

THE INFLUENCE OF MANAGERIAL COMMUNICATION, WORKLOAD, AND COMPENSATION ON TURNOVER INTENTION WITH JOB SATISFACTION AS A MEDIATION VARIABLE ON XYZ INSURANCE EMPLOYEES IN TANGERANG

Nadia Erlikasna Br Pandia¹, Ardi², Richard Andre Sunarjo³

Universitas Pelita Harapan, Banten, Indonesia^{1,2,3}

Email: nadiadewi57@gmail.com¹, ardi.kho@lecturer.uph.edu²

Abstract

This study aims to determine the influence of managerial communication, workload, and compensation on turnover intention, with job satisfaction serving as a mediating variable. The study was conducted at the XYZ Insurance office in Tangerang, involving 138 employees, with sample size determined using the Krejcie-Morgan formula and purposive sampling method. Data was collected through questionnaires distributed via Google Forms, containing 40 questions with 1-5 Likert scale. The data was analyzed using the partial least squares structural equation modeling (PLS-SEM) method. The results indicate that managerial communication, workload, and compensation negatively affect turnover intention among XYZ Insurance employees. Furthermore, the study demonstrates that job satisfaction mediates the relationship between managerial communication, workload, and compensation on turnover intention.

Key Words: Managerial Communication, Workload, Compensation, Job Satisfaction, Turnover Intention.

Introduction

As a highly regulated industry, general insurance companies require new employees to undergo extensive training and certification to perform their jobs effectively. The costs associated with human resource development in insurance are significant. Therefore, these companies face substantial losses if trained employees decide to leave. Beyond the high costs of training, employee departures can disrupt company operations due to the limited availability of skilled workers in the insurance sector. Finding replacements takes time, and once found, the expense of training new hires is substantial. For instance, one crucial certification for employees in key insurance business processes is the Insurance Risk Management Expert Certification (AMRP), which costs IDR 17,500,000 per employee (Barafort, Mesquida, & Mas, 2018)

The conditions described above prompt insurance companies to address employee turnover more attentively. Turnover is a significant issue for XYZ Insurance, evidenced by a rising turnover rate throughout 2023. This issue affects both new employees and those with over five years of service. A key strategy to mitigate employee turnover is understanding the factors influencing turnover intention, which refers to an employee's desire to leave the company for other opportunities (Jaharuddin & Zainol, 2019).

XYZ Insurance has identified several factors contributing to turnover through exit interviews conducted by the Talent Management Department with all employees who

resigned in 2023. The primary reasons for resignation include issues with managerial communication, workload, and compensation.

Previous research indicates that employee workload significantly impacts turnover intention. Increased workload can elevate stress levels, reducing employee commitment to their current employer. It also leads to hasty work attitudes, increasing workplace pressure and turnover intention (Omar et al., 2020). Compensation is another major factor in employee turnover at XYZ Insurance. Research by Vizano et al. (2021) found that inadequate compensation negatively affects job satisfaction and increases turnover intention.

Given the turnover challenges faced by XYZ Insurance and insights from previous research on turnover intention, a study is needed to investigate the impact of managerial communication, workload, and compensation on turnover intention, with job satisfaction as a mediating factor among XYZ Insurance employees in Tangerang. This research will also delve into the role of job satisfaction as a mediator influencing these variables and turnover intention.

Hypothesis Development

The Influence of Managerial Communication on Turnover Intention

Research conducted by De Leon (2021) on two newly merged banks in the Philippines indicates that managerial communication significantly influences turnover intention. This suggests that increased miscommunication within a company can lead to higher turnover intention. However, Hidayat and Tannady's (2023) research presents a slightly different perspective, showing that while work communication affects turnover intention, the relationship is not direct. In other words, improving managerial communication skills in a company can reduce turnover intention. Based on these previous studies, the proposed hypothesis is:

H1: Managerial Communication has a negative influence on Turnover Intention

The Influence of Workload on Turnover Intention

As discussed in the previous section, excessive workload is a key factor influencing an employee's decision to change jobs. Research conducted by Junaidi et al. (2020) shows that workload has a positive effect on turnover intention. This means that any increase in workload will automatically raise turnover intention. Additionally, Omar et al. (2020) found that an employee's desire to leave a company is significantly influenced by the existing workload at insurance companies in Malaysia, highlighting the need for management to address this issue. Based on these research findings, the following hypothesis is proposed:

H2: Workload has a positive influence on Turnover Intention

The Influence of Compensation on Turnover Intention

According to Yeo et al. (2020), compensation has a positive effect on turnover intention. This means that increasing the compensation given to employees reduces their turnover intention. Similarly, research by Sofi'i et al. (2023) found that compensation can decrease employees' desire to leave the company. This indicates that higher compensation lowers turnover intention, showing that compensation negatively affects turnover intention (Vizano et al., 2021). Additionally, research by Chang et al. (2023) found that

compensation is closely related to turnover intention in the internet industry. Based on these previous studies, the following hypothesis is proposed:

H3: Compensation has a negative influence on Turnover Intention

The Influence of Job Satisfaction as a Mediating Variable between Managerial Communication and Turnover Intention

The findings on the impact of managerial communication on turnover intention, as well as its influence on job satisfaction, form the basis for testing job satisfaction as a mediating variable between managerial communication and turnover intention. Duarte and Silva (2023) show that job satisfaction can mediate the relationship between managerial communication and turnover intention. This means that improved employee satisfaction with managerial communication within the company leads to higher job satisfaction, which in turn reduces employees' desire to leave the company. This research supports the following hypothesis:

H4: Job satisfaction can mediate the influence of Managerial Communication on Turnover Intention

The Influence of Job Satisfaction as a Mediating Variable between Workload and Turnover Intention

This research also evaluates the role of job satisfaction as a mediator in the relationship between workload (independent variable) and turnover intention (dependent variable). Jayasri and Annisa (2023) concluded that job satisfaction can mediate the effect of workload on turnover intention. However, Illahi et al. (2022) found that job satisfaction does not mediate the relationship between workload and turnover intention. In contrast, Dwinijanti et al. (2020) demonstrated that job satisfaction can act as a mediator between workload and turnover intention. Given the variations in previous research findings, the author proposes the hypothesis based on the more dominant findings:

H5: Job satisfaction can mediate the influence of Workload on Turnover Intention

The Influence of Job Satisfaction as a Mediating Variable between Compensation and Turnover Intention

Research by Sofi'i et al. (2023) concluded that job satisfaction can negatively mediate the relationship between compensation and turnover intention. This means that better compensation management leads to higher employee job satisfaction at PT Infomedia Nusantara, which in turn reduces the intention to change jobs. This finding is supported by research from Illahi et al. (2022) and Aman-Ullah et al. (2023), both of which also concluded that job satisfaction mediates the relationship between compensation and turnover intention. Based on these findings, the author proposes the following hypothesis:

H6: Job satisfaction can mediate the influence of Compensation on Turnover Intention

Research Methods

This study applies a quantitative approach employing a survey design to gather numerical data from employees of XYZ Insurance. The research targeted all employees based at the XYZ Insurance headquarters in Tangerang, totaling 214 individuals, encompassing officers, supervisors, and managers. A sampling method using the Krejcie-Morgan formula determined a minimum sample size of 138 employees. Data collection

utilized questionnaires distributed online via Google Form, employing a Likert scale to gauge respondents' agreement levels with provided statements.

The research used Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 4 software for data analysis. PLS-SEM facilitates analysis of intricate relationships between dependent and independent variables without requiring normally distributed data or large samples, employing bootstrapping methods. The data analysis process encompassed data organization, assessing variable quality (outer model), and evaluating relationships between variables (inner model). This approach enhances the ability to comprehensively interpret data outcomes and test hypotheses based on variable measurements in the study.

Results and Discussion

The following are the results of tests carried out in inferential data analysis:

Outer Model

According to Ghazali and Latan (2015), the aim of testing the outer model is to assess validity through convergent validity and discriminant validity, as well as evaluating model reliability through composite reliability and Cronbach's alpha. The following are the results of the outer model test:

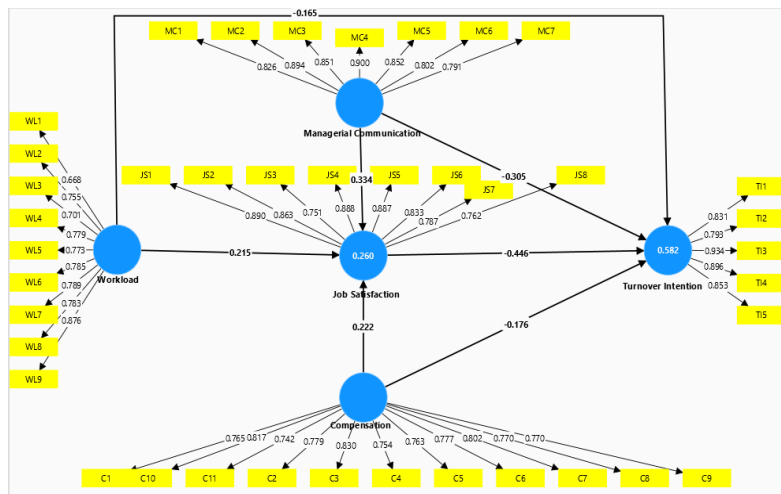


Figure 1. Outer Model Algorithm Results

Source: Data Processing Output (2024)

Convergent Validity

Convergent validity testing involves evaluating each indicator of the constructs. According to Afthanorhan (2013), an indicator is deemed valid if it has a loading factor exceeding 0.70, while a loading factor between 0.50 and 0.60 is considered acceptable. Indicators with outer loadings below 0.50 are removed from the model based on this criterion. Besides outer loadings, convergent validity testing also includes measuring the average variance extracted (AVE).

AVE testing assesses how much variation is captured by a construct from its indicators, accounting for measurement error. AVE is considered more critical than composite reliability, with a minimum recommended value of 0.50. Based on data processing, all indicators show outer loading results above 0.70, except for the WL 1 indicator which has an outer loading of 0.668, still considered valid according to criteria.

Additionally, based on AVE test results, all variables demonstrate values above 0.5, indicating the validity of all indicators for further testing purposes.

Discriminant Validity

The next step is to compare the correlation between variables with the root AVE ($\sqrt{\text{AVE}}$). The measurement model has good discriminant validity if the $\sqrt{\text{AVE}}$ of each variable is higher than the correlation between variables. The results show that the square root of the average variance extracted (AVE) for each construct is greater than the correlation between one construct and other constructs in the model. Based on this statement, the construct in the estimated model meets the discriminant validity criteria. Then the results obtained were that the relationship value of the variable with the indicator was higher than the relationship value of the indicator with other variables. These results indicate the conclusion that all indicators for each variable in this study are able to measure the target variable.

Reliability

To ensure there are no problems related to measurement, the final step in evaluating the outer model is to test the reliability of the model. Reliability testing was carried out using composite reliability indicators and Cronbach's Alpha. If all latent variables have Composite Reliability and Cronbach's Alpha values ≥ 0.70 , then the construct has good reliability, or in other words, the questionnaire used in this research is consistent. The results obtained from the SmartPLS program for testing composite reliability and Cronbach's Alpha show values that meet the criteria, namely that all latent variables are reliable. This is because all values for the latent variables have good composite reliability and Cronbach's Alpha are greater than or equal to 0.70. These tests provide the conclusion that the questionnaire used as a research tool is reliable or consistent.

Inner Model

After the model has met the criteria for the outer model, the structural model or what can also be called the inner model is then tested. Inner model testing in order to analyze the relationship between independent and dependent variables in this research model. The testing stages of the structural model (inner model) are carried out by carrying out various tests. The following are the test results for the inner model:

R-Square Test (R²)

The R-square test is a test that aims to find out how much the independent variable contributes to the dependent variable. The R-square test results used in this research are adjusted R-square. This is because this research model has more than one independent variable. If the R-square value is small, it means that the independent variables in this research model cannot represent all the information to predict the dependent variable or in other words the variation in the existing independent variables is still very limited. However, if the R-square value of the test results is close to one, it indicates that the independent variables can represent all the information needed to predict the dependent variable (Sarstedt, Ringle, & Hair, 2021).

The result is that the adjusted R-square value is 0.569. This means that the dependent variable that can be explained by all the independent variables is 56.9% and the remainder is explained by other variables outside this research model is 43.1%.

Hypothesis Testing

The hypotheses in this research are tested to determine their acceptance or rejection. This involves comparing the obtained path coefficient values with established hypotheses and assessing their significance. To accept a hypothesis, the resulting t-statistic value must exceed the critical t-table value. The test employs the bootstrapping method with a one-tailed test type and a significance level of 5% (0.05), corresponding to a t-table value of 1.645. In this study, both direct and indirect hypotheses were tested. Below are the results of the direct and indirect hypothesis tests:

Table 2. Direct and Indirect Hypothesis Test Results

Hypothesis	T Statistics	P Value	Standardized Path Coefficient	Confidence Interval (CI)		Decision
				5 %	95%	
H1: Managerial Communication has a negative influence on Turnover Intention	4,718	0,000	-0.305	-0.406	-0.193	Supported
H2: Workload has a positive influence on Turnover Intention	2,257	0.012	-0.165	-0.296	-0.057	Not supported
H3: Compensation has a negative influence on Turnover Intention	2,550	0.005	-0.176	-0.292	-0.067	Supported
H4: Job satisfaction can mediate the influence of Managerial Communication on Turnover Intention	3,869	0,000	-0,149	-0,211	-0,084	Supported
H5: Job satisfaction can mediate the influence of Workload on Turnover Intention	2,873	0,002	-0,096	-0,156	-0,046	Supported
H6: Job satisfaction can mediate the influence of Compensation on Turnover Intention	2,646	0,004	-0,099	-0,163	-0,042	Supported

Source: Data Processing Output (2024)

Discussion

The first hypothesis of this research aims to determine if there is a significant negative influence of managerial communication on turnover intention. According to the findings presented in Table 2, this hypothesis confirms that managerial communication indeed exerts a significant negative impact on turnover intention. This study reveals that when companies maintain effective managerial communication, employees' inclination to leave the company decreases, and vice versa. This conclusion aligns with the research of De Leon (2021) and Paksoy et al. (2017), both of whom found significant negative correlations between managerial communication and turnover intention.

The second hypothesis in this study examines the purported positive influence of workload on turnover intention. Based on the research outcomes presented in Table 2, this hypothesis is rejected, indicating that workload does not positively affect turnover intention. On the contrary, the findings demonstrate that workload actually has a negative

impact on turnover intention. These results diverge from previous studies by Dwinijanti et al. (2020), Junaidi et al. (2020), Omar et al. (2020), and Situmorang and Wardhani (2022), but are consistent with the findings of Hidayat and Tannady (2023), which suggest that a heavier workload increases employee engagement and commitment. This research, conducted among 145 Generation Z employees in Indonesia, indirectly suggests that generational differences may influence how XYZ Insurance employees perceive their workload. Essentially, employees at XYZ Insurance do not believe that a heavier workload increases their desire to leave the company.

The third hypothesis posited by researchers in this study investigates the influence of compensation on turnover intention. According to the path coefficient analysis presented in Table 2, compensation exhibits a significant negative influence on turnover intention. This indicates that higher compensation levels perceived by XYZ Insurance employees correlate with reduced intentions to leave the company. These findings corroborate previous research by Aman-Ullah et al. (2023), Asriani and Riyanto (2020), Chang et al. (2023), Vizano et al. (2021), and Yeo et al. (2020), which consistently suggest that compensation negatively impacts turnover intention.

Next, the fourth hypothesis examines whether job satisfaction mediates the influence of managerial communication on turnover intention. As indicated in Table 2, job satisfaction negatively mediates the impact of managerial communication on turnover intention. This implies that when employees experience good managerial communication, their job satisfaction increases, subsequently reducing their desire to leave XYZ Insurance. These findings align with research by Duarte and Silva (2023), underscoring that internal communication significantly influences job satisfaction, which in turn impacts employees' decisions to remain with or leave the company.

The fifth hypothesis investigates whether job satisfaction mediates the influence of workload on turnover intention. Previous studies by Jayasri dan Annisa (2023) and Dwinijanti et al. (2020) have demonstrated that job satisfaction can indeed mediate the effect of workload on turnover intention.

The sixth hypothesis examines whether job satisfaction mediates the influence of compensation on turnover intention (Rubel & Kee, 2015). Previous research by (Huang & Su, 2016) supports the notion that job satisfaction can mediate the relationship between compensation and turnover intention, indicating that higher satisfaction with compensation reduces turnover intention.

Conclusion

This research investigates the impact of managerial communication, workload, and compensation on turnover intention among XYZ Insurance employees in Tangerang. The study employs a research model encompassing ten hypotheses and utilizes data analysis through SmartPLS 4.0. The findings indicate that managerial communication negatively influences turnover intention, as does workload and compensation. Additionally, job satisfaction serves as a mediator in the relationships between managerial communication, workload, compensation, and turnover intention.

BIBLIOGRAPHY

- Afthanorhan, W. M. A. B. W. (2013). A comparison of partial least square structural equation modeling (PLS-SEM) and covariance based structural equation modeling (CB-SEM) for confirmatory factor analysis. *International Journal of Engineering Science and Innovative Technology*, 2(5), 198–205.
- Aman-Ullah, A., Aziz, A., Ibrahim, H., Mehmood, W., & Aman-Ullah, A. (2023). The role of compensation in shaping employee's behaviour: a mediation study through job satisfaction during the Covid-19 pandemic. *Revista de Gestão*, 30(2), 221–236.
- Asriani, I., & Riyanto, S. (2020). The impact of working environment, compensation, and job satisfaction on turnover intention in public service agency. *IOSR Journal of Business and Management*, 22(5), 13–19.
- Barafort, B., Mesquida, A.-L., & Mas, A. (2018). Integrated risk management process assessment model for IT organizations based on ISO 31000 in an ISO multi-standards context. *Computer Standards & Interfaces*, 60, 57–66.
- Chang, V., Mou, Y., Xu, Q. A., & Xu, Y. (2023). Job satisfaction and turnover decision of employees in the Internet sector in the US. *Enterprise Information Systems*, 17(8), 2130013.
- De Leon, M. V. (2021). Impact of managerial communication, managerial support, and organizational culture difference on turnover intention: A tale of two merged banks. *Problems and Perspectives in Management*, 18(4), 376.
- Duarte, A. P., & Silva, V. H. (2023). Satisfaction with internal communication and hospitality employees' turnover intention: Exploring the mediating role of organizational support and job satisfaction. *Administrative Sciences*, 13(10), 216.
- Dwinijanti, L., Adhikara, M. F. A., & Kusumapradja, R. (2020). Job satisfaction and turnover intention among public sector nurses: Is workload and burnout the issue? *JEMA: Jurnal Ilmiah Bidang Akuntansi Dan Manajemen*, 17(1), 67–77.
- Ghozali, I., & Latan, H. (2015). Partial least squares konsep, teknik dan aplikasi menggunakan program smartpls 3.0 untuk penelitian empiris. *Semarang: Badan Penerbit UNDIP*.
- Hidayat, W. G. P. A., & Tannady, H. (2023). Analysis of Organizational Citizenship Behavior (OCB) Variables, Work Stress, Work Communication, Work Climate Affecting Employee Performance and Turnover Intention at PT. Bank Tabungan Negara (Persero) Tbk. Cabang Gresik. *International Journal of Science, Technology & Management*, 4(3), 688–696.
- Huang, W.-R., & Su, C.-H. (2016). The mediating role of job satisfaction in the relationship between job training satisfaction and turnover intentions. *Industrial and Commercial Training*, 48(1), 42–52.
- Illahi, V. P. K., Fahmy, R., & Syahrul, L. (2022). The effect of workload and compensation system on turnover intention with job satisfaction as a mediating variable in PT. Xyz. *Journal of Social Research*, 2(1), 79–87.
- Jaharuddin, N. S., & Zainol, L. N. (2019). The impact of work-life balance on job engagement and turnover intention. *The South East Asian Journal of Management*, 13(1), 7.
- Jayasri, R. I. A., & Annisa, I. T. (2023). Effect of Workload and Career Development on Turnover Intention through Job Satisfaction as Variable Mediator. *Research of Business and Management*, 1(1), 10–20.

- Junaidi, A., Sasono, E., Wanuri, W., & Emiyati, D. (2020). The effect of overtime, job stress, and workload on turnover intention. *Management Science Letters*, *10*(16), 3873–3878.
- Omar, M. K., Aluwi, A. H., Fauzi, M. W. M., & Hairpuddin, N. F. (2020). Work stress, workload, work-life balance, and intention to leave among employees of an insurance company in Malaysia. *International Journal of Business, Economics and Law*, *21*(2), 70–78.
- Paksoy, M., Soyer, F., & Çalık, F. (2017). The impact of managerial communication skills on the levels of job satisfaction and job commitment. *Journal of Human Sciences*, *14*(1), 642–652.
- Rubel, M. R. B., & Kee, D. M. H. (2015). High commitment compensation practices and employee turnover intention: Mediating role of job satisfaction. *Mediterranean Journal of Social Sciences*, *6*(6), S4.
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2021). Partial least squares structural equation modeling. In *Handbook of market research* (pp. 587–632). Springer.
- Situmorang, E. D., & Wardhani, N. K. (2022). the Influence of Transformational Leadership Style, Workload and Job Satisfaction on Turnover Intention. *Dinasti International Journal of Management Science*, *3*(3), 463–476.
- Sofi'i, A., Jatmiko, R. D., Mas'udin, I., & Restuputri, D. P. (2023). The Effect of Motivation and Work Environment on Intention to Leave with Compensation as Moderator: Evidence from Logistics Employees of Indonesian Manufacturing Industry. *Engineering and Applied Technology*, *1*(1), 79–90.
- Vizano, N. A., Sutawidjaya, A. H., & Endri, E. (2021). The effect of compensation and career on turnover intention: evidence from Indonesia. *The Journal of Asian Finance, Economics and Business*, *8*(1), 471–478.
- Yeo, C. H., Ibrahim, H., & Tang, S. M. (2020). The determinants of turnover intention among bank employees. *Journal of Business and Economic Analysis*, *3*(01), 42–54.

Copyright holder:

Nadia Erlikasna Br Pandia, Ardi, Richard Andre Sunarjo (2024)

First publication right:

Syntax Literate: Jurnal Ilmiah Indonesia

This article is licensed under:

