Compensation, Career Development, and Job Satisfaction as the Antecedent of Nurse Turnover Intention

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INDEXING

Keywords:

Compensation;
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Satisfaction;
Nurse Turnover;
Intention

ABSTRACT

The shortage of professional nurses in a hospital is to threaten service quality and patient safety. Inadequate compensation, no career development, and dissatisfaction can increase turnover intention. Increasing professional nurses' resilience is better than recruiting new nurses from an economic perspective. The research analyzed the effect of compensation and career development on job satisfaction and the impact on nurses' turnover intention in a private hospital in Yogyakarta, Indonesia. A quantitative research design with the cross-sectional approach was used. The sampling technique was simple random sampling. The samples consisted of 47 nurses who made a self-reported by filling out the questionnaire. Data analysis used Partial Least Square. The study found that compensation and career development had direct and significant effects on Turnover Intention. Moreover, compensation and career development also had indirect and significant Turnover Intention effects through job satisfaction as the intervening variable.

Kata kunci:

Kompensasi;
Karir;
Kepuasan;
Pergantian Perawat

Kekurangan tenaga perawat profesional di rumah sakit mengancam kualitas pelayanan dan keselamatan pasien. Kompensasi yang tidak memadai, tidak ada pengembangan karir, dan ketidakpuasan dapat meningkatkan turnover intention. Meningkatkan ketahanan perawat profesional lebih baik dari pada merekrut perawat baru dari segi ekonomi. Penelitian ini menganalisis pengaruh kompensasi dan pengembangan karir terhadap kepuasan kerja dan dampak turnover intention perawat di rumah sakit swasta di Yogyakarta, Indonesia. Desain penelitian kuantitatif dengan pendekatan cross-sectional digunakan. Teknik pengambilan sampel adalah simple random sampling. Sampel terdiri dari 47 perawat yang membuat laporan sendiri dengan mengisi kuesioner. Analisis data menggunakan Partial Least Square. Penelitian ini menemukan bahwa kompensasi dan pengembangan karir berpengaruh langsung dan signifikan terhadap Turnover Intention. Selain itu, kompensasi dan pengembangan karir juga berpengaruh tidak langsung dan signifikan terhadap Turnover Intention melalui kepuasan kerja sebagai variabel intervening.

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INTRODUCTION

One of the worldwide issues is the shortage of nurses (Khatijah et al., 2018). The shortage of professional nurses in a hospital is threatened by service quality and patient safety. The shortage impacts hospital operations, especially on access and quality. It is because nursing plays an essential element in providing quality and effective health service (Aboshaiqah, 2016; Lu et al., 2017). Severe shortages increase nurse workloads or overtime, affecting the quality of healthcare (Khatijah et al., 2018; May et al., 2006). Intention to change profession and intention to change, proper staffing, and a stable nursing workforce will ensure the quality of nursing care received by patients and their quality. Thus, having a sufficient number of nurses is essential—turnover that related to the nurse shortage (Parry, 2008). Thus, nurse turnover becomes one of the global reasons for a nurse (Feng et al., 2017).

In light of the workforce shortage protected, turnover is a crucial issue in the world. Turnovers strongly correlate with patient outcomes, exceptionally patient safety (falls,

infections), low job satisfaction, and quality of patient care (Lu et al., 2017; Roche et al., 2015). Job satisfaction affects turnover intention (Arianto & ., 2018; Khatijah et al., 2018; Lu et al., 2017; Oktizulvia et al., 2017). The previous research in West Sumatera Indonesia found that potential half of nurses (51.9%) intended to quit (turn over) next year. The average job satisfaction was 48.6% (Arianto & ., 2018). Besides, turnover intention also correlates with financial rewards. The management should pay attention to financial rewards to reduce turnover intention (Olawale & Olanrewaju, 2016). Financial reward and career development can influence turnover intention (Ghafoor et al., 2017; Khatijah et al., 2018). Reward and compensation have similar meanings that are appreciation from employer to employee. There is a value exchange between them. The organization gives financial rewards or compensation to the workers because of their contribution (Salisu et al., 2015).

Career development is essential for every nurse professional to maintain the nurse competencies needed to continue career development. A study found that continuing professional development positively correlated with nurse satisfaction (Hariyati et al., 2017). The other study also showed that providing workforce development opportunities became an essential tool in improving nurse satisfaction (Duffield et al., 2014). Therefore, by providing career development, it can also support the hospital in providing high-quality services and in achieving the best hospital performance (Trivellas et al., 2013).

Inadequate compensation, unclear career development, and dissatisfaction can increase turnover intention (Hinno et al., 2011). Increasing the resilience of professional nurses is better than recruiting new nurses from an economic perspective. The cost of turnover is high. Employees are essential assets and the building blocks of an organization (Kumar & Khan, 2013), especially in healthcare organization. Researchers and practitioners stated that an organization should satisfy and retain critical performers or lose much money to train and develop a new employee (Abid & Hassan Butt, 2017). So, raising the turnover of the workforce becomes a severe organizational problem.

Many researchers have done a study on the correlation between job satisfaction and intention turnover. Current research investigates the causal effect of financial compensation, and career development on turnover intention, job satisfaction as variable intervening. This research also measures the contribution of indicators on a research variable in detail.

Hypothesis (H)

- H1: Financial compensation effect on job satisfaction
- H2: Financial compensation effect on turnover intention
- H3: Career development effect on job satisfaction
- H4: Career development effect on turnover intention
- H5: Job satisfaction effect on turnover intention.

RESEARCH METHOD

This study used a quantitative research design. Structure Equation Modeling (SEM) alternative, namely Partial Least Square (PLS), became the data analysis tool. The cross-sectional survey was used as a self-administered questionnaire. The sampling technic was a sample random sample with the Slovin method. Samples were 47 nurses, from a total of 90 nurses. The inclusion criteria were the nurse who has been working for two years or more.

The study was performed from April 2016 to June 2016 in a private hospital in Yogyakarta, Indonesia.

RESULT AND DISCUSSION

Result

Respondent Characteristic

Respondents' characteristic presents personal information of the respondents. There are five categories based on respondents' characteristic namely gender, ages, education, marital status, and employment status. Also, each category followed by frequency and percentage. The table of respondents' characteristic is shown below.

Table.1 Respondents' Characteristics

Category	Frequency	Percentage
Men	5	10.6
Women	42	89.4
< 25 Years	4	8.5
25-30 Years	23	48.9
31-35 Years	8	17.0
> 35 Years	12	25.5
D3	33	70.2
S1	14	29.8
Single	11	23.4
Married	36	76.6
Contract	8	17.0
Permanent	39	83.0

Outer Model

Outer model shows the convergent validity consisting of individual item reliability, internal consistency or Constructs Reliability (CR), and Average Variance Extracted (AVE). Convergent validity measures the correlation between the construct and the latent variable. Thus, the outer model is presented in the following table of Cronbach's Alpha, Construct Reliability (CR), and Average Variance Extracted (AVE).

Table.2 Cronbach's Alpha, Construct Reliability (CR), and Average Variance Extracted (AVE)

	Cronbach's Alpha	CR	AVE
Career Development	0,997	0,998	0,978
Financial Compensation	0,977	0,982	0,917
Job Satisfaction	1,000	1,000	0,993
Turnover Intention	0,864	0,918	0,791

Besides that, there is also discriminant validity. If the loading factor is ≤ 0.7 , it is ideal, and the indicator is valid. There are five financial compensation indicators, nine career development indicators, 19 indicators of job satisfaction, all of them are valid (≥ 0.7). There are eight indicators of turnover intention, but the first (y21), second (y22), third (y23), fourth (y24), and fifth indicator (y25) has a loading factor of ≤ 0.7 , so they are not valid and have to

be a drop from the model, as follows. Additionally, discriminant validity is presented by following tables namely table Table.3 Outer Loading of Financial Compensation (FC), Table.4 Outer Loading of Career Development (CD), Table.5 Outer Loading Job Satisfaction (JS), and Table.6 Outer Loading of Turnover Intention (TI).

Table.3 Outer Loading of Financial Compensation (FC)

	Original Sample	T Statistics	P Values
X11 < FC	0,923	19,642	0,000
X12 < FC	0,964	12,972	0,000
X13 < FC	0,964	13,080	0,000
X14 < FC	0,966	10,916	0,000
X15 < FC	0,968	15,148	0,000

Table.4 Outer Loading of Career Development (CD)

	Original Sample	T Statistics	P Values
X21 < CD	0,977	15,394	0,000
X22 < CD	0,983	10,319	0,000
X23 < CD	0,989	9,750	0,000
X24 < CD	0,988	8,872	0,000
X25 < CD	0,994	15,790	0,000
X26 < CD	0,993	11,331	0,000
X27 < CD	0,992	11,386	0,000
X28 < CD	0,992	11,424	0,000
X29 < CD	0,991	9,074	0,000

Table.5 Outer Loading Job Satisfaction (JS)

	Original Sample	T Statistics	P Values
Y11 < JS	0,995	4,122	0,000
Y110 < JS	0,998	5,316	0,000
Y111 < JS	0,996	4,456	0,000
Y112 < JS	0,998	4,404	0,000
Y113 < JS	0,998	4,457	0,000
Y114 < JS	0,997	5,332	0,000
Y115 < JS	0,998	5,393	0,000
Y116 < JS	0,998	3,407	0,001
Y117 < JS	0,997	2,771	0,006
Y118 < JS	0,996	2,671	0,008
Y12 < JS	0,992	4,625	0,000
Y13 < JS	0,996	5,016	0,000
Y14 < JS	0,995	3,837	0,000
Y15 < JS	0,995	5,113	0,000
Y16 < JS	0,996	5,790	0,000
Y17 < JS	0,996	5,604	0,000
Y18 < JS	0,996	4,354	0,000
Y19 < JS	0,997	4,849	0,000

Table.6 Outer Loading of Turnover Intention (TI)

	Original Sample	T Statistics	P Values
Y26 < TI	0,765	6,161	0,000
Y27 < TI	0,942	23,027	0,000
Y28 < TI	0,949	19,543	0,000

Inner Model

In the inner model, show the path coefficients, effect exogenous variable on the endogenous variable. There are two exogenous variables (financial compensation and career development) and two endogenous variables (job satisfaction and turnover intention).

Result of Hypothesis Testing:

According to Table 7, original samples are the path coefficients. The significance level of the path coefficients can be seen on T Statistic and P values. If T Statistics > 1, 96 (t-distribution table) or p-value > 0,05 for 5% significance level, then the path coefficient is significant. Additionally, there are four abbreviations of causal effect namely FC: Financial Compensation; CD: Career Development; JI: Job satisfaction; TI: Turnover Intention

Table.7 Path Coefficients

Causal Effect	Original Sample	T Statistic	P Values
CD -> JS	1,127	2,538	0,011
CD -> TI	-1,431	2,011	0,045
FC -> JS	-0,157	0,686	0,493
FC -> TI	-0,317	1,628	0,104
JS -> TI	2,454	2,256	0,024

The Result of Hypothesis Testing

H1: Financial compensation effect on job satisfaction; The coefficient is - 0,158 (p-value 0.443). The minus coefficient does not support the theory. Financial compensations should have a positive effect on job satisfaction. The p-value also shows the effect is not significant. So, H1: financial compensation affecting job satisfaction is not proven. H2: Financial compensation effect on turnover intention; The coefficient is -0,470 (p-value 0,018). The H2: financial compensation effect turnover intention is proven. The financial compensation significantly affects turnover intention - 4, 7 %.

H3: Career development effect on job satisfaction; The coefficient is 1,128 (0,010). Career development affects job satisfaction 11, 28%, significantly. H4: Career development effect on turnover intention - 0,952 (p-value 0,080). Career development affects turnover intention 9,52%, significantly. H5: Job satisfaction effect on turnover intention; The coefficient 2,195 (positive), (p-value 0,005), does not support the theory. Job satisfaction must hurt turn over the intention. So, H5: Job satisfaction effect on turnover intention is not proven.

R square Job satisfaction is 0,964. The variation of career development can describe job satisfaction variation, and financial compensation is 96, 3%.

R square turnover intention is 0.839. It is described variability turnover intention can be described by the variability of compensation, career development, and job satisfaction 83, 9%.

Discussion

The result of the research shows that financial compensation does not affect job satisfaction. This result is not relevant to previous research that compensation positively influenced job satisfaction (Salisu et al., 2015; Sudarno et al., 2016). One of the goals of giving financial compensation is to motivate the employee and to satisfy them. So, the organization should evaluate the financial compensation to improve job satisfaction.

There are so many factors that affect satisfaction. Research by Lu et al. on the 5845-healthcare staff in Guangdong found that the job satisfaction score mean was 3.99 on the scale of 1-6. Job satisfaction was affected significantly by educational background, professional status, occupation, night shift frequency, year of service, and annual income as the socio-demographic variables. Work stress, work-family conflict, and doctor-patient relationship also significantly affected job satisfaction (Lu et al., 2017). Compensation is not only in the form of financial. Non-financial compensation includes included flexible working, opportunities to get training, dress, free food, free for the wellness program (Ciaran, 2018), transportation, health insurance, etcetera. In this research, non-financial compensation is more attractive than financial compensation and makes the employee satisfied. It needs another study to prove it.

Compensation strategies that comprehensive include basic or fix salary, bonuses as variable payment, reimbursements, employees allow choosing from a budget as flexible benefits and a pension level based on their contribution, transportation allowance, healthcare service, support for private medical, personal development support, and opportunity to choose additional holidays. The best packages include long-term incentives to contribute value created, such as share options, and these can vary differently from one organization to another organization (Ciaran, 2018).

To attract, retain talented employees, and motivate the best performer, the organization can use an effective compensation strategy. To keep competitive and successful, an organization can use the compensation strategy as a critical part of the overall human resource one. By the strategy, the organization motivates the employee and develops emerging talent. Compensation strategies that are genuinely useful, as same as most other business strategies: differentiation, based on market demand, aligned with the needs and goals of the organization; and fit with the lifecycle of what is the employee thinks (Ciaran, 2018).

Compensation and career development significantly affected turnover intention (Ghafoor et al., 2017; Khatijah et al., 2018). Organizations want to minimize the turnover intentions of its employee. Retaining a performed and productive employee is better than recruit and train a new one. In the workplace, employees desire to have self-actualization by getting higher compensation and good career development. As a mediator variable, self-actualization could increase or decrease the effect of compensation and career development on turnover intention (Ghafoor et al., 2017).

A career map of the nurse is a guide for professional development. Nurses have essential roles in enhancing healthcare quality in a hospital. They are responsible for patient

safety. So, they must have adequate competencies. The hospital should provide programs that continuously improve nurse competencies. The professional development of nurses must be maintained from time to time as a continuous process. Career development is an integral part of a nurse's career ladder (Hariyati et al., 2017).

The sampling method of this study only involved 47 nurse's sample. The reason because 47 nurses' samples are sufficient to answer the gap in this study. Thus, this study was not involved in the managerial sample in the sampling method.

CONCLUSION

The study showed a lack of work support negatively and directly associated with nurse turnover intention. Additional opportunities for career growth within the organization may strengthen work support and increase qualified nursing staff retention. Therefore, the retention of skilled nurses became a priority to decrease nurse turnover intention.

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