

The Impact of Working Environment, Compensation, and Job Satisfaction on Turnover Intention in Public Service Agency

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Abstract:

Background: Public Service Agency is a government institution that provides services/products to the public. In the Public Service Agency, employee status consists of civil servants and non-civil servants (professional staff). This study aimed to determine The Impact of Work Environment, Compensation, and Job Satisfaction on Turnover Intention in Public Service Agency, Marketing Services Agency for Cooperatives, and SMEs (LLP-KUKM or well known as Smesco Indonesia), which a non-civil servant or professional employee status.

Materials and Methods: The total number of employees is 164 consisting of 6 civil servant status, and 158 non-civil servant status. Therefore, the researchers distributed questionnaires to 158 recipes consisting of employees with non-civil servant status, then used the multiple regression method to analyze the data from the questionnaire.

Results: Job Satisfaction has the most negative impact (-0,278) and significant (0.000) on turnover intention in the Public Service Agency which shows that the higher the job satisfaction, the lower the turnover intention. Likewise with the other two variables, working environment, and compensation, that have a negative impact on the turnover intention of Public Service Agency.

Conclusion: The results of the study stated that all initial hypotheses from this study were acceptable. Variable Working Environment (X1), Compensation (X2), and Job Satisfaction (X3) have a negative and significant impact on the turnover intention of Public Service Agency employees.

Key Word: Working Environment; Compensation; Job Satisfaction; Turnover Intention; Public Service Agency.

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I. Introduction

Public Service Agency based on Government Regulation of the Republic of Indonesia (2005: 23) is an agency within the Government that has the aim to provide services to the community with the principles of efficiency and productivity in every activity carried out, services provided in the form of goods and/or services sold by not prioritizing the benefits. The status of BLU, which is a work unit of the state ministries/institutions/government in its management, cannot be separated from the parent institution concerned. Based on the Minister of Finance Regulation (2017: 176) states that the amount of remuneration can be given to all employees by taking into account the ability of the income and performance of the relevant BLU, remuneration from similar institutions and the value of the position. Regarding staffing governance, BLU consists of employees with the status of civil servants and professional staff with several compositions following the needs of the BLU itself. Based on the difference in employee status, of course, there are gaps in terms of remuneration treatment such as salary, honorarium, incentives, performance bonuses, and so on. BLU employees who are also civil servants will get remuneration according to their rank in the Ministry and remuneration from the BLU itself, whereas BLU employees with professional status receive remuneration from BLU policies by the prevailing Minister of Finance Regulation. Besides, the assignment of special tasks for civil servants working in Public Service Agencies is the policy of the Minister at the Ministry concerned. So that civil servants will return to their work units in the Ministry of the Minister makes the decision. Unlike the professional staff who work in the Public Service Agency who can decide personally to survive or leave the agency/institution. On this basis, the researcher tries to examine the turnover rate of Public Service Agency employees who are professionals, and whether the work environment, compensation, and job satisfaction of Public Service Agency employees whose status is professional influences the level of turnover intention at the Public Service Agency concerned.

Turnover Intention

Robbins (2006) states that turnover is a decision made by employees themselves to leave the company voluntarily, as well as decisions made by companies to terminate employees permanently. Turnover is also interpreted as the willingness/desire of employees to get out of the organization where he works to do other objectives (Werther and Keith, 1996). Turnover is the result of a decrease in performance that can be seen based on employee absences and delays (Mitra, Jenkins, & Gupta, 1992) quotes by Motoko Honda-Howard and Michiko Homma (2001). Mobley (2011: 15) considers that turnover intention is the result of the thinking of an individual employee who considers the continuation of his relationship with the place he works. But in this condition, the employee has not yet decided on the steps or actions taken. According to Georgina, Dominic, Carina, Sigridur, and Kaori (2009) stated that in the process of recruitment, training, and promotion of employees which are investment activities carried out by the organization would be in vain if workers who have the potential to benefit the company decide to leave the organization. Some things that can be a benchmark of turnover intention are employees thinking of leaving the organization, the desire to find work in a better place than the company he is now, the desire to leave the company he is in, Mobley (1978). From some of the above understanding, it can be concluded that turnover is an individual employee thought that could produce the act of choosing to settle or move employees from an organization/company. Of course, for organizations, high levels of turnover intention will cause losses in various aspects, especially in terms of time, finance, and the effectiveness and efficiency of company management because turnover intention will also have an impact on declining employee performance.

Working Environment

According to Mardiana (2005: 78) argues that a work environment is a place and the surrounding conditions where employees perform routine work. Sutrisno (2010) explains that the work environment is an overall supporting aspect of both company facilities and infrastructure whose conditions affect employees in carrying out their work. Simanjuntak (2003: 39) also explains that the work environment is in the form of all aspects around employees that must be faced and become triggers for the quality of employee performance. In the opinion of Bushiri (2014), quotes by SeyoRiyanto (2017) states that the work environment is one of the factors that influence the process of employee performance development which is divided into physical and non-physical work environments. Employee performance will develop optimally if the employee feels comfortable with the conditions of the environment in which he works and is supported by adequate office facilities. In line with this opinion, Ishmael (1999) quotes by Pauline Rennie Peyton (2003) states that based on the alternative culture that acts as a positive work environment is a conducive place where employees can maximize their abilities to achieve organizational goals. Based on some understanding by the experts it can be concluded that the work environment both in terms of facilities and infrastructure, the relationship between employees and company culture is very influential on employee performance. A good work environment will motivate employees to work more optimally because they feel comfortable and are supported by the company. This comfortable feeling can reduce the stress and boredom experienced by employees towards their work. In achieving performance and goals that are targeted by the company, a conducive work environment is considered very important to be considered by the company so that the performance of employees reaches the optimal point as expected by the company.

Compensation

In the opinion of Hasibuan (2017: 119) regarding compensation, that is, all results obtained by employees either in the form of money or facilities that are directly or indirectly provided by the company as a form of appreciation for their work. In line with the opinion of Handoko (2004: 155) which states that compensation is a whole that is received by each employee in return for their work. Based on the opinion of the WorldatWork Association (2007: 89) philosophy of the ideal compensation in which the organization determines the level of salary of its employees based on internal equity or comparison with competitors and is bound to the overall business strategy that applies to the organization. Regarding compensation related to employee safety and health according to Keith R. Wertz and James J. Bryant (2001: 2) the concept of the compensation system provided to employees is that the company is fully committed to bear all costs of injuries suffered by employees, and in terms of employees are also committed not to sue the company due to the job injury. On another occasion Rose Marie Orens and Vicky J. Eliot quoted by John Wiley & Sons, Inc. (2002: 20) stated that to balance good business results with the incentives given to employees, many companies apply to pay for performance incentive plans that have many forms including individual incentives, team incentives, management incentives and the most commonly used are incentives based on sales results. By implementing the incentive payment plan the company's profitability will likely increase and employees will feel more motivated. Based on several theories put forward by these experts, it can be concluded that compensation is the reciprocity expected by employees for their contribution to the progress of the company. In terms of the

organization/company, compensation is one factor that must be considered and calculated wisely based on employee motivation and the organization's financial and business conditions.

Job Satisfaction

Based on the opinion of Robbing and Coulter (2016) quotes by SetyoRiyanto and Lukertina (2019) job satisfaction is the result of feelings or emotions felt by employees and this can be seen from the attitudes/behaviors, performance, and loyalty of employees towards the organization. Job satisfaction according to Chris Stride, Toby D. Wall and Nick Catley (2007: 13) includes 2 (two) elements, namely intrinsic which is people's reaction to job features (example: opportunity to use abilities and skills to work) and extrinsic elements which are part from non-work features such as salary and corporate governance. According to Balzer (1997) quotes by Elizabeth George and Zakkariya KA (2018: 6) job satisfaction is a feeling that arises in a person towards his work. Seeing the level of employee job satisfaction according to Herzberg quoted by Hasibuan (2005) states that employees who have high job satisfaction will be happier and have high motivation in working, inversely proportional to employees who are less / dissatisfied will tend to be lazy in carrying out their work. Robbins (2006: 103) argues that the emergence of a sense of satisfaction when all individual needs in this case employees have been met. Malayu SP Hasibuan (2007: 202) also states that job satisfaction felt by an employee is a feeling of pleasure and love for his work that can be seen through employee performance, discipline, and morale towards his work. Handoko (2000: 193) also states that job satisfaction is an emotional condition of an employee both pleasant and unpleasant feelings towards his work.

II. Material and Methods

On this occasion, the researchers used a quantitative approach which, according to Mulyadi (2011: 69) aims to find out whether the work environment, compensation and job satisfaction (all three are independent variables symbolized by "X") have an impact on employee turnover intention (the dependent variable "Y") in Public Service Agency. The data used in the form of mixed data are primary data based on questionnaires that have been distributed to 61 employees (Non-Civil Servant Public Service Agency, study case: Marketing Services Agency for Cooperatives, and SMEs(LLP-KUKM) or well known as Smesco Indonesia, (based on simple random sampling from a population of non-Civil Servant employees totaling 158 people, then secondary data in the form of previous research references obtained from relevant sources and reports on the number of LLP-KUKM employees each year since the institution was established. Descriptions and characteristics of all respondents involved in this study can be seen in the following table;

Table no 1:Description of the Research Object

Description	Type	Amount
Gender	Man	99
	Woman	59
Education	Vocation	15
	Bachelor's degree	113
	Master	30
Age	21-30 Years	37
	31-40 Years	101
	41-50 Years	17
	> 50 years	3
Working Period	<5 years	32
	5-10 years	100
	10-15 years	26
	> 15 Years	0
Position	The staff	114
	SPV	27
	Manager	13
	General Manager	4

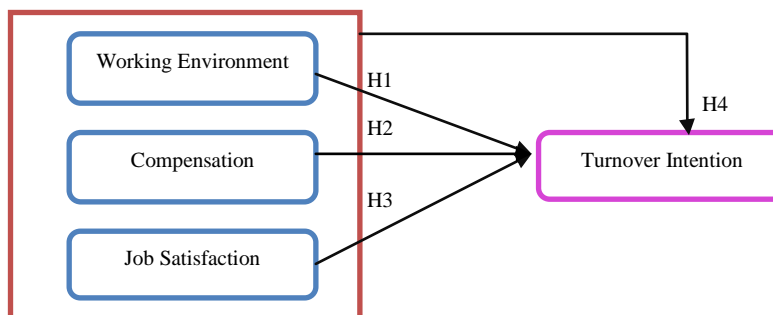
Procedure methodology

Then the researchers measured the strength of the relationship between each variable as an indication of direction and relationship (dependent variable and independent variable) using the multiple regression analysis methods and SPSS version 20.0 as software to process and analyze the data.

Table no 2: Variable, Dimension, and Indicator

Variable	Dimension	Indicator
Working Environment	Physical, Non-Physical	Office Equipment, Lighting , Air Temperature, Noise, Communication, Relationship
Compensation	Direct Financial Payment, Indirect Financial Payment, Non-Financial Payment	Salary, Benefits, Incentives, Facilities
Job Satisfaction	WorkItself, Supervision, Workers, Promotion, Pay	Characteristic of Jobs, Engagement, Level of income, Transparency, Relationship with Superiors, Promotion, Co-workers
Turnover Intention	Thoughts of Quitting, Intention of Quitting, Intention to Search Another Job	Job Insecurity, Employee Perception, Inconvenience, Job Stress

Figure no 1: Framework Model



Hypothesis:

- H1: Working Environment has a negative impact on Employee Turnover Intention
- H2: Compensation has a negative impact on Employee Turnover Intention
- H3: Job Satisfaction has a negative impact on Employee Turnover Intention
- H4: Working Environment, Compensation, Job Satisfaction has a negative impact on Employee Turnover Intention simultaneously

III. Result

The hypothesis can be accepted because each variable is valued above the t table value(t = 1.975) which means it has a partial effect.

Table no 3: The Impact of Working Environment, Compensation, and Job Satisfaction on Turnover Intention in Public Service Agency

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.508	3.674		13.921	.000
1 Working Environment	-0.011	0.086	-0.013	-2.133	.044
Compensation	-0.194	0.108	-0.151	-3.797	.024
Job Satisfaction	-0.278	0.075	-0.371	-4.721	.000

a. Dependent Variable: Turnover Intention

The output can be illustrated by the model $\rightarrow Y = 4,508 + (-0.011X1) + (-0,194X2) + (-0,278X3)$

Based on table 3 and the results of multiple linear regression have resulted in an indication that Job Satisfaction has the most negative impact (-0.278) and significant (0.000) on turnover intention in the Public Service Agency which shows that the higher the job satisfaction, the lower the turnover intention. Likewise, the variable compensation has a negative effect (-0,194) and significant (0.024), while the Working Environment has the least effect with a negative value (-0.011) and significant (0.044) on employee turnover intention. According to Ghozali (2013), a significant value (> 0.05) means that there is no significant effect between the independent variable and the dependent variable. An explanation of each dimension variable that contributes to influencing the turnover intention of Public Service Agency employees can be seen through the following table 4:

Table no 4: Variable Correlation Analysis

		Thoughts of Quitting	Intention of Quitting	Intention to Search Another Job
Physical	Pearson Correlation	-.234**	-.240**	-.289**
	Sig. (2-tailed)	0.003	0.002	.000
	N	158	158	158
Non-Physical	Pearson Correlation	-0.134	-.272**	-.311**
	Sig. (2-tailed)	0.043	0.001	.000
	N	158	158	158
Direct Financial Payment	Pearson Correlation	-.290**	-.292**	-.265**
	Sig. (2-tailed)	.000	.000	0.001
	N	158	158	158
Indirect Financial Payment	Pearson Correlation	.295**	-0.078	-0.031
	Sig. (2-tailed)	.000	0.031	0.045
	N	158	158	158
Non-Financial Rewards	Pearson Correlation	-.265**	-.208**	-.315**
	Sig. (2-tailed)	0.001	0.009	.000
	N	158	158	158
Work Itself	Pearson Correlation	-.412**	-.296**	-.369**
	Sig. (2-tailed)	.000	.000	.000
	N	158	158	158
Supervision	Pearson Correlation	-.326**	-.401**	-.441**
	Sig. (2-tailed)	0.021	0.039	0.012
	N	158	158	158
Workers	Pearson Correlation	-.447**	-.414**	-.413**
	Sig. (2-tailed)	.000	.000	.000
	N	158	158	158
Promotion	Pearson Correlation	-0.039	-0.075	-0.037
	Sig. (2-tailed)	0.031	0.047	0.047
	N	158	158	158
Pay	Pearson Correlation	-0.132	-0.013	-.211**
	Sig. (2-tailed)	0.049	0.037	0.008
	N	158	158	158

Table 4 shows that the working environment, compensation, and Job Satisfaction have a negative impact on the turnover intention of Public Service Agency employees, with the values: work itself, supervision, workers, promotion, pay which are dimensions of job satisfaction, in general, have the biggest and significant impact on employee turnover intention at the Public Service Agency; direct financial payments, indirect financial payments, non-financial rewards which are dimensions of compensation that have a significant impact on turnover intention; while physical and non-physical which are the dimensions of the working environment variable have the weakest and significant impact on the turnover intention of Public Service Agency employees.

IV. Discussion

This study tries to assess the relationship of several variables that the author considers the influence on turnover intention in the Public Sector Organization / Public Service Agency such as LLP-KUKM. The three variables, namely the working environment, compensation, and Job Satisfaction are variables that are considered important to examine the relationship with employee turnover intentions at the Public Service Agency. Employees will feel an attachment to the organization when the work environment provides a feeling of security and comfort in terms of facilities and psychologically, namely relationships with colleagues. Likewise with compensation and job satisfaction. An employee's desire to quit his job will arise if the employee is not satisfied with the compensation received, and the work he does. Employees will have high commitment and loyalty to the organization if their satisfaction is fulfilled. This is consistent with the results obtained from this study, where the three variables have a negative relationship with turnover intention. Agree with previous research which states that employees generally will stay on their jobs if they get a good quality work environment, Ray, Katherine, and Don J (2012). According to research conducted by Bibi, Pangil, Johari, Ahmad (2017) states that organizations that provide proper compensation to their employees will get high loyalty from their employees so that the possibility of employees' desire to leave their jobs is getting smaller. Likewise, job satisfaction is negatively related to turnover intention in Public Organizations, Jesse and Tobin (2015). In general, compensation provided by public organizations is not as high as that provided by the private sector. Therefore, the consideration of other variables will certainly support each other to reduce the level of employee turnover intention in the Public organization. Rankin (2006) quoted by Antonio and Fransiska (2018) states that the level of turnover intention in public organizations is lower because their work is considered more attractive than the private sector.

V. Conclusion

The results of the study stated that all initial hypotheses from this study were acceptable. Variable Working Environment (X1), Compensation (X2), and Job Satisfaction (X3) have a negative and significant impact on the turnover intention of Public Service Agency employees, which means that the higher the value of each of these variables will minimize the Turnover Intention of Public Service employees Agency. It is expected that the Public Service Agency, in this case, LLP-KUKM, can create a better working environment to make its employees comfortable in carrying out their work. Support in the form of both physical and non-physical facilities such as computer equipment and the use of more up to date technology can improve employee motivation and performance to be optimal Then in terms of compensation variables, it is known from the results of research that Public Service Agency employees have not received compensation as expected. If the organization can fulfill this, not only the loyalty of the employees obtained by the organization, but also the employees will contribute to the maximum performance so that all objectives of the organization can be achieved optimally.

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