

JOB SATISFACTION AS A MODERATING VARIABLE BETWEEN THE EFFECT OF COMPENSATION AND LEADERSHIP STYLE ON TURNOVER

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Abstract

The company's goals depend not only on modern equipment, good facilities, and infrastructure but also on the people who carry out this work. A company's success is strongly influenced by human resources, which are the company's driving force. Quality human resources can be seen from how the output is displayed. Therefore, companies must pay attention to the actions and needs of their workers to provide work results that are in line with company expectations. This study aims to see how the effect of compensation and leadership style on turnover is moderated by job satisfaction. This research uses quantitative methods. The sample size for this study was 107 employees of PT. Locco Mandiri Indonesia by collecting data through a questionnaire. SPSS or PASW (Predictive Analytics Software) is used to analyze the data in this report. The findings of this study are: 1) Compensation has a positive and significant effect on turnover intention. 2) Leadership style has a positive and significant effect on turnover intention. 3) Job satisfaction has a positive and significant effect on turnover intention. 4) Compensation has a positive and significant effect on turnover intention, moderated by job satisfaction. 5) Leadership style has a positive and significant effect on turnover intention moderated by job satisfaction.

Keywords: Compensation; leadership style; job satisfaction; turnover

INTRODUCTION

Human resources have a significant role in the success of a company. Many companies increasingly realize that the human element in a company can provide a competitive advantage. The human resources within the company are the driving force for achieving the company's goals. Without human resources, the company cannot mobilize other resources such as machine resources, capital, raw materials, etc. Therefore, companies must manage human resources properly by considering individual strengths and weaknesses to achieve company goals.

High turnover can cause an organization to be less effective due to the loss of experienced employees. For this reason, companies need to see how the turnover intention occurs within the company and then determine policies and overcome them so that the turnover intention can be minimized. When the level of turnover intention in a company is high, there will be many impacts on the company, such as having to pay high costs to recruit new employees, orientation, overtime, and supervision (Solehah & Ratnasari, 2019).

Turnover intention is when workers have a conscious intention or tendency to look for another job in a different organization; turnover is the movement of workers leaving their place of work (Agnesya, 2019).

Turnover has always been a primary concern faced by both large and small organizations. Turnover refers to the absolute reality faced by the organization in the number of employees who leave the organization in a certain period. In contrast, turnover intention refers to the results of individual evaluations regarding the continuation of the relationship with the organization. It has not been realized in definite actions to leave the organization. Turnover intention can result in losses for companies through the loss of talented human assets (Sandy, 2019).

PT. Locom Mandiri Indonesia is a private company engaged in telecommunications, mobile phone equipment, accessories, spare parts, and services. In carrying out its business PT. Locom Mandiri Indonesia focuses on satisfying consumer needs by providing very competitive prices. PT. Locom Mandiri Indonesia has several fields within the company, including Employees of PT. Locomo Mandiri Indonesia currently had 105 employees in 2020. This number continued to increase over the last two years. In 2018, there were 82 employees; in 2019, there were 93 employees. This increase in the number of employees indicates that the company is indeed growing and trying to improve its operational performance. However, personnel data shows that employee turnover (turnover) at the company fluctuates yearly. According to data for the last three years, 22 employees entered in 2017, and 26 left. In 2018, 38 employees entered, and 27 employees left. In 2019 22 employees entered, and 15 employees left. From these data, it can be seen that employee turnover every year is also still fluctuating and is classified as very high. This has the potential to disrupt operational performance and increase expenses. Companies with high employee turnover must incur higher costs for recruiting new employees, selecting, and training.

The study's results (Widayati & Yunia, 2016) show that compensation is one of the dominant factors influencing turnover intention. The same thing was explained (Kusumayadi & Mistar, 2019) that compensation has a significant influence on the level of the turnover intention of employees. Compensation refers to the salary or rewards that employees receive from organizations or companies for services or jobs that employees have provided for the company (Kusumayadi & Mistar, 2019).

Successful leadership is a leader who succeeds in achieving organizational goals regardless of whether or not others feel compelled to do so. This will lead to a dilemma in achieving organizational effectiveness. On the one hand, organizational effectiveness can be seen from the output and sales results obtained. If the main goal is output, there is a tendency for leaders to ignore the human aspect. This neglect can result in an organization being destroyed due to increased turnover, decreased job satisfaction, and decreased productivity (Saklit, 2017). Therefore, influential leaders must also consider the human aspect to increase support (Solehah & Ratnasari, 2019).

Apart from that, job satisfaction is a factor influencing turnover intention. Job satisfaction is a positive attitude of the workforce, including feelings and behavior towards work, through assessing one job as a sense of respect in achieving one of the essential work values (Pawesti & Wikansari, 2016).

This study combines several previous studies related to turnover intention that has been conducted by (Agnesya, 2019), stating that compensation affects turnover intention because if compensation increases, turnover intention decreases. Conversely, if compensation decreases, turnover intention increases.

Research conducted by (Paripurna et al., 2017) states that leadership affects turnover intention because the more influential the leadership is carried out, the greater the job satisfaction felt by employees, which will reduce employees' desire to move.

Research conducted by (Setiyanto & Hidayati, 2017) found that job satisfaction has an insignificant effect on turnover intention.

Based on the background and phenomena above, this study aims to examine the effect of compensation and leadership style on turnover moderated by job satisfaction at PT. Locom Mandiri Indonesia. The implications of this research are expected to be implemented in various companies in managing turnover. Additionally, scientific contributions can hopefully increase literacy for future researchers and explore more in developing compensation, leadership style, job satisfaction, and turnover.

LITERATURE REVIEW

Turn Over

(Paripurna et al., 2017) Turnover intention is the tendency or intention of employees to voluntarily leave work or move from one workplace to another according to their own choice. Meanwhile, (Adelia & Mujiati, 2016) suggests that turnover intention is a person's awareness to look for alternative jobs in other organizations. (Pawesti & Wikansari, 2016) Turnover intention is a desire or desire to leave and find another job that is better than the previous job. Turnover intention is the desire to move, not yet reached the realization stage, namely moving from one workplace to another. (Mawadati & Saputra, 2020) Defines turnover intention as an individual's desire to leave the organization, individual desires, and evaluating one's position based on dissatisfaction to influence someone when leaving.

Compensation

(Sandy, 2019) compensation is all income in the form of money, direct or indirect goods received by employees as a reward for services provided to the company. An effective compensation system is essential in human resource management because it helps attract and retain talented jobs. In addition, the company's compensation system impacts strategic performance. (Kusumayadi & Mistar, 2019) Compensation is the number of packages the organization offers workers in return for using their workforce.

Leadership Style

Leadership is a determining factor in a company. The success or failure of a company in achieving a goal is influenced by the way a leader. A leader in a company can be effective if the leader can manage the company and influence the behavior of subordinates. Hence, they want to work together to achieve company goals.

(Yukl, 2015) states that leadership is a process of understanding what people are doing together so they understand and want to do it. (Saklit, 2017) leadership in organizations is directed at influencing the people they lead, so they want to do as expected or directed by other people who lead them.

Leadership style is the basis for classifying leadership types. Style means attitude, movement, behavior, beautiful attitude, good gestures, strength, and ability to do good. Moreover, leadership style is behavior and strategy as a result of a combination of philosophy, skills, traits, and attitudes, which are often applied by a leader when he tries to influence the

performance of his subordinates (Sutikno, 2015).

Style or leadership style (leadership style) will greatly affect the leader's effectiveness. (Robbins, 2016) identified four types of leadership styles, charismatic leadership style, transactional leadership style, transformational leadership style, and innovative leadership style.

Job satisfaction

Every human being has needs in his life. The desire to fulfill that need encourages humans to carry out various activities. Human needs are very diverse. Someone's satisfaction with one another will vary. So, satisfaction is individual (Adelia & Mujiati, 2016).

(Pawesti & Wikansari, 2016) Job satisfaction is a form of emotional attitude that is pleasant and loves the work he is doing. Job satisfaction at work is job satisfaction that can be enjoyed at work by getting results from achieving work goals, placement, treatment, and a good working environment. Employees who can enjoy job satisfaction in this job will choose to prioritize their work rather than the remuneration/wages they get from that job. Employees will feel more satisfied if the remuneration is proportional to the results of the work done.

METHODS

The purpose of this research is to test the hypothesis. The population in this research is all employees of PT. Locom Mandiri Indonesia totaled 107 people. The authors use a saturated sampling technique in which all members of the population are used as research samples.

This research discusses the scope of analyzing the influence of two X variables, namely compensation and leadership style, and one Y variable, namely turnover intention, with job satisfaction as a moderating variable (M). The type of research being conducted at this time is descriptive and causal research. The data analysis method used is SPSS or PASW (Predictive Analytics Software), validity and reliability testing, hypothesis testing, and moderation effect testing.

RESULTS AND DISCUSSION

Validity Test

The following are the results of the validity test.

Table 1. Validity Test

Indikator	Kompensasi	Gaya Kepemimpinan	Kepuasan Kerja	Turnover
X1.1	0,672			
X1.2	0,787			
X1.3	0,705			
X1.4	0,784			
X1.5	0,711			
X1.6	0,711			
X1.7	0,797			
X1.8	0,654			
X2.1		0,919		
X2.2		0,794		
X2.3		0,827		
X2.4		0,904		
X2.5		0,391		
X2.6		0,583		
X2.7		0,827		
X2.8		0,791		
M1			0,555	
M2			0,585	
M3			0,619	
M4			0,643	
M5			0,652	
M6			0,516	
M7			0,587	
M8			0,700	
M9			0,715	
M10			0,556	
Y1				0,518
Y2				0,886
Y3				0,688
Y4				0,442
Y5				0,886
Y6				0,550

Based on the table above, it can be explained that after testing the validity of the instrument, it was found that all indicators of the variables studied met the requirements (more than 0.2).

Reliability Test

The following are the results of the validity test.

Table 2. Reliability Test

Variabel	Cronbach Alpha
Kompensasi	0,672
Gaya Kepemimpinan	0,787
Kepuasan Kerja	0,705
Turnover	0,784

Based on the table above, it can be seen that all instruments based on the reliability analysis of the research variables show that Cronbach's alpha value for all variables is above 0.6. For that, all variables can be said to be reliable.

Classic assumption test

They are used to determine whether the instrument and multiple regression can be used in this study.

Normality test

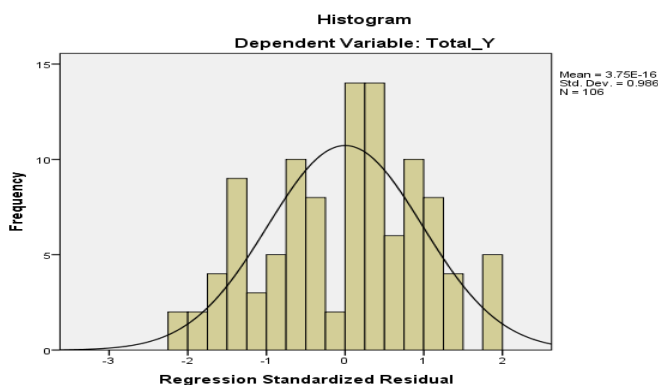


Figure 1. Normality Test

Based on the histogram graph, it can be seen that the observation data is normally distributed where the curve is standard. Therefore the normality test is fulfilled.

Multicollinearity Test

The following is an explanation for the multicollinearity test

Table 3. Uji Multikolinieritas

Model	Collinearity Statistics	
	Tolerance	VIF
Kompensasi	0,919	1,088
Gaya Kepemimpinan	0,978	1,023
Kepuasan Kerja	0,925	1,083

From the table above, it can be seen that all tolerance values are > 0.10, and the results of calculating VIF values < 10 mean that there are no symptoms of multicollinearity between the independent variables. Thus it can be concluded that the regression equation used as a prediction in this study is free from classical assumptions.

Heteroscedasticity Test

The following is an explanation for the heteroscedasticity test.

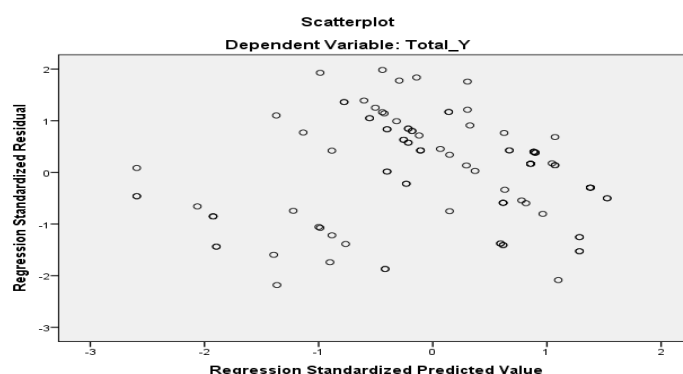


Figure 2. Heteroscedasticity Test

The graph above shows no heteroscedasticity in the regression model because there is no clear pattern, and the points spread above and below the number 0 on the Y-axis. So it can be said that the heteroscedasticity test is fulfilled.

Multiple Regression Analysis

The following is an explanation for multiple regression analysis.

Table 4. Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	21,503	18,391		1,169	0,045
Total X1	-0,135	0,405	0,260	3,333	0,040
Total X2	0,145	0,374	0,249	3,599	0,018
Total M	-0,214	0,417	0,255	-5,512	0,019
Moderasi 1	-0,003	0,918	0,263	-1,576	0,006
Moderasi 2	-0,005	0,865	0,429	-1,054	0,007

Based on the table above, it can be seen that the regression equation is:

$$Y = 21,503 - 0,135X1 + 0,145X2 - 0,214M - 0,003(X1 * M) - 0,005(X2 * M)$$

From the regression equation, it can be concluded that:

1. A constant of 21.503 means that if the above compensation, leadership style, and job satisfaction do not exist, then the Turnover intention remains at 21.503 units and vice versa.
2. The compensation coefficient is -0.135, meaning that if compensation is increased by one unit, assuming leadership style and job satisfaction is ignored, it will decrease turnover intention by 0.135 units and vice versa.
3. The leadership style coefficient is 0.145, meaning that if the leadership style is increased by one unit, assuming compensation and job satisfaction are ignored, it will increase the turnover intention of 0.145 units and vice versa.
4. The coefficient of job satisfaction is -0.214, meaning that if job satisfaction is increased by one unit, assuming compensation, leadership style, and organizational culture are ignored, it will decrease the turnover intention of -0.214 units and vice versa.
5. Job satisfaction moderates compensation and turnover intention which is negative at -0.003.
6. Job satisfaction provides a moderation between leadership style and turnover intention is negative at -0.005.

Hypothesis testing

Partial Hypothesis (t-test)

1) Effect of Compensation (X1) on Turnover intention (Y)

From table 4 above, it can be seen that the level is significantly smaller than alpha ($0.040 < 0.05$). From the results of the comparison, it can be seen that t count and t table, it can be concluded that partially there is a negative and significant effect between compensation and turnover intention. Thus H_0 is rejected, and H_1 is accepted.

2) The influence of leadership style (X2) with turnover intention (Y)

From table 4 above, it can be seen that the level is significantly smaller than alpha ($0.018 < 0.05$). From the results of the comparison, it can be seen that t count and t table, it can be concluded that partially there is a positive and significant influence between leadership style and turnover intention. Thus H_0 is rejected, and H_2 is accepted.

3) Effect of Job Satisfaction (M) with Turnover intention (Y)

From table 4 above, it can be seen that the level is significantly smaller than alpha (0.019 < 0.05). From the results of the comparison, it can be seen that t count and t table, it can be concluded that partially there is a positive and significant influence between job satisfaction and turnover intention. Thus H_0 is rejected, and H_3 is accepted.

Moderation Effect

1) Job satisfaction moderates compensation on turnover intention

We can see the results of the t-test with multiple regression using Table 4. It is known that the significance value without moderation is 0.040, which is less than 0.05. This means that compensation has a significant effect on turnover intention. Meanwhile, the significance value between job satisfaction and turnover intention remains significant at 0.019. Thus, job satisfaction as a moderator has a significant effect on compensation on turnover intention because it has a sig value of 0.006 < 0.05 as a level of significance.

2) Job satisfaction moderates leadership style on turnover intention

We can see the results of the t-test with multiple regression using Table 4. It is known that the significance value without moderation is 0.018, which is less than 0.05. This means that leadership style has a significant effect on turnover intention. Meanwhile, the significance value between job satisfaction and turnover intention remains significant at 0.019. Thus, job satisfaction as a moderator has a significant effect on leadership style on turnover intention because it has a significant level of 0.007 < 0.05.

Coefficient of Determination (R^2)

Determination analysis in multiple linear regression is used to determine the percentage of the influence of the independent variables consisting of compensation (X1), leadership style (X2), organizational culture (X3), and job satisfaction (M) on turnover intention (Y). Determination results can be seen in table 5 as follows:

Table 5. Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,712a	0,508	0,473	2,822

Based on table 5 above, the Adjusted R Square figure is 0.473. This shows that the contribution of the variable compensation, leadership style, and job satisfaction is 0.473 or 47.3%

to turnover intention. In contrast, the remaining 52.7% is influenced by other variables that are not researched.

CONCLUSION

Based on the research results described, it can be concluded that there is a significant direct effect between compensation, leadership style, and job satisfaction on the turnover intention at PT. Locom Mandiri Indonesia. Furthermore, there is a significant moderating effect between compensation and leadership style on turnover intention, moderated by job satisfaction at PT. Locom Mandiri Indonesia.

Based on the discussions carried out above, the researchers suggest increasing compensation not only in financial forms, such as incentives but also in non-financial forms if the performance or productivity of employees is achieved. With this, it will reduce the intention to leave employees. Companies must also increase employee job satisfaction in the aspects of supervision, co-workers, rewards, and equality in promotion which aims to reduce employee turnover intention.

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