

# Analysis of the Effect of Job Satisfaction and Indirect Compensation of Employee Turnover Intention in PT Sinar Mitra Sepadan Finance Region of South Sumatera Part I

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## Abstract

This study to analyze the influence of job satisfaction and indirect compensation to turnover intention of employees. The independent variable in this study is the Job Satisfaction ( $X_1$ ) and Indirect Compensation ( $X_2$ ) with the dependent variable is Turnover Intention ( $Y$ ). Data collection techniques in this study are use proportionate sampling. Distributing questionnaires to all of employees PT Sinar Mitra Sepadan Finance on cover area South Sumatera I. Data analysis techniques used in this study is a multiple linear regression, F- test, t- test. The results of a test of R square determination ( $R^2$ ) of the job satisfaction and indirect compensation would explain the variable performance of employees amounted to 30,5% whereas 69,5% is explained by other variables. Test results from t to each variable, obtained results significant influential job satisfaction against variable turnover intention of PT Sinar Mitra Sepadan Finance and significant influential indirect compensation against variable turnover intention of PT Sinar Mitra Sepadan Finance. Test results from the F showed simultaneously job satisfaction and indirect compensation significantly to variable turnover intention of PT Sinar Mitra Sepadan Finance. Job satisfaction was the dominant influence variables to variable turnover intention of PT Sinar Mitra Sepadan Finance with -0.375 of the  $\beta$  value.

**Keywords:** Job Satisfaction, Indirect Compensation, Turnover Intention.

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## INTRODUCTION

Human resources are the main factor because they are the driving force of the organization in achieving and realizing the goals and objectives set [1]. According to Ansari and Kuncoro [2], one form of employee behavior that refers to the employee's decision to leave work is called turnover intention. According to Sulistyawati and Indrayani [3], a high turnover rate will create a negative impact on the organization, instability and uncertainty regarding the condition of the workforce.

Job dissatisfaction is often identified as one of the reasons why employees want to stop working. The results of Sari's *et al.*, [4] Research concluded that satisfaction with payment, job satisfaction, satisfaction with colleagues, satisfaction with promotion, and satisfaction with supervisors had a simultaneous and partial significant effect on turnover intention. Another factor that must be considered by companies to maintain employee loyalty is providing compensation, because it is considered effective for increasing employee loyalty to the company. Through the provision of compensation, the desire of employees to change jobs is reduced, so that the employee turnover

rate can be reduced and the cost of hiring employees can be reduced. Reducing these costs will benefit financial savings and operational performance stability which will have an impact on financial and non-financial performance of the company.

During the period January to August 2018 employee turnover occurred at PT SMS Finance in the Sumbagsel Area 1. Data obtained in the field were 53 new employees recruited for several branches of PT SMS Finance Sumbagsel 1 area from the beginning of 2018 to August 2018. While the data there were 27 employees who came out in the field to leave the period until August 2018 starting from the beginning of 2018. As for promotion, there were one employee who received promotions during 2018 at Sumbagsel SMS Finance Area 1. Compensation set at PT SMS Finance is direct and indirect financial compensation and non-financial compensation. Direct financial compensation is given in the form of a salary with a minimum wage set by the Province or City in the branch, meal allowance and position allowance for supervisor employees, incentives or rewards for achieving targets or performing well. The indirect financial compensation provided is in the form of health insurance and

government program labor guarantees (BPJS Health and Labor), leave rights, health insurance, life insurance and places of worship (Sumbagsel 1 HR Area PT SMS Finance, 2018).

Based on the description of the background above, the authors are interested in conducting research with the title "Analysis of the Effect of Job Satisfaction and Compensation on Turnover Intention of Employees at PT Sinar Mitra Sepadan Finance Area of South Sumatra Part I".

## LITERATURE REVIEW

### Job Satisfaction

Handoko [5] illustrates that job satisfaction is an emotional state as a reflection of feelings and is closely related to the attitude of employees themselves, work situations, cooperation between leaders and employees. According to Wexley and Yukl in Wikipedia, job satisfaction is "the way an employee feels about his or her job" which means that job satisfaction is the way employees feel themselves or their jobs.

### Indicator of Job Satisfaction

Robbins [6] who suggests work aspects that influence work satisfaction are as follows:

a. Salary or Wages

Salary or Wages is the amount received and received from wages or received.

b. Work

Until beyond which tasks are considered attractive and provide opportunities to learn and accept responsibility.

c. Promotion

Promotion is an opportunity to progress. A promotion means moving from one position to another that has higher status and responsibility.

d. Supervision or supervision of work

Employee satisfaction can increase when direct supervision is friendly and can support, giving praise for good performance, discussion of employee opinions, and personal participation in employees.

e. Co-workers

For most employees, work also fills the need for social interaction

The relationship between job satisfaction and employee turnover is stronger. The relationship between job satisfaction and turnover intention is also influenced by alternative employment prospects. If a worker is faced with an unwanted job offer, job dissatisfaction is not predictive of turnover intention, because the worker will turnover intention when there are more job opportunities [6].

### Indirect Compensation

Compensation is the total of all rewards received by employees in lieu of services that have been

provided by the company [7]. Dessler [8] suggests that compensation is a form of payment or compensation given to employees and arises from the employment of employees. Mondy and Noe [9], indirect financial compensation or benefits, namely all forms of financial services not included in direct financial compensation, such as insurance and benefits or facilities.

### Indicator of Indirect Compensation

According to Mondy [9], several indicators of indirect compensation are as follows:

- Labor Guarantee
- Annual leave
- Parking and Worship Facilities
- Health insurance
- Life insurance

The literature shows that compensation correlates with employee turnover in business organizations of all types in the US [10]. Compensation provided by the organization clearly influences the decisions that employees make about organization and turnaround. Employee turnover has a very close relationship with compensation and vice versa. The study of the relationship between compensation and turnover intention has also been carried out by Ologunde *et al.*, [11], which states that the application of a fair and decent compensation system will prevent turnover intention.

### Turnover Intention

Turnover according to Robbins and Judge [12] is an act of permanent resignation carried out by employees either voluntarily or not voluntarily, namely in the form of resignation, transfer out of the organizational unit, dismissal or death of members of the organization. The dimensions of turnover intention according to Mobley in Mahdi *et al.*, [13] include:

- Thinking of quitting, is the thought of an employee to get out of a company and the thought that he might not survive with the company.
- Intent to search, is the attitude of an employee to look for alternatives for other companies.
- Intent to quit, is the attitude of an employee who shows indications of exiting such as minimizing effort in working, and canceling important work.

### Research hypothesis

Based on the above theoretical framework, then there are four hypotheses to be tested in this study. The fourth hypothesis is as follows:

- Job Satisfaction has a significant and negative effect on Turnover Intention of employees at PT Sinar Mitra Sepadan Finance in the Sumbagsel Area 1.
- Indirect compensation has a negative and significant effect on Turnover Intention of employees at PT Sinar Mitra Sepadan Finance in the Sumbagsel Area 1.

- Job Satisfaction and Indirect Compensation have a simultaneous significant influence on Turnover Intention of employees at PT Sinar Mitra Sepadan Finance in the Sumbagsel area 1.
- Indirect Compensation has a dominant influence on Turnover Intention of employees at PT Sinar Mitra Sepadan Finance in the Sumbagsel Area 1.

**RESEARCH METHODS**

**Population and Sampling**

The population in this study were all PT Sinar Mitra Sepadan Finance branch employees of South Sumatra I. Area totaling 221 people. The sample in this study was calculated by the Slovin formula and amounted to 142 people. The sampling technique used proportioned stratified random sampling.

**Classic Assumption Test**

**Normality Test**

Normality according to Imam Ghozali [14] normality test aims to test whether in the regression model, the disturbing or residual variables have a normal distribution. To test whether the data is normally distributed or not the Kolmogorov-Smirnov Test test is performed. Residuals are normally distributed if they have a significance value  $> 0.05$  [14].

Based on testing using the program, the Kolmogorov Smirnov test One-Sample, there is a residual value or value of Asymp. Sig. (2-tailed) of 0.387 which is greater than the value of  $\alpha = 5\%$  ( $0.387 > 0.05$ ). This shows that the population distribution function represented by the sample can be said to have normal data distribution, as follows:

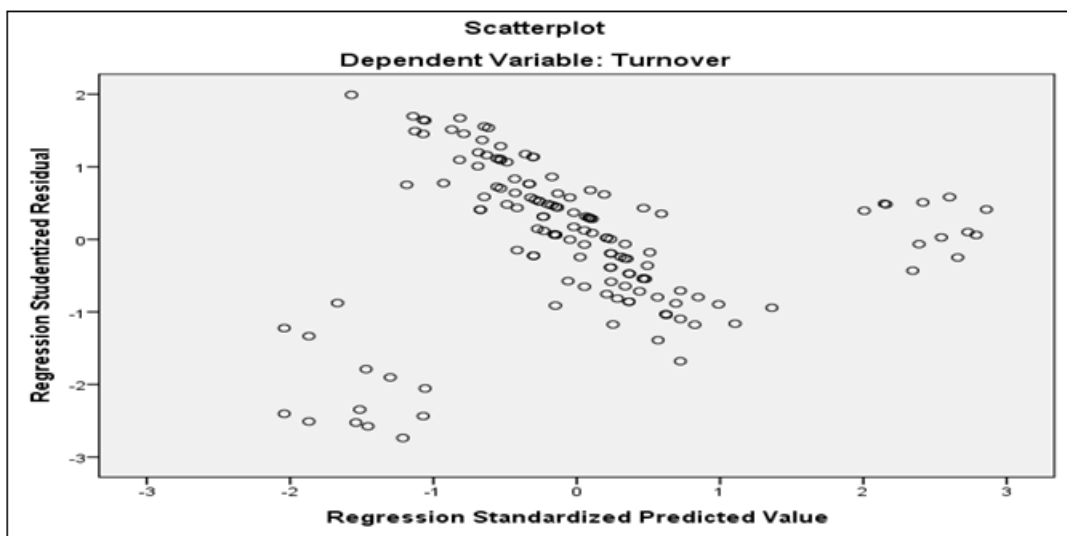
**Table-1: One-Sample Kolmogorov-Smirnov Test**

N		Unstandardized Residual
Normal Parameters <sup>a,b</sup>	Mean	142
	Std. Deviation	0E-7
	Absolute	5,14833509
Most Extreme Differences	Positive	0,076
	Negative	0,039
Kolmogorov-Smirnov Z		-0,076
Asymp. Sig. (2-tailed)		0,904
		0,387

**Heterokedastisitas Test**

Test Heterokedastisitas in research intended to test wherein the linear regression model occurred inequality variance of residual one observation to observation, or the other. If the variance of the residuals from one observation to another observation remains then called Homokedastisitas, whereas if different called heterocedastity. Linear regression models were better when there was no trouble heterocedastity [15].

To see whether there is a problem of heteroscedasticity can be detected by the presence or absence of a specific pattern on the charts Scatter Plot, if there are certain patterns, such as dots that form a regular pattern (wavy, widened and then narrowed) then heteroscedasticity. Whereas if there is no clear pattern, and the points spread above and below the number 0 and the Y axis, then there is no heteroscedasticity. Basis for decision making by looking at the picture below Scatter Plot.



In Figure above shows the points do not exist to form a specific pattern of regular (waves, widened, then narrowed), but the point is seen to spread above and below the number 0 (zero) on the Y axis, so that it can be concluded there was no trouble heterocedastity

### Multikolenieritas Test

According to Imam Ghozali [14] multicollinearity test aims to test whether the regression model found a correlation between independent variables (independent) To test multicollinearity by looking at the VIF value of each independent variable, if the VIF value is  $<10$ , then free data can be concluded from the symptoms of multicollinearity.

**Table-2: Collinearity Statistics**

Variabel	Tolerance	VIF
Kepuasan Kerja	0,777	1,287
Kompensasi Tak Langsung	0,777	1,287

Collinearity Statistics shows that the VIF value is 1,287 for both the Job Satisfaction and Indirect Compensation variables, which are based on the withdrawal of decisions that the VIF value is smaller than 10 ( $1.001 < 10$ ), it can be concluded that the independent variable is free from multicollinency symptoms.

### Hypotesis Testing (t- Test and F- test)

According to Ghozali [14], the t test statistic basically shows how far the influence of one

independent variable individually in explaining the dependent variable. According to Ghozali [14], the F test basically shows whether all independent variables or independent variables included in the equation model have a joint influence on the dependent or bound variable. According to Ghozali [14] regression analysis is used to measure strength the relationship between two or more variables also shows the direction of the relationship between the dependent variable and the independent.

**Table-3: Multiple Linear Regression Analysis Result Test**

Variabel	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	64,506	3,415		18,888	0,000
Kepuasan Kerja	-0,438	0,094	0-,375	-4,682	0,000
Kompensasi Tak Langsung	-0,242	0,073	0-,265	-3,306	0,001

Based on table Multiple Linear Regression Analysis Result Test and t- test, we can make decision as follows:

- Because the value of  $t\text{-count} > t\text{-table}$  then the hypothesis  $H_a: \beta_1 \neq 0$  is accepted, because the value of the variable Job Satisfaction variable is 4.682 greater than 1.960 with a significant value of  $0.000 < 0.05$ . That is, Job Satisfaction (X1) has a significant effect on employee Turnover Intention

(Y) variables at PT Sinar Mitra Sepadan Finance in the Sumbagsel Area Region 1

- Because the value of  $t\text{-count} > t\text{-table}$ , the hypothesis  $H_a: \beta_1 \neq 0$  is accepted, then the value of the variable Indirect Compensation of 3.306 is greater than 1.960 with a significant value of  $0.001 < 0.05$ . That is, Indirect Compensation (X2) has a significant effect on employee Turnover Intention (Y) variables at PT Sinar Mitra Sepadan Finance Sumbagsel Area Area 1.

**Table-4: Test Results (Test F) Simultaneous Significance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1641,984	2	820,992	30,535	,000 <sup>b</sup>
Residual	3737,255	139	26,887		
Total	5379,239	141			

Based on the table, we can make decision that if the value of  $F\text{-Calculate} > F\text{-Table}$  then the hypothesis  $H_a$  is accepted ( $30.535 > 3.06$ ), sig value  $0.00 < 0.005$  and Count F value  $30,535 > 4$ , with a confidence level of 5% it can be concluded that there is a significant effect together of Job Satisfaction (X1) and Indirect Compensation (X2) on Turnover Intention (Y).

### Multiple Linear Regression Analysis

In this research, there are more than one independent variable that will be tested in order to determine the influence that exists between Job Satisfaction and Indirect Compensation together the Turnover Intention then performed multiple regression analysis. In this regression analysis will only be

discussed in the final process on each table, ddengan intent because on every last line is the result of the last test which is a variable that has a significance t below 0.05.

Based on the table of results of multiple linear regression analysis a regression equation can be formed as follows:

$$TOI = 64,506 - 0,438 \text{ KPK} - 0,242 \text{ KTL} + e \dots\dots\dots (1)$$

Based on the results table of multiple linear regression analysis, the regression equation can be explained as follows:

- The constant of 64.506 Indigo means if the value of Job Satisfaction and Indirect Compensation is zero, then the value of Turnover Intention is 64.506.
- Job satisfaction (X1) regression coefficient value of -0.438. This means that the variable Job Satisfaction (X1) affects the Turnover Intention (Y) variable of -0.438 (43.8%). If employee job satisfaction increases by 1%, it will reduce Turnover Intention by 43.8%
- The regression coefficient of Indirect Compensation is -0,242. This means that the variable Indirect Compensation (X2) affects the Turnover Intention variable of -0.242 (24.2%). If employee Indirect Compensation increases by 1%, it will reduce Turnover Intention by 24.2%
- From the results of the second regression table of the independent variables this study, which has a

dominant influence is the Job Satisfaction variable with a Beta value of -0.375 while the Indirect Compensation variable is only -0.265.

**Coefficient of Determination (R2) and Coefficient Correlation (r)**

According to Nugroho [16] the nature of correlation will determine the direction of the correlation. Correlation can be grouped as follows:

- Values of 0.00 to 0.20 mean the correlation has very weak closeness.
- Values of 0.21 to 0.40 mean the correlation has a weak closeness.
- Values of 0.41 to 0.70 mean the correlation has a strong closeness.
- The value of 0.71 to 0.90 means that the correlation has a very strong closeness.
- Values of 0.91 to 0.99 mean that the correlation has very strong closeness.
- Value 1 means perfect correlation

This coefficient of determination (R2) explains the proportion of variation in the dependent variable (Y) which is explained by free variables (more than one variable) together. The equation of multiple linear regression is getting better if the value of the coefficient of determination (R2) is greater, which is close to the value of 1 and tends to increase in value in line with the increase in the number of independent variables [17].

**Table-5: Correlation Coefficient and Determination**

Model	r	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,552 <sup>a</sup>	0,305	0,295	5,18524	2.012

Correlation coefficient (r) results of processing listed in table 4.1.10.1 show the number r = 0.552 which means the correlation has strong closeness with a range of values from 0.41 - 0.70 [16].

While the coefficient of determination (R2) shows the value of 0.305. It can be concluded that the variable Job Satisfaction and Indirect Compensation can explain Turnover Intention variables by 30.5%, while the remaining 69.5% is influenced by other independent variables other than the variables in this study, such as the Work Environment variable, Leadership, Motivation, Organizational Culture and Job Stress

**CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion**

Based on the results of research and discussion that has been done in the previous chapter, it can be concluded empirically that:

- Job Satisfaction has a negative and significant effect on Turnover Intention Employees at PT SMS Finance Area of South Sumatra I.
- Indirect Compensation has a negative and significant effect on Turnover Intention Employees at PT SMS Finance Area of South Sumatra I.
- Job Satisfaction and Indirect Compensation have a simultaneous influence on Turnover Intention Employees at PT SMS Finance Area Region South Sumatra I.
- Variable Job Satisfaction is the variable that affects the most dominant Turnover Intention rather than Indirect Compensation because it has the highest Beta value

**Suggestion**

Based on research that has been done, then the advices that can be given is as follows:

- Based on the results of primary and secondary data analysis, the company must maintain the job satisfaction that has now been felt by the employees and further increase the benefits or indirect compensation that can affect the desire of employees to leave the company.

- For the next researcher, it is expected that it can involve more representative samples, add variables and other research indicators, thus increasing accuracy in generalizing the results of the research conclusions.

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