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The effect of work satisfaction on turnover intention in millennials generation in Indonesia Unicorn Company with work engagement as moderating variable

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Abstract. This study aims to see the effect of job satisfaction on turnover intention in the millennials generation who work in Indonesian Unicorn companies. This quantitative research uses 200 millennial employees (19-39 years) who work in Indonesian Unicorn companies as the subject. Data collection techniques in this study are by collecting questionnaires using turnover intention scale (TIS) for dependent variables and Job Descriptive Index (JDI) for independent variables. The results of this study are shown using structural equation modeling in the smartPLS application. Based on the regression test conducted, it can be concluded that there is an impact on job satisfaction turnover intention in the millennials in Indonesian unicorn companies ($r = 0,523$, $p < 0.05$).

Keywords: Job Satisfaction, Turnover Intention, Millennial, Unicorn Companies, Startup

1. Introduction

Industry 4.0 phenomenon is the fourth industrial revolution after the era of globalization. Answering questions in the era of globalization, Industry 4.0 emerges with major changes based on technology. The term of Industry 4.0 summarizes the paradigm shift in the economy after the report of the Industry-Science Research Alliance Working Group is presented to the German chancellor [1]. Industry 4.0 was born in 2011 in Germany as a proposal submitted for the advancement of a high tech-based economy and has been implemented to date [2]. Industry 4.0 is the fourth idea of industrial development with the Internet of things (IoT), services, data, and people to change the future of manufacturing. Industry 4.0 is based on the principles of Cyber-Physical Systems (CPS), IoT, and the Internet of Services (IoS).

The main technology of 4.0 is CPS, which merges physical and cyber systems or the real world and cyberspace [3]. The birth of Industry 4.0 is marked by the process of automation and full digitalization in manufacturing and personal services. The concrete evidence of Industry 4.0 is 3D printers, automatic food ordering services, automatic goods orders, and various other things [4]. It is defined by digital production, intelligence, networking, and self-managed mainly through a combination of production techniques, information technology, and the Internet [5].

With the 4.0 industrial revolution based on technology, the company also innovates with various things such as system changes, ways of working, tools, and other things. In Industry 4.0, many new companies have sprung up by looking at industry opportunities based on technology, namely the emergence of startup companies in the world in all fields. The growth of startups in Indonesia is very



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rapid and growing. It is evidenced by 992 startup companies in Indonesia at the end of 2018. Those are spread throughout Indonesia and focus on the Greater Jakarta area.

The government is aware of the rapid development of startups in Indonesia by offending unicorns (startup companies valued above 1 billion US dollars or equivalent to Rp 13.5 trillion) [6]. In the second debate of 2019 presidential candidates on 17 February 2019, Mr. President Jokowi, representing the government, expressed his full support for unicorns in Indonesia and questioned Mr. Prabowo's ideas for unicorns in Indonesia. At present, there are already four unicorns in Indonesia, namely Go-Jek, Tokopedia, Bukalapak, and Traveloka. Millennials founded these four unicorns. The survey stated that 69.20% of the founders of 992 startups in Indonesia were Generation Y or millennials. The statement is supported by survey data from The Third Annual First Citizens Bank Small Business Forecast. It states that 47% of the millennial generation population wants to feel the trend of startup companies. The millennial is a term that is currently discussed [7]. The millennial has several other names: Generation Y, Gen Y, Next Generation, Echo Boomers, and Chief Friendship Officers.

The millennial is a generation born between the 1980s and 2000s. The life of this generation cannot be separated from information technology, especially the Internet. From the data above, it states that the millennials control startup companies. Millennial, according to research, is the generation that will have the greatest impact on the world than previous generations. However, it cannot be denied that many changes in millennials' character are summarized into four categories of unattached, connected, unconstrained, and idealistic research. Unattached millennials do not feel attached or find it difficult to feel attached to work and even their personal lives. The millennials feel connected since the Internet has become inseparable, making them easily get information and friends. Unconstrained is a millennial mindset with a great desire to change the world and continue to want to make changes. Idealistic characterizing millennials will not do things that are not worth it and have no meaning or purpose.

According to BPS data predictions for 2020, the proportion of millennials can reach 34% at the age of 20 to 40 years. In that year, the millennials will become the backbone of the Indonesian economy as the Gen-X population begins to decline. Therefore, millennial problems in the industrial world will affect the Indonesian industry as a whole. The authors conducted a brief survey of 30 millennial employees to see what new problems would emerge in the millennial-dominated industry. Table 1 shows the survey results.

Tabel 1. Millennial Problems as Employee.

Respondent	Interview Result
25 Participants	Have the intention to change jobs
20 Participants	Do not have a close relationship with superiors and subordinates
27 Participants	Feel unsatisfied with the reward they get
28 Participants	Feel their needs are not met in their current work

(Source: Researchers, 2020)

With the survey above, it can be seen that the problems that arise in the millennials are 25 out of 30 employees. They have the intention to try other companies and often compare the companies where they work with other companies. It can be categorized as having a turnover intention. Turnover intention is the intention or thought to leave work [8]. Other secondary data also support the authors' survey results that 60% of millennials have a desire for turnover intention. Data from the Gallup report 21% of millennials have changed jobs over the past year, which is three times higher than non-millennials.

Turnover intention can be seen from employees' behavior, such as being late, absent, and lacking enthusiasm. Turnover intention can cause instability in the company and decrease the company's performance. Broadly speaking, turnover intention can cause losses to the company. So, it must be prevented or handled. In the survey conducted, the authors find several causes of the emergence of turnover intention in 30 millennial employees, namely the issue of salary that is considered inappropriate, inadequate facilities, and feel the needs of employees are not met. The need in question is a new experience, opportunities for large projects, and career paths that are not yet clear. In accordance with the millennial character that has been discussed earlier, namely idealistic, millennials will not do things that are not worth it and do not have meaning or purpose.

It can be categorized as job satisfaction. Job satisfaction is an individual's perception of pleasure or positive emotions in the process of assessing work. Job satisfaction is a broad view of individuals. Salary or reward, experience or training, and facilities are three things that are considered important in the millennial generation in their job satisfaction based on a survey conducted by authors. This research survey is supported by previous research conducted on millennial salary factors that are considered to have a significant influence and impact on millennial satisfaction [9]. Experiences deemed important for millennials because they want to do everything themselves according to the millennial character that has been explained previously that is unconstrained. The millennials have the mindset that they can and must change the world. Facilities are considered essential for millennials because they are aware that facilities can support all their work today. In addition to millennial employees' job satisfaction in the survey, the authors also feel that they do not have a close relationship with their superiors. They also do not fit into the company system. In accordance with the millennial character that we discussed earlier (unattached), the millennials tend to be difficult to feel attached to something, including work. They also feel the work they do is not attractive and do the work, not by heart. It can illustrate the low work engagement. Work engagement is positive motivation and construct associated with work that is characterized by absorption, dedication, and vigor. Absorption is shown with high enthusiasm. Dedication is shown by the meaning of the work, while vigor is shown with a complete concentration in doing work. Secondary data from several surveys support the above phenomenon. The survey states that only 29% of millennials feel tied to their jobs or the lowest number of previous generations.

From the surveys conducted by authors, secondary data, and previous research studies [10], there is a significant role of job satisfaction in turnover intention. Then, work engagement has an impact on turnover intention. In another study, there is a negative relationship between turnover intention and job satisfaction [11]. So, it can be concluded that turnover intention, work engagement, and job satisfaction have relationships between variables. The authors conducted this research to see whether there was a significant influence of job satisfaction on turnover intention and to see the work engagement function as a moderator variable. The authors chose the millennials working in startup companies focused on unicorns (unicorns are startup companies that have more capital than 1 billion US dollars) as participants in this study.

This research is essential because the number of millennials that will enter the workforce in 2020 is predicted to reach 34%, and startup companies continue to increase in Indonesia. There were 992 startup companies in Indonesia as of December 2018 and four unicorn companies, namely Go-Jek, Bukalapak, Tokopedia, and Traveloka. The government is aware of the development of the digital world in the Indonesian industry, evidenced by the full support given to unicorns in Indonesia delivered by Mr. Jokowi at the second presidential debate on 17 February 2019. From this background, the authors want to find out whether there is a significant influence of job satisfaction on turnover intention in the millennials in startup companies in Indonesia.

2. Methods

2.1 *Characteristics of research participants*

The characteristics of the participants in this study can be described as follows. They are millennials (born in 1980-2000) working in unicorn-level startup companies in Indonesia. They have worked for

at least three months. The authors choose the millennials as the subject of the study because it is following the phenomenon. The fact that the authors are millennial, and the number of productive millennials will touch 40 percent in 2020 makes the authors feel the millennials are the right subject for this research. The authors choose unicorn startup companies because authors want to take startup companies that have been around for a long time. They already have high valuations and a clear system that will facilitate authors and provide an absence of bias from the company like an unclear system.

2.2. Measuring instrument

The use of measuring instruments in a study must be ensured that the measuring instruments are valid and reliable. Validity and reliability are two general criteria for measuring the quality of each measurement procedure. Validity is the use of tests in a practical situation, and users must be able to distinguish between what is appropriate and what is not appropriate. Reliability concepts are related to repetition. The reliable measurements are consistent and stable to produce measurable results that have results the same or almost the same [12]. This research is quantitative research. Quantitative research is a method of measuring a variable to get data results in the form of numbers that can be calculated through statistical analysis. The final result will be interpreted [13].

3. Result and discussion

In this section, the authors will describe the demographics of 200 participants in this study. The collecting data techniques used are online questionnaires.

Table 2. Demographics of Respondents by Age.

Age	Frequency	Percentage
19 - 25	136	68.8 %
26 - 30	55	27.2%
31 - 35	8	4%
Total	200	100%

(Source: Researchers, 2020)

Based on Table 2, most participants are in category one with the age of 19-25 years. It is known that the age of millennials ranges from 18 to 39 years. However, there are no participants in the last category, which is 35-39 years in this study.

Table 3. Demographics of Respondents by Gender.

Gender	Frequency	Percentage
Male	101	51.5 %
Female	99	49.5 %
Total	200	100%

(Source: Researchers, 2020)

Based on Table 3, the questionnaire results find that 51.5 percent of 101 participants are men. Meanwhile, 99 people with 49.5 percent are women.

In this study, there are two assumptions. The first assumption is that there is an effect of job satisfaction on turnover intention in the millennials in Indonesian unicorn companies. The second assumption is that work engagement variables can increase or decrease the effect of job satisfaction on turnover intention, or it can be said that work engagement is a moderating variable.

Based on data processed using the SmartPLS application, we model the effect of work satisfaction on turnover intention in millennials in Indonesia unicorn company with work engagement as moderating variable.

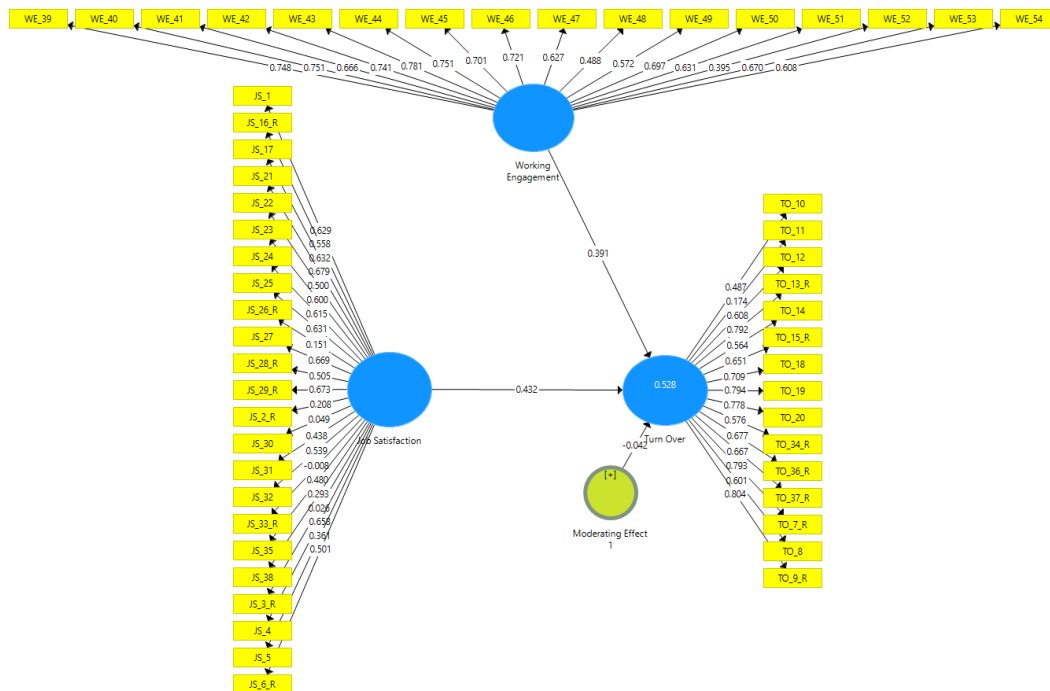


Figure 1. Loading Factors.

(Source: Researchers, 2020)

Based on the initial model, there are indicators on three variables: work satisfaction, turnover intention, and work engagement that have a factor loading value < 0.40 . So, that the next indicator with a loading factor value < 0.40 will be taken out. The loading factor is the value of the correlation between the indicator and its latent construct. In many social studies, the measurement of a construct is very often done indirectly through its indicators. Indicators with high loading factors have a higher contribution to explain the latent construct.

Conversely, indicators with low loading factors have weak contributions to explain the latent construct. In most references, a factor weight of 0.50 or more is considered to have validation that is strong enough to explain latent constructs. After an indicator with a loading factor < 0.40 is taken out, we will get a model and change in the coefficients between variables, as shown in Figure 1.

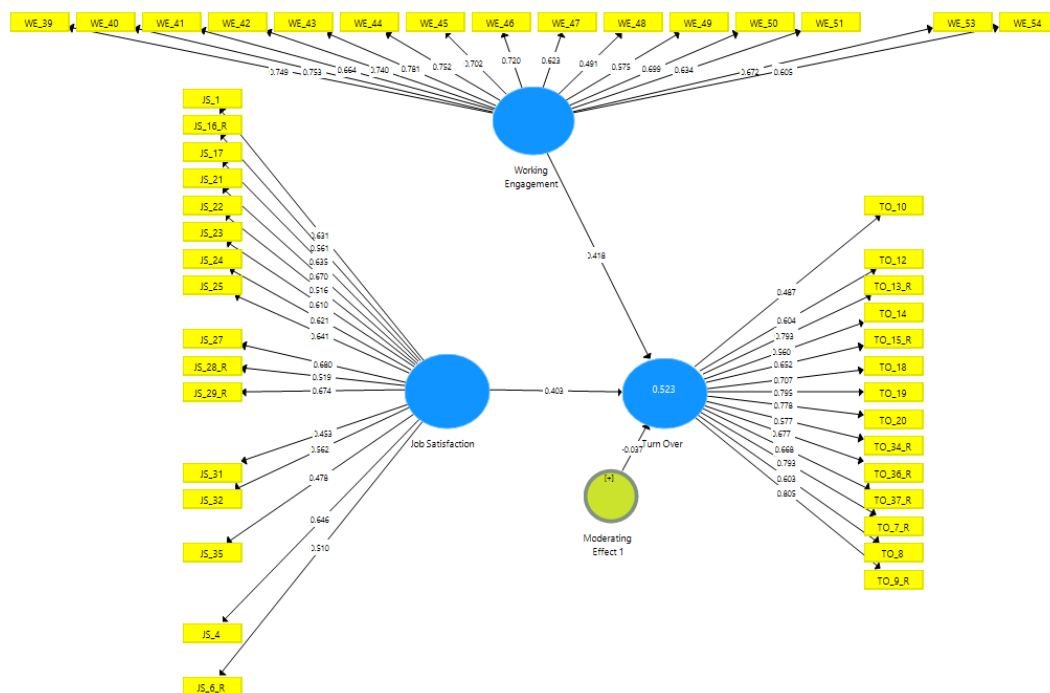


Figure 2. P-values.
(Source: Researchers, 2020)

Furthermore, based on bootstrapping analysis conducted using the SmartPLS application, the P-value for the effect of job satisfaction on turnover is 0.000 or smaller 0.05. It shows that job satisfaction influences turnover directly. The effect of working engagement on turnover also has a P-value of 0,000 or smaller than 0.05. It means that working engagement influences turnover directly. The R-value obtained from the structural equation modeling is 0.523. Nonetheless, the P-value for working engagement as a moderating variable is 0.430 or greater than 0.05. It shows that working engagement is not significant to be a moderating effect in the model made. The result can be seen in Figure 2 and Table 4.

Table 4. P-values.

Effect	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	P-Values
Moderating Effect 1 -> Turnover	-0.037	-0.034	0.047	0.430
Job Satisfaction -> Turnover	0.403	0.418	0.061	0.000
Working Engagement t -> Turnover	0.418	0.417	0.061	0.000

(Source: Researchers, 2020)

4. Conclusion

Based on the research that has been done, it can be concluded that H1 is accepted. It means there is an influence of job satisfaction on turnover intention in millennial employees who work at startup companies in the unicorn level in Indonesia. It is evidenced by the results of the questionnaires distributed to 200 participants following the criteria. Then, data obtained are processed by authors by conducting a simple linear regression test, which is to get the results in the form of a significance value of $0.000 > 0.05$. It means that H1 is accepted, and H0 is rejected. Based on the regression test conducted, there is an impact on job satisfaction turnover intention in the millennials in Indonesian unicorn companies ($r = 0,523$, $p < 0.05$).

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