

The Effect of Leadership and Organizational Climate on Turnover Intention Mediated by Job Satisfaction

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Abstract: This research is a quantitative descriptive study that discusses leadership and organizational climate whether they affect turnover intention through job satisfaction. The purpose of this study was to analyze the influence of leadership and organizational climate on turnover intention mediated by job satisfaction. The research sample is 60 respondents who work for more than 1 year at a Head Office and Warehouse. Data were collected through questionnaires distributed to selected respondents by purposive random sampling method. Data analysis technique used is Structural Equation Model (SEM) with SmartPLS program version 3.2.7. Analytical methods use a measurement model (validity and reliability test), structural model (R-Square), t test, and mediation effect test. Period of research is April 2nd- 29th, 2018.

1 BACKGROUND

In the current era of technological development, every company must have a comparative advantage in order to compete both in the local and international business world. It is important for the organization or company to understand what causes employees to have the intention to look for another job as an alternative in a different place and choose to leave the old workplace (turnover intention).

Turnover is defined as the proportion of the number of members of the organization who are voluntarily and non-voluntarily leaving the organization within a certain period of time. This is generally stated in one year. Turnover should not be more than 10% per year (Ridlo, 2012).

Turnover volunteers are those who have a reason to resign. Conversely, non-turnover volunteers must resign because of decisions made by the company, such as termination of employment. In general, turnover volunteers are a measure used to compare companies with one another.

High turnover rates in companies are often a problem. Besides taking a lot of time to recruit new employees, the costs incurred to attract candidates to apply are not small. The entry and exit of employees in a company cannot be avoided because it is a natural thing; even a profitable company goes

through this because the company can get better employees. The company will be harmed if employee turnover occurs too often or large in number.

The following is a table that shows Turnover Data (TO) 2012 - 2017.

Table 1: Data of Employee Turnover (TO) 2012 – 2017.

Year	Employees Early in the Year	In	Out	Employees End in the Year	TO (%)
2012	64	31	14	81	19.3
2013	81	18	22	77	27.8
2014	77	18	11	84	13.66
2015	84	7	8	83	9.58
2016	83	2	14	71	18.18
2017	71	6	8	69	11.43

Source: PT Spektrum Krisindo ElektriKA (2018)

Based on the above table, the average turnover rate of PT Spektrum Krisindo ElektriKA employees is over 10% each year, meaning that it is very high.

Turnover intention is influenced by leadership. If the leadership of a company is good, then the turnover rate is low. Reduced job satisfaction on leadership in the company where you work, can bring up even increase employee turnover intention. At PT Spektrum Krisindo ElektriKA, in 2014 there

were additional Directors (Project Directors) who helped develop Project Division. This affects the turnover intention of employees of PT Spektrum Krisindo ElektriKA. It can be seen from the high turnover fluctuations from 2013 to 2014.

Turnover intention is also influenced by the organizational climate. If the organizational climate of a company is good, then the turnover rate is low. At PT Spektrum Krisindo ElektriKA, in 2012 there were new additional divisions (Product Support, Project, and several adjustments on other divisions), so the number of recruits that year was the highest compared to the following years. This is also a new thing for leaders and employees who have been there before. In 2013 the number of employees who came out was more than those who entered, because adapting to the project work system and many new products was not easy. These difficulties affect the work atmosphere that creates the organizational climate, which in turn affects turnover intention.

The more dissatisfied someone is about his/her job, the stronger the urge to turnover. Conversely, the more satisfied someone is towards his/her job, the weaker the urge to turnover (Ritonga et al., 2013).

Job satisfaction mediates the influence of leadership and organizational climate on turnover intention. If employee job satisfaction is achieved with leadership and a good organizational climate, then the turnover intention will certainly be lower. At PT Spektrum Krisindo ElektriKA, macro and micro economic conditions make the leader need to implement several policies that certainly affect the job satisfaction of several employees. But organizational climate is formed quite well, because good communication is established between employees.

2 RESEARCH PROBLEM

1. Does Leadership affect Job Satisfaction?
2. Does the Organizational Climate affect Job Satisfaction?
3. Does Leadership affect Turnover Intention?
4. Does the Organizational Climate affect Turnover Intention?
5. Does Job Satisfaction affect Turnover Intention?
6. Does Job Satisfaction mediate the influence of Leadership on Turnover Intention?
7. Does Job Satisfaction mediate the influence of the Organizational Climate on Turnover Intention?

3 LITERATURE REVIEW

3.1 Leadership

According to Northouse (2015),

"Leadership is a process whereby an individual influences a group of individuals to achieve a common goal".

Which means leadership is the process by which a person influences a group of individuals to achieve a common goal.

Another definition states

"Leadership is the ability to influence a group toward the achievement of vision or set of goals." (Robbins and Judge, 2011). Leadership is the ability to influence a group towards achieving a vision or set of goals.

The definition of leadership is influence, art, or the process of influencing someone so that they will try to achieve the group's goals with willingness and enthusiasm (Saidi, 2008).

Leaders have four paradigms in looking at and handling organizations, subordinates, and the world. These four paradigms are analytical, humanist, political, and visionary. In addition, there are two dimensions of leader behavior, namely **employee centered** and **job centered**.

3.2 Organizational Climate

Robbins and Judge (2011) argue that

"The psychological climate is strongly related to the level of job satisfaction, involvement, commitment, and individual motivation. A positive work climate will have an impact on higher customer satisfaction and good financial performance. Organizational climate refers to the shared perceptions organizational members have about their organization and work environment. This aspect of culture is like team spirit at the organizational level. ... One meta-analysis found that across dozens of different samples, psychological climate was strongly related to individuals' level of job satisfaction, involvement, commitment, and motivation. A positive overall workplace climate has been linked to higher customer satisfaction and financial performance as well."

According to Swastha (2008),

"Organizational climate is the quality of the interaction process in an organization to achieve the stated goals so that employees will make assessments about the company and form their own perceptions about the climate of the organization in which they work. If employees perceive that the company applies a regulation that does not conform to their value, then this condition

can lead to job dissatisfaction. Conversely, if employees perceive that the company applies regulations that are in line with their values, then job satisfaction will be created."

Organizational climate which is also called organizational atmosphere is a series of work environments around the workplace that affect the behavior of a person in carrying out work that ultimately makes the goals of organization be quickly achieved (Cahyono, 2014).

Organizational climate is the quality of the organization's internal environment that is relatively continuously experienced by members of the organization, influencing their behavior (Putra et al, 2014). Organizational climate is a characteristic that distinguishes one organization from another which can influence employees so that they are willing to work willingly without being forced (Kusmaningtyas, 2013).

3.3 Job Satisfaction

Ridlo (2012) stated that employees who perform turnover, generally found a reason because they feel dissatisfied with the company's management, the quality and nature of the working conditions, the amount of wages, the feeling of being treated unfairly by the company and the quality of inadequate supervision.

Job satisfaction is influenced by a lot of variables, such as: organizational structure, employee characteristics, work motivation, work design, organizational climate, leader behavior or leadership (Irsan, 2008).

Based on Ahmad etc. (2013),

"Several factors contribute to job satisfaction, including wages, benefits, achievements, independence, recognition, communication, working conditions, work colleagues, professionalism, organizational climate, relationships, support from superiors, job security, work flexibility, and team environment."

According to Handoko (2011),

"Job satisfaction is a pleasant or unpleasant emotional state by which employees view their work. Job satisfaction reflects a person's feelings about his work. This appears in the positive attitude of employees towards work and everything faced in the work environment. The personnel department or management must always monitor job satisfaction, spirit at work, complaints, and other vital personnel issues."

Job satisfaction can be indicated through the comfort of work with the support of colleagues, a good compensation system based on job suitability, quality of supervision and promotion opportunities.

3.4 Turnover Intention

Based on Dessler (2013), "turnover is the rate at which employees leave the firm."

According to Abdillah (2012),

"Turnover intention is a situation where employees have intentions that are done consciously to look for another job as an alternative in a different organization and turnover is the movement out of workers from the place of work"

"Turnover intention is also defined as a factor that mediates the desire and action of stop from the organization itself" (Glissmeyer et al., 2008).

From some definitions of turnover, in summary, the definition of turnover is the cessation of individuals from membership in an organization within a certain period of time which is not more than 10% per year (Ridlo, 2012).

3.5 Research Hypothesis

The hypotheses proposed in this study are:

- H1: Leadership affects Job Satisfaction.
- H2: Organizational Climate affects Job Satisfaction.
- H3: Leadership affects Turnover Intention
- H4: Organizational Climate affects Turnover Intention.
- H5: Job Satisfaction affects Turnover Intention.
- H6: Job Satisfaction mediates the effect of Leadership on Turnover Intention.
- H7: Job Satisfaction mediates the effect of Organizational Climate on Turnover Intention.

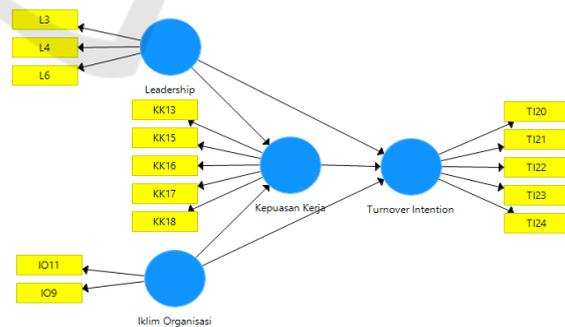


Figure 1: Construction of Research Path Diagrams, 2018.

4 RESEARCH METHODS

4.1 Conceptual Framework

Based on the background of the problem, literature

review and previous research that has been described, the conceptual framework in this study can be seen in the following figure:

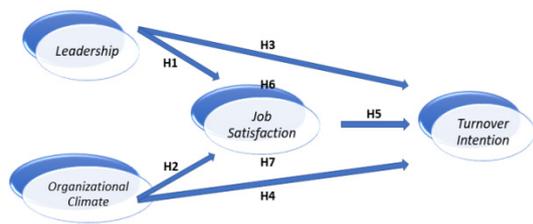


Figure 2: Conceptual Framework.

4.2 Data Collection Technique

Collecting data from the total population in this study uses primary data sources (Interviews and Questionnaires) and secondary data sources (Literature Study). Primary data sources are data sources that directly provide data to data collectors, and secondary data sources are sources that do not directly provide data to data collectors, for example: through other people or documents.

4.3 Data Analysis Technique

Data analysis techniques in quantitative research use statistics. This study uses descriptive statistics, namely statistics used to analyze data by describing or describing data that has been collected as it is without intending to make conclusions that apply to the general or generalization (Sugiyono, 2016).

The quantitative analysis technique used is the SEM (Structure Equational Modeling) analysis technique. The data obtained will be processed statistically using SmartPLS software (v.3.2.7), as a tool for processing statistical data professionally and computerized.

5 RESULTS AND CONCLUSION

After doing research on influence of Leadership variables and Organizational Climate on Turnover Intention mediated by Job Satisfaction, we have found the following results and conclusions.

Leadership has a significant positive effect on job satisfaction. This means that if leadership improves, then job satisfaction will improve.

Organizational climate has a significant positive effect on job satisfaction. This means that if the organizational climate improves, job satisfaction also improves.

Path Coefficients						
Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O /STDEV)	P Values		
Leadership -> Kepuasan Kerja						
0.417	0.406	0.127	3.286	0.001		
Path Coefficients						
Ilkim Organisasi -> Kepuasan Kerja						
0.377	0.404	0.104	3.631	0.000		
Path Coefficients						
Leadership -> Turnover Intention						
-0.070	-0.105	0.185	0.376	0.707		
Path Coefficients						
Ilkim Organisasi -> Turnover Intention						
0.446	0.472	0.200	2.227	0.026		
Path Coefficients						
Kepuasan Kerja -> Turnover Intention						
-0.308	-0.324	0.176	1.747	0.081		
Total Indirect Effects						
Ilkim Organisasi -> Turnover Intention						
-0.116	-0.127	0.089	1.305	0.193		
Kepuasan Kerja -> Turnover Intention						
Leadership -> Turnover Intention						
-0.128	-0.128	0.084	1.533	0.126		
Total Effects						
Ilkim Organisasi -> Kepuasan Kerja						
0.377	0.398	0.111	3.405	0.001		
Ilkim Organisasi -> Turnover Intention						
0.330	0.334	0.177	1.869	0.062		
Kepuasan Kerja -> Turnover Intention						
-0.308	-0.322	0.184	1.670	0.096		
Leadership -> Kepuasan Kerja						
0.417	0.410	0.123	3.399	0.001		
Leadership -> Turnover Intention						
-0.198	-0.228	0.171	1.158	0.247		

Figure 3: Output of SmartPLS (v.3.2.7), 2018.

Leadership does not significantly affect turnover intention. This means that there is not enough evidence that leadership has a negative effect on turnover intention.

Organizational climate has a significant positive effect on turnover intention. This means that the better the existing organizational climate, the turnover intention will also be better.

Job satisfaction significantly negatively affects turnover intention. This means the higher the level of job satisfaction, the smaller the effect on turnover intention.

Job Satisfaction does not significantly mediate the negative effect of Leadership on Turnover Intention. This means that there is not enough evidence that the variable of job satisfaction significantly mediates the negative influence of leadership on turnover intention. The higher the

level of satisfaction on leadership leads to the smaller the effect on turnover intention.

Job Satisfaction significantly mediates the negative effect of the Organizational Climate on Turnover Intention. This means that the higher satisfaction of the organizational climate in the company, the smaller the effect on turnover intention.

6 RECOMMENDATION

Leadership has a significant positive effect on job satisfaction and does not significantly negatively affect turnover intention. It is recommended that leaders continue to learn. The way of communicating to employees needs to be adjusted to the conditions and background of each, because it cannot be generalized.

Organizational climate has a significant positive effect on job satisfaction and turnover intention. It is recommended for organizational climate to be maintained and even developed to be even better.

Job satisfaction significantly affects turnover intention, does not significantly mediate the negative effect of Leadership on Turnover Intention, and significantly mediates the negative effect of the Organizational Climate on Turnover Intention. The role of Leadership in mediating influence is not yet visible. It is recommended to pay more attention to or improve the above indicators so that job satisfaction can be created.

Turnover Intention will decrease if Job Satisfaction is achieved. To make employees more satisfied, the insight of leaders and all employees needs to be improved and knowledge added continuously.

The purpose of this study was to analyze the influence of leadership and organizational climate towards turnover intention mediated by job satisfaction.

6.1 For Company

The implication of this study is to become an inspiration for companies for implementing leadership and the right organizational climate. This is done order to prevent the increase of turnover intention in number and frequency.

All of this is for job and employee satisfaction so that the company can survive and progress. Employees should feel fit to work there and the result is the reduction of labor turnover / management turnover, which will also create

conducive organizational climate.

6.2 For Further Research

Likewise, in subsequent studies, it is recommended to add new and distinct indicators and find other mediating variables that affect turnover intention, because the R-square in this study is only 14.3%, which means that 85.7% consists of factors not included in this study, such as motivation.

It is expected that testing of the influence of leadership factors, organizational climate, job satisfaction, or others on turnover intention will be more reliable and significant. In addition, it is also expected to enrich the model or conceptual framework of subsequent research.

To increase the likelihood of getting more accurate results, it is recommended to conduct research on larger companies.

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