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The Effect of Financial Compensation on Turnover Intention With Affective & Normative Commitment As an Intervening Variable in Employees Edi-Indonesia

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Abstract: This study examines the influence of financial compensation on turnover intention by considering the mediating roles of affective and normative commitment among employees of PT. Electronic Data Interchange Indonesia (EDI-Indonesia). The high rate of employee resignations in this company forms a critical background for identifying internal factors that affect employee loyalty and retention. The objective of this research is to empirically test the direct and indirect effects of financial compensation on turnover intention, and to explore the mediating roles of affective and normative commitment in this relationship. A quantitative approach was employed using explanatory research design. Primary data were collected through a survey using a Likert-scale questionnaire distributed to the entire population of permanent employees at EDI-Indonesia, comprising 50 individuals, with a total sampling technique. Data analysis was conducted using Partial Least Squares (PLS) through SmartPLS version 4 software. The results revealed that financial compensation has a significant positive effect on both affective and normative commitment, and a significant negative effect on turnover intention. Furthermore, affective commitment was found to mediate the relationship between financial compensation and turnover intention. However, normative commitment did not mediate the relationship between financial compensation and turnover intention. The findings highlight the importance of a fair and competitive financial compensation structure in enhancing employee loyalty and reducing the intention to leave the organisation. It is recommended that the company strengthens its compensation policy by taking into account the psychological and emotional aspects of its employees. This research provides a strategic foundation for human resource policy development and serves as a theoretical reference for future studies in organisational management.

Keywords: Financial Compensation, Affective Commitment, Normative Commitment, Turnover Intention.

INTRODUCTION

The success of the company in running its business cannot be separated from the human resource factor (HR). Human resources are an element of organizational strategy that must be managed effectively (Syafuruddin et al., 2022). For this reason, knowledge of human behavior

and the ability to manage it are needed. Organizations have an important role to foster and manage human resources. Competition in the business world is getting tighter, so companies must have an advantage and high competitiveness in order to survive and compete with other companies. To be able to have these high advantages and competitiveness, of course, good human resources are needed (Halisa, 2020).

Translated with DeepL.com (free version) According to Suherman & Siska, (2025) human resources (HR) are a central factor in the organization, playing an important role in achieving organizational goals, therefore resource management includes providing a quality workforce, maintaining quality and controlling labor costs. Therefore, HR is an invaluable asset for a company so that it must be maintained and turnover avoided. One of the ways that can be done in an effort to reduce the level of turnover intention is through good compensation to achieve the expected performance in an organization or agency, employees must get sufficient compensation in order to reduce or even to prevent turnover intention in the company (Muaja et al., 2021).

Turnover intention can be interpreted as the movement of labor out of the company. Turnover can be in the form of resignation, transfer out of the company unit, dismissal or death of company employees (Yani, 2024). The occurrence of turnover is something that is not desired by the company. Turnover is a fairly good criterion for measuring company stability and can reflect the performance of the company. Employee turnover is also needed if employees have low productivity. However, too high turnover can cause great losses for the company (Juliani & Nopiyani, 2024).

EDI Indonesia is one of the companies with more than 23 years of experience, PT EDI Indonesia has provided a variety of solutions to its customers in the field of e-business ranging from IT Consultancy, Training, Software Development, Implementation and System Integration, IT Managed Service to the implementation of PDE services based on Value Added Network / VAN technology, EDI Over Internet, Web Services / SOA (Service Oriented Architecture) and Cloud Services-based services PT EDI Indonesia's service users currently include government agencies, state-owned enterprises, importers, exporters, shipping companies, banks, pharmaceutical companies, retail companies, insurance and automotive, including the Ministry of Finance, Ministry of Trade, Ministry of Health, Ministry of Post and Telecommunications, BPOM, Quarantine, Unilever, Nestle, Matahari, Giant, Lotte, Philips, Coca Cola, Toshiba, Indomaret, Toyota, AHM, Bakrie, as well as community banks namely Bank Mandiri, BRI, Bank Mega, Deutsche Bank, JP Morgan, Citibank, ANZ Bank, Panin Bank, BCA, Standard Chartered, Mizuho Bank, CIMB Niaga, Mitsui Bank, Bank Of Tokyo Mitsubishi UFJ, BNI Bank, Danamon Bank. The best offers and services are always prioritized so that consumers can feel comfortable and satisfied being a customer of PT EDI Indonesia.

PT EDI Indonesia is also expanding its international marketing target by providing services that connect companies with business partners both at home and abroad, including by establishing interconnection cooperation with several e-business providers in other countries, such as CIECC in China (directly connected to 14 Provinces in China), NACCS in Japan, KTNNet in South Korea, Inter Commerce in the Philippines, and KGH in Sweden which is connected to all European Union countries. With this interconnection cooperation, it allows the business community in Indonesia to exchange documents / information with business partners in a reliable, safe, and trusted manner automatically from application to application.

Edi Indonesia previously had 150 employees, with the Covid 19 Pandemic and with a failed Project and 1 year of getting Blacklits from all government tenders, resulting in the company's financial Cashflow being disrupted and having an impact on bonuses and benefits that employees usually receive temporarily not given until Cashflow returns to normal, with this incident many employees left the company. Can be reported in Table 1.1 below:

Table 1. 1
Edi Indonesia Employee Turnover Data for 2022 – 2024

Year 2022			Year 2023			Year 2024			
Moon	Lo gin (person)	E xit (person)	Su m	Lo gin (person)	E xit (person)	Su m	Lo gin (person)	E xit (person)	Su m
Jan			150			143		2	133
Feb		2	148		2	141			133
Mar		2	146		1	140	1		134
Apr			146		1	139		3	131
May		1	145		1	138	1		132
Jun		1	144	1		139		1	131
Jul	1		145			139			131
Styrofoam	1		146		2	137		1	130
Sep		2	144			137		2	128
Oct	1		145		1	136		1	131
Nov		2	143		1	135		1	131
Des			143			135		1	131
SUM	3	10	143	1	9	135	2	12	135

Source: Edi Indonesia (2024)

According to Lazzari et al., (2022), employees' desire to leave their organization is an important issue for businesses because of its potential negative impact. Employee turnover is said to be normal between 5-10 percent per year, said to be high if more than 10 percent per year. Based on Table 1.1, it can be said that Edi Indonesia is experiencing problems regarding turnover intention, where in 2024 Edi Indonesia has more employees leaving, namely 12 employees compared to 2022 totaling 10 employees and 2023 totaling 9 employees.

In 2022, the initial number of employees was 143. During the year, 3 employees entered and 10 employees left, bringing the total number of employees at the end of the year to 143. The year 2023 showed a similar trend with 1 new employee joining and 9 employees leaving, reducing the total number to 135 employees. Meanwhile, in 2024, there was an increase in turnover with 2 employees joining and 12 employees leaving, keeping the total number of employees at 135. In general, this data indicates that the rate of employee exits is higher than the number of entrants, especially in 2024, indicating fluctuations in the stability of the company's workforce. In general, this data indicates that the rate of employee exits is higher than the number of entrants, especially in 2024, indicating fluctuations in the stability of the company's workforce.

Table 1. 2
Results of Pre Survey Turnover intention

Indicators	Number of Respondents	Number of Answers agree	Number of Disagree Answers	Total Answers Agree	Total Disagree Answers
Thoughts to quit	30 Employees	20	10	66,7%	33,3%

Desire to leave	30 Employees	17	13	56,7%	43,3%
Desire to find another job	30 Employees	16	14	53,3%	46,7%

Source: Processed Data (2024)

Based on the results of the pre-survey questionnaire regarding turnover intention in table 1.2, it can be concluded that turnover intention at Edi Indonesia is quite high. This can be seen where the indicator of thoughts of leaving got an agree answer of 66.7% and a disagree answer of 33.3%, the indicator of the desire to leave agreed by 56.7% and a disagree answer of 43.3%, and the answer to the indicator of the desire to find another job got an agree answer of 53.3% and 46.7% disagree answer.

The determination of turnover intention indicators in this study refers to the theory (Mobley, 1977) as cited in (Akmal et al., 2023). Mobley explains that turnover intention is a gradual process that begins with the emergence of thoughts of quitting, then develops into a desire to leave the organization, until finally individuals begin to look for other job alternatives before actually leaving. The three indicators in this pre-survey reflect the early stages in the turnover intention process, which can be used to understand employees' tendency to leave the company. The results of this pre-survey indicate that turnover intention in the work environment under study is at a fairly high level and needs further attention in order to identify the factors that influence it and formulate more effective employee retention strategies.

Turnover is a serious problem in Human Resource Management related to high labor turnover (Lazzari et al., 2022). Turnover High employee turnover can have a significant negative impact on the organization, including increased costs, decreased productivity, and loss of experienced workers. Vasantham & Aithal, (2022) stated that the higher the turnover, the more frequent employee turnover occurs. This will have a bad impact on the company because, if an employee leaves the company, it will bring various losses such as, regarding time and facilities for interviews in the employee selection process, and company productivity is disrupted during the employee turnover period.

Efforts that companies can make in reducing the *turnover intention* by going through good compensation to achieve the expected performance in an organization. Compensation is one of the main needs needed by an employee as a human to meet his life needs. Compensation must be provided fairly and equally in order to create a conducive and productive work environment for the company. Maulidiyah *et al.*, (2021) said fair financial compensation has an important role in improving job satisfaction and employee performance. Research shows that financial compensation, along with other factors such as job promotions and co-workers, has a positive effect on job satisfaction. Adiyanti & Kusumah, (2023) Defining compensation is divided into two, namely financial compensation and non-financial compensation. Financial compensation generally consists of salary, wages, incentives, and benefits. While non-financial compensation generally consists of education and training opportunities, work leave, work environment, transportation and promotion. Reporting from the 2022 kumparan.com website UMR/UMK in the city of Surabaya amounted to IDR 4,330,249.

Table 1. 3
Results of the Pre-Survey of Employee Financial Compensation

Indicators	Number of Respondents	N umber of Agree Answers	Numbe r of Disagree Answers	Total Answers Agree	Total Disagree Answers
Salary	30 Employees	18	12	60%	40%
Incentive	30 Employees	20	10	66,7 %	33,3%

Allowances	30 Employees	12	18	40%	60%
Facilities	30 Employees	11	19	36,6%	63,4%

Source: Processed Data (2024)

Based on the results of the pre-survey questionnaire in table 1.3 regarding compensation, it can be concluded that the compensation at Edi Indonesia is not good enough. This can be seen where the salary indicator received a 60% yes answer and 40% disagreed, the incentive indicator agreed with 66.7% and the disagree answer was 33.3%, the answer results for the allowance indicator received an answer of 40% agree and disagree 60% and for the facility indicator get an answer of yes by 36.6% and 63.4% for the answer disagree.

Competitive financial compensation serves as an important external motivator in retaining employees. However, when compensation is considered not in accordance with the expectations or contributions of employees, this can trigger dissatisfaction that leads to the desire to leave the company. On the other hand, these relationships are not always direct and linear, since there are psychological factors that can strengthen or weaken the effect of compensation on *turnover intention* (Erlianti *et al.*, 2024).

Affective and normative commitment are important variables that play an intervention in the relationship. Affective commitment is the level of emotional attachment and sense of belonging of employees to the organization, which keeps them afloat because they want to continue a positive relationship with the company (Puspitaningdyah, 2020). When employees feel valued, either through fair financial compensation or through recognition of their contributions, this affective commitment tends to increase. Conversely, a lack of financial appreciation can reduce emotional attachment, thus magnifying *turnover intention* (Febriansyah & Ginting, 2020).

Meanwhile, normative commitment refers to an employee's sense of moral obligation to remain in the organization, which is often influenced by social norms, cultural values, or the company's investment in employee development (Prasetio, 2024). Appropriate financial compensation, especially when reflecting appreciation for employees, can reinforce normative commitments. Conversely, if employees feel that the company is not providing decent rewards, they may feel that there is no moral obligation to survive, so *turnover intention* increase (Shaykh *et al.*, 2024).

The phenomenon that occurred by interviewing Mr. Irwan Suprayitno as the Head of HRD of Edi Indonesia was that some employees resigned for various reasons, one of which was to look for another job and some employees felt dissatisfied with the compensation given. As a result of these problems, employee turnover at Edi Indonesia is quite high, these things need to receive more attention so that in the future the level of *employee turnover intention* can be minimized and employees are able to provide quality services to consumers while increasing company income.

Based on research conducted by Stuart O'T *et al.*, (2022) entitled The Effect of Compensation and Work Environment on *turnover intention* in mining companies in Kalimantan shows that the compensation variable has a positive and significant effect on *turnover intention*. Based on research conducted by Saputra *et al.*, (2022) entitled The Effect of Compensation on *turnover intention* Employees at PT. Bintan Megah Abadi showed that there was a negative and significant influence between the compensation variables on *turnover intention*. Then the research Aima *et al.*, (2019) and Kenny *et al.*, (2020) also shows the existence of affective and normative commitments that can be a mediating variable or be able to mediate the influence of financial compensation on *turnover intention*.

In connection with the above problem, namely the existence of *turnover intention* of Edi Indonesia employees, the researcher is interested in conducting a study on Edi Indonesia with the title "**The Effect of Financial Compensation on *Turnover Intention* with Affective & Normative Commitment as an Intervening Variable in PT. Electronic Data Interchange Indonesia (Edi Indonesia)**".

METHOD

This research is quantitative research, namely research involving data expressed in numerical form and analyzed through statistical techniques (Hair et al., 2019). The research data were collected through the survey method. The survey method is a data collection strategy from natural (not artificial) locations where researchers collect data through distributing structured questionnaires.

The research method used in this research is explanatory research which aims to explain the relationship between the variables being investigated and determine the effect of one variable on another. The main purpose of using explanatory research methods in this study is to test the proposed hypothesis, hoping to explain the relationship and impact between the independent variables and the relationship proposed in the hypothesis (Ghozali, 2018)).

RESULTS AND DISCUSSION

Description of the Research Subject

The characteristics of the respondents in this study were based on gender, age, education and length of work from 50 respondents who were employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia). The characteristics of these respondents were identified through the tabulation of the questionnaire collected, with the following results:

Characteristics of Respondents by Gender

The first characteristic of the respondents of this study was based on gender in 50 respondents who were employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia). as follows:

Table 4. 1
Characteristics of Respondents by Gender

Yes	Gender	Frequency	Percentage
1	Male – Male	31	62%
2	Woman	19	38%
Total		50	100%

Source: Primary Data Processed (2025)

Based on table 4.1 of the 50 respondents who are employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia). showed the most results in male respondents with 31 people (62%) and women with 19 people (38%). Based on these results, it can be seen that employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) is dominated by male employees.

Characteristics of Respondents by Age

The second characteristic of the respondents of this study was based on the age of 50 respondents who were employees who worked at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) is as follows:

Table 4. 2
Characteristics of Respondents by Age

Yes	Age	Frequency	Percentage
1	< 25 Years	5	10%
2	26 - 35 Years	21	42%
3	36 - 45 Years	12	24%
4	> 45 Years	12	24%
Total		50	100%

Source: Primary Data Processed (2025)

Based on table 4.2 of the 50 respondents who are employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) showed the most results in respondents aged 26 – 35 years (42%) and the rest were respondents with the age of < 25 years (10%), 36 – 45 years old with 12 people (24%) and > 45 years old with 12 people (24%). Based on these results, it can be seen that employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) is dominated by employees aged 26 – 35 years.

Characteristics of Respondents Based on Education

The third characteristic of the respondents of this study is based on the education of 50 respondents who are employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) is as follows:

Table 4. 3
Characteristics of Respondents Based on Education

Yes	Final Education	Frequency	Percentage
1	Junior High School	1	2%
2	Diploma	6	12%
3	Bachelor S1	31	62%
4	Postgraduate S2	9	18%
5	Doctor S3	3	6%
Total		50	100%

Source: Primary Data Processed (2025)

Based on table 4.3 of the 50 respondents who are employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) showed the most results in respondents with a Bachelor's education of 31 people (62%) and the rest were respondents with a junior high/high school education of 1 person (2%), Diploma of 6 people (12%), Postgraduate S2 of 9 people (18%) and Doctoral S3 of 3 people (6%). Based on these results, it can be seen that employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) with Bachelor of S1 education.

Characteristics of respondents based on length of work

The fourth characteristic of the respondents of this study is based on the length of work of 50 respondents who are employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) is as follows:

Table 4. 4
Characteristics of respondents based on length of work

Yes	Long Time Working	Frequency	Percentage
1	< 5 Years	13	26%
2	6 – 10 Years	19	38%
3	11 – 15 Years	13	26%
4	> 15 Years	5	10%
Total		50	100%

Source: Primary Data Processed (2025)

Based on table 4.4 of the 50 respondents who are employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) showed the most results in respondents with a working period of 6-10 years amounting to 19 people (38%) and the rest were respondents with a working period of < 5 years amounting to 13 people (26%), 11 – 15 years amounting to 13 people (26%) and > 15 years amounting to 5 people (10%). Based on these results, it can be seen that employees who work at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) has been working for 6-10 years.

Description of Research Variables

The descriptive factor table was made from a research questionnaire given to 50 respondents who were employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia) as a sample. By comparing the real score with the ideal score, the ranking of each research variable can be shown. The goal is to determine which responses are more common or dominant by flattening the scores, which are then used to classify responses into the following categories:

Minimum score= 1, and Maximum score= 5

$$\text{Lebar Skala} = \frac{5-1}{5} = 0.8$$

Table 4. 5
Scale Category

Scale	Category
1.00 - 1.80	Very Bad
1.81- 2.60	Bad
2.61- 3.40	Keep
3.41- 4.20	Good
4.21- 5.00	Excellent

Source: Sugiyono (2020)

Description of Financial Compensation Variables (X)

The analysis of the description of the Financial Compensation variable showed the results of the distribution and dominance of the answers of 50 respondents who were employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia), as follows:

Table 4. 6
Analysis of Financial Compensation Variable Description (X)

Items	STS		TS		N		S		SS		Flat - Flat
	F	%	F	%	F	%	F	%	F	%	
KF1	6	12%	10	20%	26	52%	5	10%	3	6%	2.78
KF2	2	4%	17	34%	21	42%	9	18%	1	2%	2.80

KF3	7	14%	5	10%	27	54%	8	16%	3	6%	2.90
KF4	1	2%	23	46%	12	24%	12	24%	2	4%	2.82
KF5	4	8%	10	20%	21	42%	13	26%	2	4%	2.98
KF6	3	6%	14	28%	15	30%	16	32%	2	4%	3.00
Average - Overall Average											2.88

Source: Primary Data Processed (2025)

Table 4.6 shows that the Financial Compensation variable is included in the good category with an average value of 2.88. The Financial Compensation variable has the lowest average value on the KF1 indicator with an average value of 2.78 which states that I feel that the salary I currently receive is in accordance with my responsibilities and contributions in the company. The highest average score on the KF6 indicator with an average value of 3.00 indicates that I feel that the employment allowance (BPJS Employment or similar program) provided by the company is adequate.

Description of Variable Turnover intention (Y)

The analysis of the description of the *Turnover intention variable* showed the results of the distribution and dominance of the answers of 50 respondents who were employees who worked at PT. Electronic Data Interchange Indonesia (EDI-Indonesia), as follows:

Table 4. 7
Analysis of Variable Description of Turnover intention (Y)

Items	STS		TS		N		S		SS		Flat - Flat
	F	%	F	%	F	%	F	%	F	%	
TI1	0	0%	0	0%	5	10%	39	78%	6	12%	4.02
TI2	0	0%	0	0%	4	8%	36	72%	10	20%	4.12
TI3	0	0%	0	0%	7	14%	40	80%	3	6%	3.92
TI4	0	0%	0	0%	7	14%	35	70%	8	16%	4.02
Average - Overall Average											4,02

Source: Primary Data Processed (2025)

Table 4.7 shows that the *Turnover intention variable* is in the good category with an average value of 4.02. The *Turnover intention variable* had the lowest average score on the TI3 indicator with an average value of 3.92 which stated that I felt I had enough skills and experience to get a new job easily. The highest average score on the TI2 indicator with an average score of 4.12 indicates that I often look for information about jobs that offer better working conditions than my current job.

Description of Affective Commitment Variable (Z1)

The analysis of the description of the Affective Commitment variable showed the results of the distribution and dominance of the answers of 50 respondents who were employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia), as follows:

Table 4. 8
Analysis of Affective Commitment Variable Description (Z1)

Items	STS		TS		N		S		SS		Flat - Flat
	F	%	F	%	F	%	F	%	F	%	
KA1	10	20%	23	46%	17	34%	0	0%	0	0%	2.14
KA2	13	26%	26	52%	11	22%	0	0%	0	0%	1.96

KA3	12	24%	26	52%	12	24%	0	0%	0	0%	2.00
CHAPTER 4	10	20%	28	56%	12	24%	0	0%	0	0%	2.04
KA5	5	10%	31	62%	14	28%	0	0%	0	0%	2.18
KA6	8	16%	27	54%	15	30%	0	0%	0	0%	2.14
KA7	8	16%	27	54%	15	30%	0	0%	0	0%	2.14
Average - Overall Average											2,09

Source: Primary Data Processed (2025)

Table 4.8 shows that the Affective Commitment variable is in the bad category with an average value of 2.09. The Affective Commitment variable had the lowest average score on the KA2 indicator with an average value of 1.96 which indicates that I am proud when talking about this organization with others. The highest average score on the KA5 indicator with an average score of 2.18 indicates that for me, this organization has a very important meaning personally.

Description of Normative Commitment Variables (Z2)

The analysis of the description of the Normative Commitment variable showed the results of the distribution and dominance of the answers of 50 respondents who were employees working at PT. Electronic Data Interchange Indonesia (EDI-Indonesia), as follows:

Table 4. 9

Normative Commitment Variable Description Analysis (Z2)

Items	STS		TS		N		S		SS		Flat - Flat
	F	%	F	%	F	%	F	%	F	%	
KN1	13	26%	21	42%	16	32%	0	0%	0	0%	2.06
KN2	12	24%	25	50%	13	26%	0	0%	0	0%	2.02
KN3	13	26%	23	46%	14	28%	0	0%	0	0%	2.02
KN4	10	20%	27	54%	13	26%	0	0%	0	0%	2.06
KN5	12	24%	22	44%	16	32%	0	0%	0	0%	2.08
Average - Overall Average											2,05

Source: Primary Data Processed (2025)

Table 4.9 shows that the Normative Commitment variable is included in the bad category with an average value of 2.05. The Normative Commitment variable had the lowest average score on the KN2 and KN3 indicators with an average value of 2.02 which stated that I felt morally responsible to do my job as best I could for the sake of this organization and that I believed that leaving this organization without a good reason was an unethical act. The highest average score on the KN5 indicator with an average score of 2.08 indicates that I do not justify the decision to move to another organization if I can still contribute where I currently work.

Research Results

In this study, SmartPLS Software version 4.0 was used to perform partial least square analysis. Ghozali (2016) states that, in general, when using Partial Least Square analysis to evaluate a model, two things are done: first, the outer model is evaluated for its measurement accuracy; second, the inner model is evaluated for its structural accuracy. One way to check if the model is valid and reliable is to look at the measurement model, which is sometimes called the outer model. According to Cooper and Schindler as quoted in Jogiyanto and Abdillah (2009), research instruments undergo validity testing to ensure their capacity in assessing the variables in question. On the other hand, structural models, often known as inner models, are useful tools for making predictions about the relationships between latent variables. To determine if there is a causal relationship, the bootstrapping procedure generates T-statistical test parameters. By calculating the percentage variation of the dependent variable described by

the R2 value, the Stone-Geisser Q-square test measure (Stone, 1974; Geisser, 1975 in Kalnadi 2013) evaluated the structural model (inner model). This study uses smartPLS 4.0 software and the Partial Least Square (PLS) method to evaluate the hypothesis. The following is a picture of the PLS model code structure.

Evaluation of Measurement Models (Outer Model)

The evaluation of the measurement model (*outer model*) was measured by four metrics which included *convergent validity*, *discriminant validity*, *cronbach's alpha* and *composite reliability* which resulted in the following:

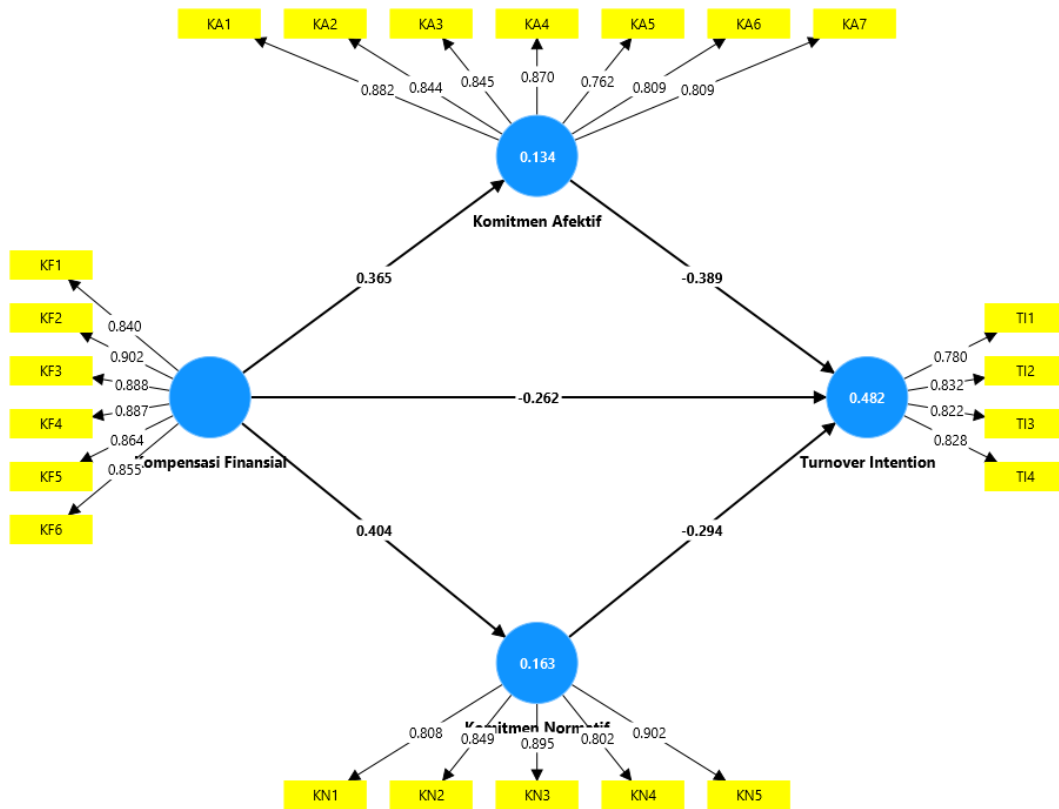


Figure 4. 1 Outer Model
Source: Primary Data Processed (2025)

Convergent Validity

Convergent validity is used to value *outer loading* or *loading factor*. An indicator is declared to meet *convergent validity* in the good category regardless of the *outer loading value* > 0.7. The following is the *outer loading* value of each indicator in the research variable:

Table 4. 10
Convergent Validity

Variable	Indicators	Outer Loading	Information
Financial Compensation	KF1	0,840	Valid
	KF2	0,902	Valid
	KF3	0,888	Valid
	KF4	0,887	Valid
	KF5	0,864	Valid
	KF6	0,855	Valid
Turnover intention	TI1	0,780	Valid
	TI2	0,832	Valid

Variable	Indicators	Outer Loading	Information
	TI3	0,822	Valid
	TI4	0,828	Valid
Affective Commitment	KA1	0,882	Valid
	KA2	0,844	Valid
	KA3	0,845	Valid
	CHAPTER 4	0,870	Valid
	KA5	0,762	Valid
	KA6	0,809	Valid
	KA7	0,809	Valid
Normative Commitment	KN1	0,808	Valid
	KN2	0,849	Valid
	KN3	0,895	Valid
	KN4	0,802	Valid
	KN5	0,902	Valid

Source: Primary Data Processed (2025)

Based on the results of *the outer loading* measurement on the reflective indicator, it is known that most of the research indicators have met the criteria to be used as variable measurement indicators with *an outer loading* value greater than 0.7 (*outer loading* > 0.7), so that all indicators are declared feasible or valid for further research analysis.

Discriminant Validity

Discriminant validity is used to ensure that each concept of a latent variable/construct is different from other latent variables. The most recent measurement is best to look at the *Heterotrait-Monotrait Ratio* (HTMT) value. If the HTMT value < 0.90, then a construct has good discrete validity (Sarsted et al., 2017). The results of *the discriminant validity* test can be seen in the following table:

Table 4. 11
Heterotrait – Monotrait Ratio (HTMT)

Variable	Affective Commitment	Normative Commitment	Financial Compensation	Turnover intention
Affective Commitment				
Normative Commitment	0.187			
Financial Compensation	0.363	0.414		
Turnover intention	0.573	0.512	0.586	

Source: Primary Data Processed (2025)

Table 4.11 shows that the HTMT value of the entire variable has a value below 0.90 or less than 0.90 (HTMT<0.90), so it can be said that the entire construct of the variable has a *good discriminant value*.

Another method of measuring *discriminant validity* is to look at the *square root value of average variance extracted* (AVE). The recommended value is above 0.50 (Ghozali, 2015). The results of AVE values in this study variable are:

Table 4. 12
Average Variance Extracted (AVE)

Variable	AVE	Information
Financial Compensation	0,762	Valid
<i>Turnover intention</i>	0,665	Valid
Affective Commitment	0,693	Valid
Normative Commitment	0,726	Valid

Source: Primary Data Processed (2025)

Table 4.12 shows that all study variables have met the AVE standard value above 0.5 (AVE>0.5). The AVE value in the Financial Compensation variable was 0.762, the AVE value in the *Turnover intention* variable was 0.665, the AVE value in the Affective Commitment variable was 0.693 and the AVE value in the Normative Commitment variable was 0.726.

Composite Reliability

The next test is the *composite reliability* on the indicator block that measures the construct. A construct is said to be reliable if the *composite reliability* value is above 0.70 (Ghozali, 2015). The following are the results of the *outer model* that shows the *composite reliability* of each construct:

Table 4. 13
Composite Reliability

Variable	<i>Composite Reliability</i>	Information
Financial Compensation	0,948	Reliable
<i>Turnover intention</i>	0,849	Reliable
Affective Commitment	0,937	Reliable
Normative Commitment	0,927	Reliable

Source: Primary Data Processed (2025)

Table 4.13 shows that all research variables have met the composite reliability standard value above 0.7 (*composite reliability*>0.7). The *composite reliability* value of the Financial Compensation variable was obtained at 0.948, the *composite reliability* value of the *Turnover intention* variable was obtained at 0.849, the *composite reliability* value at the Affective Commitment variable was obtained at 0.937 and the *composite reliability* value at the Normative Commitment variable was obtained at 0.927.

Cronbach Alpha

The reliability test with the *composite reliability* above can be strengthened by using the *cronbach alpha* value. A variable can be declared reliable or meet *cronbach alpha* if it has a *cronbach alpha* value > 0.7 (Ghozali, 2015). The following is the result of the *cronbach alpha* value of each variable.

Table 4. 14
Cronbach Alpha

Variable	<i>Cronbach Alpha</i>	Information
Financial Compensation	0,948	Reliable
<i>Turnover intention</i>	0,927	Reliable
Affective Commitment	0,937	Reliable
Normative Commitment	0,927	Reliable

Source: Primary Data Processed (2025)

Table 4.14 shows that *the cronbach alpha* value for each of the research variables is greater than 0.7 (*cronbach alpha*>0.7). Thus, this hasil can show that each of the research variables has met the requirements of *the Cronbach alpha* value, so that it can be concluded that the overall variable has a high level of reliability.

Evaluation of Structural Models (Inner Model)

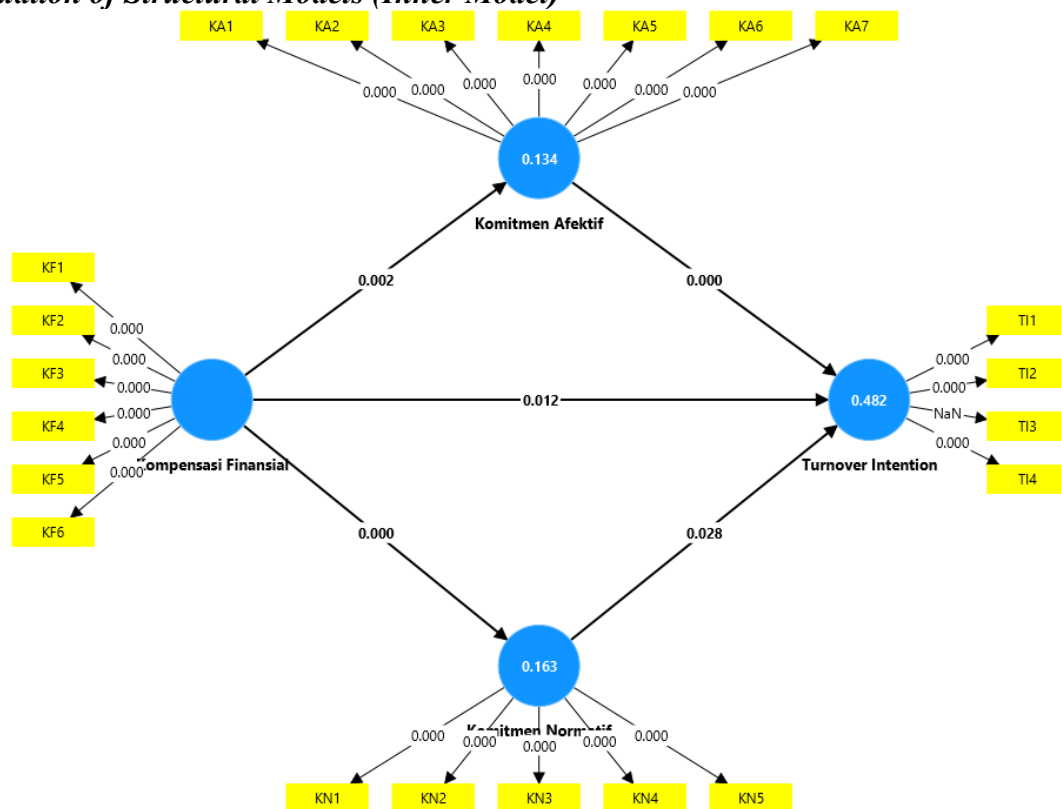


Figure 4. 2 Inner Model
Source: Primary Data Processed (2025)

Test Path Coefficients

Path coefficient *evaluation* is used to show how strong the effect or influence of an independent variable is on the dependent variable. Based on the *inner model* scheme that has been shown in figure 4.2 above, it can be explained that the *highest Path Coefficient* value is shown by the effect of Financial Compensation on Normative Commitment of 0.404, the second effect is found in the effect of Financial Compensation on Affective Commitment of 0.365, the third effect is found in the Financial Compensation on *Turnover intention* of -0.262, the fourth effect was found on the effect of Normative Commitment on *Turnover intention* of -0.294 and the fifth effect was found on the effect of Affective Commitment on *Turnover intention* of -0.389.

Based on the description of the results, it shows that all variables in this research model have a *path coefficient* with positive and negative numbers. Positive values show that the higher *the path coefficient* value of the independent variable to the dependent variable, the higher the influence produced between independent variables on the dependent variable. If the negative value indicates that the higher *the path coefficient* value of the independent variable to the dependent variable, the lower or decreased the effect produced between the independent variables on the dependent variable.

Coefficient of Determination Test (R²)

Coefficient determination (R-Square) is used to measure how much an endogenous variable is affected by other variables. If the R² result of 0.67 and above for the endogenous latent variable in the structural model indicates the influence of the exogenous variable (which affects) on the endogenous variable (the affecting) is in the good category. Meanwhile, if the result is 0.33 – 0.67, it is included in the medium category, and if the result is 0.19 – 0.33, it is included in the weak category. (Ghozali, 2014). Based on the data processing that has been carried out using *the SmartPLS 4.0* program, *the R-Square* value is obtained as follows:

Table 4. 15
Determination Coefficient Test (R²)

Variable	R-Square	R-Square Adjusted
Affective Commitment	0,134	0,116
Normative Commitment	0,163	0,145
<i>Turnover intention</i>	0,482	0,448

Source: Primary Data Processed (2025)

Based on table 4.15 above, it can be seen that the *R-Sqaure* value for the Affective Commitment variable is 0.134. This value explains that Affective Commitment can be explained by Financial Compensation of 13.4%. Then for *the R-Square* value obtained, the Normative Commitment variable is 0.163. The acquisition of this value explains that the percentage of Financial Compensation in influencing or explaining the Normative Commitment is 16.3%. Furthermore, for the *R-Square* value obtained, the *variable Turnover intention* is 0.482. This value shows that *Turnover intention* can be influenced by Financial Compensation, Affective Commitment and Normative Commitment by 48.2%.

Q-Square Test

The *goodness of fit* test is known from the *Q-Square* value. The *value of Q-Square* has the same meaning as *the detemination coefficient (R-Square)* in regression analysis, where the higher *the Q-Square*, the better the model can be said to be the better or more fit the data. The results of the calculation of *the Q-Square* value are as follows:

$$Q^2 = 1 - \{(1 - R_1^2) \times (1 - R_2^2) \times (1 - R_3^2)\}$$

$$Q^2 = 1 - \{(1 - 0,134^2) \times (1 - 0,163^2) \times (1 - 0,482^2)\}$$

$$Q^2 = 1 - \{(1 - 0,018) \times (1 - 0,027) \times (1 - 0,232)\}$$

$$Q^2 = 1 - \{(0,982) \times (0,973) \times (0,768)\}$$

$$Q^2 = 1 - 0,734$$

$$Q^2 = 0,266$$

Based on the results of the calculation above, a *Q-Square* value of 0.266 was obtained. This shows that the amount of diversity of research data that can be explained by the research model is 26.6%. While the remaining 73.4% is explained by other factors that are outside this research model. With demikin, from these results, this research model can be stated to have a good *goodness of fit*.

F-square test

The *f-square* value is used to determine the influence of independent variables on dependent variables. The *value of f-square* has a number of criteria, where if the value is 0.02 it is classified as a weak influence, if the value is 0.15 it is classified as a moderate influence and if the value is 0.35 it is classified as a strong influence. The *value of f-square* in this study can be found as follows:

Table 4. 16
F-square test

Variable	<i>F-Square</i>	Information
Financial Compensation → for Affective Commitments	0,154	Keep
Financial Compensation → of Normative Commitments	0,195	Keep
Financial Compensation → <i>Turnover Intention</i>	0,099	Weak
Affective Commitment → <i>Turnover intention</i>	0,253	Keep
Normative Commitment → <i>Turnover intention</i>	0,140	Weak

Source: Primary Data Processed (2025)

Table 4.16 shows that the *f-square* value of each variable can be determined by the effect of Financial Compensation on Affective Commitment has an *f-square* value of 0.154 which is classified in the range of values above 0.15 which is included in the moderate influence. The Effect of Financial Compensation on Normative Commitments has an *f-square* value of 0.195 which is classified in the range of values above 0.15 which is included in the medium category. The Effect of Financial Compensation on *Turnover intention* has an *f-square* value of 0.099 which is classified in the range of values above 0.02 which is included in the weak category. The Effect of Affective Commitment on *Turnover intention* has an *f-square* value of 0.253 which is classified in the range of values above 0.15 which is included in the medium category. Then, the effect of Normative Commitment on *Turnover intention* has an *f-square* value of 0.140 which is classified in the range of values above 0.02 which is included in the weak category.

Hypothesis Test

Based on the data processing that has been carried out, the results can be used to answer the hypothesis in this study. The hypothesis test in this study was carried out by looking at the value of *T – statistics* and the value of *P – values*. The research hypothesis can be declared acceptable if the *P-values* value < 0.05 (Hair et al., 2019). The following are the results of the hypothesis test obtained in this study:

Table 4. 17
Hypothesis Test

Hypothesis	Influence	Original Sample	T Statistics (O/STDEV)	P Values	Information
H1	Financial Compensation → for Affective Commitments	0.365	3.091	0.002	Significant
H2	Financial Compensation → of Normative Commitments	0.404	4.032	0.000	Significant
H3	Financial Compensation → <i>Turnover Intention</i>	-0.262	2.507	0.012	Significant
H4	Financial Compensation → Affective	-0.142	2.482	0.013	Significant

	Commitment → <i>Turnover Intention</i>				
H5	Financial Compensation → Normative → <i>Commitment Turnover Intention</i>	-0.119	1.698	0.090	Insignificant

Source: Primary Data Processed (2025)

Based on table 4.17 above, the results of the research analysis can be found to answer the following hypotheses:

1. Hypothesis 1

The results of hypothesis testing on the variable Financial Compensation to Affective Commitment obtained an *Original Sample* of 0.365, where this value shows a positive value. Then, a *P value* of $0.002 < 0.05$ was obtained. These results show that the hypothesis in this study is accepted or H1 is accepted, which means that Financial Compensation has a positive effect on Affective Commitment.

2. Hypothesis 2

The results of the hypothesis test on the Financial Compensation variable to Normative Commitment obtained an *Original Sample* of 0.404, where the value showed a positive value. Then, a *P value* of $0.000 < 0.05$ was obtained. These results show that the hypothesis in this study is accepted or H2 is accepted, which means that Financial Compensation has a positive effect on Normative Commitments.

3. Hypothesis 3

The results of the hypothesis test on the Financial Compensation variable for *Turnover intention* obtained an *Original Sample* of -0.262, where the value shows a negative value. Then, a *P value* of $0.012 < 0.05$ was obtained. These results show that the hypothesis in this study is accepted or H3 is accepted, which means that Financial Compensation has a negative effect on *Turnover intention*.

4. Hypothesis 4

The results of hypothesis testing on the Affective Commitment variable in mediating the effect of Financial Compensation on *Turnover intention* obtained an *Original Sample* of -0.142, where the value showed a negative value. Then, the *P values* of $0.013 < 0.05$ were obtained. These results show that the hypothesis in this study is accepted or H4 is accepted, which means that Affective Commitment is able to mediate the influence of Financial Compensation on *Turnover intention*.

5. Hypothesis 5

The results of hypothesis testing on the Normative Commitment variable in mediating the effect of Financial Compensation on *Turnover intention* obtained an *Original Sample* of -0.119, where the value showed a negative value. Then, a *P value* of $0.090 > 0.05$ was obtained. These results show that the hypothesis in this study is rejected or H5 is rejected, which means that the Normative Commitment is not able to mediate the effect of Financial Compensation on *Turnover intention*.

Discussion

The Effect of Financial Compensation on Affective Commitment

The results of this study show that financial compensation has a positive and significant effect on affective commitment, with an original sample value of 0.365 and a p-value of 0.002. These findings confirm that the higher the compensation given to employees, the greater their emotional attachment to the organization. This can be explained by the characteristics of respondents at PT Electronic Data Interchange Indonesia (EDI-Indonesia), the majority of whom are professional workers who depend on the compensation system as a form of appreciation for their contributions. Based on the distribution of answers in the instrument, many employees feel that compensation in the form of employment benefits is adequate, but still have doubts about the adequacy of the basic salary compared to the responsibilities undertaken.

This fact shows that although not all aspects of compensation are considered optimal, the existence of social security elements such as BPJS has fostered some sense of appreciation, which strengthens emotional loyalty. When employees begin to feel the organization's attention to their well-being through compensation, an emotional bond slowly forms. This is in line with the theory of Organizational Commitment by Meyer and Allen (1991), which states that affective commitment arises when employees feel treated fairly and valued emotionally and materially. Amanda & Muafi (2023) and Bai et al. (2023) also found that perceptions of fair compensation significantly increase emotional attachment.

The researcher assumes that in the context of an information technology-based company such as PT EDI-Indonesia, financial rewards have a greater effect in forming emotional attachment due to high work pressure and technical responsibility. However, the low sense of pride in the organization suggests that the compensation system needs to be strengthened symbolically and psychologically, not just materially.

The Effect of Financial Compensation on Normative Commitments

The study showed that financial compensation had a positive and significant influence on normative commitments with an original sample value of 0.404 and a p-value of 0.000. These results suggest that employees who feel they receive a decent financial reward are more likely to develop a sense of moral responsibility to stay in the organization. In the context of PT EDI-Indonesia, employees show that even though the compensation is not perfect, they are aware of the organization's efforts in providing welfare facilities, which gives rise to a feeling of moral "indebtedness".

From the research conducted, it can be seen that some employees have not fully internalized the importance of perseverance for ethical reasons, they are beginning to show an understanding that their contribution is recognized through stable compensation. Compensation here is not just about nominal, but about symbolic meaning: when an organization gives fairly, employees feel they have to "repay" with loyalty. This is reinforced by the theory of social exchange which states that the relationship between employees and the organization is reciprocal. Kristanti et al. (2024) and Kalitanyi (2022) also highlight that providing fair incentives can foster commitment based on work ethics.

The researchers concluded that although not yet robust, there is potential for normative commitments to develop from structured compensation patterns. Organizations need to cultivate collective values and explain the meaning behind each form of reward to reinforce this perception of moral responsibility. So, not only pay employees properly, but also convey that the compensation is a form of trust that must be maintained.

The Effect of Financial Compensation on Turnover Intention

The study revealed that financial compensation had a negative and significant effect on turnover intention, with an original sample of -0.262 and a p-value of 0.012. This means that

increased compensation can lower employees' intention to leave the job. This is logical considering that PT EDI-Indonesia operates in a competitive information technology industry, where job offers from other companies are very open, especially for talents with technical skills.

Although employees show an active tendency to seek other job opportunities, they also state that certain aspects of current compensation, such as benefits and social security, still have value to maintain. Employees feel valued when their compensation reflects the contributions and responsibilities they carry. On the other hand, dissatisfaction with the basic salary is the driver of the intention to leave.

Theoretically, these findings support Herzberg's motivation-hygiene model, which states that compensation is included in the hygiene factor that can reduce dissatisfaction and turnover if managed properly. The research of Jevtić & Gašić (2024) and Wajdi & Nafisa (2023) also confirms that compensation that is not proportional to workload is one of the main triggers of turnover intention.

The researcher suspects that in the context of dynamic technology companies, expectations for compensation are very high and competitive. Therefore, although the compensation system has currently retained some employees, its management and adjustment must be carried out regularly and transparently so as not to lose important talent.

The Effect of Financial Compensation on Turnover Intention Through Affective Commitment

The results showed that affective commitment played a significant mediator between financial compensation and *turnover intention*, with an original sample of -0.142 and a p-value of 0.013. This suggests that increased compensation can reduce employee exit intentions indirectly by forming emotional attachments. Practically, this can be seen from the pattern of employee responses that associate feelings of being valued with a willingness to stay in the organization.

While not all employees express pride in the organization, many recognize the importance of compensation in creating a sense of comfort and emotional connection to the work environment. When compensation is judged positive, feelings of belonging towards the organization begin to form, and the intention to look for other jobs becomes reduced.

Research by Alifuddin & Widodo (2021) supports these findings by stating that affective commitment is the key binding between perceptions of compensation fairness and work loyalty. Putra et al. (2023) also added that emotional attachment based on non-material rewards amplifies the effect of employee retention.

The researcher assumes that financial compensation at PT EDI-Indonesia is currently the initial catalyst for the formation of emotional loyalty. If non-financial dimensions such as work culture, flexibility, and recognition are also strengthened, then affective commitment will be more solid in reducing *turnover intention*.

The Effect of Financial Compensation on Turnover Intention Through Normative Commitment

The results showed that normative commitment did not significantly mediate the effect of financial compensation on *turnover intention*, with an original sample of -0.119 and a p-value of 0.090. This means that while compensation is capable of increasing a sense of moral responsibility, the influence is not yet strong enough to inhibit the desire to leave the organization. This is seen in descriptive data that shows that many employees do not fully believe that changing jobs is an unethical act, even though they appreciate the compensation received.

This condition can be explained because normative commitment is more influenced by internal values and norms formed in the organizational culture, not only by material giving. So when compensation is not accompanied by the cultivation of strong organizational values,

moral loyalty does not develop. Zahari et al. (2020) stated that normative commitments are only formed when organizations are able to build a collective identity and a sense of shared responsibility.

The researcher concluded that in the context of PT EDI-Indonesia, the organization has not succeeded in creating a work environment that encourages moral loyalty. Therefore, compensation should be complemented by value internalization programs, organizational ethics training, and communication that builds *a sense of belonging* and the meaning of work.

Implications of Research Results

Theoretical Implications

This research contributes to strengthening the conceptual model that links financial compensation with the intention to change jobs through the employee commitment mechanism. The findings that affective commitments significantly mediate, while normative commitments do not, enrich understanding of the different strengths of the two forms of organizational commitment in influencing employee behavior. This implication confirms that in the context of dynamic modern organizations, emotional attachment plays a greater role in lowering turnover intention than just moral loyalty.

These results reinforce the relevance of Meyer and Allen's (1991) theory in the context of technology companies in Indonesia, but also indicate the need to strengthen the normative aspect through organizational value and culture interventions. Theoretically, the study also suggests that the relationship between financial variables and work behavior is not necessarily linear, but is influenced by intermediate psychological factors (commitment), which can serve as a partial mediating variable or even a reinforcing relationship.

Practical Implications

Practically, the results of the study provide direct guidance for management as follows:

1. The importance of compensation as a trigger for emotional attachment: The compensation system not only has a direct impact on the decision to stay or leave the organization, but it also plays a role in shaping emotional commitment. Therefore, incentives that are relevant to employee needs (e.g. family allowance, BPJS, loyalty bonus) should be the main concern.
2. Affective commitment as a bulwark against turnover: Since emotional attachment has been shown to lower exit intentions, management strategies are not enough to just increase salaries, but also to touch on emotional aspects such as appreciation for contributions, public recognition, and interpersonal relationships.
3. The lack of influence of normative commitments is a signal of weak value intake: Companies need to realize that moral loyalty does not necessarily grow from compensation, but rather through fostering values, organizational culture, and a deeper meaning of work. Ethics training programs and corporate culture coaching need to be integrated into HR management strategies.

CONCLUSION

Based on the results of the research conducted, the following conclusions can be drawn:

1. Financial Compensation has a positive and significant effect on Affective Commitment
2. Financial Compensation has a positive and significant effect on Normative Commitment
3. Financial Compensation has a negative effect on Turnover intention
4. Affective Commitment is able to mediate Financial Compensation against Turnover intention
5. Normative Commitment is unable to mediate Financial Compensation to Turnover intention

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