Effect of Compensation and Leadership Styles on Turnover Intention in Pt. Icherry Factory Assembly

Edward Septian Marbun, Ronauli Emeliana Simaremawe, Kepler Sianturi

STIE HARAPAN DURI, STIE LMII

ABSTRACT

The method used in this research is quantitative with an associative approach. The technique used in this research is probability sampling with a simple random sampling approach of 68 respondents. Data collection is done by distributing questionnaires to respondents who are employees of PT. Icherry Factory Assembly. The data analysis technique used validity test, reliability test, classic assumption test, multiple linear regression analysis, t test, F test and R2 determination test which were operated through the SPSS 16 program.

The results of the t test research on the compensation variable obtained a t value of 5.376> t table of 1.996 so that it can be concluded that partially there is an influence between the compensation variable on the turnover intention variable, then the t test results on the leadership style variable obtained a t value of 2.068> t. The value of 1.996, so it can be concluded that partially there is an influence between the leadership style variable on the turnover intention variable. Based on the results of the hypothesis on the results of the F test, the calculated F value is 24.936> F table of 3.14 so that it can be concluded that the compensation variable and leadership style jointly affect the turnover intention variable. The result of the coefficient of determination (R2) obtained the R Square value of 0.434 or 43.4%. This means that compensation and leadership style variables have an effect on turnover intention by 43.4% and the remaining 56.6% are influenced by other variables not included in this study.

Keywords: Compensation, Leadership Style and Turnover Intention

1. Background Problem

The establishment of a company or organization is certainly inseparable from human or human resources, because human resources are an important asset for a company or organization.

The achievement of the goals of the company cannot be separated from the human resources that exist in the company that runs the company system so that the company can survive throughout the year due to the availability of existing human resources.

For employees, compensation is the price for remuneration received or given for the benefit of a person or legal entity for services provided to other parties.

When the compensation is in accordance with the energy that the employee has spent, of course, it is a point for employees to continue working to meet their daily needs.

Compensation is a driving force for employee morale to work well where clear compensation makes employees calm and confident in the company and employees.

With the compensation will encourage employee performance at the company which in turn will make the company performance even better.


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If a company experiences a high employee turnover rate, the company is included in the unhealthy company category because high employee turnover results in disruption of company activities.

Both high employee turnover rates also result in the discharge of skilled workers from within the company because of the inconvenience of employees working at the company.

2. Problem Formulation
Based on the background of the problem above, the problem formulation is as follows:
A. How much influence does compensation have on turnover intention at PT. Icherry Factory Assembly?
B. How much influence does leadership style have on turnover intention at PT. Icherry Factory Assembly?
C. How much influence does compensation and leadership style have on turnover intention at PT. Icherry Factory Assembly?

3. Research Objectives
Based on the formulation of the problem above, it can be formulated that the objectives of this study are as follows:
A. To find out how much influence compensation has had on turnover intention at PT. Icherry Factory Assembly.
B. To find out how much influence the leadership style has on turnover intention at PT. Icherry Factory Assembly.
C. To find out how much influence compensation and leadership style have on turnover intention at PT. Icherry Factory Assembly.

4. Research Benefits
From the objectives of this study, it is hoped that the results of the research will benefit various parties, namely:
A. As a reference material for company leaders in taking policies if there are problems, especially those related to PT. Icherry Factory Assembly.
B. To add insight and compare the theory that the author has studied in college with actual practice in the field, particularly in relation to the effect of compensation and leadership style on turnover intention at PT. Icherry Factory Assembly.
C. The results of this study are also expected to be useful for other parties as a reference and comparison material for research on the effect of compensation and leadership style on turnover intention.

5. Definition of Compensation
Compensation is a form of payment, wages or rewards given to employees in return for what they have given or done to the company. Compensation and remuneration are important things in the company because this right is the main goal for employees to be willing to work hard and work enthusiastically.

According to Veithzal Rivai, 2011, said that compensation is something employees get in lieu of contributing their services to the company.

Meanwhile, according to Ardana, 2012, compensation is everything that an employee receives as remuneration for his contribution to a company or organization.

6. Definition of Leadership Style
To understand the good leadership style, we must first understand or know about leadership itself.

Leadership is the most important factor in an organization or company where when someone's leadership is good and can make good relationships between employees and the company because employees will do what their leaders have ordered well.

Leadership is a process that affects group activities which are organized to achieve common goals (Rauch & Behling in Achmad Sanusi et al: 2014).

Leadership style is a way for leaders to influence their subordinates to cooperate and work productively to achieve predetermined organizational goals (Hasibuan, 2013).

Meanwhile, according to Rivai, 2014, states that leadership style is a set of features used by leaders to influence subordinates so that organizational goals are achieved or it can also be said that leadership style is a pattern of behavior and strategies that a leader likes and often applies when he tries to influence the performance of his subordinates.

7. Definition of Employee Turnover
High employee turnover reflects that in the company there is a bad company condition where there is a visible turnover of employees in the company which results in disruption of company activities.

Turnover is a condition of individual cessation of a member of the organization concerned (Mobley: 2011).

Handoko, 2010, said that turnover is the entry and exit of employees from one company to work for another company.

Malayu, 2012, also states that labor turnover is the ratio between the entry and the stopping of employees from a company.

Turnover is quite detrimental to the company because of the many costs that have been incurred such as severance pay, useless facilities to get replacement employees who leave, staffing costs (such as recruitment costs, interviews, tests, training costs and so on). The real disadvantage is the loss of productivity until the new employee reaches the same level of productivity as the former retiring employee.

8. Framework
From the research that has been done before, it can be described a framework or scheme of the relationship between compensation and leadership style on employee turnover intention. Here's a picture of the frame of mind.

9. Previous Research
A. Puni et al. (2016) examined the relationship between leadership style, turnover intentions, and counterproductive work behavior in eight branches of Premier Gana Bank. Research by Puni et al. (2016),
found a significant relationship between autocratic leadership style, democracy, laissez-faire with turnover intentions and counterproductive work behavior.

B. Liu et al. (2013), examined the effect of leadership style on employee turnover intentions at Shenzhen and Hong Kong companies. Liu et al. (2012), found that leadership style has a significant effect on employee turnover intentions. 5 Iskandar (2013).

C. Iskandar (2013), examined the influence of leadership on turnover intentions of front office department employees at the ibis Bandung Trans Studio Hotel. Iskandar’s research (2013) found that there was a significant influence between leadership and employee turnover intention.

D. Edward, Johannes, and Roﬁ’i, Muchid (2014) from the Journal of Management Dynamics Vol.2 No.2 April-June 2014 ISSN: 2338-123X, 141-152 with the research title “The Effect of Compensation and Organizational Climate on Turnover Intention with Job Satisfaction as an Intervening Variable at PT Trimitra Lestari”. The results showed that compensation has a positive and insignificant effect on job satisfaction which will increase the intention to move, organizational climate has a positive but less significant effect on job satisfaction which will increase the intention to move, and job satisfaction has a negative and significant effect that will increase the intention to move.

E. Putrianti, Arin Dewi (2014) from the Journal of Business Administration (JAB) Vol. 12 No 7 July 1, 2014 p.1-9 with the research title “The Effect of Compensation and Work Motivation on Turnover Intention (Study on Employees of PT TIKI, Nugraha Ekakurir, Pusat Malang)” The results of this study show that there is a significant effect of compensation and work motivation on turnover intention.

F. Irbayuni, Sulastri (2012) from the Journal of Neo-Bis Volume 6, No.1, June 2012, pp. 1-12, with the research title “The Effect of Compensation, Job Satisfaction, and Organizational Commitment on Desire to Move Work at PT Surya Energy Resources Surabaya “. The results showed that compensation had no significant effect on the desire to move employees, job satisfaction had a positive and insignificant effect on the desire to move employees, and organizational commitment had a negative and significant effect on the desire to move employees.

G. Research conducted by Bibowo, Adi and Masdupi, Erni (2015) from the Journal of Business and Public Management Research, Vol 3, No. 3, 2015, 1-16, with the title “The Effect of Job Satisfaction, Compensation, and Career Development on Turnover Intention to employees of Bank Syariah Mandiri branch of Padang. "The results of this study indicate that compensation and career development positively and significantly affect job satisfaction. Furthermore, compensation, career development and job satisfaction all together have a significant effect on turnover intention but only individual job satisfaction has a significant and negative effect on turnover intention.

10. Hypothesis

Hypotheses are temporary statements or conjectures in the form of statements about a matter and their truth will be tested. Hypotheses are also useful in providing clear objectives for researchers who will conduct research. The provisional estimates in this study are as follows:

H1 : It is assumed that there is a partially significant influence between the compensation variable (X1) on turnover intention (Y).

H2 : It is assumed that there is a partially significant influence between the leadership style variable (X2) on turnover intention (Y).

H3 : It is assumed that there is a simultaneous significant influence between the variable compensation (X1) and leadership style (X2) on turnover intention (Y).

11. Research Methodology.

11.1. Research Form

The research method used in this research is a quantitative method with an associative approach which aims to determine the relationship between two or more variables (Sugiano: 2012).

11.2. Location and Time of Research.

Location is a place or area to conduct research to obtain the necessary data. This research was conducted at PT. Icherry Factory Assembly, which is located at Jl. Paluh Wave, Tj. Congratulations, Percut Sei Tuan, Deli Serdang Regency, North Sumatra, 20371.

Time is a schedule for conducting research or the length of the process of research activities carried out by the author. The time of this research is during July - September 2019.

11.3. Population and Sample

Population

According to Sugiyono, 2012, said that the population is a generalization area consisting of objects / subjects that have certain qualities and characteristics that are determined by researchers to study and then draw conclusions. The population in this study were all employees at PT. Icherry Factory Assembly consists of 216 people, namely 133 female employees and 83 male employees.

Sample

According to Sugiyono, 2010, said that the sample is part of the number and characteristics possessed by the population. The sample is the number of characteristics possessed by the population. The sampling technique used in this research is probability sampling with a simple random sampling approach.

11.4. Data Collection Techniques

Data collection is a technique or methods used in collecting research materials that can be used to answer the problems at hand (Melva and Togu Harlen, 2011). The techniques used in data collection in this study are:

A. Primary Data

Primary data is data obtained directly from the results of direct empirical research from those directly involved using certain data collection techniques (Sugiyono, 2010). Primary data collection techniques used in this study are:

- Data obtained directly from respondents using a questionnaire distributed to employees of PT. Icherry Factory Assemblies.
- Data obtained from observations, namely data collection through direct observation activities.
B. Secondary Data
Secondary data is data obtained from other parties or research from other parties (Sugiyono, 2010). Secondary data collection techniques carried out in this study are:

- Literature Study
  Collecting data obtained from books, scientific works and opinions of experts who are competent and have relevance to the phenomenon to be studied.

- Documentation Studies
  Collecting data using notes or written documentation, pictures, or other objects related to the phenomenon under study.

11.5. Hypothesis Results

11.5.1. Effect of Compensation (X1) on Turnover Intention (Y)
Based on the hypothesis test, it is known that partially compensation has an effect on turnover intention. The results of the t test in this study can be seen in the table, which is as follows:

<table>
<thead>
<tr>
<th>Coefficients* Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.429</td>
<td>3.277</td>
<td></td>
<td></td>
<td>.102</td>
</tr>
<tr>
<td>Kompensasi</td>
<td>.523</td>
<td>.097</td>
<td>.547</td>
<td>5.376</td>
<td>.000</td>
</tr>
<tr>
<td>Gaya Kepemimpinan</td>
<td>.136</td>
<td>.066</td>
<td>.210</td>
<td>2.068</td>
<td>.043</td>
</tr>
</tbody>
</table>

Source: Processed Data (2019)

To find out whether the compensation variable affects turnover intention or not, the t test is used based on the criteria using a significant level of 0.05 so that the t table value is as follows:
A. If the value of t count > t table, then H0 is rejected and H1 is accepted.
B. If the value of t count < t table, then H0 is accepted and H1 is rejected.

Based on the results of the SPSS 16 program output in the Coefficients table for the first regression coefficient, the service quality variable shows the results of the t value of 5.376 > t table of 1.996 so that H1 is accepted and H0 is rejected. This means that partially there is an effect of compensation on turnover intention.

11.5.2. The Effect of Leadership Style (X2) on Turnover Intention (Y)
Based on the hypothesis test, it is known that partially leadership style affects turnover intention. The results of the t test in this study can be seen in the table, which is as follows:

<table>
<thead>
<tr>
<th>Coefficients* Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.429</td>
<td>3.277</td>
<td></td>
<td></td>
<td>.102</td>
</tr>
<tr>
<td>Kompensasi</td>
<td>.523</td>
<td>.097</td>
<td>.547</td>
<td>5.376</td>
<td>.000</td>
</tr>
<tr>
<td>Gaya Kepemimpinan</td>
<td>.136</td>
<td>.066</td>
<td>.210</td>
<td>2.068</td>
<td>.043</td>
</tr>
</tbody>
</table>

Source: Processed Data (2019)

To find out whether the leadership style variable affects the turnover intention variable or not, the t test is used based on the criteria using a significant level of 0.05 so that the t value is as follows:
A. If the value of t count > t table, then H0 is rejected and H1 is accepted.
B. If the value of t count < t table, then H0 is accepted and H1 is rejected.

Based on the results of the SPSS 16 program output in the Coefficients table for the first regression coefficient, the leadership style variable shows the t value of 2.068 > t table of 1.996 so that H1 is accepted and H0 is rejected. This means that partially there is an influence of leadership style on turnover intention.

11.5.3. Effect of Compensation (X1) and Leadership Style (X2) on Turnover Intention (Y)
Based on the hypothesis test, it is known that the compensation variable and leadership style jointly affect the turnover intention variable. The results of the F test in this study can be seen in the table, which are as follows:

<table>
<thead>
<tr>
<th>ANOVA* Model</th>
<th>Sum of Squares</th>
<th>dF</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>541.176</td>
<td>2</td>
<td>270.858</td>
<td>24.936</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>706.049</td>
<td>65</td>
<td>10.862</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1247.765</td>
<td>67</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data (2019)
To find out whether it is true that the first regression coefficient and the second regression coefficient on the compensation independent variable and leadership style affect the dependent variable turnover intention. Calculating the F test using the provisions of the significance level of 0.05 so that the F table value is 3.14 with the following criteria:

A. If F count > F table, then H0 is rejected and H1 is accepted.
B. If F count < F table, then H0 is accepted and H1 is rejected.

Based on the results of the SPSS 16 program output on the Anova table, it shows the calculated F value of 24.936 > F table of 3.14 so that H0 is rejected and H1 is accepted. This means that the independent variable compensation and leadership style jointly affect the dependent variable turnover intention. 

### 11.5.4. Coefficient of Determination R²

The results of the coefficient of determination test can be seen in the table, which is as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.659*</td>
<td>.434</td>
<td>.417</td>
<td>3.296</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data (2019)

To find out how much influence the first regression coefficient and the second regression coefficient on the independent variable compensation and leadership style jointly affect the dependent variable turnover intention using the help of the SPSS 16 program.

Based on the results of the SPSS 16 program output in the Model Summary table, the R Square value is 0.434 or 43.4%. This means that the independent variable compensation and leadership style affect the dependent variable turnover intention by 43.4% and the rest is influenced by other factors not examined in this study, such as age, location, environment, job satisfaction, workload, length of work and others.

### 12. Conclusion and Suggestion.

#### 12.1. Conclusion

Based on this research which aims to determine "The Effect of Compensation and Leadership Style on Turnover Intention at PT. Icherry Factory Assembly". Based on research and the results of the data that have been processed in this study, the following conclusions are obtained:

A. Based on the results of the hypothesis on the results of the t test on the compensation variable, the t value of 5.376 > t table is 1.996 so it can be concluded that partially there is an influence between the compensation variable on the turnover intention variable.

B. Based on the results of the hypothesis on the results of the t test on the leadership style variable, the t value is 2.068 < t table of 1.996 so it can be concluded that partially there is an influence between the leadership style variable on the turnover intention variable.

C. Based on the results of the hypothesis on the results of the F test, the calculated F value is 24.936 > F table of 3.14 so it can be concluded that the compensation variable and leadership style jointly affect the turnover intention variable.

D. Based on the results of the determination coefficient (R²), the R Square value is 0.434. This means that compensation and leadership style variables affect turnover intention by 43.4% and the remaining 56.6% are influenced by other variables not included in this study, for example age, location, environment, job satisfaction, workload, length of time. work and others.

#### 12.2. Suggestion

After conducting research, discussion, and drawing conclusions from the results of the study, the authors provide suggestions regarding the research that has been carried out to be used as input and useful consideration for interested parties, namely as follows:

A. PT. Icherry Factory Assembly
- PT. Icherry Factory Assembly needs to adjust the compensation given to employees with what employees have sacrificed for the company, so that employees feel satisfied with the reply they receive from the company. Compensation should also be given in accordance with the promised schedule and presumably the company will provide compensation in a transparent manner. Compensation that is in accordance with predetermined provisions will certainly be one of the reasons for employees to stay or not stay in their job, because they need it in meeting their daily needs.
- PT. Icherry Factory Assembly needs to pay attention to and improve their leadership style in a direction that makes employees more comfortable in doing their job. Hopefully the leaders can establish a good cooperative relationship between employees and their leaders in order to achieve the goals of the company. Because employees and leaders each have different attitudes in responding to a problem or situation, some are easily offended or easy to understand, some are capable but must be explained in detail and so on. Leaders should pay attention to their leadership style and they should lead not to put too much pressure on their subordinates.

B. For Further Researchers

The next researcher is expected to be able to analyze other variables which are factors in the emergence of purchasing decisions such as price, location, social class, culture, future and so on.

### REFERENCES


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