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EMPLOYEE ENGAGEMENT AND JOB SATISFACTION EFFECT ON TURNOVER INTENTION (CASE STUDY IN BLUEPAY START-UP INDONESIA)

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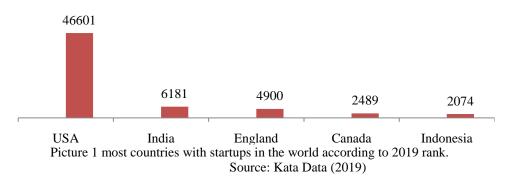
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ABSTRACT: BluePay is a start-up company that has a human resource (HR) problem, namely high employee turnover intention. One of the analyzes for turnover intention is employee engagement and job satisfaction. This study aimed to analyze the effect on job satisfaction of employee engagement and the influence of employee engagement and job satisfaction on turnover intention. This analysis is using the SEM model. The results of this study indicate that employee engagement has a significant role in job satisfaction and employee engagement has an important role in turnover intention.

Key words: Employee engagement, job satisfaction, SEM, start-up, turnover intention,

I. PRELIMINARY

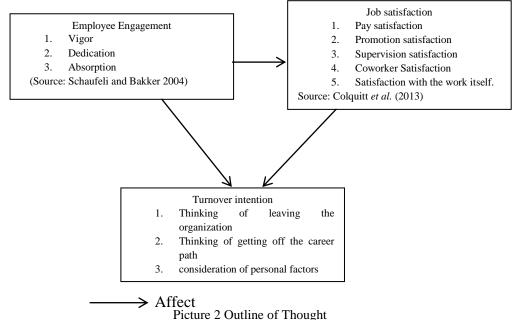
Indonesia is one of the countries that has the most startup growth in 2019 as seen in Picture 1.(Kata Data 2019). The development of start-ups in Indonesia is due to the development of digital technology that make it easier for Indonesians to do their activities. Start-ups are designed to find a repeatable and scalable model (Blank 2014) to create a product or service in the midst of extreme uncertainty (Ries 2011). Based on this, start-up companies must have the right business model to survive (Jaya *et al* 2017). Gross (2017) added that startup success can be influenced by several factors, which are timing, team, ideas, business models, and funding (Gross 2017).



Growth stage start-up company has several phases of market entry up to his death (Rahardjo 2016). These phases have different needs in accordance with the existing problems of each phase. One of the main needs for start-ups is managing human resources in the company. Human resources are one of the factors for the success of start-ups. Human resources are needed in managing the team at start-up. The quality of the team is directly proportional to the interest of investors to invest other than the big names of the company (Uzzaman 2015). One of the start-up failures is not being able to provide harmony in the team (Griffith 2014). In addition, every company thinks that they are doing well in managing their human resources (Uzzaman 2015). Therefore, HR is the second biggest problem after capital (Bekraf 2019). The increasing number of start-ups causes competition to the need for human resources (HR) in accordance with what the start-up company wants. From the initial of the start-ups to it's final stage, the company requires the right human resources to carry out their duties (Jaya *et al.* 2017).

One company that requires the right human resources is Bluepay. Bluepay is one of the start-up engaged in vending machines in Indonesia. This start-up company is currently in the process of developing as many as 4000 machines in the Jakarta and Bandung areas.Bluepay has five work cultures: Customer Oriented, Team United, Change Embraced, Integrity, Passion, and Strive.There are 400 employees who work at this company, 150 of them are permanent employees while the rest are outsourcing and contract employees.However, this company has a problem with the high turnover intention of employees. One way to analyze the high turnover intention is through employee engagement and job satisfaction.

Employees who do not have high engagement will actively seek other job vacancies even though they currently have a job(Gubman 2004).Good employee engagement is created by building trust and commitment among employees resulting a process of information sharing (Aryee et al. 2002) and collaboration between employees (Schoorman et al. 2007).Schaufeli & Bakker (2004)defines employee engagement as a positive, satisfying, work-related perspective characterized by vigor, dedication, and absorption, which refers to a serious and consistent condition of feeling and thinking that does not only focus on objects, events, individuals or certain behaviors. The most potential factors to provide competitive value are human resources and proper management patterns (Endres & Smoak 2008).Jones et al. (2009) also stated that another construction based on organizational commitment is employee engagement. Job satisfaction is a feeling that is related to his job and his condition (Mangkunegara 2013). Colquitt et al. (2013) states that there are five indicators of employee job satisfaction. Those are payment, employment, promotion opportunities, superiors, and coworkers.



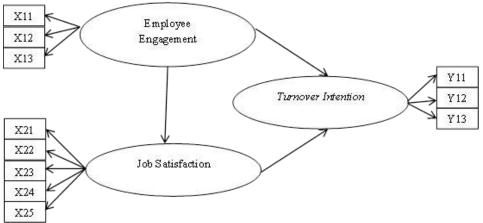
Harnoto (2002) states that turnover intention is the intensity level of the desire to leave the company. There are many reasons that cause turnover intention, one of which is the desire to get a better job. The identification process of the factors that influence the intention to move (turnover intention) is an important matter to consider and becomes something that is effective in reducing the actual turnover rate (Samad 2006). Mobley (1978) formulates the cognitive stages experienced by individuals before leaving their job, namely thinking about quitting work, intending to find other work alternatives, and intending to leave work. The purpose of this study is to analyze the effect of employee engagement on job satisfaction and the influence of employee engagement and job satisfaction on turnover intention at start-up Bluepay.

II. Types and Sources of Data

RESEARCH METHODOLOGY

The data used in this study were obtained, namely primary data and secondary data. Primary data obtained through questionnaires and interviews with employees and supervision in charge of these employees. Secondary data such as related documents owned by the company, and supported by literature study data, scientific journals and the results of previous research that are relevant to the object or problem being researched. The sample selection in this study used the census method, namely by giving questionnaires to respondents and direct interviews at the research location. The population in this study were employees, in this case, there were 150 permanent employees who had turnover intention. The analysis used is descriptive analysis

and Structural Equation Modeling (SEM) models with Partial Least Square analysis tools. The model design can be seen in Picture 3.



Picture 3 Structural model design

Information:

• Employee Engagement variables with the forming components, namely: X11 = Vigor, X12 = Dedication, and X13 = Absorption.

• Job Satisfaction Variables with the constituent components, namely: X21 = Payment, X22 = Promotion opportunity, X23 = boss, X24 = co-worker, and X25 = job.

• Turnover Intention variables with the constituent components, namely: Y11 = Thinking of leaving the organization, Y12 = Thinking of leaving the career path, Y13 = Consideration of personal factors, and Y14 = Consideration of work factors.

RESULTS AND CONCLUSIONS

Evaluation of the SEM model

III.

There are two evaluations of the SEM model, namely the evaluation of the outer and inner models. The results of the evaluation of the outer model show that the loading factor value is greater than 0.5 so that it can be declared valid (Ghozali 2014). In addition, the validity of the model, where the AVE value is> 0.5 and the AVE root value is greater than the AVE value, the model can be declared valid. Evaluation of the inner model can be seen from the R-square value which explains that employee engagement can explain the diversity of job satisfaction by 39% and the diversity of employee engagement and job satisfaction on turnover intention by 88%.

H1: The effect of employee engagement on job satisfaction at Bluepay start-up company.

The test results on the SEM model show that there is a significant and positive relationship between employee engagement and job satisfaction for employees of PT Bluepay Indonesia or H1 accepted. The results of this study are in line with the results of research conducted by Kristianti et al. (2015), Park and Guursoy (2012) and Wibawa and Soedarsono (2016). The path value of employee engagement coefficient on job satisfaction is 0.625. This means that an increase in employee engagement by one unit will increase job satisfaction by 0.625.

There are three indicators that make up employee engagement which can be seen in Table 1. The indicators are sorted based on the value of the largest to the smallest loading factor that forms the employee engagement variable. The highest loading factor value can be stated as what best reflects employee engagement. The higher the loading factor value, the more it reflects this variable. Table 1 shows that dedication is the indicator that best reflects employee engagement. Furthermore, the vigor and absorption indicators reflect the loading factor value. PT Bluepay employees can be stated to have great dedication to the work being done. The dedication of these employee sis related to their assessment of the work they do. The increased dedication value can increase the employee engagement variable on the work done. Employee engagement variable which increases can increase job satisfaction performed by employees based on the results of hypothesis testing conducted.

Indicator	Loading factor value
Dedication	0.888
Vigor	0.865
Absorption	0.772

Table 1 Value of loading factor of employee engagement

The results of hypothesis testing showed that employee engagement was significant and had a positive direction on job satisfaction of 0.625 one-unit. Employee engagement enhancement can be done through the employee dedication indicator so as to increase job satisfaction through promotion opportunities and superiors. Bluepay as a start-up company has employees who are mostly generation Y. The character of employees in this generation has several expectations in their work, such as promotion opportunity because they are dedicated and vigorous at work. The value of employee dedication and vigor is implemented with their ability to achieve targets at work (Hill 2002). Vigor and dedication are formed in employees feel very valuable work (Twenge and Campbell 2003).

Indicator	Loading Factor Value
Promotion Opportunities	0.856
Bosses	0.817
Employment	0.794
Co Workers	0.753
Payment	0.701

Table 2 Value of loading factor job satisfac	tion
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These results indicate that managerial requirements for Bluepay employees are based on their dedication to work. Kristianti et al. (2015) explained that the dedication and vigor of employees can increase their satisfaction at work. Based on this, the company should provide facilities to employees who need motivation and direct counseling from the company's leadership or HR. The results of these studies have similarities in this study, namely superiors as an indicator of employee satisfaction at work.

The conclusion from the above statement is that Bluepay employees have employee engagement which is reflected by dedication that can increase job satisfaction based on promotion opportunities and superiors. Bluepay managerial needs to pay attention to employees so that employees feel satisfied not only with their work, but the organization or company they work for. Start-up companies have some uncertainties in doing business to affect employees at work. Employee career paths based on promotion need to be considered so that employees feel that the work they have dedicated can be rewarded through clear promotion opportunities and the attention of superiors to the work they produce.

Effect of employee engagement and job satisfaction on turnover intention at start-up company Bluepay

The results of hypothesis two (H2) and hypothesis three (H3) show that employee engagement and job satisfaction are significant on turnover intention so that H2 and H3 are accepted. However, the results of this study differ from Pawesti and Wikansari (2016) and Gupta and Shaheen (2017) which state that employee engagement and job satisfaction have a negative direction, while the results of this study state that employee engagement and job satisfaction have a positive direction on turnover intention. These results indicate that an increase in employee engagement and job satisfaction will increase turnoverintention. The difference in results is due to the turnover intention of having several factors outside the company, such as employee personal characteristics and environmental factors that the company cannot control (Harvida and Wijaya). In addition, employees who have employee engagement may still have an interest in moving to other jobs.

Hasan et al. (2012) explain that there are several factors that cause employees to feel satisfied at work but still consider leaving their jobs, namely the challenges of the labor market conditions, the expectation of alternative job opportunities, and the long working period of their current job. In addition, there is interaction among colleagues that influences employees to leave the company and look for a better job (Poeh and Soehari 2017;Harahap 2016; Vallandrysa (2016). Some of the research results above explain that the reasons for leaving employees are caused by internal and external factors. Four indicators that reflect turnover intention can be seen inTable 3.

The attitude of employee engagement to Bluepay Indonesia's employees has the effect of increasing turnover intention. The results of this study are different from the results of research described by Gupta and Shaheen (2017) which explain that there is a negative relationship between employee engagement and turnover intention. The majority of Bluepay employees are still young and there are Generation Y. Gursoy and Park (2012) explained that Generation Y has the desire to leave the largest company compared to the previous generation. The psychological condition of these employees can affect their perspective on the company based on the work done and the differences in the effect of employee engagement on company employees. This effect can reduce the desire to leave the company or increase the desire to leave the company.

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Indicator	Loading Factor Value
Leaving The Organization	0.768
Profession	0.765
Career	0.760
Personal	0.745

Table 3 The value of loading factor turnover intention

The difference in the effect of employee engagement was caused by several factors. Smith and Marwick (2009) explain that there are many factors that influence employee engagement, namely organizational culture, leaders, communication, work environment, and organizational reputation. Bluepay is a start-up company that really need employees who have expertise in the field of digital technology. Digital technology capabilities constitute the majority of Generation Y's expertise (Hawkins et al. 2007). Employees in this generation are needed by companies because of their expertise in digital technology (Kotler and Armstrong 2009). As explained by Hasan et al. (2012) who explained that there were challenges in the job market which could be the influence of Generation Y to have the intention to leave the company. The amount of turnover intention is due to the demand for a balanced life between work and personal life despite an increase in employee engagement. Generation Y enters the world of work because they desire not to work in companies (Tulgan and Martin 2001).

Job satisfaction and employee engagement in generation Y employees occurs. Generation Y has confidence and their contribution to work so they believe that they can provide benefits to the company. One thing that must be done to reduce turnover intention is that there is a synergy between the characteristics of employees in generation Y that they have a positive contribution to the organization so that they understand the company's vision and mission in accordance with their expertise (Anggarini et al. 2016).

The path coefficient value can be used as a consideration to analyze the variable that has the greatest impact on turnover intention. The path value of the employee engagement coefficient is smaller than job satisfaction on turnover intention. These results indicate that employee engagement can be the main variable to reduce turnover intention compared to job satisfaction. Based on this, analyzing the indicators that shape employee engagement should be further analyzed even though these two variables have a positive direction towards turnover intention. Employee engagement in this generation is influenced by the characteristics of those who want a balanced life with regard to work and personal matters. Dedication and vigor indicators are two indicators that reflect employee engagement. Employees feel they already have vigor and dedication so that employees can feel an imbalance between work and personal life. Start-up companies do have a high risk (Ries 2011). This causes employees who have expertise in the field of digital technology to have a very high desire to leave the company. The imbalance between the job market and the number of people who have expertise in technology is one of the external reasons for wanting to leave the company. Based on this, Bluepay must be able to implement the alignment between company's vision and mission with the characteristics of existing employees. The purpose is employees will not only like the work they are doing but can also like the company they work for.

IV. MANAGERIAL IMPLICATIONS

The managerial implication discuss strategies related to research results so that they can be input and an overview of employee engagement, job satisfaction, and turnover intention of Bluepay employees. The results of this study indicate that employee engagement has a significant effect on job satisfaction and turnover intention, and job satisfaction has a significant effect on turnover intention. Based on these results, there are several things that need to be considered by Bluepay, for example is giving appreciation for employees who have dedicated themselves and their time to the company. Appreciation or recognition can take the form of additional bonuses, promotions, or vacation packages for the employee. This also makes every employee more motivated to improve his quality everytime. Family gathering activities can be done to reduce employee boredom with their work routines and increase employee motivation to be increasingly challenged to improve their work quality.

V. CONCLUSION

Based on the results of the research that has been done, there are three conclusions, namely:

1. Employee engagement is significant and has a positive direction on job satisfaction. Indicators used as a reference for increasing employee engagement are dedication and vigor, while indicators of job satisfaction are promotion opportunities and superiors. Employee engagement improvement based on dedication and vigor indicators can increase job satisfaction through promotion and supervisor satisfaction indicators.

2. Employee engagement is significant and has a positive direction on turnover intention. Increasing employee engagement based on dedication and vigor indicators can increase turnover intention through the desire to leave the organization, career paths, job factors, and personal factors.

3. Job satisfaction is significant and has a positive direction on turnover intention. Increased job satisfaction based on indicators of promotion and supervisor satisfaction can increase turnover intention through the desire to leave the organization, career paths, job factors, and personal factors.

VI. SUGGESTION

The results of this study indicate a relationship between job satisfaction, employee engagement, and turnover intention at the start-up company Bluepay. The results of this study are expected to be used as suggestions for company to retain employees. Further research, can analyze factors outside of employee engagement, and job satisfaction on turnover intention such as the impact of Covid-19 on human resource management, HR placement, and employee motivation.

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