

THE INFLUENCE OF COMPETENCE, COMPENSATION, AND EMPLOYEE ENGAGEMENT ON TURNOVER INTENTION

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Abstract

The high turnover rate of employee intent affects the company's operational stability, recruitment costs, and performance. The purpose of this study is to evaluate the influence of compensation, competence, and employee involvement on the intention to resell employees at Honda Bintang Mobil Madiun. This study uses a quantitative approach that uses a survey method. Questionnaires are distributed to employees as respondents. The influence of each independent variable on the dependent variable was evaluated through multiple linear regression data analysis. The results showed that compensation affects turnover intention; How employees view their compensation system influences their decision to stay or leave the company. As increased knowledge, skills, and work experience drive employee career stability, competence has also been shown to contribute greatly to a decrease in the desire to leave a job.

Keywords: Keywords: Turnover Intention, Honda Star, Company Performance.

A. INTRODUCTION

The success of modern organizations is no longer determined solely by product or technology excellence, but heavily depends on the quality and stability of the human resources it possesses. In management perspective, employees are not just production factors but strategic assets that determine the sustainability of the company. Gary Dessler (2020) asserts that human resource management includes a series of integrated activities from workforce planning, development, compensation, to maintaining relationships to achieve organizational goals effectively. Thus workforce stability. Becoming an important foundation in maintaining consistency of company performance.

One indicator often used to assess that stability is turnover intention rate. This concept refers to employees' psychological tendency to consider leaving the organization (Mobley, 2011). Although not yet an actual action, the intention to leave often serves as an early stage before actual turnover occurs. Stephen P. Robbins and Timothy A. Judge (2019) explain that turnover can lead to financial and non-financial consequences, such as increased recruiting costs, loss of organizational knowledge, and disrupted team productivity. Therefore, understanding the factors that influence turnover intention becomes a priority for management.

In various human resource management studies, compensation is often cited as the main determinant influencing employees' attitudes and work behavior. A fair and competitive rewards system can improve job satisfaction and commitment to the organization. Conversely, an imbalance between workload and rewards received can trigger dissatisfaction and push the desire to seek other employment opportunities (Robbins & Judge, 2019). Thus, compensation policies serve not only as a reward tool but also as a retention instrument for the workforce. In addition to external factors such as compensation, internal aspects of the individual such as competence also play a role in shaping career stability. Competence reflects the integration of knowledge, skills, and personal characteristics that support effective performance. Lyle M. Spencer and Signe M. Spencer (1993) state that competence is a fundamental characteristic of individuals that directly relates to superior performance in a job. Individuals with high competence tend to have higher self-confidence and readiness to work, enabling better adaptation to organizational demands and relatively more stable in maintaining their position.

On the other hand, contemporary approaches in management emphasize the importance of employee engagement as a psychological factor that strengthens the relationship between employees and the organization. Wilmar Schaufeli and Bakker (2004) define engagement as a positive condition characterized by energy, dedication, and full involvement in work. Engaged employees not only work to fulfill obligations but also show emotional attachment and long-term commitment to the organization (Saks, 2006). A high level of engagement has been shown to negatively correlate with turnover intention, as employees feel meaning and purpose in their work.

The phenomenon of turnover intention is also relevant in the automotive industry, which has high sales targets and competitive dynamics.

Honda Bintang Mobil Madiun, a company engaged in motor vehicle sales, faces ongoing performance demands. This condition can potentially affect employees' perceptions of compensation, development of competencies, and level of work attachment. If not managed strategically, these factors can increase employees' tendency to leave the company. Based on the above background, this study focuses on analyzing the influence of compensation, competence, and employee engagement on employees' turnover intention. This study is expected to make a theoretical contribution to the development of the human resource management literature, as well as serve as a practical consideration for management in formulating sustainable employee retention strategies.

THE ORETICAL REVIEW AND RESEARCH HYPOTHESIS

Turnover Intention

Turnover intention is the tendency or intention of employees to voluntarily leave the organization within a certain period. This concept is viewed as an early indicator of actual turnover occurrence. Mobley (2011) explains that the turnover process begins with the emergence of job dissatisfaction, which then develops into thoughts of leaving, searching for alternative jobs, and finally the decision to resign. According to Stephen P. Robbins and Timothy A. Judge (2019), turnover intention is influenced by individual factors, job characteristics, and organizational policies. Indicators of turnover intention generally include: (1) the desire to look for another job, (2) plans to leave the organization, and (3) thoughts of quitting.

High turnover intention can lead to an increase in operational costs, disruption of work stability, and decreased organizational performance.

Compensation

Compensation is all forms of rewards given by the organization to employees as remuneration for the contributions they have made. Compensation can be in the form of direct financial (salary, incentives, bonuses), indirect financial (allowances, facilities), or non-financial (recognition and awards). According to Gary Dessler (2020), an effective compensation system must meet the principles of internal and external equity. Internal equity relates to the alignment between job responsibilities and the rewards received, while external equity concerns the competitiveness of compensation compared to other organizations. The Equity Theory proposed by John Stacey Adams states that inequity in the reward system can cause psychological tension that drives negative behavior, including the intention to leave the organization. Therefore, a fair and competitive compensation system has the potential to reduce turnover intention.

Competence

Competence is the basic characteristic of an individual related to the ability to produce effective performance. Lyle M. Spencer and Signe M. Spencer (1993) define competence as a combination of motives, traits, self-concept, knowledge, and skills that consistently influence job performance. In the organizational context, competence plays an important role in increasing employee productivity and self-confidence. Individuals with high levels of competence tend to be better able to cope with work pressure and environmental changes. This condition can reduce job uncertainty, which often triggers the emergence of turnover intention.

Employee Engagement

Employee engagement is a positive psychological condition that shows the level of emotional attachment of employees to their work and organization. Wilmar Schaufeli and Bakker (2004) state that employee engagement consists of three main dimensions, namely:

- a) Vigor, which is enthusiasm and energy at work.
- b) Dedication, which is a sense of pride and enthusiasm for the job.
- c) Absorption, which is full involvement in work activities.

Saks (2006) states that when employees feel supported and appreciated by the organization, they will show higher commitment and a lower tendency to leave the company. Thus, employee engagement plays an important role in reducing turnover intention.

RESEARCH HYPOTHESIS

Based on theoretical foundations and previous research results, the hypotheses in this study are as follows:

H1: Compensation has a significant effect on employees' turnover intention. H2: Competence has a significant effect on employees' turnover intention.

H3: Employee engagement has a significant effect on employees' turnover intention.

H4: Compensation, competence, and employee engagement collectively have a significant effect on employees' turnover intention.

B. METHOD

Type and Approach of the Research

This study uses a quantitative approach with a survey method. The approach quantitative is chosen because this study aims to test the influence of variables compensation, competence, and employee engagement on turnover intention statistically. The survey method is used to obtain direct data from respondents through a questionnaire instrument.

Location and Time of the Study

This study was conducted at Honda Bintang Mobil Madiun located at Jl. Basuki Rahmad No. 3, Sukosari, Kartoharjo District, Madiun City, East Java 63119. The choice of the study location was based on the consideration that the company operates in the automotive sector with dynamic work and high sales targets, making it relevant to study turnover intention phenomena. The study period spanned 4 (four) months, including the preparation stage, drafting instrumentation, data collection, data processing, and preparation of the research report.

Population and Sample

The population in this study consists of all employees working at Honda Bintang Mobil Madiun. If the population size is relatively small, the sampling technique can use a saturated sampling technique (census sampling), meaning all members of the population become respondents. However, if the population size is large, sampling can use a technique of probability sampling with a method according to the research needs.

Data Collection Technique

The data collection technique in this study uses a questionnaire (survey) that is distributed to employees as respondents. The questionnaire is prepared based on the indicators of each research variable, namely:

1. Compensation: salary, incentives, benefits, fairness of the reward system.
2. Competence: knowledge, skills, work experience.
3. Employee Engagement: vigor, dedication, absorption.
4. Turnover Intention: intention to look for another job, plan to leave, thoughts of resigning.

Variable measurement is carried out using a Likert scale with a score range of 1–5, starting from strongly disagree to strongly agree.

Data Analysis Techniques

The collected data were analyzed using multiple linear regression analysis to determine the effect of compensation, competence, and employee engagement on Turnover Intention. Before regression analysis, the data were tested through:

1. Validity Test
2. Reliability Test
3. Classical Assumption Test (normality, multicollinearity, heteroscedasticity)

Next, the following were conducted:

1. T- test (partial) to determine the effect of each independent variable on the dependent variable.
2. F-test (simultaneous) to determine the joint effect.

- Coefficient of determination (R^2) to determine the magnitude of the contribution of independent variables to turnover intention.

C. RESULTS AND DISCUSSIONS

1. Research Results

Based on the results of data processing using multiple linear regression analysis, it was obtained an overview of the effect of compensation, competence, and employee engagement on employee turnover intention at Honda Bintang Mobil Madiun.

a. Partial Test (t-test)

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.581	1.634		1.580	.119
	Kompensasi	.336	.069	.331	4.847	.000
	Kompetensi	.228	.088	.234	2.596	.012
	Employee Engagement	.371	.080	.438	4.665	.000

a. Dependent Variable: *Turnover Intention*
Sumber: Data diolah SPSS 27 (2025).

The results of the partial test show that:

- Compensation has a significant effect on turnover intention. The significance value is less than 0.05, so the first hypothesis is accepted. This shows that employees' perceptions of the compensation system play a role in influencing the intention to leave the company.
- Competence significantly affects turnover intention. The higher the level of employee competence, the lower the tendency for turnover intention the lower it is. The second hypothesis is accepted.
- Employee engagement significantly affects turnover intention. This variable has the most dominant influence compared to other variables. Hypothesis the third is accepted.

b. Simultaneous Test (F-test)

The results of the simultaneous test show that compensation, competence, and employee engagement together significantly affect turnover intention. This is evidenced by the F-test significance value less than 0.05. Thus, the hypothesis fourth is accepted.

c. Coefficient of Determination (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.948 ^a	.899	.895	1.777
a. Predictors: (Constant), Kompensasi, Kompetensi, <i>Turnover Intention</i>				

Sumber: Data diolah SPSS 27 (2025).

The value of the coefficient of determination shows that the variables compensation, competence, and employee engagement are able to explain the variation in turnover intention in a percentage that is quite large, while the rest is influenced by other factors outside the research model.

2. Discussion**The Effect of Compensation on Turnover Intention**

The results show that compensation has a significant effect on turnover intention. This finding aligns with equity theory proposed by John Stacey Adams, which states that the perception of unfairness in the distribution of rewards can trigger dissatisfaction and the desire to leave the organization. If employees feel that the salary system, incentives, and allowances are not commensurate with the workload or targets that are set, the tendency to seek alternative employment will increase. In the context of the automotive company with high target pressure, the compensation system that is fair and competitive becomes a crucial factor in maintaining employee retention.

The Effect of Competence on Turnover Intention

Competence is proven to have a significant effect in reducing turnover intention. This finding supports the competency theory proposed by Lyle M. Spencer and Signe M. Spencer (1993), that individuals with high competence tend to have performance better and stronger career

stability. Employees who have knowledge, skills, and sufficient work experience tend to feel more confident as well as able to meet job demands. This condition reduces work uncertainty which often triggers turnover intention.

Influence of Employee Engagement on Turnover Intention

Employee engagement becomes the most dominant variable in influencing turnover intentions. This result aligns with the concept proposed by Wilmar Schaufeli and Bakker (2004), that high work engagement can increase organizational commitment to the organization. Employees with high vigor, dedication, and absorption tend to feel meaningful in their work and have a strong emotional connection with the organization. When this attachment forms, the intention to leave the company becomes lower.

Simultaneous Influence

Simultaneously, compensation, competence, and employee engagement are proven to have an influence significantly on turnover intention. This shows that human resource management cannot be done partially. Retention strategies must include fair compensation policies, sustainable competence development, and also the creation of a work environment that supports employee engagement.

D. CONCLUSIONS

Based on the results of the research and discussion concerning the influence of compensation, competence, and employee engagement on employees' turnover intention at Honda Bintang Mobil Madiun, then several conclusions can be drawn as follows:

1) Compensation has a significant influence on turnover intention.

Employees' perceptions of the compensation system received play an important role in determining their tendency to stay or leave the company. A fair and competitive reward system can suppress employees' intention to leave.

2) Competence has a significant influence on turnover intention.

High level of competence, which includes knowledge, skills, and work experience, can reduce employees' tendency to switch jobs. Competence development becomes an important factor in maintaining workforce stability.

Employee engagement has a significant influence and is the most dominant variable on turnover intention. The level of work engagement, reflected in vigor, dedication, and absorption, can effectively reduce employees' intention to leave the company. Simultaneously, compensation, competence, and employee engagement significantly affect turnover intention. This shows that human resource management must be conducted in an integrated manner through fair compensation policies, competency development that is sustainable, and strengthening employee engagement. Overall, this study emphasizes that a retention strategy for employees should not focus solely on the financial aspect, but also must consider skill development and emotional attachment of employees to the organization.

E. SUGGESTIONS

Based on the results of the study on the influence of compensation, competence, and employee engagement on turnover intention of employees at Honda Bintang Mobil Madiun, the following recommendations can be given:

1. Practical Recommendations

- a. Company management should conduct periodic evaluations of the compensation system, including basic salary, incentives, and allowances. The reward system should be aligned with workload, target achievement, and industry standards to create a sense of fairness and better competitiveness.
- b. The company is advised to enhance training and development programs on an ongoing basis. Technical training, soft skills development, and capacity-building programs will help employees improve performance while strengthening their career stability. This will help employees improve performance while reinforcing their career stability.

2. Academic Suggestions

- a. Future research is recommended to add other variables with potential to influence turnover intention, such as job satisfaction, work stress, leadership, or organizational culture.
- b. Further research can also use mixed methods to gaining a deeper understanding of the psychological factors that influence employee turnover intention.
- c. Expansion of research objects to other companies or industry sectors can be conducted to obtain broader generalizations of the results.

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