which the sampling here is confined to specific types of people who can provide the desired information, either because they are the only ones who have it, or they conform to some criteria set by the researcher (Bougie & Sekaran, 2019). Furthermore, this research will use a judgment sampling approach, in which It entails selecting the subjects who are most suited to give the necessary information or who are in the greatest position to do so (Bougie & Sekaran, 2019).



**Table 3.1 Cohen Table**

<b>Exhibit 1.7</b> Sample Size Recommendation a in PLS-SEM for a Statistical Power of 80%												
Maximum Number of Arrows Pointing at a Construct	Significance Level											
	1%				5%				10%			
	Minimum R <sup>2</sup>				Minimum R <sup>2</sup>				Minimum R <sup>2</sup>			
	0.10	0.25	0.50	0.75	0.10	0.25	0.50	0.75	0.10	0.25	0.50	0.75
2	158	75	47	38	110	52	33	26	88	41	26	21
3	176	84	53	42	124	59	38	30	100	48	30	25
4	191	91	58	46	137	65	42	33	111	53	34	27
5	205	98	62	50	147	70	45	36	120	58	37	30
6	217	103	66	53	157	75	48	39	128	62	40	32
7	228	109	69	56	166	80	51	41	136	66	42	35
8	238	114	73	59	174	84	54	44	143	69	45	37
9	247	119	76	62	181	88	57	46	150	73	47	39
10	256	123	79	64	189	91	59	48	156	76	49	41

Source: Cohen, J. A power primer. *Psychological Bulletin*, 112, 155–159.

Source: Hair et al. (2014)

The sample size of this study will be determined by using the Cohen table as shown above. This research expects a significance level of 5% with a relatively small Minimum R<sup>2</sup> of 0.10. Since this study involves 3 (three) arrows pointing at the construct, then according to the Cohen table, the required sample size for this study will be 124 respondents. Based on the Krejcie and Morgan (1970) table for determining sample size from a given population as shown below, with target population size of 4,500, the sample size that would meet requirement is 354 data samples. According to Hair et al. (2010), a sample size of 100 or more is recommended, therefore, based on the two methods of deciding sample size and limitation of time and cost, this research will use a sample size of 124 respondents.

**Table 3.2 Krejcie & Morgan Table**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size.  
*S* is sample size.

Source: Krejcie & Morgan (1970)

### 3.6 Measurement of Variables and Questionnaire Design

Adapting measurement of variables in previous researches, the questionnaire design will be as follow:

**Table 3.3 Operationalization of Variables**

<b>Variable</b>	<b>Dimension</b>	<b>Code</b>	<b>Items</b>	<b>Source</b>
Workplace Spirituality	Meaningful work	MW1	I experience joy in work	Milliman et al. (2003), Gamasiwi et al. (2023)
		MW2	My spirit is energized by work	
		MW3	My work is connected to what I think is important in life	
		MW4	I look forward to coming to work	
		MW5	I see a connection between work and social good	
		MW6	I understand what gives my work personal meaning	

	Sense of community	SC1 SC2 SC3 SC4 SC5 SC6 SC7	Working cooperatively with others is valued I feel part of a community I believe people support each other I feel free to express opinions I think employees are linked with a common purpose I believe employees genuinely care about each other I feel there is a sense of being a part of a family	Milliman et al. (2003), Gamasiwi et al. (2023)
	Alignment of values	AV1 AV2 AV3 AV4 AV5 AV6 AV7 AV8	I feel positive about the values of the organization My organization is concerned about the poor My organization cares about all its employees My organization has a conscience I feel connected with the organization's goals My organization is concerned about health of employees I feel connected with the mission of the organization Organization cares about whether my spirit is energized	Milliman et al. (2003), Gamasiwi et al. (2023)
Organizational Commitment	Normative Commitment	NC 1 NC2 NC3 NC4 NC5 NC6	I do not feel any obligation to remain with my current employer Even if it were to my advantage, I do not feel it would be right to leave my organization now I would feel guilty if I left my organization now This organization deserves my loyalty I would not leave my organization right now because I have a sense of obligation to the people in it I owe a great deal to my organization	Meyer et al. (1993), Abbas et al. (2022)
	Affective Commitment	AC1 AC2	I would be very happy to spend the rest of my career with this organization I really feel as if this organization's	Meyer et al. (1993), Abbas et al. (2022)

		<p>AC3 problems are my own I do not feel a strong sense of "belonging" to my organization</p> <p>AC4 I do not feel "emotionally attached" to this organization</p> <p>AC5 I do not feel like "part of the family" at my organization</p> <p>AC6 This organization has a great deal of personal meaning for me</p>	
	Continuance Commitment	<p>CC1 Right now, staying with my organization is a matter of necessity as much as desire</p> <p>CC2 It would be very hard for me to leave my organization right now, even if I wanted to</p> <p>CC3 Too much of my life would be disrupted if I decided I wanted to leave my organization now</p> <p>CC4 I feel that I have too few options to consider leaving this organization</p> <p>CC5 If I had not already put so much of myself into this organization, I might consider working elsewhere</p> <p>CC6 One of the few negative consequences of leaving this organization would be the scarcity of available alternatives</p>	Meyer et al. (1993), Abbas et al. (2022)
Job Satisfaction	-	<p>JS1 I find real enjoyment in my work.</p> <p>JS2 I am satisfied with my work.</p> <p>JS3 Most days I am enthusiastic about my work.</p> <p>JS4 I like my current job.</p>	Judge et al (2000), An (2022)
Turnover Intention	-	<p><i>During the past 6 months...</i></p> <p>TI1 How often have you considered leaving your job?</p> <p>TI2 To what extent is your current job satisfying your personal needs?</p> <p>TI3 How often are you frustrated when not given the opportunity at work to achieve your personal work-related goals?</p> <p>TI4 How often do you dream about getting another job that will better suit your personal needs?</p>	Roodt's Turnover Intention Scale (TIS-6) (2004), Alotheimin & Salem (2023)

		TI5	How likely are you to accept another job at the same compensation level should it be offered to you?	
		TI6	How often do you look forward to another day at work?	

*Source: Data processed by the author (2024)*

### 3.7 Reliability and Validity

The researcher must conduct pre-testing of the instruments on a small sample size before delivering the questionnaire to respondents in order to identify and eliminate potential flaws (Malhotra, 2010). This phase ensures that respondents understand the questionnaire and that no biased questions are asked (Zikmund, et.al, 2009). As a result, the questionnaire's assessed variables should be subjected to reliability and validity testing. Reliability and validity are two characteristics of excellent measurement (Zikmund, et.al, 2009).

The term "reliability" refers to the measurement's consistency, which can be determined by examining internal consistency. Internal consistency can be quantified using Cronbach's Alpha, a coefficient that represents internal consistency by computing the average of all conceivable split-half reliabilities for a multiple-item scale, according to Zikmund et al. (2009). It is also suggested that the scale with a coefficient of 0.70 reflects good reliability.

The term "validity" refers to the measurement's accuracy. It denotes the degree to which a score accurately represents an idea. Convergent validity is one of the approaches for determining validity. Pearson's Correlation can be used to do this. A Pearson correlation will quantify the direction, strength, and significance of the bivariate link among all measured variables, according to Sekaran et al. (2019). Furthermore, Pearson (1948) claimed that the legitimacy of the link between the components is 0.3 in order for them to have a sufficient run.

## **3.8 Data Analysis**

### *3.8.1 Descriptive analysis*

The author employs descriptive analysis to describe and comprehend the findings in this thesis. The descriptive research could yield information about the subject of interest. Quantitative and qualitative research can both benefit from descriptive studies (Sekaran & Bougie, 2016). Sekaran and Bougie (2016) stated in their book that descriptive analysis is used to collect and acquire data that characterizes the characteristics of things (e.g., a human, an organization, a product, or a brand), phenomena, and situations. The data for the description analysis comes from the online questionnaires and responses. The author opens with the following questions on the respondents' profiles in the questioners: age, gender, education level, years of work experience, marital status, and job titles in respondent's respective companies.

### *3.8.2 PLS-SEM analysis*

The hypothesis is tested and the data is analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM), which will be done in SmartPLS 3 software, to measure the connection between independent and dependent variables in this study. PLS-SEM, according to Hair et al. (2014), is useful for exploratory research because it is designed for research that is both data-rich and theory-skeletal. This model also allows researchers to estimate complex models with a large number of constructs and indicators, which is especially useful when the purpose of the analysis is prediction (Sarstedt, et al., 2017). In applying PLS-SEM, this research will follow several steps as explained below.

### 3.8.2.1. Model specification

The structural equation model (SEM) is developed in this step, as shown in the diagram below. It is made up of two models: an inner model (measurement model) and an outer model (structural model). It entails developing a path model based on theory and logic that connects variables and constructions (Hair et al., 2014). It's also crucial to figure out whether the construct is reflecting or formative. When the constructs cause the indicators, it is classified as a reflective construct (represented by the arrows pointing from the constructs to the indicators). Meanwhile, when the constructs are caused by the indicator's indicators, the formative construct is utilized (represented by the arrows pointing from the indicators to the constructs).

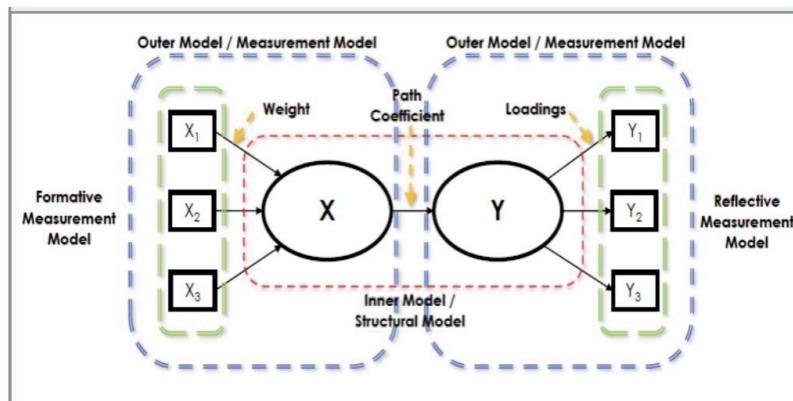


Figure 3.3 PLS-SEM Model Example

Source : Basbeth & Ibrahim (2017)

### 3.8.2.2 Measurement model evaluation

The measurement model should be evaluated in terms of reliability and validity after the model has been identified and the PLS-SEM method has been run. When evaluating the measurement model, it's important to distinguish between reflecting and formative structures because various evaluation approaches are required. The constructs in this study are reflective. When evaluating a measurement model with reflecting constructs, Hair et al. (2014) recommends

ensuring reliability and validity. Internal consistency reliability of construct measures will be assessed using composite reliability in reliability testing, as it provides a more relevant measure of internal consistency reliability (Hair, et.al, 2014). According to Hair et al. (2014), the PLS-SEM composite reliability value should be greater than 0.7.

The validity testing will next be done utilizing convergent and discriminant validity, according to Hair et al. (2014). They said that support is offered for convergent validity when each item has outer loadings  $> 0.70$  and each construct's average variance extracted (AVE) is 0.50. While discriminant validity will be checked using the Fornell and Larcker (1981) criterion or by looking at the cross loadings of the indicators, as recommended by Hair et al (2014). The AVE of each construct should be bigger than the highest squared correlation with any other construct, according to Fornell & Larcker (1981). Each indicator's loadings on its construct should be bigger than the cross loadings on other constructs in cross loading analysis.

### 3.8.2.3 Structural model evaluation

Following the evaluation of the measurement model, the structural model is evaluated, which evaluates the postulated linkages within the structural model. According to Hair, et al. (2014), coefficient of determination ( $R^2$ ), path coefficient ( $\beta$ ), and effect size are some of the available ways for doing this study ( $f^2$ ). The model's accuracy will be measured by the coefficient of determination ( $R^2$ ). This study will use an  $R^2$  value of at least 0.5, which is considered a reasonable level of predictive accuracy (Hair, et.al., 2011).

The path coefficient will also be used to assess the proposed correlations. The path coefficient ( $\beta$ ), which shows the strength of the relationship between two variables, can range from -1.00 to +1.00. A score around +1.0 indicates a strong positive link, whereas a value near -1 indicates a strong negative relationship. The importance of the link should then be confirmed



using SmartPLS3's bootstrapping technique. The study hypothesis will be validated if the P-value is less than 0.05 and the T-statistics is more than 1.645 at a significant level (0.05).

The effect size will determine the relationship's relevance, or, in other words, the size of an exogenous construct's contribution to an endogenous construct. This is a critical step that is frequently overlooked (Hair, et.al, 2014). As a result, it may skew the results of analyses that focus on a link that, while substantial, may have little impact on endogenous constructs. The researcher should estimate two PLS path models to determine the effect size ( $f^2$ ) by identifying the change in  $R^2$  when a certain construct is removed from the model (Hair, et.al., 2014).

#### 3.8.2.4 Hypothesis testing

PLS-SEM will employ the two-tailed t-test to assess whether a variable's effect is significant in the hypotheses or not. To obtain data for t-testing, the author must employ bootstrapping. According to Hair et al. (2014), bootstrapping is performed to see if the variables being evaluated have a meaningful association. The hypotheses are acceptable if the t-value is more than 1.96 with a significance level of 5% and the p-value (probability value) is less than 0.05.

#### 3.8.3 Mediating variable analysis

The term "mediation" refers to a situation in which a third variable can better explain the effect of an independent variable on a dependent variable. From a theoretical standpoint, mediation explains why an exogenous and endogenous construct have a relationship in which the endogenous independent variable is a mediator variable. A change in the exogenous variable as a

result of a change in the mediator variable, causing the endogenous dependent variable to change.

Testing for the type of mediating involves organizing a series of analyses; for example, if the indirect effect of two variables via mediator variable is not significant but the direct effect is, it could be concluded that an omitted mediator exists, which could explain the relationship between those two exogenous and endogenous variables.

However, if the direct effect is also negligible, it is possible to conclude that no mediating role exists. If the indirect effect of two variables via mediator variable is more significant than the direct effect, a mediating role could be confirmed. All quality requirements of the measurement model and structural model must be met in order to evaluate the mediating variable. SmartPLS is also used to assess both direct and indirect effects, with path coefficient, significance, a t-value of  $>1.65$  and a p-value of 0.005.

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