DETERMINANTS OF EMPLOYEE TURNOVER INTENTION AT PT. FAJAR SURYA

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Abstract

This study aims to develop a strategic model of the influence of career development, employee involvement, and employee engagement on the turnover intention at Fajar Surya. Quantitative methods are used in this study. The sample consists of 150 employees at the managerial level. The sample criteria in this study were permanent employees who had worked for at least 1 year. Data collection techniques by distributing questionnaires directly to all samples. Analysis of the data used is SEM-PLS. Empirical results show that career development and employee engagement have a negative and significant effect on turnover intention; with the greatest influence on career development variables. However, employee involvement has no significant effect on turnover intention. While career development has a positive and significant effect on employee engagement. However, employee involvement has no significant effect on employee engagement. Other results show that career development mediated by employee engagement has a negative and significant effect on turnover intention; However, employee involvement mediated by employee engagement has no significant effect on turnover intention. These empirical results show that the mediating role of employee engagement in career development can reduce employee intention to change jobs. This research resulted in a novelty of the turnover intention strategy model at Fajar Surya.

Keywords: Turnover Intention; Career Development; Employee Involvement; Employee Engagement.
1. INTRODUCTION

The existence of employees greatly affects the growth of the company. The rapid turnover of employees will cause financial losses; as well as moral problems in employees who are still working. Flippo (in Fahrizal, 2017) once said that the ideal employee turnover is below 2% in a year. However, the ideal percentage may vary from industry to another one; and from company to another one. It is not adequate for the company to simply judge the level of employee turnover on these standards alone, because employee turnover, which is still considered ideal based on these standards, has a significant effect on the company's bottom line.

Employee intention to leave is a serious problem for all companies, specifically for companies whose business is in the field of Hutan Tanaman Industri (HTI, Industrial Plantation Forest) whose physical nature of work still relies on the presence of employees, moreover the remote factor of the work location deep in the forest areas makes dependence on employees be even higher. Mathis, et al. (2011) describe employee intention to leave as the tendency or intention of employees to stop working or move from their own jobs voluntarily according to their own choices.

Based the data that the researcher has observed in the last 3 years (2018-2020), shows that the employee turnover rate is high (Flippo, in Fahrizal, 2017). This can be seen in Table 1. below:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018 (YTD Des)</th>
<th>2019 (YTD Des)</th>
<th>2020 (YTD Des)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Rate (at good performer, %)</td>
<td>17.7</td>
<td>8.4</td>
<td>26.4</td>
</tr>
<tr>
<td>Turnover Rate (at managerial level, %)</td>
<td>n/a</td>
<td>10</td>
<td>12.6</td>
</tr>
</tbody>
</table>

Source: QPR Management Dashboard & SAP (2021).

Furthermore, the researcher recapitulated the exit interview conducted by Corporate HRD in 2020 and obtained data regarding the reasons for employees' resignations. This can be seen in Table 2. below.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability career development at another place.</td>
<td>15</td>
<td>25%</td>
</tr>
<tr>
<td>Lack of participation &amp; involvement in the company’s business processes.</td>
<td>13</td>
<td>22%</td>
</tr>
<tr>
<td>Anxiety &amp; Uncertainty of company’s operation sustainability.</td>
<td>11</td>
<td>18%</td>
</tr>
<tr>
<td>Family reasons.</td>
<td>4</td>
<td>7%</td>
</tr>
<tr>
<td>Pension.</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>Continue education.</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Benefit reasons.</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Heavy workload</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Other reason</td>
<td>9</td>
<td>15%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>


Based on the data in Table 2, it appears that the availability of career development in other companies, the lack of employee involvement in the company's business processes, and the emergence of anxiety about the company's operational uncertainty are the three biggest reasons employees decide to leave the company.

Employees' intention to leave occurs when employees are dissatisfied with the company they work for (Matland, 1995; Rusbult, Farrell, Rogers, & Mainous III, 1988; Rusbult, Zembrodt, & Gunn, 1982). Price and Mueller (Dong-Hwan, et al., 2012) state that the desire of employees to leave their jobs is influenced by several factors, including career development, promotion, general training opportunities, supervisor support, co-worker support, and fair benefit distribution. Pasewark and Strawser (in Iskandar, et al., 2021) describe that the employee's desire to leave is influenced by a feeling of being threatened by the uncertainty of sustainability in working at the...
company as well as powerlessness in overcoming these problems, which can be seen in the four predictor variables, namely role conflict, role ambiguity, locus of control and organizational change. Meanwhile, Sumarto (2009); Faslah (2010); Simanjuntak & Rahardja (2013), and Arif (2018) describe that employee involvement in various company’s business activities up to decision-making has been proven to be able to discourage employees from leaving. Mobley (Halimah, et al, 2106) describes that employee engagement is one of the predictors of employees staying in their company. Those who have high loyalty, high commitment, and can interpret their work well are usually followed by high work engagement (Geldenhuy, 2014).

From previous studies, relatively few topics have developed a strategy model with a focus on the influence of the variables that the researcher observed. The effect of job insecurity, employee engagement, and employee involvement on employee turnover intention has been carried out by previous researchers (Lee & Jeung, 2017). Likewise, the effect of career development and employee involvement on turnover intention (Rahman & Nas, 2013; Alshammari, et al, 2016). Meanwhile, the effect of job insecurity, career development, and employee engagement on turnover intention has also been carried out by several previous researchers (Scott, Bishop, Chen, 2003; Shuck, et al., 2014).

In general, in both research in Indonesia and abroad, there are relatively few researchers who create/build a strategy model with a focus that looks at the effect of career development, and employee involvement through employee engagement mediation on employee turnover intention. This is relatively new and has not been done much by previous researchers.

Moreover, this research is more interesting considering that the Hutan Tanaman Industi (HTI) industry still relies on the presence of a high number of employees, moreover, the remoteness of work locations in deep-in forest areas makes dependence on employees even higher.

Given the importance of the problem in this study, the researcher limits it to factors of career development, employee involvement, and employee engagement which are suspected to affect turnover intention. This study aims to create a strategy model for the effect of the observed variables on turnover intention.

2. RESEARCH METHODS

Quantitative methods are used in this study. The population is 165 employees with the superintendent and department head levels, hereinafter referred to as managers. The sample criteria in this study are manager-level employees who are permanent employees and have worked for at least 1 year in the company. The population that meets these criteria amounted to 150 people. The sampling technique used is a saturated sample or census because the entire affordable population is used as a research sample.

The research was conducted in the district (operational) offices of PT. Fajar Surya is located in Pesaguan, West Kalimantan, and several places in East Kalimantan, namely Muara Toyu, Kembang Jawaq, Kembang Janggut, and the regional office in Balikpapan; and the head office in Jakarta, which researchers consider to be able to represent the state/condition of PT. Fajar Surya as a whole.

Data collection technique by distributing questionnaires directly to all samples located in operational locations, regional office and head office. The research was conducted from June 2021 to December 2021 starting from research permits, testing instruments, perfecting research instruments to the stages of data collection, analysis and writing of research results. Analysis of the data used is SEM-PLS (Structural Equation Modeling - Partial Least Square). All questions in the questionnaire used preference question types with a Likert scale of 1-5.

Preliminary Survey: Trials of Instruments

To test the research instruments to be used, researchers conducted preliminary validity tests on 30 respondents who were samples from affordable populations (Singarimbun & Effendi, 1995). This is done to find out the accuracy of each item or item of the instrument used. The calculation of the validity test is based on
convergent validity with the value of the loading factor or outer loading said to be good if the > 0.6 (Ghozali, 2014).

The results of the validity test in the preliminary survey showed that most (23 of the 31 grains, 74.2%) of the instrument items/grains had an outer loading value or loading factor > 0.6, which means that they were declared valid; and will then be used as instrument items in subsequent surveys.

3. RESULTS AND DISCUSSION
3.1. Respondent’s Profiles.
Based on gender, there are 92.6% male managers. 99 managers are 40 years of age or older. Most of the managers, 96 of them, had more than 6 years of service. All managers have a bachelor's degree. Based on this data, they are highly educated and have sufficient knowledge to become managers. In addition, their work experience supports their performance. Before working as managers, most of them worked in similar businesses, so they understand the state of the industry's business. Manager-level employees mostly (74%) are located working on operational sites; while the rest (26%) are located in regional and central offices.

3.2. The Results of Outer and Inner Model.
Based on the results of the loading factor, not all indicators meet the value > 0.6 so the model is recalculated to produce a new outer loading value that meets the requirements to be designated as a loading factor (Ghozali, 2014). The minimum AVE (Average Variance Extracted) value is 0.5. The AVE value in this study is above 0.5. Therefore, this value is valid. The value of composite reliability is above 0.6. Consequently, it can be concluded that this value is reliable. The value of R² Adjusted, which is a result of overall or combined data, is above 0.67. According to Ghozali’s view (2014), this R² Adjusted value indicates that the research model is strong. In other words, the influence of exogenous latent variables (career development, employee involvement, employee engagement) has a substantial influence on endogenous latent variables.

Table 3. Results of Outer and Inner Models of Turnover Intention

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>Composite Reliable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Intention</td>
<td>0.846</td>
<td>0.943</td>
</tr>
<tr>
<td>Career Development</td>
<td>0.844</td>
<td>0.942</td>
</tr>
<tr>
<td>Employee Involvement</td>
<td>0.629</td>
<td>0.765</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0.557</td>
<td>0.683</td>
</tr>
</tbody>
</table>

Source: primary data, processed SmartPLS (2021).

Figure 1. Path Coefficient Result for Direct Effect
Source: primary data, processed SmartPLS (2021).
3.3. **Multicollinearity Testing.**

To ensure the absence of the possibility of inter-variable latent endogenous correlation that is quite meaningful (significant) a multicollinearity test was carried out with the Variance Inflation Factor (VIF) approach. Multicollinearity testing can be carried out as follows: (a) tolerance value < 0.10 or VIF > 10 then multicollinearity occurs; (b) tolerance value > 0.10 or VIF < 10 then there is no multicollinearity.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Multicollinearity Testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Development → Employee Involvement</td>
<td>Tolerance Test: 0.408, VIF Test: 2.450</td>
</tr>
<tr>
<td>Career Development → Employee Engagement</td>
<td>Tolerance Test: 0.770, VIF Test: 1.299</td>
</tr>
<tr>
<td>Employee Involvement → Employee Engagement</td>
<td>Tolerance Test: 0.470, VIF Test: 2.128</td>
</tr>
</tbody>
</table>

Source: primary data, processed SmartPLS (2021).

The results of the multicollinearity test showed no correlation between endogenous latent variables (career development, employee involvement, employee engagement) in the regression model used. Or in other words, the regression model is free from the problem of multicollinearity.

3.4. **The Goodness of Fit.**

To calculate how good the observation value of the model and the estimate of each indicator is, it can be seen from the Q2 value. Q2 value of 0.989 means that the magnitude of the diversity of research data that can be explained by the structural model is 98.9%. So it can be said that the model has a predictive relevance value, which shows the magnitude of the variance from the research data that can be explained by the research model is 98.9%. While the remaining 1.1% is explained by other factors that are outside the model of this study. Thus, from these results, this research model can be stated to have a goodness of fit.
3.5. Hypothesis.

To find out the direct relationship between independent latent variables and dependent latent variables, it is necessary to test the hypothesis. The test criteria with a significance level (α) of 5% are determined using (i) if the t-count > t of the table is more than 1.96, then the hypothesis is accepted; (ii) if t counts < t of the table, which is less than 1.96, then the hypothesis is rejected.

Table 5. Path Coefficient Results for Direct & Indirect Influence

| Variables | Original Sample (O) | T Statistics (|O/STDEV|) | P Values |
|-----------|---------------------|--------------------------|----------|
| Career Development (X1) → Turnover Intention (Y) | -0.614 | 5.924 | 0.000 |
| Employee Involvement (X2) → Turnover Intention (Y) | -0.083 | 0.917 | 0.360 |
| Employee Engagement (X3) → Turnover Intention (Y) | -0.507 | 11.453 | 0.000 |
| Career Development (X1) → Employee Engagement (X3) | 0.972 | 4.045 | 0.000 |
| Employee Involvement (X2) → Employee Engagement (X3) | 0.242 | 0.876 | 0.382 |
| Career Development (X1) → Employee Engagement (X3) → Turnover Intention (Y) | -0.492 | 3.590 | 0.000 |
| Employee Involvement (X2) → Employee Engagement (X3) → Turnover Intention (Y) | -0.123 | 0.875 | 0.382 |

Source: primary data, processed SmartPLS (2021).
3.6. Variance Accounted For Analysis (VAF).

The mediation effect shows the relationship between exogenous and endogenous constructs through connecting variables. The influence of exogenous variables on endogenous variables can be direct, but it can also be through connecting variables or mediators. VAF is used to analyze models with a mediation effect.

<table>
<thead>
<tr>
<th>Table 5. Indirect Influence Mediation Testing of the VAF Method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indirect Influence</strong></td>
</tr>
<tr>
<td>Career Development → Employee Engagement → Turnover Intention</td>
</tr>
<tr>
<td><strong>Direct Influence</strong></td>
</tr>
<tr>
<td>Career Development → Turnover Intention</td>
</tr>
<tr>
<td>Employee Engagement → Turnover Intention</td>
</tr>
<tr>
<td>Career Development → Employee Engagement</td>
</tr>
<tr>
<td><strong>Total Influence</strong></td>
</tr>
<tr>
<td>Career Development, Employee Engagement, Turnover Intention (0.492 + 0.614)</td>
</tr>
<tr>
<td><strong>Variance Accounted For (VAR)</strong></td>
</tr>
<tr>
<td>VAF Career Development (0.492 / 1.106)</td>
</tr>
</tbody>
</table>

Source: primary data, processed SmartPLS (2021).

The table shows the VAF value for the Employee Engagement variable as a mediation variable between Career Development and Turnover Intention of 0.444 or 44.4%. From these results, it can be concluded that Employee Engagement has a partial mediation effect. From these results, it can be interpreted that Employee Engagement is a partial mediation for Career Development, but other mediation variables can be mediation variables for other models that were not studied in this study.

Interesting findings in this study reveal that career development and employee engagement have a negative and significant effect on turnover intention, with the greatest influence of the career development variable of 61.4%. An employee who gets the opportunity to develop a career at the company will try to increase work productivity as well as high performance so that it can reduce his desire to move. The results of this study support the results of previous research conducted by Tong Wen, et.al (2017), Lucia, et.al (2017) dan Adnan, et.al (2019). On the other hand, employees who have an attachment to the company will be emotionally and intellectually committed to the company and will give their best effort beyond what is targeted at the job. Job engagement provides positive benefits not only for employees but also for the company. These positive benefits will be seen in better performance, preventing physical and mental fatigue (burnout), and reducing employee turnover. The results of this study support the results of previous research conducted by Nivethitha Santhanam, et.al (2020), Santhanam, N, et.al (2019) dan Park, Kathleen A, et.al (2019).

Meanwhile, career development has a positive and significant effect on employee engagement. However, employee involvement has an insignificant effect on employee engagement. An employee who gets the opportunity to develop a career in the company will try to increase work productivity, high performance, contribute more, and also have greater loyalty, emotional commitment and intellectual commitment so that it appears in his higher loyalty to the company. The results of this study support the results of previous research conducted by Manisha Semwal, et.al (2021), Kasimu Sendawula, et.al (2019) dan Naveed Iqbal Chaudhry, et.al (2018), Anggraini Delina Putri, et.al (2018).

Other results show that career development mediated by employee engagement has a negative and significant
effect on turnover intention. An employee who gets the opportunity to develop a career in the company will seek to increase work productivity, excel, contribute more, and also have an emotional commitment as well as a greater intellectual commitment so that it appears in his loyalty to the company. The results of this study support the results of previous research conducted by Khin Thet Htar Swe, et.al. (2019) and Manish Kumar, et.al. (2018).

These empirical results show that the role of employee engagement mediation in career development can reduce the intention of employees to change jobs. The role of employee engagement mediation in career development can reduce the intention to switch jobs from 61.4% to 49.2%.

What is interesting is that the job involvement factors are not relevant here. It can be interpreted that the practices of involving employees in various programs such as continuous improvement programs and business problem-solving initiatives, application of work management systems, sharing information, and involvement in decision making, do not have a significant effect on mediating work engagement and ultimately on employees turnover intention. There is no guarantee that employee involvement will result in employee loyalty to the company. The results of this study did not support the results of previous research conducted by Mi Yu, et.al. (2018), Soojin Kim, et.al. (2017) dan Emeka Smart Oruh, et.al. (2020). But it support the results of previous research conducted by Sumant (2001) which states that the management by objective (MBO) program and participative decision making process does not provide guarantees to employee turnover rates.

The results of this study revealed that 36% of respondents had a maximum job tenure of 6 years. Or in other words, 64% of respondents are senior employees. The shorter a person's work period within the company, the more involved they are in various work processes in it, including involvement in decision making. Hinzmann et al. (2019) found that seniority has an influence on the level of employee involvement, where employees who have recently worked have 27% higher participation/involvement compared to employees who have a higher number of years worked. Employees with a relatively short length of work tend to look at the company well due to the novelty effect (Chaudhary & Rangnekar, 2017).

The older a person is, the more loyal they are to the company. Or in other words, the lower their desire to move to another place of work. Chen & Kao (2012) found that employees with higher job tenure showed interest in achievement and relationships between colleagues, rather than getting the opportunity to participate in decision making, information sharing, and business problem-solving initiatives, which would provide a sense of recognition and respect as a highly skilled professional. While in this study, 64% of respondents had a high job tenure (more than 7 years); so it has a lower level of involvement. It is also supported by the fact that 66% of respondents are aged 41 years and over and they are more loyal to the company where they work.

Furthermore, the results of this study state that employee involvement through employee engagement has an insignificant effect on turnover intention. The practices of involving employees in various programs in the company such as continuous improvement programs and business problem-solving initiatives, the implementation of performance management systems, sharing information, and involvement in decision making, do not have a significant influence on the desire of employees to be part of the company, find meaning in working and contribute to the interests of both parties. This low meaningfulness of work in employees that is negatively associated to move. The results of this study do not support the results of previous studies conducted by Suzanne Benn, et.al. (2015), H. Appelbaum Steven, et.al. (2013), and Sandhya S, et.al. (2020).

It appears that turnover intention will get lower as the job tenure of employees increases. The results of this study revealed that 64% of respondents had a working period of between 7 to 12 years.
An employee who has had a long career is categorized as being at the stage of strengthening and maintaining work (Kurniawati, 2014), where employees already have experience, skills, and good knowledge, ready to hold a certain position. The longer a person's work period, makes he feels at home in the company because he has adapted to his work environment and tends to have high engagement (Bakker, A. B., 2011). Some of these expert's opinions that there is an influence of working period on turnover intention and employee engagement, because the longer their work period in the company; the higher their engagement, thus lowering the desire to move to another company; and vice versa. Thus, this study revealed that employee involvement has an insignificant effect on turnover intention through employee engagement mediation.

5. CONCLUSION

The research obtained three hypotheses that are not significant to turnover intention namely: employee involvement does have a substantial impact to turnover intention, also employee involvement to employee engagement. We found out employee engagement did not mediate employee involvement to turnover intention. On the other side, career development and employee engagement has a significant effect on turnover intention. These empirical results also show that the role of employee engagement mediation in career development can reduce the intention of employees to change jobs. This research resulted in a turnover intention strategy model for the influence of career development, and employee engagement in PT. Fajar Surya.

The results of this study found a research gap in the employee involvement variable with turnover intention, either directly or through employee engagement mediation: (a) Employee involvement has an insignificant effect on turnover intention and employee engagement. The results of this study contradict the research conducted by Piersa, Versluysa, Deveghelb, Vytc, and Noortgatea (2019) and Benn, Teo, Martin (2015) and Tindige, Sepang & Roring (2018); (b) Employee involvement through employee engagement mediation has an insignificant effect on turnover intention. The results of this study contradict the research conducted by Steven, Damien, Demitry, Jasleena, Olga, Sevag (2013) and Sandhya & Selphey (2020).

This study produces practical contributions to the company to be more open and sensitive to employee management. Now the turnover of employees is a common phenomenon that creates a lot of tension within the company which ultimately affects the performance and competitiveness of the company. One of the efforts that companies can do today is to understand the causes and reasons used by employees leave their jobs. This study shows that the practice of employee turnover is divided into two categories. First, is the group that feels dissatisfied because its capacity is not optimally utilized by the company. This group wants jobs that are more challenging, demanding for creativity and innovation, and provide opportunities for career development. This group opens up, interacts with various skills and abilities, and deepens new knowledge, comprehension, and skills. This kind of spirit of course makes employees have a high commitment to the company, willing to give more effort than job requirements (discretionary effort). Second, is the group of people who feel uncomfortable working in the company because they are constrained by their expertise and skills. His expertise and skills are not by the type of work he/she is engaged in. Discomfort also arises due to changes in certain practices in the workplace as well as uncertainty about their role in the workplace.

The role of a manager in a company is very important. They become important to inform matters related to the company's interests and ensure that work processes run effectively and efficiently. Based on the results of an in-depth analysis conducted in this study, it was found three important factors that need to get the company's attention so that employee loyalty is maintained, namely guaranteeing employee career development and
engagement. Companies need to create tactics and strategies in the face of changing work environments that are full of targets and competition, which are prone to creating employee dissatisfaction. Companies need to consider organizational, individual, internal, and external factors because these are predictors of employees stay in their company. Those who have high trust in the company, high achievement spirit, high loyalty and commitment, and can interpret work well are usually followed by loyalty to large companies as well.

This study has several limitations where other factors or causes of turnover intention, which are outside the variables studied were not examined in this study, such as fair compensation, appreciation, and recognition, and the work environment was not raised as research variables. These factors are also some of the main reasons employees leave the company. Furthermore, this study does not delve deeper into employee engagement, where empirical results show no significant effect on employee engagement and turnover intention. Future research is expected to use a qualitative approach to obtain better and more in-depth results.

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