

# The Mediating Role of Job Performance in the Relationship Between Job Satisfaction and Turnover Intention

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## ABSTRACT

This study aims to determine the extent of the effect of job satisfaction on job performance, job performance on turnover intention, job satisfaction through job performance on turnover intention, of employees of SMEs in West Sumatra Province. This research is a quantitative research. The population in this study were all employees of SMEs in West Sumatra Province. The sample in this study amounted to 220 respondents. Data collected through the distribution of questionnaires to respondents who were spread throughout the SMEs in West Sumatra Province with data analysis by SEM Partial Least Square. The results obtained job satisfaction has a significant effect on job performance, job performance has a negative and significant effect on turnover intention, job satisfaction through job performance has a negative and significant effect on turnover intention, employees of SMEs in West Sumatra Province.

**Keywords:** *Job Satisfaction, Job Performance, Turnover Intention*

## 1. INTRODUCTION

Turnover intention will always be an important concern for owners in every business organization, because the percentage of turnover intentions can seriously affect morale and develop commitment or performance towards their organization (Lin et al., 2017). Therefore, it should be very important thinks for management to identify the relationship, determinant, or moderators in depth between turnover intention (Lin et al., 2017).

According to Robbins and Judge (2015), turnover intention was a propensity or level where employees have the possibility to leave the company either voluntarily or involuntarily due to lack of attractiveness of the job and the availability of other new alternative jobs.

In 2017 to 2018, Indonesian SMEs recorded employee turnover of 10.93% in small businesses and 13.81% in medium-sized businesses, of which around 1,319,502 of the total 11,021,593 workers who left their jobs (Ministry of Cooperatives and SMEs Republic of Indonesia, 2019). This figure shows concern

about the greater turnover of employees, which means that the organization/company will lose talented, skilled, and experienced employees. The failure to preserve skilled employees will change into higher costs for training the new employees and if the training is not effectively given to new employees, organizational efficiency will be low. So that employee turnover intention must be a particular concern for every SME business.

According to Rowley and Jackson (2012) the causal factor for turnover intention was career development as a movement of a person through a sequence of jobs during his life or which direction someone will be headed for in his tenure. Embodiment of career development is a form of follow-up of an employee's expectations in satisfaction with the job performance that is given to the company. Increasing career development will improve employee performance. So that high performance will make employees more productive, and have a strong intention to remain in the organization (Sánchez-Beaskoetxea & Coca García, 2015).

Based on research conducted by (Yuen et al., 2018) it has stated, that job satisfaction has highly correlated with job performance. An employee who has been very satisfied with his work must outperform a dissatisfied colleague. Satisfied people will come to work more frequently (eg low attendance), make fewer mistakes (ie job quality), more productive, and have a strong intention to stay in the organization (Sánchez-Beaskoetxea & Coca García, 2015).

H1: Job Satisfaction has a direct effect on employee Job Performance

H2: Job Performance has a direct effect on employee Turnover Intentions

H3: Job Satisfaction through Job Performance has an indirect effect on employee Turnover Intentions

Three indicators that measure turnover intention based on research from (Mobley, 2011), namely: 1) Thoughts of quitting, which reflects the individual thinking to quit the job or

remain in the work environment. Starting with the job dissatisfaction felt by employees, and then thinks about leaving their current workplace, resulting in high and low intensity for not being present at work. 2) Intention to quit, which reflects individuals looking for work in other organizations. If the employees have started thinking about quitting their job, the employees will try to find a better job outside the company. 3) Intention to search for another job, which reflects the individual who intends to going out. If they have found a better job, sooner or later they will make the decision to stay or not from their job.

Job performance indicators in this study adopt from research conducted by (Talukder et al., 2018) which states the indicators of job performance are divided into two parts, namely: 1) In-role Performance (IrP) or job performance by (William & Anderson, 1991) there are six items including: a) Fulfillment of time in completing tasks assigned, b) Fulfill the formal performance requirements of the job, c) There is no neglect of the aspects of work that must be done, d) Fulfillment of obligation in the job description, e) Employee involvement in job that can influence high performance evaluations, f) Employee can finish the job in accordance with what expected by the organization, 2) Extra-role Performance (ErP) or additional work performance by (Lynch et al., 1999) there are four items including: a) Employee can make constructive idea for the entire working group in the organization/company, b) Employee can promote others to try new ways and more effective things for doing work in the organization/company, c) Employee can get correct information where use to be benefit in the organization/company, d) Employee who will always looking for new ways to improve their job effectiveness.

Job satisfaction indicators in this study adopt from research conducted also by (Talukder et al., 2018) who previously also adopted from the research of Brayfield & Rothe (1951) entitled An Index of Job Satisfaction which measures satisfaction work with 18 question items. So that in this study will also adopt 5 questions that feel appropriate to the

problem examined as done by (Talukder et al., 2018). Where stated job satisfaction is measured from: 1) Love of work is the satisfaction of employees in the work they do will bring out the love of the job, 2) Liking the job is feeling happy in doing the work will appear when employees feel satisfied with their work, 3) Happiness at work is when satisfaction is felt besides feeling pleasure and love, then happiness will also be felt when working, 4) Preferring to work compared to other colleagues is a feeling of satisfaction with work in addition to generating happiness and pleasure can also make employees like to do their jobs, 5) Comfort at work is when employees get job satisfaction in accordance with what is desired from their work can lead to a sense of comfort in doing the job.

## 2. METHODS

Research on the effect of job satisfaction through job performance on employees turnover intentions to be carried out in SMEs in West Sumatra Province. Data analysis was using the Partial Least Square (PLS) method to analyze the effect of job satisfaction through job performance on turnover intention of SMEs in the Province of West Sumatra.

### 2.1. Sampling

The selected sample considerations are employees who work in SMEs that already have employee recruitment systems, have supervisors and are married. The sample size was taken as many as 220 samples with consideration of the statistical adequacy of the sample to get 0.8 power with alpha 0.05, then a minimum sample of 5 times to 20 items were observed (Hair, Anderson, Babin, & Black, 2010).

### 2.2. Data collection techniques

Data collection techniques was direct observation and questionnaire, data collection using a questionnaire to provide accurate data, in this study accompanied by interviews. The questionnaire is a way of collecting data through the distribution of questionnaires (list of written questions) about the information and about the intention to leave the employee while working in SMEs in West Sumatra Province.

Use of this research data questionnaire to collect relevant primary data by inputting opinions, feedback, and seeing employees working in SMEs in West Sumatra Province.

### 2.3. Data analysis technique

#### 2.3.1. Descriptive Analysis

This analysis is intended to describe the characteristics each study variable, the way of presenting the data into a frequency distribution table calculate the concentration and dispersion values and interpret them.

#### 2.3.2. Data Analysis with Partial Least Square (PLS)

The data analysis was using the Partial Least Square (PLS) method. The method of analysis was not based on many assumptions. PLS path Modeling there are two models namely the outer model and the inner model .

##### 2.3.2.1. Measurement model (outer model)

The result of PLS outer model: the outer data analysis models with SmartPLS 3.0. The following is the elaboration of the results of an outer model analysis based on *convergent validity*, *discriminant validity*, *composite reliability* and *collinearity* values .

a. *Convergent Validity*, is one of the criteria in testing analysis using SmartPLS. *Convergent validity* at the indicator level is called indicator reliability or loading. For initial inspection of the *loading factor* matrix is approximately 0.3 considered to have met the minimum level, and for *loading factors* of approximately 0.4 is considered better, and for *loading factors* greater 0.5 is generally considered significant. This study uses a *loading factor* of 0.5.

b. *Discriminating Validity*, at this stage it is useful to know whether the construct has adequate discrimination. The assessment is proposed in two ways, namely looking at *cross loading* and *fornell-lacker criterion*. The *cross loading value* of the indicator variable against the latent variable must be greater than the other latent variable.

c. *Composite Reliability*, is the stage used to test the reliability of indicators of a variable. An indicator can meet the reliable requirements if it has a composite value of  $reliability > 0.6$ . Reliability test with the *composite reliability*

method can also be strengthened using Cronbach's Alpha value . A variable will be reliable if it has a Cronbach's Alpha value >0.7.

d. *Collinearity*, is the stage to test correlation between independent variables. The indication of colinearity-free is indicated by a VIF value of less than 10.

2.3.2.2. *Structural model ( Inner model )*

The second stage assesses the inner model or structural model evaluated using R<sup>2</sup> (R-square) to see the influence of the independent variabel.

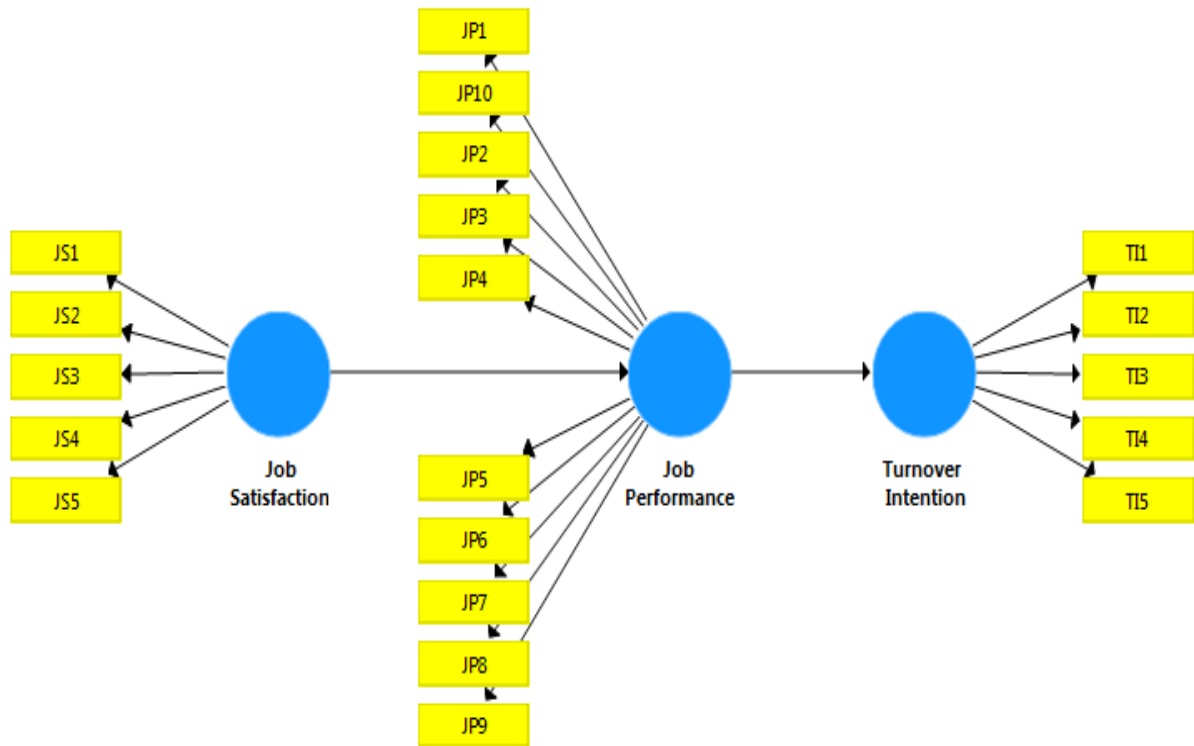


Figure 1. Variable Relationship Model

3. RESULT AND DISCUSSION

3.1. Result

The following description of the characteristics of respondents to be described includes: gender, age, level of education and years of service.

Table 1. Characteristics of Respondents

Respondents	Frequency	Percent (%)
<b>Gender</b>		
Male	134	60.9%
Women	86	39.1%
<b>Old</b>		
16-25 years	62	28.1%

26-35 years	123	56%
36-50 years	27	12.3%
51-70 years	8	3.6%
<b>Education</b>		
primary school	4	1.8%
Junior high school	6	2.7%
Senior High School	93	42.3%
D1-D3	50	22.7%
S1-S2	67	30.5%
<b>Working Period</b>		
<1 years	50	22.7%
1-2 years	58	26.4%
2-10 years	80	36.4%
>10 years	32	14.5%

Descriptive results show that the majority of SME employees are male, as many as 134 people or 60.9%, the age of most employees is between 26 - 35 years old, as many as 123

people or as much as 56%, the highest level of education is senior high school, as many as 93 employees or 42.3%, and tenure with 2 - 10 years, which is 80 employees or 36.4%.

**Table 2:** Composite Reliability Analysis Results

Variable	Cronbach's Alpha	Composite reliability	Information
Job satisfaction	0,892	0,921	<i>Reliable</i>
Job performance	0,920	0,933	<i>Reliable</i>
Turnover intention	0,856	0,770	<i>Reliable</i>

Table 2. shows that the composite reliability value for all constructs is above 0.7, which shows that all constructs in the estimated model meet the criteria are reliable.

**Table 3.** The results of the analysis of R-Square

	R-Square	Adjusted R-Square
<b>Job Performance</b>	0,337	0,334
<b>Turnover Intention</b>	0,105	0,101

In table 3. above this research can be seen that R2 job performance of 0.337 means that job satisfaction and intention to move explain the variable of work performance by 33.7% and the remaining 67.3% is explained by other constructs outside that examined in this study. Outgoing intention R2 of 0.105 means that job satisfaction and job performance explain the outgoing intention variable of 10.5% and the

remaining 89.5% is explained by other constructs beyond those examined in this study.

*3.1.1. Hypothesis test*

Hypothesis testing conducted to see and determine the direct effect, indirect effect and total effect between variables. This test carried out by operating bootstrapping on the SmartPLS 3.0 program so that the relationship between exogenous variables and endogenous variables is obtained. Hypothesis testing looking at the p-value generated by the Inner model.

**Table 4. Results of Inner Model Analysis**

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T Statistics ( O / STDEV )	P Values	Description
<b>Direct Influence</b>						
Job Satisfaction -> Job Performance	0,580	0,585	0,069	8,371	<b>0,000</b>	Received
Job Performance -> Turnover Intention	-0,325	-0,330	0,099	3,295	<b>0,001</b>	Received
<b>Indirect influence</b>						
Job Satisfaction -> Turnover Intention	-0,188	-0,195	0,067	2,804	<b>0,005</b>	Received

The results of the first hypothesis test see the effect of job satisfaction on job performance as indicated by the original sample (O) which is positive at 0.580, t-statistics > 1.96, 8.371 and p-value < 0.05, 0.000. These results indicate that job satisfaction has a positive and significant effect on the job performance of SME employees in the province of West Sumatra. That means, the better job satisfaction can make the better the job performance of employees. But on the contrary when the value of job satisfaction decreases, employee job performance will also decrease. In other words in this study job satisfaction gives a positive and significant effect on job performance, so that the hypothesis is accepted.

The results of the second hypothesis test see the effect of job performance on turnover intentions indicated by the original sample (O) which has a negative value of -0.325, t-statistics > 1.96 is 3.295 and p-value < 0.05 is 0.001. These

results indicate job performance has a negative and significant effect on the turnover intention of employees of SME in West Sumatra the province. This means if job performance low, the turnover intention will increase, and vice versa. In other words in this study job performance gives a negative effect but, significant on the turnover intention, so the hypothesis is accepted.

The results of the third hypothesis test the effect of job satisfaction on turnover intention through employee job performance as indicated by the original sample (O) which has a negative value of -0.188, t-statistics > 1.96 is 2.804 and the p-value < 0.05 is 0.005. These results indicate that job satisfaction with turnover intention through employee job performance has a negative effect but, significant. That means if the job satisfaction through job performance was low, the turnover intention will increase, and vice versa. In other words, in this study, job satisfaction given a

negative effect but significant on the turnover intention through employee job performance, so the third hypothesis is accepted.

### 3.2. Discussion

This study looks at the effect of job satisfaction on positive employee job performance with a p-value = 0,000. These results indicate that job satisfaction has a positive and significant effect on employee job performance. This shows that the job satisfaction factor of SMEs in West Sumatra Province affects the job performance of employees.

Research conducted by Platis et al. (2015) took place at the health care center of Madrid, Spain. Where the research also found that job satisfaction greatly affects performance. With several main components, namely, satisfaction from managers, satisfaction with the form of manager administration, satisfaction with how to work, satisfaction with recognition, satisfying working hours and satisfying job security. Accordingly, Springer (2011) research states that there was a positive relationship between job satisfaction and job performance with a significant correlation between the two variables.

Although there are differences between the determinants of job satisfaction that will affect performance and those examined by Platis et al, which in this study looked at employee satisfaction from their love of work, feeling of pleasure at work, liking for work and comfort in working, but there are similarities in which these two variables affect each other, where if satisfaction increases, job performance will also increase. So it can be concluded that the employees of West Sumatra Province SMEs feel their job satisfaction will affect the performance they will give to the company. So that this research also proves that companies should pay attention to employee job satisfaction by looking at the extent of his love of work, feeling happy at work, liking for work and comfort at work.

Furthermore, this study looks at the effect of job performance on employee turnover intention a

negative and significant value with p-value = 0,001. These results indicate that job performance has a negative but significant effect on employee turnover intention. This shows that if the job performance increases, it will reduce the intention to leave employees of West Sumatra Province SME employees.

In a study conducted by Sánchez-Beaskoetxea & Coca García (2015) which states the embodiment of career development is a form of follow-up of an employee's expectations in his satisfaction with the work performance he gives to the company. Increasing career development will improve employee performance. So that high performance will make employees more productive, and have a strong intention to remain in the organization.

The similarity with the results of the previous research, in this study found a negative influence created between job performance with turnover intention, if there is an increase in the job performance of employee, it will reduce the turnover intention employees who work in SMEs in West Sumatra Province. In contrast to that research, in this research job performance looks at "In-role Performance (IrP) and Extra-role Performance (ErP)"

The last effect of job satisfaction on employee turnover intention through job performance was negative but significant with p-value = 0.005. These results indicate that through job performance, job satisfaction has a negative but significant effect on the turnover intention employees of West Sumatra Province SMEs. This means that the better job satisfaction mediated by job performance, it will reduce or reduce the turnover intention employees from the company, but vice versa the worse the job satisfaction mediated by job performance, it will increase turnover intention employees from company. So from these results it has concluded that job satisfaction mediated by job performance will affect turnover intention employees of SMEs in West Sumatra Province. These intentions include thoughts and plans to quit from work as well as

hopes to find new jobs, that will have an impact on the stability of the company, in this study in particular West Sumatra Province SMEs.

So from the results of this study concluded that job satisfaction has a positive and significant effect on employee job performance but it has a negative and significant effect on the turnover intention of SME employees in West Sumatra Province.

The results in this study certainly cannot fully represent the determinant variables of SME strategies in reducing employee turnover. However, this research can serve as a reference for research model of job satisfaction, performance and employee turnover intention, especially for companies engaged in business.

#### 4. CONCLUSION

1. The results of the analysis show that job satisfaction has positive and significant effect on the job performance of SME employees in the province of West Sumatra. This means, the better job satisfaction can make the better job performance of employees. But on the contrary when the value of job satisfaction decreases, employee job performance will also decrease.
2. The second results of the analysis shows, job performance has a negative effect but, significant on turnover intention of SME employees in the province of West Sumatra. This shows that if the job performance increases, it will reduce turnover intention the employee. But on the contrary if the job performance decreases, turnover intention the employee will increase.
3. The last results of the analysis shows that job satisfaction with turnover intention through employee job performance has negative effect but significant. This means, the better job satisfaction mediated by job performance, it will reduce turnover intention employees from the company. But on the contrary the worse job satisfaction mediated by job performance, it will increase turnover intention of SME employees in the province of West Sumatra.

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