

DOES ORGANIZATIONAL CLIMATE MODERATE COMPENSATION FOR TURNOVER INTENTION? LESSON FROM SHARIA BANKS

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Abstract

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This study aims to reveal the effect of compensation and work engagement on the turnover intention with *organizational climate* as a moderating variable in Sharia banks in Indonesia. This study also analyzes the multi-group to understand the difference from the gender aspect in Sharia banks in Indonesia. Sharia bank is an alternative to conventional banking, which has proven to be resistant to various crises (Dibooglu et al., 2022). This study used a quantitative approach with convenience sampling with a total of 291 officer-level employee respondents. The partial least squares structural equation modeling (PLS-SEM) method was used to analyze the data from valid samples. The empirical findings corroborate previous studies that compensation negatively impacts turnover intention. Likewise, work engagement negatively impacts turnover intention. The results also reveal that work engagement can mediate the negative effect of compensation on turnover intention, while *organizational climate* can moderate the impact of compensation and turnover intention. Finally, our study also provides insight that there is no gender difference in turnover intention.

Keywords: Compensation, Work Engagement, Organization Climate, Turnover Intention, Gender

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1. INTRODUCTION

Studies related to the Islamic or Sharia banking system have attracted the attention of scholars in developed countries (Hunjra et al., 2022; Fatmawati et al., 2022; Safiullah et al., 2022) and developing countries (Choiruzzad & Nugroho, 2013; Louhichi, et al., 2020; Risfandy et al., 2022). Sharia banks run

on Islamic principles, with the main activity of providing services in payment to the customers (Ibrahim, 2015; Wafaretta et al., 2016). Sharia banks are considered an alternative to conventional banking, which has proven to be resistant to various crises (Trad et al., 2017; Asmild et al., 2019; Dibooglu et al., 2022). Islamic financial services sector is enormous, especially the dominance of

the Muslim population, as much as 88.1 percent of the Indonesian population.

Globally, approximately 12.7 percent of the world's Muslims are in Indonesia, which is the nation with the most prominent Muslim residents in the sphere (Rochyadi-Reetz & Wolling, 2022). Concerning Indonesia, Sharia banks recruit competent human resources who understand Islamic banking (Fauzi & Suryani, 2019). At this time, Sharia banks recruit fresh university graduates and some experience employees from conventional banks (Nurdin & Yusuf, 2020). Despite the fact that conventional banking offers more attractive benefits, working in Sharia banks is like a calling. In summary, when someone joins an employee in a Sharia bank, they hope to find what is taught according to Islamic beliefs — a usury-free work system (Julia & Kassim, 2020).

A preliminary study by Farook et al. (2011) noted that Sharia banks have organizational operational attained from Islamic values, which are simplified into two primary dimensions of Islamic corporate culture, including *ihsan* and *itqan* (Pratiwi, 2021). The definition of *ihsan* is a picture of an individual's feelings always under God's supervision when providing work and activities (Pratiwi, 2021). In summary, individuals as employees will strive to be serious in their work, with a relentless commitment to escalation, so as to acquire remarkable outputs. While *itqan* is defined as involving in certain activities thoughtfully and carefully so that it is neat, beautiful, orderly, and harmonious with each other (Anshori, 2015; Pratiwi, 2021; Widana, 2021).

Furthermore, Robbins and Judge (2015) remarked that when expectations miss from reality at work, employees will feel uncomfortable and have the intention to leave the organization, which encourages them to carry out their intentions. Indeed, Cindi et al. (2022) noted that four things are felt unsatisfactory by employees in Sharia banks: compensation, leadership, engagement, and job satisfaction. Employees feel very satisfied when they obtain pride in the institution that covers communication and opportunities for worship. Yang et al. (2012) mentioned that there are several reasons for employee resignation, namely: 1) the company's leadership shift; 2) conflict with the immediate supervisor; 3) close friends leave; 4) a favorable change of responsibilities.

Zahari et al. (2020) noted that Islamic bank employee turnover is influenced by compensation, work-life balance, and career path. In addition, Treuren and Fein (2021) and Köllen et al. (2020) found that organizational climate predicts turnover. Compensation or material rewards, such as wages, salaries, and incentives, as one of the reasons people work, but some studies show that there are other reasons why someone joins to work for a more specific reason (Qomariah et al., 2020). Compensation takes a significant role as the centre of employee engagement. Employees usually depend on wages and salaries in return for their contribution to their work. Satisfaction with compensation has an impact on employees' reluctance to quit. However, other factors, such as a work climate that matches workers' hearts, will inhibit workers' desire to leave the organization (Yang et al., 2019).

The organizational climate in Sharia banks is widely perceived as an organization that is following

beliefs such as usury-free and Islamic (Marhayani & Byarwati, 2016). Sharia banks, as Islamic business organizations are expected to be managed with an organizational climate. This is the main reason many professional bankers of conventional banks switch or move (*hijrah*) to Islamic concept banks. With the hope of obtaining an Islamic organizational climate in accordance with expectations (Farook et al., 2011; Pratiwi, 2021). No less interesting, gender issues have become a hot topic in the business world. Data from the World Economic Forum in 2021 shows that women's participation and economic opportunities are the second largest inequality of the four dimensions examined. Even though inequality has improved by 58 percent, achieving equality still takes 267.6 years (Garsten & Sörbom, 2021).

However, working women cannot be separated from their nature, especially for women in the Asian continent, including Indonesia. Tradition in which the role of men is still dominant, causing working women to be more concerned with submitting to the rules of environmental traditions or religious rules than pursuing their ambitions. It is interesting to study whether there are differences in turnover intention between men and women in Islamic banks. Therefore, hypotheses can be made that there are distinguishes in the output of the research model in groups based on gender. Considering this matter, this study aims at investigating the link between compensation and turnover intention in Sharia banks in Indonesia, as well as understanding the mediating role of employee engagement and organizational climate.

This study offers insight into at least three areas. First, it provides theoretical insight into the effect of compensation and work engagement on the turnover intention with *organizational climate* as a moderating variable in the context of Islamic banking. Second, this present study offers a unique insight because it focuses on Sharia banks that are missing in conventional banks (Farook et al., 2011). Lastly, this paper will provide policy assistance related to human resources, primarily in reducing turnover intention in Sharia banks. In addition, our study notes gender differences do not affect how employees perceive a problem in their work. Gender factors, in many studies, show differences in turnover intention. However, in religious-based Islamic banks, people generally work not only to earn a living but also to the teachings of the Islamic religion they adhere.

This present paper is presented as follows. Section 1 deals with the background of the study related to the turnover intention issue in Indonesia. Section 2 provides the detail of theories and relevant literature to build hypotheses. Section 3 concerns the methodology used in this research. Section 4 and Section 5 presents the findings and discussion, respectively. Section 6 informs the conclusion, limitations, and future suggestions.

2. LITERATURE REVIEW

2.1. Compensation and turnover intention

A large number of the literature notes that employee turnover is a permanent cessation of employees from the firm, either by the employees themselves or by the firm (Robbins & Judge, 2015; Hom et al., 2017).

Turnover intention is the behavioral attitude of someone who wants to withdraw from an organization for certain reasons (Holston-Okae, 2017). The study of Lambert et al. (2012) noted two causes of turnover intention. First, voluntary turnover is an employee's initiative for specific reasons, and second, involuntary turnover or actions from the organization that force him or her to quit for certain reasons. Voluntary turnover is a cognitive process, a thought process related to the desire to quit and plans to leave for alternative jobs (Monks, 2012). Lambert et al. (2012) found that turnover intention is the most significant predictor of voluntary turnover. A number of studies also note that compensation is a cause of turnover intention (Wang et al., 2019; Valeau & Paillé, 2019; Irawan & Komara, 2020). Thus, if the organization provides compensation that is felt to be unsatisfactory for employees, it will trigger turnover intention.

It is mentioned that a person's decision to quit a job is not decided suddenly but through three stages. First, thinking of quitting, employees who have started thinking about leaving their jobs for various reasons. Second, the intention to look for alternatives, and third intention to quit (Robbins & Judge, 2015). Complementing previous studies, Abbas et al. (2014) noted that turnover intention can occur due to: first, personal factors, such as age, gender, education, job satisfaction, length of work, job training, professionalism, work location, and reward system. Second, situational factors such as salary income, promotion opportunities, and job saturation. Thus, it is known that high employee turnover risks the emergence of high costs, especially for recruitment, training, and lost knowledge. The process of replacing employees will, of course, have an impact on the financial and non-financial aspects of the company, such as productivity, involvement, disruptions in service, and a negative impact on organizational culture (Lum, 2018).

Fundamental literature related to compensation is the main reason people work, as an effort to fulfill their daily needs. The background of providing compensation by employers is an attraction and motivates employees to stay in a company (Qomariah et al., 2020). One of the reasons workers withdraw from their current jobs is because of unsatisfactory financial rewards or compensation. Dissatisfaction with compensation is often reflected in bad attitudes, increased absenteeism, intention to leave, and actual turnover (Schermerhorn et al., 2012). Compensation can be interpreted as a form of reward or remuneration in the form of financial services received by employees because of the contributions that have been made to the company to maintain and attract quality human resources. The amount of compensation, timeliness, and method of compensation will affect employee turnover, and this statement is supported by many scholars (Salimi & Della Torre, 2022; Wang et al., 2019; Irawan & Komara, 2020).

H1: Compensation has a negative effect on turnover intention.

2.2. Employee engagement and turnover intention

The studies of Karatepe (2013) and Buil et al. (2019) noted that engagement occurs when employees are dedicated to their job and activities in the workplace and are intended to acquire high levels of achievement.

Furthermore, the study by Baumruk (2006) found that there are two interrelated aspects of engagement. First, employee engagement occurs when employees make wise efforts at work due to their work being interesting and rewarding. Second, employee engagement exists when employees identify with the values and goals of their work and believe that it is the right place to work and continue to work. Third, perform better, and be more innovative than others (Lum, 2018).

With the development of subsequent studies, more researchers are asking important questions, namely whether work and employee engagement have similarities. Witemeyer's (2013) study answers the important question that the components of work engagement are conceptually equated with other constructs. Furthermore, the study of Bakker et al. (2008) argues that the terms employee and work engagement can be used interchangeably. Thus, it can be said that work or employee engagement is one thing in common. Engaged employees seem to stay with their organization, enjoy a better level of personal well-being, and perceive their workload to be more sustainable than others. Holston-Okae (2017) noted that low employee engagement and loyalty could lead to higher turnover rates. Moreover, some previous studies have also noted that employee engagement has a negative impact on turnover intention (Gyensare et al., 2017; Lee, 2019; Santhanam & Srinivas, 2019).

H2: Employee engagement has a negative effect on turnover intention.

2.3. Compensation and employee engagement

Compensation is an important and strategic wisdom in an organization because it is directly related to the increase in employee engagement in an organization (Hoque et al., 2018). When the compensation system given by the organization is fair enough, then the employee can work more productively and increase their responsibility in carrying out the tasks given by the organization. The study by Huang et al. (2016) and Kang and Busser (2018) noted that compensation is the main reason people work. Dissatisfaction with compensation is often reflected in bad attitudes, increased absenteeism, intention to leave, and actual turnover. Compensation that is in accordance with the expectations of workers in terms of amount, time, and method of giving it makes employees feel bound (Markos & Sridevi, 2010). Concerning banks in Indonesia, compensation can be formed in fixed and variable remuneration, which directly affects employee engagement. The findings of Bakker et al. (2008) also revealed that compensation is an essential factor that not only triggers high energy at work, but also creates enthusiasm, inspiration, pride, focus on work, and pleasure when involved in work. Preliminary studies remarked that compensation positively affects employee engagement (Nikolova et al., 2019; Wieneke et al., 2019; Santhanam & Srinivas, 2019). Therefore, the hypothesis is presented below.

H3: Compensation has a positive effect on employee engagement.

2.4. Organizational climate moderates the effect of compensation and turnover intention

Turnover intention can be a mediating factor between attitudes that influence the intention to

leave and actually leave the company. Turnover intention is the intention to leave the company voluntarily, which can affect the status of the company and will definitely affect employee engagement (Santhanam & Srinivas, 2019). On the other hand, the purpose of the compensation program is to attract, retain, motivate, and reward people and performance that support performance and include the entire mission and strategy of the organization. This means that the application of compensation must be consistent with the climate and values of the organization (Gyensare et al., 2017). Some previous literature noted that *organizational climate* is a shared perception that organizational members have about the organization and their work environment (Robbins & Judge, 2015; Kakhki et al., 2020; Huang et al., 2022).

Organizational climate is also the result of the interaction between organizational structures, systems, culture, leadership behavior, and the psychological needs of employees (McMurray et al., 2004). Some studies noted that a good *organizational climate* will negatively affect turnover intention. Conversely, when the *organizational climate* is conducive and feels comfortable to individuals, it will reduce turnover intention (Cesário & Magalhães, 2017; Vong et al., 2018; Grobler & Van Rensburg, 2019). A good *organizational climate* favored by employees will make them feel at home and bound to the organization where they work, regardless of the compensation received. In summary, the *organizational climate* is able to moderate the lack of compensation factors that are commonly the cause of employee turnover intention. Thus, the hypothesis is presented below.

H4: Organizational climate moderates the effect of compensation and turnover intention.

2.5. The mediating role of employee engagement

Compensation that is observed and increased by the organization will reduce the turnover intention of its employees because each employee has a high level of employee engagement towards the organization (Zahari et al., 2020). A preliminary study by Irawan and Komara (2020) mentioned that compensation negatively influences turnover intentions through employee engagement. Some prior studies have noted that compensation positively affects work engagement (Schaufeli & Bakker, 2003; Hooi, 2019). In addition, an earlier study by Zahari et al. (2020) remarked that compensation significantly negatively influences turnover intention mediated by employee engagement. The higher compensation received by employees will have implications for increasing employee engagement and ultimately can reduce employee turnover. On the other hand, low compensation received by employees will have implications on the decrease of employee engagement and ultimately can increase employee turnover. Therefore, the hypothesis is presented as follows.

H5: Compensation negatively affects turnover intention through work engagement.

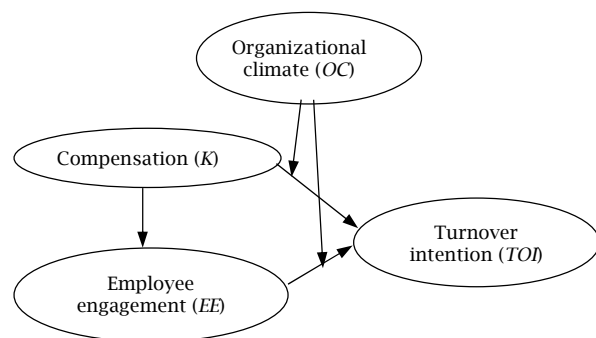
3. METHOD AND MATERIALS

3.1. Sample and data collection

This study uses a quantitative approach with a survey model, to explain the effect of compensation and work engagement on turnover intention with

organizational climate as a moderating variable at Sharia bank in Indonesia. This study also analyzes multi-groups to see the difference in terms of gender in an Islamic bank in Indonesia (see Figure 1). This study adopted a convenience sampling technique, which is frequently applied to eliminate bias in quantitative studies (Boadi et al., 2022). A total of 364 employee respondents at the Sharia banks in Jakarta were involved in this online survey using Google Forms. After being selected, only 291 questionnaires were filled out completely and could be processed at a later stage. This research was conducted in the period from January to March 2022. Respondents involved in this study were voluntary, without threats and coercion. The complete demographic data and characteristics of respondents in this study can be seen in Table 1.

Figure 1. Proposed model



3.2. Instrument development

The instruments in this paper were adapted from several kinds of literature with data collected by questionnaire. Turnover intention consists of eight items from Ganji and Johnson (2020) with indicators of thinking of quitting, intention to search for alternatives, and intention to quit. Employee engagement adopted the concept from Bakker et al. (2008) with indicators of vigor, dedication, and absorption (12 items); compensation adopted on the instrument from Zacher et al. (2015) with an indicator of direct financial compensation and indirect financial compensation (12 items). The *organizational climate* was adopted from Peña-Suárez et al. (2013) with indicators of structure, standards, responsibility, recognition, support, and commitment (14 items). Next, we adopted the scale developed by Likert to represent responses from respondents, where 1 represents "Strongly disagree", and 5 represents "Strongly agree". The research instrument has been validated by the ethics committee of the Faculty of Economics, Universitas Negeri Jakarta.

3.3. Measurement and structural model

The analysis technique in this study uses partial least squares structural equation modeling (PLS-SEM), using PLS 3.2 software. In addition to testing the hypothesis that was built. In this study, multi-group analysis was also used, which was facilitated by the PLS software program. The aim is to examine the proposed hypotheses where the research model has differences between groups of male and female respondents. Evaluation is carried out on the outer model and inner model, which in this study uses PLS-SEM. The basic reason

for using the PLS-SEM method is because it has advantages where the previous theory has not been strongly validated. The main objective of this research is to explain the variance in the dependent construct but also to test the data based on the proposed model (Hair et al., 2020). PLS can be used as a multivariate estimation method that can be involved in presenting the simultaneous linear relationship between the variables. There are two primary dimensions in the measurement model consisting: validity and reliability (Hair et al., 2020). There are two types of validity tests carried out, namely the convergent validity test and the discriminant validity test.

4. DATA ANALYSIS AND RESULTS

4.1. Characteristics of respondents

Table 1 informs that the respondents in this study were dominated by men (70.10 percent) while the rest were women (29.90 percent). Furthermore, in terms of age, the majority of respondents are 31-35 years old (36.77 percent) while at least 40 years old (14.00 percent). Respondents in this study were dominated by permanent employees (100.00 percent) and officers (100.00 percent). In terms of education, the majority of respondents in this study have a bachelor's degree (87.00 percent) and at least a doctorate degree (0.34 percent). Finally, when viewed from the length of work, the majority of respondents in this study were more than 5 years (78.69 percent), while at least 1 year. Complete information related to the characteristics of respondents can be seen in Table 1.

Table 1. Characteristics of respondents

Characteristics	Frequency	Percentage
<i>Gender</i>		
Male	204	70.10
Female	87	29.90
<i>Age</i>		
31-35 years old	107	36.77
36-40 years old	84	28.80
≥ 40 years old	41	14.00
<i>Education</i>		
Bachelor	255	87.00
Master	35	12.03
Doctoral	1	0.34
<i>Working status</i>		
Permanent employees	291	100.00
Non-permanent employees	0	0.00
<i>Position</i>		
Head of department	0	0.00
Officer	291	100.00
<i>Working experience</i>		
≤ 1 year	7	2.41
> 1 ≤ 3 years	21	7.22
> 3 ≤ 5 years	34	11.68
> 5 years	229	78.69

4.2. The outer model evaluation

The first estimation is convergent validity using average variance extracted (AVE) the size must be higher than 0.5. The results of the AVE measurement can be seen in Table 2. Furthermore, as shown in Table 2, the value of construct reliability (CR) for each construct ranges from 0.926-0.978, exceeding 0.7 as the limit value to achieve construct reliability criteria (Hair et al., 2020). Thus, all of the variables we tested met the construct reliability. In addition,

the heterotrait-monotrait ratio (HTMT) of correlations was adopted to estimate the discriminant validity test (see Table 3). The recommended threshold (0.9) was used as the criterion, meaning to reach the discriminant validity criteria.

Table 2. The result of the outer model calculation

Construct	Item	Loading	α	CR	AVE	
<i>K > OC > TOI</i>	OC	1.432	1.000	1.000	1.000	
	K	K1	0.700	0.952	0.958	0.655
		K10	0.852			
		K11	0.799			
		K12	0.815			
		K2	0.727			
		K3	0.771			
		K4	0.837			
		K5	0.827			
		K6	0.848			
K7		0.856				
K8	0.806					
K9	0.859					
EE	EE10	0.843	0.906	0.926	0.641	
	EE11	0.700				
	EE3	0.763				
	EE6	0.809				
	EE7	0.861				
	EE8	0.806				
EE9	0.812					
OC	IO10	0.912	0.975	0.978	0.775	
	IO11	0.946				
	IO12	0.937				
	IO13	0.936				
	IO14	0.875				
	IO2	0.745				
	IO3	0.817				
	IO4	0.894				
	IO5	0.896				
	IO6	0.847				
	IO7	0.871				
IO8	0.849					
IO9	0.896					
TOI	TI1	0.779	0.930	0.943	0.673	
	TI2	0.819				
	TI3	0.878				
	TI4	0.791				
	TI5	0.856				
	TI6	0.710				
	TI7	0.840				
	TI8	0.878				

Table 3. Discriminant validity with HTMT values

Construct	<i>K > OC > TOI</i>	K	EE	OC	TOI
<i>K > OC > TOI</i>	1.000				
K	-0.425	0.810			
EE	-0.385	0.640	0.801		
OC	-0.558	0.711	0.750	0.880	
TOI	0.316	-0.793	-0.777	-0.822	0.821

The current study proposed that when the variance inflation factor (VIF) does not exceed 5.00, then there are no multicollinearity issues. The analysis shows that the values of VIF were between 1.000-3.360, meaning that there is no collinearity problem (see Table 4).

Table 4. Collinearity statistics inner (VIF)

Construct	<i>K > OC > TOI</i>	K	EE	OC	TOI
<i>K > OC > TOI</i>					1.464
K			1.000		2.143
EE					2.427
OC					3.360
TOI					

4.3. Test of model fit

According to the recommendations of Hu and Bentler (1999), the standardized root mean square residual (SRMR) is used to test the fit indices, and the model accepted is less than 0.085.

Table 5. Goodness of fit (GOF)

<i>Saturated model</i>	<i>Value</i>
SRMR	0.053
d_ULS	2.332
d_G	1.822
Chi-square	2640.612
NFI	0.802

Note: *d_ULS* = Squared Euclidean distance, *d_G* = Geodesic distance.

The results show that SRMR is 0.055 (< 0.085), indicating it meet the criteria. In addition, the value

of normed fit index (NFI) is 0.802, which meets the requirement of NFI indication good fit.

4.4. Inner model estimation

The measurement model shows adequate convergent validity and discriminant validity. Therefore, the next step in PLS analysis is to develop an inner model that can be used to assess the relationship between constructs. All data were run using 500 bootstrap samples through 130 cases. Path coefficients are also used to evaluate the inner model. By using the bootstrap resampling procedure. This is a non-parametric approach used to estimate the accuracy of PLS-SEM estimation. Table 6 and Figure 2 show the inner model testing where the results are 5 hypotheses that can be accepted, by looking at the results: $t\text{-value} > 1.645$ (one-tailed test), $p < 0.05$.

Table 6. Coefficient test and hypothesis testing

<i>Hypothesis</i>	<i>Relationship</i>	β	<i>t-value</i>	<i>p-value</i>	<i>Decision</i>
H1	$K > TOI$	-0.379	8.056	0.000	Approved
H2	$EE > TOI$	-0.258	6.148	0.000	Approved
H3	$K > EE$	0.640	14.589	0.000	Approved
H4	$K > OC > TOI$	-0.147	7.087	0.000	Approved
H5	$K > EE > TOI$	-0.165	5.487	0.000	Approved

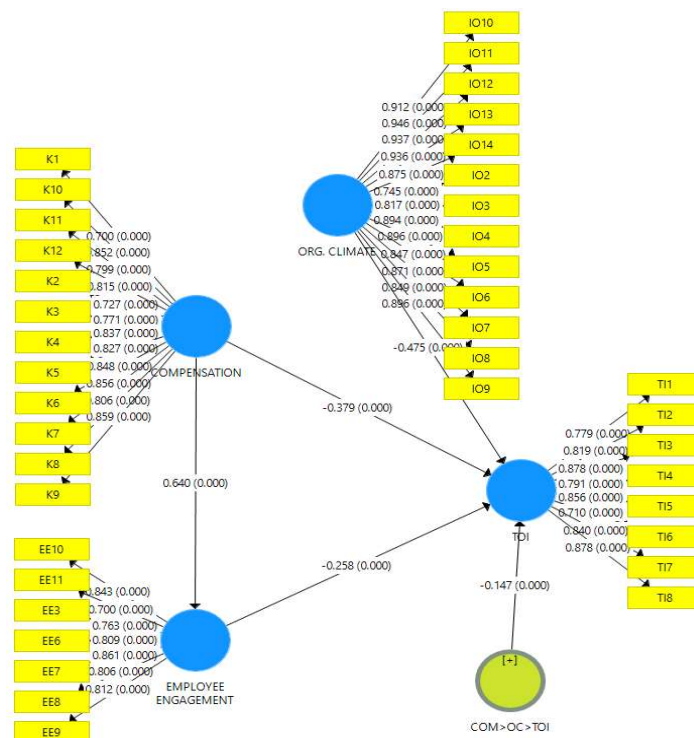
Next, we performed a multigroup test of the analysis. Table 7 informs that all the hypotheses tested have a $p\text{-value} > 0.05$, or are not significant.

That is, the results of the hypothesis that we tested in the male and female groups were not different.

Table 7. Multigroup analysis

<i>Relationship</i>	<i>Path coef.-diff. (Man-Woman)</i>	<i>t-value (Man-Woman)</i>	<i>p-value (Man-Woman)</i>
$K > OC > TOI$	-0.082	1.742	0.083
$K > EE$	-0.001	0.010	0.992
$K > TOI$	-0.181	1.830	0.068
$EE > TOI$	0.111	1.162	0.246
$K > EE > TOI$	0.072	0.187	0.374

Figure 2. The result SEM analysis



Source: Authors' elaboration.

5. DISCUSSION

This paper uses PLS-SEM to verify the effect of compensation and work engagement on turnover intention with *organizational climate* as a moderating variable at Sharia banks in Indonesia. This study also aims to reveal multigroup to understand the differences from the perspectives of gender. We build on the assumption that the study is unique because it was conducted on Sharia banks in Indonesia, where Islamic values are the basis for management, culture, and organizational climate. Moreover, Sharia banks have proven to be robust in facing the onslaught of the monetary crisis in recent years. The results of our study found that compensation has a negative effect on turnover intention. This is in line with previous research conducted by Lambert et al. (2012), Wang et al. (2019), and Valeau & Paillé (2019), which remarked that if the organization provides satisfactory compensation, employees will not have turnover intention.

The results of our study are logical because the majority of studies (Wang et al., 2019; Valeau & Paillé, 2019) noted that turnover intention can occur for some reasons. First, personal factors, such as age, gender, education, job satisfaction, length of work, job training, professionalism, work location, and reward system. Second, situational factors such as salary income, promotion opportunities, and saturation in their work. This outcome also confirms the findings of Irawan and Komara (2020), which mentioned that compensation is an important predictor of turnover intention, where the higher and more satisfying the compensation, the more employees will feel at home in an organization. The compensation, timeliness, and method of compensation will affect employee turnover.

Furthermore, the empirical findings found that employee engagement has a negative effect on turnover intention among employees in Sharia banks in Indonesia. Our results corroborate a number of studies (Gyensare et al., 2017; Lee, 2019; Santhanam & Srinivas, 2019), which revealed that employee engagement would love to support their superiors and enhance a better level of personal welfare. Similarly, the statistical analysis revealed that compensation has a positive effect on employee engagement (Holston-Okae, 2017). The results are also reasonable due to high employee engagement will negatively impact turnover intention in Islamic banks. On the other hand, high compensation will have an impact on employee engagement. This outcome is in line with the opinion of Bakker et al. (2008) that compensation is an essential factor that not only triggers high energy at work but also creates enthusiasm, inspiration, pride, focus on work, and pleasure when involved in work.

The study also confirmed that *organizational climate* moderates the effect of compensation and turnover intention. The underlying rationale behind this finding is that the *organizational climate* is a shared perception that organizational members have about the organization and their work environment (Robbins & Judge, 2015; Kakhki et al., 2020; Huang et al., 2022). *Organizational climate* results from the interactions between organizational structures, systems, culture, leadership behavior, and the psychological needs of employees (McMurray et al., 2004). An *organizational climate*

that feels comfortable will make employees willing to stay, but on the contrary, will have a positive effect on turnover intention. Conversely, when the *organizational climate* is conducive and feels comfortable by individuals, it will reduce turnover intention (Cesário & Magalhães, 2017; Vong et al., 2018; Grobler & Van Rensburg, 2019). In summary, the *organizational climate* is able to moderate the lack of compensation factors that are commonly the cause of employee turnover intention. Where the *organizational climate* that is felt to be suitable for an employee will ultimately reduce the employee's intention to leave the organization.

Finally, our study notes that compensation negatively promotes turnover intention through work engagement. The output of our study supports some preliminary findings of Bakker et al. (2008) and Hooi (2019). The underlying behind these findings because the effect of compensation on turnover intention can be mediated by work engagement. The results of our study also strengthen the result of Lee (2019) and Santhanam and Srinivas (2020). Furthermore, in the context of Sharia banks in Indonesia, our study found that there was no gender difference regarding the effect of compensation and work engagement on turnover intention with *organizational climate* as a moderating variable. Thus, the view that Islam gives men a greater position has no impact in the context of Islamic banking. That is, in the context of Indonesia, even though the Islamic banking system refers to Islamic order and law, it still provides equal opportunities for both women and men.

6. CONCLUSION

This present paper aims to reveal the effect of compensation and work engagement on turnover intention with *organizational climate* as a moderating variable at Sharia banks in Indonesia. This study also analyzes the multi-group to see the difference from the gender aspect in Sharia banks in Indonesia. Our results corroborate previous studies that compensation has a negative effect on turnover intention. Likewise, work engagement negatively impacts turnover intention. The results of our study also revealed that work engagement can mediate the negative effect of compensation on turnover intention. Indeed, *organizational climate* can moderate the interconnectedness between compensation and turnover intention. Like most studies, there is a limitation of this study in framing variables of compensation, work engagement, and turnover intention with *organizational climate*. Thus, the further variable can explore a dominant effect on turnover intention that will comprehensively explain the important predictors of turnover intention. Next researcher must test by involving many predictor variables related to turnover intention, as well as the number and wider area of respondents. This will provide a more comprehensive picture of the dominant predictor of turnover intention, especially in the context of Islamic banks. Finally, our research also provides insight that there is no gender difference in terms of turnover intention in the context of Islamic banks. This is the first step in that although Islamic banks refer to Islamic law, they still accommodate the role of women who are equal to men.

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