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The Influence of Compensation and Workload on Turnover Intention with Job Satisfaction as a Mediating Variable

Nur Huda[1], Dianawati Suryaningtyas[2], Adi Suroso[3], Endah Andayani[4]

[1,2,3,4]Universitas PGRI Kanjuruhan Malang, Malang, Indonesia

Corresponding author email: nurhudaunikama@gmail.com

Abstract

This study aims to analyze the effect of compensation and workload on turnover intention with job satisfaction as a mediating variable among employees at PT Korindo Abadi in Papua. Motivated by high employee turnover rates in remote geographical regions, this research employs a causal quantitative approach. A sample of 74 respondents was selected from a total population of 290 employees using proportional stratified random sampling based on Slovin's formula. Data were collected through a 5-point Likert scale questionnaire and analyzed using Partial Least Square-Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0. The analysis results indicate that compensation has a significant positive effect on job satisfaction ($f^2 = 2.227$, $p = 0.000$), whereas workload has a significant negative effect on job satisfaction ($f^2 = 1.025$, $p = 0.000$). Compensation does not have a direct significant effect on turnover intention ($p = 0.373$), but workload exerts a significant direct positive effect on turnover intention ($f^2 = 0.217$, $p = 0.035$). Furthermore, job satisfaction does not significantly affect turnover intention ($p = 0.264$) and fails to mediate the effect of either compensation or workload on turnover intention. The findings suggest that in extreme geographical contexts, external factors override internal psychological satisfaction in determining employee retention.

Keywords: Compensation, Workload, Job Satisfaction, Turnover Intention, Pls-Sem

INTRODUCTION

The dynamics of human resource management in remote areas such as Papua are frequently confronted with complex employee retention challenges. Operational scale changes and high work pressures require organizations to understand the driving factors

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of turnover intention. Mobley's Intermediate Linkages Model states that turnover intention is a step-by-step cognitive process beginning with job evaluation, followed by dissatisfaction, and culminating in withdrawal intentions. Compensation and workload serve as two primary antecedents evaluated by employees based on Equity Theory and the Job Demands-Resources (JD-R) framework.

Previous studies regarding the relationship between compensation, workload, and turnover intention show inconsistent results. Some research indicates that compensation directly reduces turnover intention, while others find that compensation only affects turnover intention through mediating variables such as job satisfaction. Furthermore, the context of isolated geographical areas with high operational costs, such as Papua, remains relatively understudied. This creates a research gap regarding how internal organizational factors interact with extreme external conditions in shaping employee decisions to leave.

This study aims to empirically test the structural relationship among compensation, workload, job satisfaction, and turnover intention at PT Korindo Abadi Papua. The formulation of the problem in this study includes: (1) Does compensation affect job satisfaction? (2) Does workload affect job satisfaction? (3) Does compensation affect turnover intention? (4) Does workload affect turnover intention? (5) Does job satisfaction affect turnover intention? (6) Does job satisfaction mediate the effect of compensation on turnover intention? (7) Does job satisfaction mediate the effect of workload on turnover intention?

LITERATURE REVIEW

Turnover intention is a psychological process reflecting an individual's desire to seek alternative employment outside the organization (William H. Mobley, 2011) . (Robbins & Judge, 2017) state that turnover intention is identified through the desire to leave, searching for alternatives, and the intention to resign. Compensation is all forms of rewards given to employees as a form of appreciation for their contributions, both financial and non-financial (Gary Dessler, 2017) ; (Hasibuan, 2019) ; (Michael Armstrong, 2023) . Workload is the level of job demands that must be completed by individuals within a certain period, related to work capacity and task complexity (Michael Armstrong, 2023) ; (Robbins & Judge, 2017) . Job satisfaction is a general attitude of an individual towards their job, reflecting the extent to which they like or dislike it (Robbins & Judge, 2017) .

Theoretically, Equity Theory explains that job satisfaction is formed when employees perceive a balance between inputs and outputs. The JD-R framework explains that high job demands without adequate resources will deplete energy and reduce satisfaction. Herzberg's Two-Factor Theory categorizes compensation as a hygiene factor, which prevents dissatisfaction but does not necessarily motivate, while

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workload is related to responsibility (motivator), but excessive workload becomes a psychological burden. Furthermore, Mobley's model positions job satisfaction as an early stage before the decision to leave. Based on these theories and previous empirical studies, this study proposes hypotheses regarding the direct and indirect effects of compensation and workload on turnover intention through job satisfaction.

RESEARCH METHOD

This research employs a causal quantitative approach to test cause-and-effect relationships among variables. Primary data were gathered through employee questionnaires, and secondary data were obtained from PT Korindo Abadi HRD reports. The population comprised 290 employees, with a sample size set at 74 respondents selected via proportional stratified random sampling across 6 departments based on Slovin's formula (e = 10%).

Data collection utilized a 5-point Likert scale questionnaire (1 = Strongly Disagree to 5 = Strongly Agree) containing 28 indicator items. Data analysis was executed using Partial Least Square-Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0. The evaluation of the measurement model (outer model) includes convergent validity, discriminant validity, and reliability. The structural model (inner model) evaluation includes the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and hypothesis testing through bootstrapping.

RESULT

The structural model yielded an R2 value for job satisfaction of 0.850 (strong category) and for turnover intention of 0.708 (moderate category). The predictive relevance (Q2) test showed values above 0, demonstrating strong predictive relevance. The effect size (f2) test revealed that the influence of Compensation on Job Satisfaction is 2.227 (large), Workload on Job Satisfaction is 1.025 (large), Workload on Turnover Intention is 0.217 (large), Job Satisfaction on Turnover Intention is 0.069 (medium), and Compensation on Turnover Intention is 0.027 (small).

The hypothesis testing results, including direct and indirect effects, are summarized in Table 1. Compensation has a positive and significant effect on Job Satisfaction (Path Coefficient=0.643; t=13.460; p=0.000), while Workload has a negative and significant effect on Job Satisfaction (Path Coefficient=−0.436; t=5.432; p=0.000). Compensation does not significantly affect Turnover Intention directly (Path Coefficient=−0.179; t=0.890; p=0.373), whereas Workload has a positive and significant effect on Turnover Intention (Path Coefficient=0.399; t=2.113; p=0.035). Job Satisfaction does not significantly affect Turnover Intention (Path Coefficient=−0.366; t=1.118; p=0.264). Furthermore, Job Satisfaction fails to mediate the effect of

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Compensation (Path Coefficient=−0.236; t=1.100; p=0.271) and Workload (Path Coefficient=0.160; t=1.127; p=0.260) on Turnover Intention.

Table 1. Hypothesis Testing Results (Direct and Indirect Effects)

Hypothesis	Path Relationship	Path Coefficient	T-statistics	P-values	Result
H1 (Direct)	Compensation → Job Satisfaction	0.643	13.460	0.000	Significant
H2 (Direct)	Workload → Job Satisfaction	-0.436	5.432	0.000	Significant
H3 (Direct)	Compensation → Turnover Intention	-0.179	0.890	0.373	Not Significant
H4 (Direct)	Workload → Turnover Intention	0.399	2.113	0.035	Significant
H5 (Direct)	Job Satisfaction → Turnover Intention	-0.366	1.118	0.264	Not Significant
H6 (Indirect)	Compensation → Job Satisfaction → Turnover Intention	-0.236	1.100	0.271	No Mediation
H7 (Indirect)	Workload → Job Satisfaction → Turnover Intention	0.160	1.127	0.260	No Mediation

DISCUSSION

Compensation significantly increases job satisfaction (H1 accepted), supporting Equity Theory and the findings of Hendrasti et al. (2022). When employees perceive that the rewards provided are commensurate with their contributions and workload, they tend to have a more positive evaluation of their job. Conversely, workload exerts a significant negative effect on job satisfaction (H2 accepted) as workforce contractions deplete energy resources under the JD-R framework. The high demands of work, reflected in the magnitude of job responsibility and strict time pressures, have significantly reduced employee job satisfaction.

Compensation does not significantly affect turnover intention directly (H3 rejected). This reinforces Herzberg's Two-Factor Theory that compensation acts as a hygiene factor which fails to retain employees in isolated regions without complementary support (Frederick Herzberg, 1966). Employees make multidimensional evaluations; non-financial factors such as separation from family and limited access to public facilities are often more dominant than salary issues. Meanwhile, workload exerts a significant

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direct positive effect on turnover intention (H4 accepted). Excessive workload acts as a stressor that triggers an impulsive flight response, directly driving the desire to leave the organization without requiring a long cognitive-affective process.

Crucially, job satisfaction displays no statistically significant direct impact on turnover intention (H5 rejected) and fails to mediate the relationship (H6 and H7 rejected). In the context of PT Korindo Abadi, low job satisfaction triggers thoughts of leaving but is not strong enough to drive the final decision if external factors, such as geographical isolation and family ties in the hometown, do not support it. External geographical drivers and physical strain override internal psychological satisfaction. This finding broadens the theoretical perspective that job satisfaction as a mediating variable is highly dependent on the organizational context and employee characteristics.

CONCLUSION

Compensation enhances job satisfaction, whereas workload reduces job satisfaction while simultaneously serving as the primary direct driver of turnover intention among employees at PT Korindo Abadi Papua. Compensation and job satisfaction do not exert significant direct influence on turnover intention, and job satisfaction fails to function as a mediator. The findings reveal that in extreme geographical contexts, employees' decisions to leave are influenced more by external factors than internal organizational factors.

Practical implications suggest that management must normalize workforce-to-production ratios through additional recruitment and evaluate production targets to reduce extreme workloads. Furthermore, management needs to develop non-monetary retention programs, such as periodic family leave, communication facilities, and travel subsidies to counter geographic isolation challenges. Future research is encouraged to explore alternative mediating variables more relevant to remote areas, such as organizational commitment or perceived organizational support, and to involve a larger sample size for broader generalization.

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