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# 1 ANTECEDENT OF WORK SATISFACTION, AND IMPLICATIONS TO TURNOVER INTENTION SALESMAN DEALER OFFICIAL AUTOMOBILE

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## ABSTRACT

*Turnover intention is a tendency or demand for employees to stop working from their jobs due to their own choices. This study aims to determine the antecedents of job satisfaction and its implications for the turnover of the intention of the authorized salesman of a car dealer. The sample in the study amounted to 224 authorized dealer car salesman in the province of South Sumatra. The research test uses a model of structural equations modeling equations. The result of calculating the direct effect of compensation on turnover intention is greater than the indirect effect mediated by job satisfaction, meaning that job satisfaction variable does not play a role in mediating the influence of compensation to turnover intention. However, the direct influence of the work environment on turnover intention is less than the indirect influence mediated by job satisfaction, meaning that job satisfaction variable plays a role in mediating the influence of work environment on turnover intention.*

**Keywords:** Compensation, Work Environment, Job Satisfaction, Turnover Intention.

## INTRODUCTION

The role of a salesman is determining the progress of automotive companies in Indonesia. The challenge faced by automotive salesmen is the number of competitors, both new competitors and old competitors with new types of cars. Conditions like this are one of the factors triggering the migration of a salesman to a competitor company or even to another company. This move is commonly known as turnover. Turnover is an important parameter in the planning and strategy of the workforce within a company. The impact of turnover has received great attention from executive management, human resources professionals, and industrial psychology. Employee turnover has proven to be one of the most-costly and difficult challenges to human resource management faced by several global companies. Companies invest heavily in their employees in terms of induction and training, developing, maintaining and retaining employees.

There is no exact figure for ideal turnover, but the higher the turnover rate, indicating a problem in the management of human resources in a company. Companies that have high turnover figures indicate that employees do not feel comfortable working in the company. Turnover can be minimized if the company knows the level of employee turnover intention. Companies can analyze the causes of turnover intention before employees decide to turnover. The increased turnover intention has now become a serious problem for many companies. Even

some companies get frustrated when knowing the recruitment process that has captured qualified staff, turns out to be a waste in the end because the recruited staff has chosen a job at another company.

One of the factors that can determine the survival or not someone in a company is job satisfaction. Job satisfaction is a complex concept that is influenced by many factors. Employees tend to stay longer in a company if they have job satisfaction. There are many successful companies because of the high level of job satisfaction among their employees. Giving employee job satisfaction is not an easy job for the company. Companies through the management of human resources managers must certainly work extra hard to understand the wishes of employees. The thing that can be done is to see what factors that can satisfy the employee.

One of the factors that can give employee job satisfaction is compensation. Compensation is expense and expense for the company. The Company expects that the compensation paid will earn higher employee benefits. Thus, the value of employee performance must be greater than the compensation paid by the company, so that the company gets a profit and the continuity of the company is guaranteed. This shows the importance of compensation issues for employees and companies.

In addition to compensation, the work environment can affect employee job satisfaction, where employees will not be able to do the job as expected without a good work environment supported. Employee convenience in carrying out their daily work depends on the environment in which they work. If there are things that interfere with the environment where employees work, it will directly affect the concentration of work employees who ultimately affect the productivity of employees. To know and analyze the influence of compensation and work environment to the turnover intention with job satisfaction as mediating variable.

## LITERATURE REVIEW

### Influence of Compensation to Job Satisfaction

Compensation is the reward employees receive for services or contributions to their organizations. A literature shows that the compensation package has a relationship with employee job satisfaction. Sofyandi (2008) said that the purpose of providing compensation is to provide job satisfaction to employees. This means that if the company provides compensation in accordance with the expectations of employees it will create job satisfaction. Humaeroh et al. (2015) explains that financial compensation and non-financial compensation affect simultaneously and partially to job satisfaction and employee work motivation of PT. Krakatau Steel (Persero) Tbk. Another study, Salisu et al. (2015), indicating that the impact of positive compensation on job satisfaction of workers.

*H<sub>1</sub>: Compensation affects job satisfaction.*

### Effect of Work Environment on Job Satisfaction

One of the many challenges to business is to satisfy employees in order to cope with an ever-changing and evolving environment, achieving success and remaining competitive. Raziqa & Maulabakhsh (2015) in his research proved that there is a positive relationship between the

work environment and employee job satisfaction. This study concludes with some short prospects that require efforts to realize the importance of a good work environment to maximize the level of job satisfaction. Jain & Kaur (2014) in his research showed that workload, stress, overtime, fatigue, boredom is some factors to increase job dissatisfaction. On the other hand, good facilities of working condition, refreshment, and recreation, health and safety, having fun at work increase the degree of job satisfaction. Another study, Tio (2014) showed that the factors of work environment have a significant effect simultaneously on employee job satisfaction.

*H<sub>2</sub>: Work environment affects job satisfaction.*

### **The Influence of Job Satisfaction on Turnover Intention**

The influence of job satisfaction on turnover intention is an important part that must be understood by an organization. Aydogdu & Asikgil (2011) found a strong negative relationship between job satisfaction and turnover and stated that understanding overall job satisfaction is a major predictor of analyzing employee turnover intention. Tnay et al. (2013) in his research indicates that for the independent variable of job satisfaction with satisfaction factor in the form of salary and supervision support is low, and has a significant negative relationship with turnover intention. However, organizational commitment has no significant relationship to employee turnover intention in the organization.

*H<sub>3</sub>: Job satisfaction affects turnover intention.*

### **Effect of Compensation for Turnover Intention**

Compensation is one of the factors that employees consider when making a decision to leave or remain within an organization. Mushrush (2016) said that one of the first steps to reduce turnover is to develop an overall strategic compensation package. This should include not only the basic and variable salary scales but long-term incentive compensation, bonuses and getting share plans. Similarly, the benefits of plans are to address health and welfare issues, non-cash benefits and benefits. To be competitive in today's job market, most companies find it necessary to offer standard benefit packages, including health, dental and life insurance, vacations and abandoning policies, investments, and retirement plans. Weldéyohannes (2016) in his research concludes that teachers are very dissatisfied with the financial and non-financial compensation aspects they receive. Thus, dissatisfaction leads to a qualifying shift that causes them not to upgrade their qualifications vertically and intends to move.

*H<sub>4</sub>: Compensation has a direct effect on turnover intention.*

*H<sub>5</sub>: Compensation has an indirect effect on the turnover intention with the mediation of job satisfaction.*

### **Effect of Work Environment on Turnover Intention**

Before the turnover of every employee has a desire to move (turnover intention). The Company can anticipate the turnover by taking into account the factors affecting the employee turnover intention. One factor is the work environment. Result of research by Qureshi et al.

(2013) shows that employee turnover intentions are positively associated with work stress and workload. Meanwhile, there was a negative association of turnover intentions with the workplace environment. According to Lambert et al. (2001) in his research shows that the work environment is very important in shaping employee job satisfaction, even after controlling the effects of demographic characteristics. It is also known that dominant job satisfaction influences turnover intention. Job satisfaction is the main mediating variable between work environment and turnover intention.

*H<sub>6</sub>: The working environment directly affects turnover intention.*

*H<sub>7</sub>: The work environment has an indirect effect on the turnover intention with the mediation of job satisfaction.*

## METHODOLOGY

The sample is part of the population that has certain characteristics or circumstances to be studied. The use of the number of samples in this study should be done with some considerations. Hair et al. (2006) using the required sample size approach is between 5-10 times the numbers of indicators. The sample size required for the Structural Equation Model (SEM) analysis is at least 200 observations. The sample size approach used in this study is 7 times the number of indicators. There are 32 indicators, so the required sample is (7×32) or 224 respondents. SEM analysis is basically to obtain a structural model. The incised model can be used to predict or prove the model. In addition, SEM can also be used to see the magnitude of the influence, either directly, indirectly or the effect of total independent variables (exogenous) on the dependent variable (endogenous) Hair et al. (2006).

## RESULTS AND DISCUSSION

### Confirmatory Factor Analysis (CFA)

The measurement model in CFA is a modeling measurement of indicators that represent a latent variable. The measurement model illustrates how the latent variables are measured.

### Results of CFA Variable Compensation

The Table 1 below shows some of the criteria for fit or not of a model.

| Criteria | The calculation results | Standard Goodness of Fit | Description |
|----------|-------------------------|--------------------------|-------------|
| RMSEA    | 0.040                   | <0.08                    | Model fit   |
| GFI      | 0.97                    | >0.9                     | Model fit   |
| AGFI     | 0.94                    | >0.9                     | Model fit   |
| NFI      | 0.98                    | >0.9                     | Model fit   |
| CFI      | 0.99                    | >0.9                     | Model fit   |

Source: Research Result, 2017 (Data Processed).



The results of data processing analysis show that the constructs used to form a research model already meets the predetermined goodness of fit criteria. The CFA T-value model above shows that the t value of each indicator is greater than the t-table value (1.96) with the significance level  $\alpha=5\%$ . Thus, any variable indicator of compensation can already be said to be valid. The results of the compensation variable reliability test can be seen in Table 2 below.

**Table 2**  
**RELIABILITY OF VARIABLE COMPENSATION**

| Variables    | Composite Reliability (CR) |       | Average Variance Extracted (AVE) |       | Description |
|--------------|----------------------------|-------|----------------------------------|-------|-------------|
|              | Results Count              | Good  | Results Count                    | Good  |             |
| Compensation | 0.95                       | >0.70 | 0.69                             | >0.50 | Reliable    |

Source: Research Result, 2017 (Data Processed).

The reliability test of the compensation variable in the Table 2 above shows that the CR and AVE calculations are greater than the predefined requirements. Thus the compensation variable can be said to be reliable.

**Results of CFA of Work Environment Variables**

The Table 3 below shows some of the criteria of fit/not a model.

**Table 3**  
**CRITERIA GOODNESS OF FIT VARIABLE WORK ENVIRONMENT**

| Criteria | Results Count | Standard Goodness of Fit | Description |
|----------|---------------|--------------------------|-------------|
| RMSEA    | 0.052         | <0.08                    | Model fit   |
| GFI      | 0.99          | >0.9                     | Model fit   |
| AGFI     | 0.95          | >0.9                     | Model fit   |
| NFI      | 0.99          | >0.9                     | Model fit   |
| CFI      | 1.00          | >0.9                     | Model fit   |

Source: Research Result, 2017 (Data Processed).

The results of data processing analysis show that the constructs used to form a research model already meets the predetermined goodness of fit criteria. The CFA T-value model above shows that the t value of each indicator is greater than the t-table value (1.96) with the significance level  $\alpha=5\%$ . Thus, every indicator of work environment variable can be said to be valid. Reliability test results of work environment variables can be seen in Table 4 below.

**Table 4**  
**RELIABILITY OF VARIABLE COMPENSATION**

| Variables    | Composite Reliability (CR) |       | Average Variance Extracted (AVE) |       | Description |
|--------------|----------------------------|-------|----------------------------------|-------|-------------|
|              | Results Count              | Good  | Results Count                    | Good  |             |
| Compensation | 0.95                       | >0.70 | 0.77                             | >0.50 | Reliable    |

Source: Research Result, 2017 (Data Processed).

The reliability test of the working environment variable in the above Table 4 shows that CR and AVE calculations are bigger than the predefined requirements. Thus the work environment variable can be said reliable.

Based on the standardized solution model, it is known that the regression coefficient of the compensation variable on job satisfaction variable is 0.29. The value of positive regression coefficient indicates that compensation has a positive effect on job satisfaction. That is, the better compensation given to the salesman the job satisfaction of salesmen will increase. While in the T-value model shows that the value of t compensation to work satisfaction is greater than the t-table with significance  $\alpha=5\%$  ( $3.54 > 1.96$ ). So it can be said that the compensation has a positive and significant impact on job satisfaction.

Based on the standardized solution model, it is known that the regression coefficient from work environment variable to job satisfaction variable is 0.54. The value of positive regression coefficient indicates that the work environment has a positive effect on job satisfaction. That is, the better the working environment in the company then the job satisfaction of salesmen will increase. While on the T-value model shows that t value of work environment to job satisfaction is greater than the t-table value with significance  $\alpha=5\%$  ( $7.12 > 1.96$ ). So it can be said that the work environment has a positive and significant impact on job satisfaction.

Based on the standardized solution model, it is known that the regression coefficient of the compensation variable for the intention turnover variable is -0.56. The negative regression coefficient value indicates that compensation negatively affects turnover intention. That is, the better compensation given to the salesman then turnover intention salesman will decline. While the T-value model shows that the value of -t count compensation to turnover intention is smaller than the t-table with significance  $\alpha=5\%$  ( $-6.30 < -1.96$ ). So that it can be said that compensation has a smaller relationship than turnover intention.

Based on the standardized solution model, it is known that the regression coefficient from work environment variable to the intention turnover variable is -0.31. The negative regression coefficient value indicates that the work environment negatively affects turnover intention. That is, the better the existing work environment in the company so the turnover intention salesman will decline. While the T-value model shows that the value of t-count work environment to turnover intention is smaller than the value t-table with significance  $\alpha=5\%$  ( $-3.49 < -1.96$ ). So it can be said that the work environment has a smaller relationship than turnover intention.

Based on the standardized solution model, it is known that the regression coefficient of job satisfaction variable to intention turnover variable is -0.22. The negative regression coefficient value shows that job satisfaction negatively affect turnover intention. That is, the higher the job satisfaction in the salesman feel the turnover intention salesman will decline. While on T-value shows that the value of -t count job satisfaction to turnover intention is smaller than the value-t-table with significance  $\alpha=5\%$  ( $-2.35 < -1.96$ ). So it can be said that job satisfaction has a smaller relationship than turnover intention.

### Relation Direct Effect and Indirect Influence

Based on the loading factor value found in the standardized solution model, the result of calculating the direct effect of the exogenous variable to an endogen-2 variable and the indirect effect of the exogenous variable to an endogen-2 variable through an endogen-1 variable. The results can be seen in the following Table 5.

| Variables         | Direct Effect on Turnover Intention | The Indirect Effect on Turnover Intention Through Job Satisfaction | Conclusion |
|-------------------|-------------------------------------|--|------------|
| Compensation      | $(-0.56)^2=0.3136$                  | $ 0.29 \times (-0.22)  = 0.0638$                                   | PL>PTL     |
| Work Environments | $(-0.31)^2=0.0961$                  | $ 0.54 \times (-0.22)  = 0.1188$                                   | PL<PTL     |

Source: Research Result, 2017 (Data Processed).

Based on the calculation in the table above can be explained that:

1. The value of direct influence on compensation to turnover intention is 0.3136, while the absolute value of indirect compensation to turnover intention is 0.0638. This suggests that the direct impact of compensation on turnover intention is more decisive than the indirect effect of compensation on turnover intention through job satisfaction. In this case, the variable job satisfaction has a positive value as a mediating variable that determines the turnover of intention of salesmen who have negative values.
2. The value of direct influence of work environment to the turnover intention of 0.0961, while the absolute value indirect influence of work environment to the turnover intention of 0.1188. This suggests that the indirect influence of the work environment on turnover intention through job satisfaction is more decisive than the direct impact of the work environment on turnover intention. In this case the job satisfaction variable has a positive value as a mediating variable that determines the turnover of intention of salesmen who have negative values.

## CONCLUSION

Test results in this study indicate that compensation has a positive and significant effect on job satisfaction. The work environment also has a positive and significant effect on job satisfaction. Test results also show that compensation has a negative and significant effect on turnover intention. The work environment also has a negative and significant effect on turnover intention. And job satisfaction has a negative and significant effect on turnover intention.

The result of calculating the direct effect of compensation on turnover intention is greater than the indirect effect mediated by job satisfaction, meaning that job satisfaction variable does not play a role in mediating the influence of compensation to turnover intention. However, the direct influence of the work environment on turnover intention is less than the indirect influence mediated by job satisfaction, meaning that job satisfaction variable plays a role in mediating the influence of work environment on turnover intention.

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