



The Impact of Financial Compensation and Leadership on Turnover Intention at Bank BNI Makassar

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Abstract. Human resources (HR) are a critical component in any organization or company, serving as the driving force behind achieving organizational goals. Whether in the trade or service sectors, the success of an organization depends on its ability to operate effectively and efficiently to meet its objectives. To ensure optimal performance, it is essential to maintain and support HR by addressing factors that influence their stability and satisfaction. This study focuses on analyzing the impact of financial compensation and leadership on turnover intention among employees at Bank BNI Makassar. Using a survey method and multiple linear regression analysis, the research examines the relationship between these variables. The findings reveal that both financial compensation and leadership have a significant negative effect on turnover intention. Specifically, improvements in compensation and leadership practices can effectively reduce employee turnover rates at Bank BNI Makassar. These results highlight the importance of prioritizing fair compensation and effective leadership to enhance employee retention and organizational stability. This study provides valuable insights for HR management strategies aimed at fostering a more committed and satisfied workforce.

Keywords : Financial Compensation, Leadership, Turnover Intention

1 Introduction

Human resources (HR) within an organization or company are essential elements for driving the organization toward achieving its goals. Generally, life within an organization or company, whether in trade or service sectors, always strives to effectively and efficiently reach established objectives [1]. According to Misbkhudin et al. [2], an employee can enhance productivity, help effectively address foreign competition, or boost innovation within the company. This is also true for family businesses; all companies regard HR as a crucial asset in the process of economic improvement and the performance of the family business itself [3]. Managing HR or employees is vital to ensure the smooth operation of the company. This requires planning, organizing, directing, and monitoring. Without these elements, activities become unclear, leading to internal problems within the company [4]. Dhananjaya & Dewi also note that ongoing internal issues can lead to negative thoughts and anxiety among employees.

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According to the 2023 Work Relationship Index report by Hewlett-Packard (HP), surveyed across 12 countries, an average of only 27% of employees feel they have a healthy relationship with their work (Databoks, 2023). As shown in Figure 1.1, the highest percentage of employees with a healthy relationship is in India, at 50%. Indonesia ranks second, with 38% of respondents feeling a healthy relationship with their work. The low figures in the 2023 Work Relationship Index serve as a warning. Many unhealthy relationships with work negatively impact the employees themselves and the businesses in operation. Such unhealthy relationships can lead to job dissatisfaction. Job dissatisfaction is one of the primary contributors to employees' intentions to quit their current positions (turnover). In other words, turnover intention refers to the desire to leave the company. When this desire materializes, it is termed turnover. Turnover has become an important research agenda for human resource development [4]. Companies also need to maintain a good balance in their behavior toward employees. This balance can help achieve specific goals within the company.

According to Misbakhudin [2], financial compensation is what employees receive in return for their contributions to the company. One way to help the company achieve its objectives, in addition to fostering harmonious relationships, is by providing fair compensation. This can also help eliminate employees' desires to leave the company. Financial compensation is also an important factor influencing how and why employees choose to work for one company over another [4].

Research by Devi and Sudibia [4] indicates that compensation has a significant negative effect on turnover intention. Dhananjaya & Dewi [4] agree that the higher the compensation, the lower the desire of employees to leave the organization, as they feel valued and their needs are met. This ultimately leads to job satisfaction for employees in performing their tasks at the company. According to Kurniawaty et al. (2019), job satisfaction is an individual's emotional attitude toward their job that aligns with their personal value system. It is also a positive feeling resulting from evaluating job characteristics. Interviews conducted with 20 employees of Bank BNI Makassar who have worked for over 5 months to more than a year revealed that most respondents felt that financial aspects (salary, incentives, benefits, etc.) and leadership were significant issues contributing to their discomfort while working at the company. Low compensation can reduce employee productivity, while high compensation can enhance it. This statement shows that compensation is a key asset for enabling employees to work productively [5].

The aforementioned issues also indicate that in company X, the leaders (first generation) have certain limitations in managing human resources (HR) within the organization. This serves as an evaluation for the second generation within the company. Undeniably, the role of leaders has a significant impact on employee motivation. The current need for leaders who can effectively guide their teams is critical, as this can help develop and maximize employee potential in their work [6].

According to Arifin et al. [7], a leader must possess an authoritative and assertive attitude in exercising their leadership. This attitude indirectly encourages employee motivation, creativity, participation, and loyalty in completing their tasks, ultimately maximizing company performance. Leadership is one of the key factors that can influence employee job satisfaction. Effective leadership styles, support from superiors, and good communication between leaders and subordinates can enhance motivation, commitment, and employee satisfaction at work.

This study aims to investigate the influence of financial compensation and leadership on turnover intention at Bank BNI Makassar, providing results as a reference for the company in determining policies regarding aspects of work that need improvement to enhance employee job satisfaction, thereby reducing their intention to leave the company

2 Literature Review

2.1 Financial Compensation

Compensation is all income in the form of money, goods, either direct or indirect, received by employees as a reward for the services provided to the company [4]. According to Permana & Pracoyo [8], compensation is an employee's right given as a reward after they have performed their duties. Compensation includes salary structures and/or wages derived from work, performance-based programs, bonuses, commissions, and so on, while benefits typically refer to retirement plans, health and life insurance, accident insurance, vacation, employee stock ownership plans, and more. Financial compensation is a form of compensation paid to employees in the form of money for the services they provide to the company. Financial compensation consists of two parts: direct compensation and indirect compensation [9]. According to Misbakhudin et al. [2], there are four indicators of financial compensation: 1) Salary, related to hourly wage rates. 2) Incentives, additional compensation above or beyond salary or wages provided by the company. 3) Benefits, including health and life insurance, company-covered vacations, retirement programs, and other benefits related to employment. 4) Facilities, perks such as cars/motorcycles, reserved parking, or access to company aircraft or other benefits received by employees.

2.2 Leadership

Leadership, according to Gusroni [10], is a process of social influence, which affects the lives of others and the power that influences the behavior of others toward achieving specific goals. Leadership behavior influences followers to transcend their personal interests for the collective good of their organization and 'helps followers reach their maximum potential' by addressing individual needs [8]. Leadership is the ability of a person to encourage others to take actions in accordance with the established plans to achieve specific goals.

2.3 Turnover Intention

Turnover intention is an individual's desire to voluntarily leave the company in search of a better job, as individuals who choose to exit an organization expect more satisfying outcomes elsewhere [3]. According to Misbakhudin et al. [2], turnover intention refers to employees' desire to seek alternative job opportunities that have not yet been realized in actual actions. According to Moussa et al. [11], turnover is defined as the rate at which employees leave a company, which varies by industry. Dhananjaya & Dewi [4] state that turnover intention has three indicators: 1) An

individual's tendency to think about leaving their current organization. 2) The likelihood of an individual seeking a new job in the coming year. 3) The likelihood of an individual leaving the organization in the next few months..

3 Research Method

This study employs a quantitative method. According to Sugiyono [12], quantitative research methods are based on the philosophy of positivism and are used to study a specific population or sample. Data collection is conducted using research instruments, and data analysis is quantitative/statistical, aimed at testing established hypotheses. Quantitative data is positivistic, concrete, and numerical in nature. This data will be measured and analyzed using statistical methods as a tool for testing calculations. This method is relevant for addressing research problems and producing conclusions based on measurable empirical data.

In this study, the researcher aims to demonstrate whether there is an influence and conduct testing based on the theories and variables used, namely Financial Compensation (X1) and Leadership (X2) on Turnover Intention (Y1). The research was conducted at Bank BNI Makassar. This location was chosen due to the relevance of the study to the employees working at the company. Data collection was carried out by distributing questionnaires offline to 44 designated respondents. The analysis used is multiple linear regression to assess the influence of Financial Compensation (X1) and Leadership (X2) on Turnover Intention (Y1).

4 Result

4.1 Overview

Based on the research results, the characteristics of the respondents show that the majority are aged 25-35 years, with a total of 34 individuals (77.3%). In the age category of 15-25 years, there are 7 individuals (15.9%), and in the age category of 35-45 years, there are 3 individuals (6.8%). Additionally, based on gender, the majority of respondents are male, totaling 41 individuals (93.2%), while female respondents amount to 3 individuals (6.8%). When looking at the length of employment, the majority of respondents have been employed for 1-2 years, totaling 20 individuals (45.5%), followed by respondents with more than 2 years of employment, totaling 14 individuals (31.8%), and those with less than 1 year of employment, totaling 10 individuals (22.7%).

4.2 Financial Compensation and Leadership on Turnover Intention

The Impact of Financial Compensation on Turnover Intention.

Based on the results of the study, it was found that Financial Compensation has a mean sample value of -0.396 regarding Turnover Intention, with a p-value of 0.011 , which is less than 0.05 , and a T-Statistics of -2.653 , which is greater than 1.96 . Therefore, it can be concluded that the Financial Compensation variable has a

significant negative impact on Turnover Intention. The findings indicate that if Financial Compensation for employees is in the high category, Turnover Intention at Bank BNI Makassar will be low. Conversely, if Financial Compensation is in the low category, Turnover Intention will increase.

The Impact Leadership on Turnover Intention.

Based on the results of the study, it was found that Leadership has a mean sample value of -0.326 regarding Turnover Intention, with a p-value of 0.013 , which is less than 0.05 , and a T-Statistics of -2.581 , which is greater than 1.96 . Therefore, it can be concluded that the Leadership variable has a significant negative impact on Turnover Intention. The findings indicate that if the leadership abilities of supervisors at Bank BNI Makassar are in the good category, Turnover Intention at Bank BNI Makassar will be low. Conversely, if the leadership abilities of supervisors at Bank BNI Makassar are in the poor category, Turnover Intention will increase.

Pengaruh Financial Compensation Dan Leadership Terhadap Turnover Intention.

Based on the results of the study, it was found that Financial Compensation and Leadership have a simultaneous p-value of 0.002 , which is less than 0.05 , and T-Statistics of -3.319 and -3.259 , both of which are greater than 1.96 . Therefore, it can be concluded that the variables of Financial Compensation and Leadership simultaneously have a significant negative impact on Turnover Intention. The findings indicate that together, they significantly negatively influence Turnover Intention.

Variable	<i>P Value</i>
X1 - Y	0.6352
X2 - Y	0.2421
X1 & X2 - Y	0.3930

Table 1. Results of Linear Regression

5 Discussion

Human resource management or employee management is crucial for ensuring the smooth operation of a company. This requires planning, organizing, directing, and supervising. Without these elements, activities become unclear, leading to internal issues within the company [4]. Dhananjaya & Dewi [4] also mention that ongoing internal problems can lead to negative thinking and anxiety among employees themselves.

Based on the research results, it was found that Financial Compensation has a p-value of 0.011 , which is less than 0.05 , and a T-Statistics of -2.653 , which is greater than 1.96 . Therefore, it can be concluded that the Financial Compensation variable has a significant negative impact on Turnover Intention.

These findings align with research by Puspitasari [6] regarding the influence of financial compensation, job insecurity, and transformational leadership on employee

turnover intentions in food companies in Semarang. The results indicate that financial compensation significantly affects employee turnover. Additionally, this is consistent with the research by [13] which identifies the impact of leadership, work engagement, and financial compensation on employees' turnover intentions at Hotel Jepara Indah. The results show that all three variables significantly negatively affect turnover intentions. state that the main reasons individuals leave their jobs are salary, workload demands, changes in working hours, and job insecurity. Satisfaction and dissatisfaction with received compensation are functions of the mismatch between what an individual feels and receives compared to how much they actually earn, thus compensation satisfaction can predict employee turnover intentions.

Regarding the Leadership variable, a p-value of 0.013 was obtained, which is less than 0.05, and T-Statistics of -2.581, which is greater than 1.96. Therefore, it can be concluded that the Leadership variable has a significant negative impact on Turnover Intention. This finding is consistent with research by Dhananjaya & Dewi [4] regarding the influence of financial compensation, organizational culture, and leadership on turnover intentions at Koperasi Asadana Semesta. The results show that financial compensation and organizational culture negatively affect turnover intentions, while leadership also shows a significant negative influence on turnover intentions. Arianto & Wahyuningsih further support this with their research on the influence of leadership, work engagement, and financial compensation on employee turnover intentions at Hotel Jepara Indah. The results indicate that these three variables significantly negatively affect turnover intentions. Leadership is seen as a process of influencing others to effectively complete work and contribute to employee job satisfaction [1]. Efitriana & Liana [13] also show that leadership significantly affects turnover intentions, particularly when employees perceive that their leaders do not adequately motivate them. Other research also indicates that leadership has a negative impact on turnover intentions, meaning that better leadership leads to lower employee turnover intentions.

Furthermore, the results of the multiple linear regression test indicate that Financial Compensation and Leadership have a simultaneous p-value of 0.002, which is less than 0.05, and T-Statistics of -3.319 and -3.259, both of which are greater than 1.96. Thus, it can be concluded that the Financial Compensation and Leadership variables simultaneously have a significant negative impact on Turnover Intention. This finding is consistent with Puspitasari (2022), which states that there is an influence of financial compensation and leadership on employee turnover.

Through this research, strategies can be identified for Bank BNI Makassar to address employee turnover issues by ensuring that the financial compensation provided meets standards and is satisfactory relative to the workload, as well as ensuring that leadership aligns with the needs of Bank BNI Makassar.

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