

THE INFLUENCE OF LEADERSHIP AND JOB SATISFACTION ON TURNOVER INTENTION AT PT. XYZ

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Article history: received 12 June 2025; revised 21 June 2025; accepted 29 June 2025

DOI: <https://doi.org/10.33751/jhss.v9i1.42>

Abstract. Turnover intention, or employees' intention to leave the company, is a serious challenge that affects organizational stability and incurs additional costs. This study aims to analyze the influence of leadership and job satisfaction on turnover intention at PT. XYZ, a microfinance institution in East Java that has experienced an increase in turnover rates over the past four years. The results of this study indicate that leadership and job satisfaction contribute to turnover intention. Based on these findings, leaders should be able to make clear decisions and implement a fair promotion system. These improvements are expected to enhance job satisfaction and reduce turnover intention in the future.

Keywords: Leadership, Job, Satisfaction, Turnover Intention, Human Resources

I. INTRODUCTION

Human resources (HR) are a strategic asset that determines the success of an organization. Good quality and quantity of human resources can be a major determinant of the achievement of company goals. However, in this era of globalization, one of the major challenges often faced by companies is the high level of turnover intention, which is the intention of employees to leave the company. Turnover intention is a natural occurrence in companies, but a sustained increase in turnover intention can indicate underlying issues within the organization. Turnover intention not only affects organizational stability but also incurs additional costs for the company, such as recruitment costs, training expenses, and the costs associated with onboarding new employees. An individual's turnover intention can be influenced by various factors, such as leadership and satisfaction [9].

According to [11], leadership in operations is determined by the leadership style of a leader. Leadership refers to leaders with certain characteristics who can motivate and inspire their followers to achieve organizational goals. In the context of modern organizations, leaders are not only required to be able to direct and supervise employees, but also to motivate, inspire, and create a conducive work environment.

Another factor that influences the high turnover intention rate in companies is job satisfaction. Buhler, as cited in [12], states that job satisfaction is a person's success in completing tasks in accordance with the job description that has been agreed upon in advance to achieve the expected results.

The problem of turnover intention itself is a classic thing that usually faced by a company. PT. XYZ is no

exception. PT. XYZ is one of microfinance institution that plays an important role in providing banking services to the community. Based on data provided by the company, the employee turnover rate from year to year shows an inconsistent or fluctuating pattern, but tends to increase every year. The employee turnover rate tends to increase, with the highest percentage occurring in 2024 (12.50%). According to [4], the ideal turnover intention percentage in a year is 10%. Thus, the turnover rate at PT. XYZ has exceeded the recommended limit, indicating a serious problem that needs to be addressed immediately.

Based on interviews with PT. XYZ's HRD, it was found that the main cause of high turnover intention was new policies implemented by leaders without considering employee readiness. These policies involved overhauling work systems, increasing performance targets, and adjusting marketing strategies, all of which required employees to adapt quickly. Although these policies have a positive impact on the company's growth, their implementation has put pressure on some employees who feel unprepared to deal with rapid and complex changes.

In addition to these reasons, some employees feel dissatisfied with their work due to a lack of career development opportunities within the company. When employees feel stagnant or do not have the opportunity to develop or be promoted, they tend to feel bored in carrying out their duties. The promotion system in place at PT. XYZ prioritizes length of service over performance, which also causes dissatisfaction among employees. This is in line with research [10] which states that ineffective leadership can increase turnover intention.

A. Leadership

According to [3] leadership is the ability or power in a person to lead and influence others in working to achieve predetermined targets. Leadership indicators according to [1] are analytical ability, courage, communication skills, listening ability, and assertiveness.

B. Job Satisfaction

Job satisfaction is an internal state felt by each individual and reflects the way they view their work [5]. Indicators of job satisfaction according to [7] are satisfaction with work, salary, promotion opportunities, supervision, and coworkers.

C. Turnover Intention

Turnover intention is an employee's intention to leave their current workplace and move to another workplace, but it is still limited to plans or desires and has not yet reached the stage of realization in the form of a physical job transfer [2]. According to [6], the indicators of turnover intention are thoughts of quitting, intention to search for another job, and intention to quit.

The following is the conceptual framework used in this study:

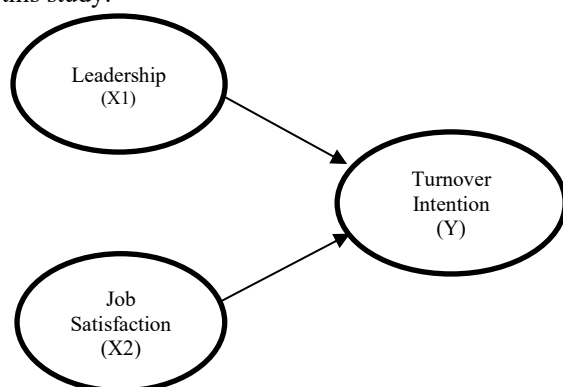


Figure 1 Conceptual Framework

H1: Leadership negatively affects turnover intention at PT. XYZ

H2: Job Satisfaction negatively affects turnover intention at PT. XYZ

II. RESEARCH METHOD

This study uses an ordinal scale using the likert scale weighting technique. The data collection method in this study was carried out by distributing questionnaires with questions related to the variable indicators studied to employees of PT. XYZ. The population in this study were all permanent employees of PT. XYZ. The sample used in this study were all permanent employees totalling 38 employees, with a saturated sampling method. The data analysis method in this study uses Structural Equation Modeling (SEM) with Partial Least Square (PLS) analysis tool.

III. RESULT AND DISCUSSION

A. Outer Model

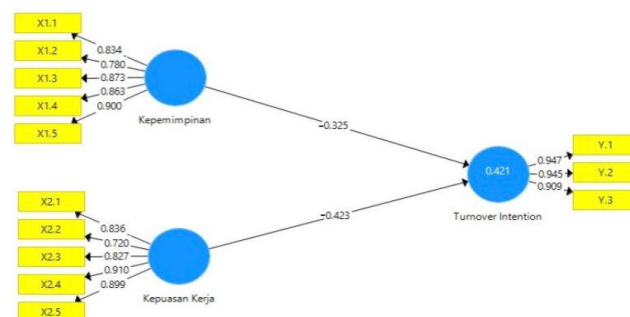


Figure 2 PLS Model

Based on the results of data processing using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, an overview of the influence of leadership and job satisfaction variables on turnover intention was obtained. Leadership variables were measured through five indicators with factor loadings ranging from 0.780 to 0.900, indicating that all indicators contributed well to representing the leadership construct. The indicator with the highest factor loading was leadership assertiveness (0.900), meaning that assertive attitudes from superiors were the most influential aspect in shaping employees' perceptions of leadership. Assertiveness is considered important because it provides certainty in decision-making and creates a sense of fairness in the work environment.

Meanwhile, job satisfaction variables were also measured using five indicators, with loading factor values ranging from 0.836 to 0.899. The indicator with the highest value was supervision (0.899), indicating that the way supervisors conduct supervision greatly determines employee job satisfaction levels. Good supervision, which is supportive and non-pressuring, can create a conducive work environment and enhance employee comfort and motivation. Turnover intention, as the dependent variable, is measured using three indicators with very high loading factors, ranging from 0.945 to 0.967, indicating that these indicators strongly represent the variable in question.

B. Inner Model

TABLE 1 R-SQUARE

	R-Square	R-Square Adjusted
Turnover Intention	0.421	0.388

Based on the table above, it can be seen that the R-square (R^2) value of 0.421 indicates that the two independent variables, namely leadership and job satisfaction, are able to explain 42.1% of the variation in turnover intention. The remaining 57.9% is explained by other factors not included in the model. Overall, these results indicate that while both variables have an influence, job satisfaction is the more dominant factor in reducing turnover intention in the workplace.

C. Hypothesis test

TABLE II. PATH COEFFICIENTS

	Path Coefficient	T Statistic	P Values
Leadership -> Turnover Intention	-0.325	3.329	0.001
Job Satisfaction -> Turnover Intention	-0.423	3.848	0.000

Based on the table, it was obtained that:

1. It is suspected that leadership has a negative effect on turnover intention at PT. XYZ **can be accepted**, with path coefficients of -0.325 and a T-Statistic value of $3.329 > 1.96$ (from the Z table value $\alpha = 0.05$) or a P-Value of $0.001 < 0.05$, with **significant (negative)** results. This indicates that the better the leadership applied, the lower the employees' intention to leave the company, although the effect is relatively small.
2. It is suspected that job satisfaction has a negative effect on turnover intention at PT. XYZ **can be accepted**, with path coefficients of -0.423 and a T-Statistic value of $3.848 > 1.96$ (from the Z table value $\alpha = 0.05$) or a P-Value of $0.000 < 0.05$, with **significant (negative)** results. This means that the higher the level of job satisfaction felt by employees, the lower their intention to leave their jobs.

The Effect of Leadership on Turnover Intention

Based on the results of data analysis using PLS, it was found that leadership has a negative and significant effect on employee turnover intention at PT. XYZ. This finding is in line with research [10] which shows that leadership has a significant negative effect on turnover intention. This means that the better the quality of leadership, the lower the tendency for employees to leave the company.

The PLS test results show that the indicator with the highest factor loading value of the leadership variable is assertiveness, which means that an assertive attitude from leaders is the aspect most needed by employees. Leaders who are not assertive tend to be inconsistent in implementing policies, including new policies. This creates the impression that decisions are not made after careful consideration, or are not upheld firmly when faced with pressure.

This fact is consistent with the results of preliminary surveys and interviews with HRD, which indicate that some policies implemented by management tend to change too quickly, such as work rules or targets set at the beginning of the period changing midway through, as well as sudden adjustments to strategy. As a result, some employees experience additional workloads and uncertainty about the direction of their work, which ultimately drives the desire to seek more stable and supportive workplaces.

This condition is also reflected in the company's turnover data in 2024, which reached 12.5%, exceeding the ideal threshold according to [4], which suggests that the turnover rate should not exceed 10%. Thus, it can be concluded that leadership aspects, particularly analytical skills, need more

attention from management in order to create a conducive work environment and maintain employee loyalty.

The Effect of Job Satisfaction on Turnover Intention

Based on the results of data analysis using PLS, it was found that job satisfaction had a negative and significant effect on the turnover intention of PT. XYZ employees. This finding was reinforced by the results of study [8], which stated that job satisfaction had a negative and significant effect on turnover intention. This shows that the higher the level of job satisfaction felt by employees, the lower their desire to leave the company. The PLS test results show that the indicator with the highest factor loading value of the job satisfaction variable is supervision, which indicates that employees still feel a lack of direct guidance and direction from their superiors in carrying out their duties. This condition shows that supervision is the aspect most needed by employees at this time, but it has not been optimally fulfilled.

This lack of supervision is also closely related to the issue of job promotions, where many employees feel that promotions are based more on length of service than actual performance. Without an effective supervision system, employee performance is not documented and does not receive adequate feedback. As a result, the promotion process becomes unfair and non-transparent, which triggers job dissatisfaction and a desire to seek opportunities elsewhere.

IV. CONCLUSIONS

This study confirms that leadership and job satisfaction have a negative and significant effect on employee turnover intention at PT. XYZ. Good leadership and high job satisfaction can reduce employees' desire to leave the company. However, this study also identifies weaknesses in leadership assertiveness and employee dissatisfaction with a promotion system that is not performance-based. Based on the existing problems, leaders at PT. XYZ need to be more decisive and fair in their decision-making and in setting work targets. Decisiveness in leadership does not mean being authoritarian, but rather being able to make clear, consistent decisions that have a positive impact on the organization and its employees. Leaders should not hesitate to correct ineffective policies and should be willing to enforce existing rules fairly to all employees, without favoritism. In addition, to avoid negative perceptions from employees, leaders should develop clear and transparent promotion assessment mechanisms, such as periodic evaluations and reviews from immediate superiors. Leaders also need to openly communicate the reasons for promoting certain employees so that the process is understood and accepted by the entire team.

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