



The Effect of Compensation on Turnover Intention with Job Stress as a Mediating Variable in the Millennial Generation (Gen Y)

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ABSTRACT:

The existence of the millennial generation in the world of work cannot be separated from the turnover phenomenon. Turnover is a threat to companies that will cause a lot of losses if it occurs continuously. One of the factors that influences turnover is salary satisfaction. Inappropriate compensation can affect employee work stress. This study aims to determine whether work stress mediates the effect of compensation on turnover intention. This research method is quantitative and uses a type of mediation research. The sample for this research was 80 millennial generation employees. Data analysis was carried out by researchers using Process Macro for SPSS 3.0 by Hayes (2018) model 4 in regression analysis. The research results show that compensation influences turnover intention negatively and significantly, mediated by work stress, with a sig value of $0.000 < 0.05$ and $\beta -0.1538$.

Keywords: Compensation, Turnover Intention, Job Stress, Millennial Generation

Introduction:

Considering that previously there was a prediction that currently Generation Y (millennials) dominate the company's human resources, this opinion is also supported by Rhamadanningrum (2020) that by 2025 the global millennial generation will occupy 75% of available jobs. Millennials have become the most dominant workforce today, especially in Indonesia, according to a survey conducted by BPS in February 2020, 2 millennials dominate the current workforce with a presentation of 40.5%, followed by Generation X with a presentation of 27.6% then baby boomers, and Generation Z, with 16.3% each (BPS, 2020). Wijoyo et al (2020) stated that generation Y are people born in 1981-1996 who are also known as the millennial generation. The entry of the millennial generation into the world of work is a new challenge for companies because the millennial generation has several characteristics that are different from previous generations (Wardhani et al., 2019).

The millennial generation was raised in an environment that prioritized self-esteem, they are not afraid to challenge company norms. Younger generation employees are more likely to play an active role in planning and implementing their careers. If companies fail to provide millennials with opportunities to utilize their skills, it will lead to high levels of dissatisfaction. So the millennial generation tends to choose to move from one job to another, in other words turnover (Purba & Ananta, 2018). Jobplanet research results presented by PR Manager Jobplanet.com Indonesia, Arjanti (2017) also explained that as many as 76.7% of generation Y only lasted 1-2 years in their workplace, before deciding to change jobs. Wijoyo et al (2020) also argue that generation Y does not like complicated regulations in a company, so this generation does not hesitate to leave their job when they feel that the rules in the company do not match what they want. According to Oktariani, Hubeis, & Sukandar (2016) and Nurhasan (2017) if it is felt that the company cannot provide the right platform for the creative ideas they have, they will tend to feel dissatisfied and give rise to turnover intentions. The existence of the millennial generation in the workplace cannot be separated from the turnover phenomenon (Pertiwi, 2018). The phenomenon of workers frequently changing jobs is called The Grasshopper Phenomenon or what is known as "jumping lice" (Yulianwan & Himam, 2007).

The company will experience losses in the form of time, moral and material as much as 33% of the employee's salary when the employee decides to leave the company (Hall, 2019). Riani & Betty (2005) state the negative impacts of turnover, namely increasing costs that must be incurred by the company in order to recruit new employees, decreasing company performance, and increasing workload on other employees who are still staying at the company. Thus, companies will take various ways to retain their employees. Turnover is currently also a serious issue for companies in Indonesia. Tower Watson (2013) wrote that many companies in Indonesia report turnover rates twice as high as the global average rate for voluntary turnover, and 64% higher than other developing economic countries in the Asia Pacific region. Turnover is a threat to companies that will cause a lot of losses if it occurs continuously.

Millennial generation employees make turnover because they feel their needs are not being met at work, the work environment is unfriendly, they do not receive the help they need to complete their work and their compensation does not meet expectations (Schaefer, 2017). Apart from that, based on The Deloitte Global Millennial Survey 2019 which was conducted on 13,416 millennials in 42 countries, one of which was Indonesia and 3,009 generation Z from ten countries (Jayani, 2019), as many as 43% of millennial respondents and 34% of generation Z mentioned dissatisfaction with salary as the main reason to leave the company. In research conducted by Artiningrum & Satrya (2016) it is stated that the factors that influence turnover intention are salary

satisfaction. Companies must fulfill employee rights in HR practices such as salary, compensation, benefits and support towards employees (Pramusiwi, 2015; Tjahjono, 2015).

One form of fulfilling employee rights by the company is compensation. Compensation is everything in the form of money or non-money that employees receive from the company for their work (Hasibuan, 2003). The compensation received by employees will be a measure of employee expectations regarding the compensation they receive for their work. When employees get their rights and feel satisfied with their compensation, employees will tend to stay in their organization (Palupi, 2013; Pramusiwi, 2015). According to Sutrisno et al. (2022), Compensation is all income in the form of money and materials received by people as compensation for the services they provide to the company. Compensation includes all monetary income, both direct and indirect, received by employees as rewards given by the company to them (Hasibuan & Munasib, 2020). Meanwhile, according to Zakaria & Astuty (2017), compensation is a form of reward for work received and carried out by individual employees or workers.

Several previous studies are in line with this research where according to Zakaria & Astuti (2017) compensation has a negative and significant effect on turnover intention, meaning that the higher the compensation given, the lower the turnover intention of employees. Waskito & Putri's (2021) research shows that partial compensation (X1) has a low, negative and significant effect on turnover intention (Y). Other research that supports this, Suganda, Sutrisno & Setyorini (2023) shows results where compensation also influences job turnover intentions.

In addition, inappropriate compensation can affect a person's work stress (Juanita, Sentosa & Marnis, 2024). Work stress is an adaptive response that is moderated by individual differences and is a consequence of every action, situation or event in the individual's environment that can place excessive demands on the psyche. and individual physique (Ivancevich & Matteson, 1980). Work stress can be viewed both positively (eustress) and negatively (distress). Stress can negatively hinder a person's performance and productivity, giving rise to negative emotions and pressure when working (Monat & Lazarus, 1985). Work stress is characterized by decreased individual concentration, becoming more sensitive to criticism and also the inability to make decisions effectively (Sarafino & Smith, 2011).

Juniman (2018) reported data on CNN Indonesia, the latest research from the Mental Health Foundation (MHF) found that the millennial generation was more stressed than other older age groups such as generation up to 38 years old felt more stressed than other colleagues. Meanwhile, among Gen-Xers aged between 53 and 71 years, stress is only felt by around 12 percent. Saputro, Aima & Elmi (2020) also revealed that work stress has a positive relationship with turnover intentions. Furthermore, other research that supports this is Sutardi et al. (2020) who stated that work stress has a positive effect on employee turnover intention. Apart from that, Putro, Prameswari & Qomariyah (2020) revealed that work stress and partial work involvement also play a significant role in turnover intentions in the millennial generation. The relationship between work involvement and turnover intention is negative, while the relationship between work stress and turnover intention is positive. This means that the higher the work stress, the higher the employee turnover intention. Given these facts, organizations must pay attention to employee stress levels and control employee stress levels so as not to cause employees to think about leaving the organization.

Based on the description in the background, turnover intentions need to be considered because this can cause losses to the company both in terms of material and time. Therefore, researchers assume that inappropriate compensation can cause millennials to intend to turnover. Inappropriate compensation can also cause work stress, of course the work stress that appears can increase employee turnover intentions. With this, this research aims to determine the effect of compensation on turnover intention with work stress as a mediating variable

Methodology:

Designused in this research is a survey research method with a quantitative correlational approach. According to Kerlinger (1996, in Riduwan, 2004) says that "survey research is research conducted on large or small populations, but the data studied is data from samples taken from that population so that relative events, distributions and relationships between sociological and psychological variables." Meanwhile, the type of research used is mediation, which aims to determine the effect of compensation on turnover intention through work stress as a mediation variable.

The subject sampling technique used in this research was Accidental Sampling. According to Sugiyono, (2016) accidental sampling is a technique for determining samples based on chance, that is, any patient who coincidentally meets a researcher can be used as a sample, if it is deemed that the person they accidentally met is suitable as a data source.

The subjects of this research are millennial generation employees aged 21-34 years. With a minimum length of service of 1 year. The following is a description of the subjects in this study:

Table 1. Subject Description

Category	Frequency	Percentage
Gender		
Man	33	41.3%
Woman	47	58.8%
Age		

21 – 25 years	30	38%
26 - 30 years old	34	43%
31 - 35 years old	11	13%
36 – 39 years old	5	6%

Based on the table above, the number of subjects in this study was 80 people, consisting of 33 men and 47 women. Furthermore, in terms of age, it is known that there were 30 subjects aged 21 - 25 years, then 34 subjects aged 26 - 30 years, and 11 people aged 31 - 35 years, while the other 5 people were aged 36 - 39 years.

The variables used in this research are Compensation, Turnover Intention and Job Stress with Compensation which is the independent variable (X), Turnover Intention is the dependent variable (Y) and Job Stress is the Mediating variable.

Turnover Intention is an employee's tendency or employee's intention to leave or quit their job or move from one place of work to another. The Turnover Intention variable data collection method uses a scale adapted from Jacob Rood (2004) based on personal aspects, organizational aspects and job characteristics aspects. The number of items on this scale consists of 14 items with a Cronbach alpha value of 0.883.

Meanwhile, the compensation variable is a reward or payment in the form of money or allowances or other materials given to employees by the company. Researchers adapted a scale developed by Cristiyono (2017). The scale is prepared based on four compensation indicators according to Simamora (2004), namely Salary, Incentives, Allowances and Facilities. This scale consists of 8 items with a Cronbach alpha value of 0.885.

Finally, the work stress variable is a condition where employees feel tense and stressed in facing their work. The scale used in this research uses a work stress scale based on the theory developed by Parker and DeCotiis (1983) which has been adapted by Sarah (2018) with 2 dimensions, namely time pressure and anxiety. This scale consists of 13 items with a Cronbach alpha value of 0.893.

This research divides the procedure into three stages, namely the preparation stage, implementation stage and data processing stage. In the preparation stage, researchers identified problems which were then studied in the literature. Then at this stage, the researcher determines the subject to be researched and prepares the research instruments that will be used during the research. After obtaining the research instrument, the researcher tested the research scale first.

Next is the implementation stage, where at this stage the researcher begins to collect data, namely by distributing the scale to millennial generation employees in Indonesia with predetermined characteristics.

The final stage is the data processing stage where the researcher will carry out statistical data processing on the data that has been collected. Data analysis was carried out by researchers using Process Macro for SPSS 3.0 by Hayes (2018) model 4 in regression analysis.

Results

Classic assumption test

Table 2. Normality Test for Equality of Variable X to M

DF	<i>Unstandardized Residuals</i>
80 <i>Asymp. Sig. (2-tailed)</i>	0.126

Based on the results of the normality test that has been carried out on the compensation variable for the work stress variable, it shows that the residual value is normally distributed. It can be seen in the table above that the significance value of 0.126 is more than 0.05.

Table 3. Normality Test for Equality of Variables X and M against Y

DF	<i>Unstandardized Residuals</i>
80 <i>Asymp. Sig. (2-tailed)</i>	0.226

Based on the results of the normality test that has been carried out on the equation of the compensation variable and work stress variable with the turnover intention variable, it shows that the residual value is normally distributed. It can be seen in the table above that the significance value is 0.226 more than 0.05.

Table 4. Multicollinearity Test for Equation of Variable X to M

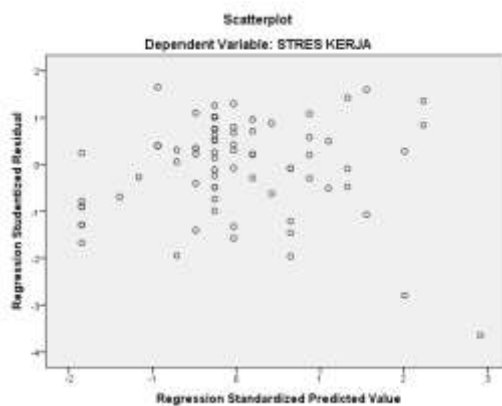
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Compensation	1,000	1,000

Based on the table above, by looking at the compensation tolerance value ≥ 0.1 and $VIF \leq 10$, it can be concluded that the regression model in this study can be stated as "does not contain symptoms of multicollinearity".

Table 5. Multicollinearity test for equations X and M against Y

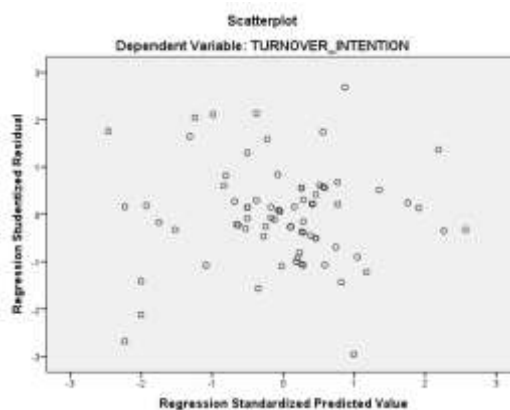
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Compensation	,874	1,144
	Job Stress	,874	1,144

Based on the table above, by looking at the tolerance values for compensation and work stress ≥ 0.1 and $VIF \leq 10$, it can be concluded that the regression model in this study can be stated as "does not contain symptoms of multicollinearity".



Picture1. Heteroskedasticity Test Results for Equation X against M

Based on the heteroscedasticity test results in the picture above, it shows that the heteroscedasticity test results use a scatterplot graph. It is known that the resulting dots do not form a pattern and are spread out. So it can be stated that in this regression model it is stated that "no symptoms of heteroscedasticity occur". This means that the plot image above is free from heteroscedasticity (homoscedasticity) or that all the independent variables do not have error variance and the variance from the residual from one observation to another is constant.



Picture2. Heteroskedasticity Test Results for Equations of X and M against Y

Based on the heteroscedasticity test results in the picture above, it shows that the heteroscedasticity test results use a scatterplot graph. It is known that the resulting dots do not form a pattern and are spread out. So it can be stated that in this regression model it is stated that "no symptoms of heteroscedasticity occur". This means that the plot image above is free from heteroscedasticity (homoscedasticity) or that all the independent variables do not have error variance and the variance from the residual from one observation to another is constant.

Hypothesis testing

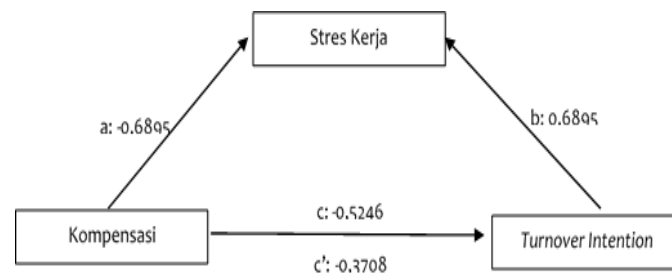
Hypothesis testing using analyze regression process Hayes version 4.0 model 4 (Hayes, 2018) with the IBM SPSS (statistical program for social science) version 25 for Windows program, obtained the following results:

Table 6. Variable Analysis Results

Influence	B	Sig.	R2
Compensation for Turnover Intention(c)	-0.5246	0.0000	0.1965
Compensation Against Turnover Intention (c')	-0.3708	0.0027	0.3134
Compensation for Job Stress (a)	-0.6895	0.0012	0.1262
Job Stress on Turnover Intention (b)	0.2230	0.0005	0.3134
Compensation for Turnover Intention Mediated by Job Stress (axb)	-0.1538		

The results of hypothesis 1 testing show that there is a negative and significant indirect relationship between compensation and turnover intention through work stress. From the analysis of the Hayes process data that has been carried out, it shows the indirect effect value ($\beta = -0.1538$; $p = 0.000$) BootLLCI = -0.3408 ; BootULCI = -0.0100 , then hypothesis 1 is accepted. This shows that the influence of compensation on turnover intention occurs indirectly, partially mediated by work stress. The higher the compensation in the millennial generation, the lower the work stress and can reduce turnover intention.

The results of the mediation test are described as follows:



Picture3. Hypothesis Test Results Diagram

Conclusion

The conclusions that can be drawn in this research are:

1. Compensation influences turnover intention negatively and significantly, mediated by work stress, with a sig value of $0.000 < 0.05$ and $\beta = -0.1538$
2. Compensation has a negative and significant effect on turnover intention, with a sig value of $0.0027 < 0.05$ and β of -0.3708
3. Compensation has a negative and significant effect on work stress, with a sig value of $0.0012 < 0.05$ and β of -0.6895
4. Job stress has a positive and significant effect on turnover intention, with a sig value of $0.0005 < 0.05$ and β of 0.2230

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