



The Influence of Job Stress, Job Satisfaction & Organizational Commitment Towards Turnover Intention for Millennials and Generation Z Employees in Internet Companies in Indonesia

Yosef Budiman¹, Pauline H. Pattyranie Tan²

^{1,2}Universitas Pelita Harapan, Aryaduta Hotel Semanggi Complex, Jl. Garnisun Dalam No.8 RW 4, Karet Semanggi, Kecamatan Setiabudi, Jakarta Selatan, DKI Jakarta, 12930, Indonesia

E-mail: yosef11budiman@hotmail.co.id¹, pauline.henriette@uph.edu²

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ABSTRACT

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Internet companies managed to become industry of choice of younger generations to work. Nevertheless, the industry faced challenges in terms of managing people, which is soaring high turnover rate. This problem, apart from costly for the organization, might harm organization's overall performance. Research is performed to identify if job stress that is presumed to be high among Millennials and Generation Z significantly influence turnover intention and other HR metrics such as job satisfaction and organizational commitment. While, explain if other factors might be having more influence to turnover intention. This research collects data from 103 respondents across job function, gender, tenure within the organization and marital status. The respondents are all working for internet companies in Indonesia, and below 40 years old of age (to be considered millennials and generation Z). Data analysis is performed using Partial Least Square - Structural Equation Modelling (PLS-SEM). Based on the hypothesis testing, it is concluded that there is significant influence between job stress towards job satisfaction and organizational commitment (which can be problematic for the organization). In addition, organizational commitment has significant influence towards turnover intention of these group of employees.

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1. Introduction

Indonesia digital economy is on the rise. With 137 million of digital consumers and gross merchandise value of USD 26 Billion, it is the largest digital economy in South East Asia [1]. The digital economy is facilitated and accelerated by the internet company (i.e. those company whose majority of business operates based on internet, e.g. internet platform or mobile applications). Growth in the internet companies consequently creating requirement for increasing the workforce.

At the same time, accelerated by the pandemic, there is surge in the needs for talent with digital skills with limited availability in the market. It is being required not only by internet or technology organization, but also to by most industry to digitalize their business model or existing business process, accelerated by the COVID-19 pandemic.

Indonesia's digital economic growth could also be attributed to the huge young generations that are digital native, which are Millennials and Generation Z. Based on findings of Survey Sosial Ekonomi Nasional (SUSENAS), Millennials, which are born between 1981 to 2000, are the largest generation group in Indonesia, with about 88 million people (or 33.75% of overall population) at the time of the research. Generation Z (born after year 2000), follows behind with about 29.23% of overall Indonesia's population attributed to this generation group [2].

Internet companies is actually having the upper hand of the talent competition. Based on Ranstad & Futureworkplace research, 45% of millennials and generation Z are interested in working on technology



related job [3], which population are most abundant in internet companies. Job satisfaction in the industry is also higher to industry norm [4].

Nevertheless at the same time, internet companies are having the highest employee voluntary turnover rate in comparison to most industry. With findings from HR consulting firm, Mercer shares that internet companies average have turnover rate that is twice as high the general industry average back in 2019 [5].

While there are many antecedents to employee turnover, several literature attributed to job stress as the most prevalent causes. This is also backed by data that mentioned Millennials and Generation Z that comprises the majority of this companies is twice likely to experienced job stress in comparison to other generation, which could lead to also other many systemic problems [6].

As the research of this topic at specific industry and demography is currently limited, the author would like to identify influence of job stress to turnover intention and other important human capital management measurement such as job satisfaction and organizational commitment. While trying to explain if job Stress within internet companies' millennials and generation Z population really drive the high turnover, or other factors might be having more influence. The research is aimed to have practical benefit of helping employer to manage voluntary turnover, provide understanding of job stress' importance and help individuals of this sector be able to mitigate job stress.

2. Methods

The population in this study are employees working in internet companies in Indonesia and those who are born between 1981 to 1996 to be defined as millennials (Rauch, 2018) [20], or those who are born from 1996 to 2012 to be defined as generation Z (Blue Book Services, 2020) [21].

The sample is 103 respondents working in internet companies, are millennials or generation Z, has passed their probation period or stayed more than 3 months within current organization, and has once intended to change job outside their organization in the past 2 years. The sample is taken across job families for convenient sampling. The number 103 is derived from minimum sample size based on Hair (2017) with tables from Cohen (1992) based on 5% significance level and 0.10 minimum R² [22].

Based on the respondents profile, most respondents are female (63%), and male with 36% of representation. More than half is between 25 to 30 years old (52% of respondents), followed by age 24 or below (29%), then between 30 to 35 years old an between 35 to 40 years old represents 15% and 4% of respondents respectively. Mostly (81%) are single, and the rest are married or married with dependents. Based on tenure, 48% of respondents have stayed between 1 to 3 years within current organization. 33% has only stayed between 3 to 12 months, and less than 20% has stayed with their organization for more than 3 years. Data is collected between May to June 2021 using an online questionnaire containing likert scale statements that is shared to respondents.

The data analysis technique used in this study is SmartPLS. Based on the validity and reliability test, the author has prepared a model that can guarantee the convergent and discriminant validity, along with composite reliability without problem of multicollinearity. Job stress is described through 3 indicators sourced from Jamal (2005) [7] and Suswati (2020) [23]; Job satisfaction is described with 3 indicators, sourced from Spector (1997) [8] and Hidayat (2018) [18]; Organizational commitment is described with 2 indicators from Luthans (2010) [13] and Hidayat (2018) [18]; and Turnover intention is described through 3 indicators from Tanjung, Rasuli, et al (2019) [11], Tett & Meyer (1993) [16] and Hidayat (2018) [18].

3. Result and Analysis

Based on the PLS algorithm, the path model are as follows:



Fig 1. Path coefficient on PLS Algorithm, sourced from Output Smart PLS 2021

While, the results of PLS bootstrapping are as follows:



Fig 2. Full Model Structural PLS Bootstrapping, sourced from Output Smart PLS 2021

Table 1
Path Coefficients, T-Statistic and P-value, sourced from Output Smart PLS 2021

Hypothesis	Variable Relationship	Coefficient Path Value	T-Statistic	P-Value	Conclusion
H1	Job Stress → Job Satisfaction	-0.391	4.760	0.000	Supported
H2	Job Stress → Organizational Commitment.	-0.391	4.087	0.000	Supported
H3	Job Stress → Turnover Intention	0.086	0.082	0.420	Not Supported
H4	Job Satisfaction → Turnover Intention	-0.172	1.277	0.202	Not Supported
H5	Organizational Commitment → Turnover Intention	-0.291	2.412	0.016	Supported

In order to determine whether the variable relationship is statistically significant, the value of T-statistic need to be over 1.96. While, to determine whether the author should reject the null hypothesis of the dependent variable do not influence the independent variable, the P-value need to be less than 0.05.

Based on the table and graphs above, we can conclude that job stress influence job satisfaction. The T-statistic is at 4.760, while P-value of 0.000 and patch coefficient of -0.391. This is aligned with previous literatures such as Suong (2020) [9] and Spector (1997) [8] that also shows negative influence of job stress to job satisfaction. Job stress is ultimately impact how their view their wrk in terms of generation Z & millennials employee in internet companies.

On job stress to organizational commitment, the result also shows T-statistic of 4.087 and P-value of 0.000, with path coefficient of -0.391, meaning that job stress influence organizational commitment. In generation Z & millennials, turns out that the higher the stress, these group of employees are less willing to be a part of their current organization. This is aligned with research of Nasution (2017) [10] and Bhatti et.al. (2016) [14].

However, regarding job stress to turnover intention, the results shows that despite the path coefficient is positive of 0.086, the T-statistic shows value of 0.082 and P-value shows value of 0.420, and hence the hypothesis could not be supported. It might contradicts some of the previous literature, nevertheless some other factors might retain the generation within internet companies such as salary, career development or pride of working in these organizations.

Similiar with the hypothesis of job satisfaction influcen turnover intention. Despite have negative influence from path coefficient of -0.172, the T-statisti of 1.277 is not statistically significant, while P-value of 0.202 could not reject the null hypothesis. It contadicts the previus literature, such as Nasution (2017) [10] and Tanjung, et.al. (2019) [11]. This also might be due to these employee group felt long-term benefit for their career to be associated with current employers. Furthermore, the timing of the research during the peak of the COVID-19 pancemic can have more limited job opening in comparison to pre-pandemic times or following period.

Nevertheless, the hypothesis of organizational commitment influence turnover intention is supported by the test result. Observed by T-statistic of 2.412 and P-value of 0.016, it shows that organizational



commitment significantly influence turnover intention. This is aligned to previous research of Tanjung et.al. (2019) [11] & Hidayat (2018) [18]. When the job is no longer the best job the generation can find for themselves or no longer enjoy working in current organization, it turns out these can make employee consider to leave current employer.

In short, turnover of millennials and generation Z to leave their job at internet companies might not necessarily caused by job stress. It can be due to pull factor of other organizations that offer something greater than the current one to make employee no longer feel they are working at a company that is the best for their career, or enjoy working with.

For management considerations, despite having not significant influence over turnover intention, organization is required to manage job stress carefully as it still influence job satisfaction and organizational commitment, while can lead to poor performance (Budiono, 2016) [24]. It is worth mentioning that the job stress is particularly higher in younger generation (age 24 or below) in this research, and those who recently join the organization (tenure between 3 to 12 months). Hence, despite contextual in every organization, a good onboarding with "buddy" system, regular check in with people manager that can elaborate work and development goals clearly, with well-being initiatives might be able to help the particular group.

In addition, with regards to influence of organizational commitment turnover intention, the turnover intention in internet company based on this research might be due to pull factor from other employers or less tangible factors. Ensuring the organization continues to become the best place to work can be achieved through building a well-rounded employee value proposition that not only competes based on salary or benefits, but also career development, holistic wellbeing and purpose.

4. Conclusions

In conclusion, based on the research performed by the author regarding the influence of job stress, job satisfaction & organizational commitment towards turnover intention for millennials and generation z employees in internet companies in indonesia, the following statements are summarized:

- a. According to the result and analysis, job stress has significant influence towards job satisfaction.
- b. According to the result and analysis, job stress has significant influence towards organizational commitment.
- c. According to the result and analysis, job stress does not have significant influence towards turnover intention.
- d. According to the result and analysis, job satisfaction does not have significant influence towards turnover intention.
- e. According to the result and analysis, organizational commitment has significant influence towards turnover intention.

Limitation that might be present in this research are due to convenient sampling following minimum sample size. Furthermore, the variables within the research could explain about 21% of the behaviour based on the R-square, hence to manage turnover, a further research that includes other variables such as leadership style (Mondiani, 2012) [25], work environment (Haholongan, 2018) [26], perceived organizational support (Azis, Prasetyo, Utomo, 2019) is required [27].

The research could also benefits if in-depth analysis based on the level of maturity of the internet company (e.g. based on valuation, number of funding round, etc.), geography of the employee (metros vs. non-metros city), and ownership of the internet company (local vs. multinational) could be performed.

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