The Influence of Leadership, Motivation and Reward on Turnover Intention with Job Satisfaction as an Intervening Variable
(Case Study of Fertilizer Company, Deli Serdang)

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Abstract. One form of employee behavior in the organization is the desire to resign (Turnover Intentions), which leads to the employee's decision to resign from his job. The company under scrutiny is a distributor of agricultural & plantation fertilizers in the Deli Serdang area, with market areas covering Aceh (NAD), North Sumatra, West Sumatra, Riau, and Kalimantan. The study analyzed the influence of leadership, motivation, and reward on the turnover intention with job satisfaction as intervening variables. This research method was explanatory research with a quantitative approach. The research population of all employees in the company was 100 people. This research instrument used a questionnaire with SEM analysis technique based on variance, namely Partial Least Square. The sampling technique was proportionate stratified random sampling, permanent and contract employees. The findings of this study suggest that leadership has a favorable but not statistically significant impact on job satisfaction. Job satisfaction is influenced by motivation in a positive but non-significant way. Job satisfaction is influenced by reward in a positive but not statistically significant way. Turnover Intention is influenced by leadership in a favorable and important way. Turnover Intention is influenced by motivation in a favorable and important way. Turnover Intention is influenced by job satisfaction in a positive and significant way.

Keywords: Leadership · Work Motivation · Reward · Job Satisfaction · Turnover Intention

1 Introduction

Companies and organizations are evolving in the desired direction due to the active participation of all employees. All this can only happen when employees have the same perception and understanding of how to help a company or organization grow and develop [1].

PT Puput Tani Mandiri (PTM) in Deli Serdang is an agricultural & plantation fertilizers distributor. In 2011, it became a manufacturer in meeting the needs of fertilizers in Indonesia, covering the market areas including Aceh (NAD), North Sumatra, West

Table 1. Employee Turnover of PT Puput Tani Mandiri Deli Serdang

No	Years	Employee	In	Out	Percent	Target (TO)	Diff. (%)
1	2018	220	21	13	6%	5%	1%
2	2019	228	35	21	9%	5%	4%
3	2020	242	51	25	10%	6%	4%
Total			107	59	8%		

Sumatra, Riau, and Kalimantan. The types of fertilizers that the company provides are NPK fertilizer, Natural Phosphate, Dolomite, as well as fertilizers that contain micro-elements. In addition, to meet the needs of varied customers, PTM also provides NPK fertilizer in the form of briquettes.

According to data from the HRD department, the employee turnover of PTM is relatively high, as seen from the percentage of employee turnover, which is above the turnover target set by the HRD department.

In 2018, 6% of PTM employees left for various reasons such as moving to another area, due to personal affairs, being accepted in another company, salary issues, etc. The highest turnover target (TO) of employees was 5%. The difference in the exit percentage compared to the turnover target is 1%.

In 2019, 9% of PTM employees left due to various reasons. The highest turnover target (TO) of employees was 5%. The difference in the exit percentage compared to Target TO was 4%. In 2019, 10% of PTM employees left due to various reasons. The highest turnover target (TO) of employees was 6%. The difference in the exit percentage compared to Target TO was 4%. In 2020, 6 leaders (upper and middle managers) left the company in the same period. Usually, the magnitude of employees' desire to leave the company is determined by their job satisfaction; turnover intention can be suppressed to increase employee job satisfaction. Leadership, motivation, and reward are some factors that can affect job satisfaction (Table 1).

Based on the background of problems and phenomena that occur in PTM, therefore, the following research questions are formulated:

1. Is there an influence of leadership on job satisfaction in PTM?
2. Is there an influence of motivation on job satisfaction in PTM?
3. Is there an effect of reward on job satisfaction in PTM?
4. Is there an effect of job satisfaction on job turnover intention in PTM?
5. Is there an influence of leadership on turnover intention in PTM?
6. Is there an effect of motivation on turnover intention in PTM?
7. Is there an effect of reward on turnover intention in PTM?

1.1 Human Resource Management

Human resource management (HRM) is the science or method of efficiently and successfully managing the relationship and role of resources (labor) held by persons. It can

be used to accomplish the objectives [2]. Human resource management is built on the idea that every employee is a person, not a machine or a commercial resource.

Human resource management, according to Marwansyah [3] is defined as the use of human resources in an organization through human resource planning, recruitment and selection, human resource development, career planning and development, compensation and welfare, occupational safety and health, and industrial relations.

Planning, organizing, leading, and controlling job analysis, job evaluation, procurement, development, remuneration, promotion, and termination of employment to meet established goals are all part of human resource management [4]. Human resource management is critical for organizations, employees, and society to fulfill their objectives.

1.2 Leadership

According to Hasibuan [5], leadership refers to a way for a leader to influence subordinates' behavior, work together, and work productively to achieve company goals. According to Siagian [6], leadership is a person's ability to influence others, in this case, his subordinates, so that his subordinates want to follow the leader's will even though he does not like it.

The ability to move and influence people is sometimes referred to as leadership. A method, means, or process for persuading individuals to do something voluntarily is called leadership.

Following Bass and Avolio [7], the aspects of leadership are as follows: First, idealistic influence, a leader must provide a good example in order for employees to respect and trust him or her. Second, inspirational motivation requires a leader to be able to motivate his or her personnel and set clear goals for them to reach. Third, in terms of intellectual simulation, a leader must be able to motivate his people to come up with fresh ideas. A leader must also teach his personnel how to solve problems and come up with new ideas. Finally, when it comes to customized treatment, a leader must pay attention, listen to grievances, and comprehend their employees' requirements.

1.3 Motivation

As said by Mangkunegara [8], employee motivation is shaped by their attitude (attitude) toward the company's work circumstances (situation). Employees who are instructed or intended to attain company goals are motivated by a condition of energy called motivation.

Claude S. George's theory of motivation says that a person has needs related to a place and atmosphere in the environment where he works [5], namely: a fair and decent salary, opportunities for advancement/promotion, Recognition as an individual, work safety, good workplace, acceptance by the group, proper treatment, and recognition of achievement.

1.4 Reward

A reward refers to all that is valued and desired by employees given by the company in exchange for the contribution given by employees. While other experts say that reward

is a form of appreciation of the effort to get a professional workforce in accordance with the demands of the job requires balanced coaching, namely planning activities, organizing the use, and maintaining the workforce to be able to perform tasks effectively and efficiently in achieving goals organization [9].

According to Uno [10], there are several indicators of reward: First, incentives provided, providing incentives to employees aims to increase employee motivation to do a good job. Second, promotion, one of the appropriate awards given to employees is a promotion following company regulations. The promotion aims to develop the company further. Third, training and development, training and development are some things that have a significant impact on increasing employee work productivity. Lastly, motivation and Goals, the motivation and goals given by the leader to the employee are very simple, but it has a significant impact on the employee.

1.5 Turnover Intention

The tendency or intention of an employee to voluntarily resign from his or her employment or relocate from one place of work to another according to his or her own choice is known as turnover intention [11].

Individual attitudes that pertain to the outcomes of analyzing the continuity of their relationship with the organization where they work and have not been achieved in the form of definite actions, according to Suwandi and Indrantoro [12]. Kasmir [13] stated that turnover is closer to the organization's final reality in terms of the amount of employees departing the company.

According to Chen and Francesco [14], turnover intention indicators are: Thoughts to leave, Various factors cause a person to leave the company. Desire to find vacancies, it reflects an individual's desire to seek employment in another organization. There is a desire to leave the company in the coming months. The desire of employees to try to move to another company.

1.6 Job Satisfaction

Employment satisfaction is an emotion that supports or opposes an employee's job or working conditions. Wages or salary earned, career growth opportunities, interactions with other employees, job placement, type of work, organizational structure of work, and supervision quality are all examples of employment-related feelings. Age, health, ability, and education are all factors that affect his feelings. Employees will be content at work if the job and self-elements complement each other, while employees will be unsatisfied if such aspects clash [8].

Job satisfaction factors, according to Robbins [15], are as follows: Employees care about a pleasant working environment for personal comfort, which makes it easier to do a good job. Employees desire a compensation system and promotion procedures that they believe are fair and consistent with expectations. When pay are viewed as fair based on job needs, individual skill levels, and community wage standards, satisfaction is more likely to occur. Work provides the demand for social interaction for most employees, thanks to supportive coworkers. As a result, it's no surprise that having pleasant and helpful coworkers boosts job happiness.
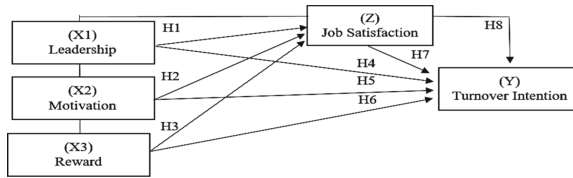
Fig. 1. Conceptual Framework

1.7 Conceptual Framework

Based on the background, literature review, and previous research, the conceptual framework can be illustrated in Fig. 1.

1.8 Hypothesis

1. Does leadership have an impact on job satisfaction at PTM?
2. Does motivation have an impact on job satisfaction at PTM?
3. Is there a relationship between pay and job happiness at PTM?
4. Does job satisfaction have an impact on job turnover intentions at PTM?
5. Does leadership have an impact on turnover intentions at PTM?
6. Does motivation have an impact on turnover intention at PTM?
7. Does PTM have a reward effect on turnover intention?

2 Research Methods

This research uses a type of associative research. According to Sugiyono [16], an associative approach is an approach by using two or more variables to determine the relationship or influence of one with another. The form of relationship in this research is a clause relationship, which is a causal relationship that arises from the variables: (X1) Leadership, (X2) Motivation, (X3) Reward, to (Y) Turnover Intention, through (Z) Job Satisfaction in PT. Puput Tani Mandiri Deli Serdang.

The population in this study was all 144 PTM employees. The sampling technique used in this study was non-probability sampling, known as a sampling technique, which provides equal opportunities [16]. In this study, the sample size was determined using the Slovin formula. The sample results with a margin of error of 5% were 100 PTM employees who were the samples in the study.

This research used Partial least square data analysis (PLS). It is a multivariate statistical technique that simultaneously handles many response and explanatory variables. This analysis is a good alternative to multiple regression analysis methods and major component regression, as these methods are more robust or invulnerable.

3 Results and Discussion

3.1 Outer Model or Measurement Model

Assessing the outer model (Fig. 2), that is, the literacy process of indicators and latent variables is applied as a deviation (deviation) from the mean (average) to see the relationship between the indicator and its construct.

The outer model is performed repeatedly until the results of the loading factor value of all indicators are above the validity requirement of 0.50 [17]. While indicators that have a loading factor value below 0.50 must be eliminated so that the validity and reliability of this model can be improved. Based on the results of outer loading, all indicators have loading factor values above the validity requirement of 0.50 (Table 2), so they have qualified the first validation of the model evaluation and have a value above 0.50, so they have qualified the two model validations.

Construct reliability and validity of the AVE value of each dimensional construct in the final model are >0.5, namely X1: 0.733, X2: 0.779, X3: 0.779, Z: 0.931, and Y: 0.788. Furthermore, the proposed structural equation model has met the criteria of convergent validity.
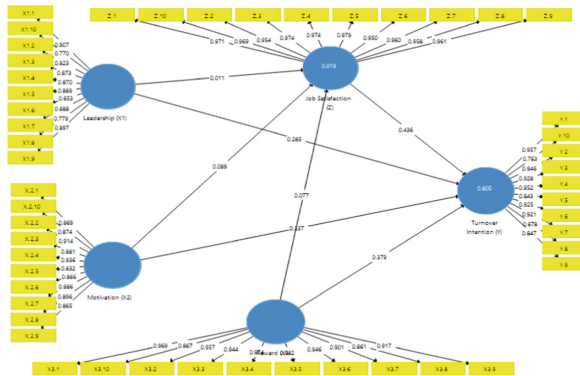

Fig. 2. Outer Model

Table 2. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Job Satisfaction (Z)	0.992	0.999	0.993	0.931
Leadership (X1)	0.959	0.967	0.965	0.733
Motivation (X2)	0.968	0.977	0.972	0.779
Reward (X3)	0.982	0.985	0.984	0.862
Turnover Intention (Y)	0.970	0.973	0.974	0.788

The results of cross-loading estimation in the previous table show the loading value of each indicator item to its construct of cross-loading value. Recommended measurement value should be >0.50 (Table 3). Thus, it can be concluded that all latent constructs or variables have better discriminant validity than the indicators in other blocks.

3.2 Inner Model

The inner analysis of the model was done by estimating the coefficient of the relationship path between the constructs. Estimation was performed with the SmartPLS algorithm. The path coefficient value on the relationship between variables is a reference in making estimates. A positive value indicates a positive influence, and vice versa, a negative value indicates a negative influence (Fig. 3).

Table 3. Discriminant Validity

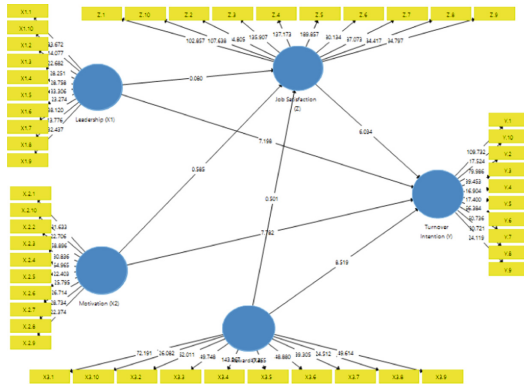|	Job Satisfaction (Z)	Leadership (X1)	Motivation (X2)	Reward (X3)	Turnover Intention (Y)
Job Satisfaction (Z)	0.965				
Leadership (X1)	0.056	0.865			
Motivation (X2)	0.116	0.275	0.882		
Reward (X3)	0.108	0.266	0.319	0.929	
Turnover Intention (Y)	0.532	0.504	0.588	0.610	0.888

Fig. 3. Inner Model

3.3 Hypotheses Testing

Table 4 shows that the (X1) Leadership variable is not significant to (Z) Job Satisfaction (0.011, T-statistic 0.080 < T-table 1.664) and Positive (P-Values 0.000). Hypothesis 1 Leadership has a positive and not significant effect on Job Satisfaction. The (X2) Motivation variable is not significant to (Z) Job Satisfaction (0.089, T-statistic 0.585 < T-table 1.664) and Positive (P-Values 0.559). Hypothesis 2 Motivation has a positive and not significant effect on Job Satisfaction. The (X3) Reward variable is not significant to (Z) Job Satisfaction (0.077, T-statistic 0.501 < T-table 1.664) and Positive (P-Values 0.617). Hypothesis 3 Reward has a positive and not significant effect on Job Satisfaction.

The (X1) Leadership variable is significant to (Y) Turnover Intention (0.285, T-statistic 7.198 > T-table 1.664) and Positive (P-Values 0.00). Hypothesis 4 Leadership has a positive and significant effect on Turnover Intention. The (X2) Motivation variable is significant to (Y) Turnover Intention (0.337, T-statistic 7.782 > T-table 1.664) and Positive (P-Values 0.00). Hypothesis 5 Motivation has a positive and significant effect on Turnover Intention. The (X3) Reward variable is significant to (Y) Turnover Intention (0.379, T-statistic 8.519 > T-table 1.664) and Positive (P-Values 0.00). Hypothesis 6 Motivation has a positive and significant effect on Turnover Intention. The (Z) Job

Table 4. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation	T Statistics	P Values
Job Satisfaction (Z) → Turnover Intention (Y)	0.436	0.428	0.072	6.034	0.000
Leadership (X1) → Job Satisfaction (Z)	0.011	0.022	0.144	0.08	0.936
Leadership (X1) → Turnover Intention (Y)	0.285	0.279	0.040	7.198	0.000
Motivation (X2) → Job Satisfaction (Z)	0.089	0.092	0.152	0.585	0.559
Motivation (X2) → Turnover Intention (Y)	0.337	0.335	0.043	7.782	0.000
Reward (X3) → Job Satisfaction (Z)	0.077	0.069	0.154	0.501	0.617
Reward (X2) → Turnover Intention (Y)	0.379	0.375	0.045	0.8519	0.000

Satisfaction variable is significant to (Y) Turnover Intention (0.436, T-statistic 6,034 > T-table 1.664) and Positive (P-Values 0.00). Hypothesis 7 Job Satisfaction has a positive and significant effect on Turnover Intention.

4   Conclusion

The conclusion of the study are: Job satisfaction is positively influenced by leadership, however the effect is not significant. Motivation has a positive and not significant effect on Job Satisfaction. Job satisfaction is influenced by reward in a positive but not statistically significant way. Turnover Intention is influenced by leadership in a favorable and important way. Turnover Intention is influenced by motivation in a favorable and important way. Motivation has a positive and significant effect on Turnover Intention. Turnover Intention is influenced by job satisfaction in a positive and significant way. The results of this research can be used as input material on employee job satisfaction and employee turnover factors to be used as reference material for the HRD department.

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