Research Article

The Influence of Organizational Culture and Work Environment on Turnover Intention: The Mediating of Work Motivation

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Abstract.
This research aims to examine the effect of Organizational Culture and Work Environment on Turnover Intention Mediated by Work Motivation at PT PrimaGraphia Digital. The analytical method utilized Structural Equation Model (SEM) with smartPLS program. Hypotheses were tested using quantitative method based on 100 samples collected using questionnaires distributed by electronic surveys. The results of this research indicate that organizational culture and work environment had an effect on work motivation. Work motivation also influences turnover intention, while organizational culture and work environment have no influence. Work motivation becomes a mediator between organizational culture and work environment on turnover intention.

Keywords: Organizational Culture; Work Environment; Work Motivation; Turnover Intention

1. Introduction

In the current era, organizations often face challenges in finding and retaining quality employees, many competent workers have not been maximally absorbed in workforce. Based on surveys conducted by Badan Pusat Statistik (BPS) in recent periods, the percentage of unemployment rate shows fluctuating results which can be caused by economic uncertainty that will affect the vocation availability.

This economic uncertainty cause concern for employees who are certainly looking for career stability and better job opportunities, this will ultimately increase turnover in a company. This fluctuating condition will also disrupt the productivity and stability of the company, that's why it's important for every organization to maintain and manage employees in facilitating an environment that supports them to grow, so that every individual in the company feels secure with their current job. Managing human resources
in a company needs to involve various elements, that's employees, leaders, and the system itself [1].

Accordance with technological advances in the era of globalization, the printing industry, especially digital printing, is growing rapidly. Digital printing facilitates the printing process with high quality and large quantities in a short time compared to traditional printing. PT PrimaGraphia Digital is a company focus in digital printing which was founded in 2008. "Print Everything” as the tagline being a selling point that attracts customers attention, PrimaGraphia expands and supports delivery throughout Indonesia until now it has 1 head office and 6 branches. The products offered vary from digital printing, stickers, namecards & invitations, display promotion, garment & textile, stationary, merchandise, packaging, to home decor. The following data provides the employee turnover of PT PrimaGraphia Digital for the period 2019 to 2022.

**Table 1: Employee Turnover Data for 2019-2022.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Condition (1)</th>
<th>Employees Joined (2)</th>
<th>Employees Left (3)</th>
<th>End Condition (4)</th>
<th>Turnover rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>235</td>
<td>92</td>
<td>83</td>
<td>244</td>
<td>36.53%</td>
</tr>
<tr>
<td>2020</td>
<td>244</td>
<td>67</td>
<td>132</td>
<td>179</td>
<td>47.04%</td>
</tr>
<tr>
<td>2021</td>
<td>179</td>
<td>111</td>
<td>134</td>
<td>156</td>
<td>73.13%</td>
</tr>
<tr>
<td>2022</td>
<td>156</td>
<td>30</td>
<td>34</td>
<td>152</td>
<td>20.78%</td>
</tr>
</tbody>
</table>

Source: company internal data (2023)

Gillies in [2] stated that the employee turnover rate is normal if it's in the range of 5-10% per year. If the employee turnover rate is more than 10% then it's categorized as high. Regarding to employee tenure, most employees have 1-5 years of experience, amounting to 61.5%, which indicates that the company dominated by new employees. Meanwhile, employees with a tenure of >5-10 years only amounted to 15.6%, which could indicate that some employees chose to move to other companies or decided to leave for various reasons such as burnout or lack of career development. Turnover formula:

\[
\frac{\text{Employees joined } (2) + \text{Employees left } (3)}{\text{Initial condition } (1) + \text{End condition } (4)} \times 100\%
\]

According to [3] in [4], turnover intention refers to an employee's desire to leave his current job with the aim of finding a better job, If the company's turnover intention rate is high, there will be uncertainty and instability in labor conditions which have an impact on increasing other costs. The company must spend more on recruitment, selection, and training activities for new employees which affect the company's operational activities and financial performance, But if human resources are managed properly and get
appropriate rewards, it can reduce the desire to leave a company [5]. According to
[6] in [4] turnover intention can be identified through the following indicators: the urge
to leave, searching for a new job, employees comparing jobs, and thoughts of taking
leave action.

Based on the results of research by [2] organizational culture is one of the factors
that can affect employee turnover intention. [7] stated that a strong culture will reduce
employee turnover because it shows the high agreement represented by the organi-
zation, such as building cohesiveness, loyalty, and organizational commitment. These
qualities will ultimately reduce the tendency of employees to leave. [8] in [9] stated that
organizational culture is a pattern of basic assumptions that are created and developed
by certain groups as a basis for learning to overcome external adaptation and internal
integration problems that are taught to new members as the right way to understand
problems. The stronger the organizational culture can show the employee loyalty to the
organization [10]

Organizational culture is a system of shared meanings adopted by members of the
organization to be able to distinguish it from other organizations [7]. A culture is formed
from within an organization, where a good organizational culture will lead the company
to be stable and successful, also flexible to environmental changes [11]. According to
[12] in [13] stated that there are four functions of organizational culture: the form of
an innovative organizational identity in developing new things; as a facilitator of shared
commitment; increase the stability of the social system and a positive work atmosphere;
as a tool for individuals in the organization to think rationally and positively. According to
[7], organizational culture can be identified through the following indicators: adaptability,
detail orientation, results/outcome orientation, people/customer orientation, collabora-
tion/team orientation, and integrity.

Aside from organizational culture, the work environment also plays a role in affecting
employee desire to change workplaces. The work environment according to [14] is the
overall tools and equipment, the environment around individual working, procedures in
work and coordination both individually and in groups. Meanwhile, according to [15] in
[16] the work environment is everything that is around employees that can affect them
in carrying out their duties. [17] stated that in order for an organization to achieve its
goals, a good physical and non-physical work environment must be created. According
to [14] in [18] work environment can be identified through the following indicators: air
temperature, layout, air ventilation, lighting level, relationships between employees,
employee relationship with the leader.
Every company must be able to provide a comfortable environment for each employee so that they feel attention from both infrastructure and psychological needs, this can ultimately reduce employee stressed out in carrying out their work [19]. Based on previous research, it is stated that there is a negative relationship between the work environment and turnover intention [20]. However, there are also research that stated that the work environment has no significant effect on turnover intention [21] and the work environment has a positive effect on turnover intention [22].

Motivation is a factor driving individuals to carry out certain activities in where there are three motivation systems, include individual characteristics, job characteristics, and organizational characteristics. Motivation is a positive attitude or mentality that employees have to put in situations that trigger them to achieve organizational goals [24]. Work motivation can be a trigger for increasing employee passion through good integration and effective cooperation [24]. According to [25] in [26] work motivation can be identified through the following indicators: drive to achieve goals, work ethic, initiative and creativity, sense of responsibility.

[4] stated that work motivation has a negative effect on turnover intention, which means that the higher the employee's work motivation, the less turnover intention each individual will have. However, the results of research by [27] stated that work motivation has no significant effect on turnover intention, which means that increasing or decreasing work motivation does not necessarily affect employees’ intention to resign. Work motivation also can’t mediate the influence of the independent variables of leadership style and compensation on turnover intention. Meanwhile, according to research conducted by [1] work motivation can mediate the influence of the independent variables of leadership style, compensation, and career path on turnover intention.

Based on the introduction and theoretical study above, conceptual framework can be illustrated in Figure 1 below with the following hypotheses formulated: $H_1$ = Organizational culture has significant effect on work motivation ; $H_2$ = Work environment has significant effect on work motivation ; $H_3$ = Organizational culture has significant effect on turnover intention ; $H_4$ = Work environment has significant effect on turnover intention ; $H_5$ = Work motivation has significant effect on turnover intention ; $H_6$ = Organizational culture has significant effect on turnover intention mediated by work motivation ; $H_7$ = Work environment has significant effect on turnover intention mediated by work motivation.
2. Method

Based on the formulation of the problem and research objectives, hypotheses were tested using quantitative method, the population in this research was 192 employees and simple random sampling was applied in the sampling technique and as the result, there were 100 employees obtained as samples. Data collected using questionnaires distributed by electronic surveys (Google form), Likert scale from range 1 to 5 used in data measurement that indicates 5 (strongly agree-SS); 4 (agree-S); 3 (less agree-KS); 2 (disagree-TS); 1 (strongly disagree-STS).

Data collected was processed by using Structural Equation Model (SEM) with smart-PLS program through two measurements called the outer model (measurement model) and the inner model (structural model) [28]. Outer model shows the conditions of how each indicator block relates to its latent variable, which consists of validity testing (convergent and discriminant validity) and reliability testing. Inner model shows the estimation relationship between latent variables based on substantive theory, which consists of $R^2$, $Q^2$ (predictive relevance), [29] and hypothesis (direct and indirect) testing.

3. Result and Discussion

To prove the hypothesis in research on the effect of organizational culture and work environment on turnover intention and work motivation as mediating variable, data collected was processed by using Structural Equation Model (SEM) with smartPLS program through two measurements called the outer model and the inner model. The following is a discussion for more details.
3.1. Characteristics of the Respondents

The characteristics of the respondents in this study based on gender are dominated by women (65%). Majority of respondents aged under 25 years (40%) and had a bachelor education (57%). In addition, this study showed that 64% of the respondents have a working period 1-5 years, which means that the company is dominated by employees who have relatively new experience in the current environment.

3.2. Outer Model Analysis

Validity test aimed to observe whether a set of indicators represents each latent variable. For Convergent validity is based on the loading factor value every indicators on each variable > 0.7, also AVE value > 0.5 so it can be concluded that all indicators were valid.

Table 2: Average Variance Extracted.

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE (Average Variance Extracted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture</td>
<td>0.644</td>
</tr>
<tr>
<td>Work Environment</td>
<td>0.685</td>
</tr>
<tr>
<td>Work Motivation</td>
<td>0.674</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>0.774</td>
</tr>
</tbody>
</table>

Figure 2: PLS Algorithm Structural Model.
Meanwhile, measurement of discriminant validity is based on cross loading value, seen from the loading value between indicators and latent variables higher than the loading value between indicators and other latent variables in the model and using Fornell-Larcker criteria, seen from the square root of the AVE each latent variable is greater than the correlation value with other latent variables. So it can be concluded that all indicators have met discriminant validity. The results of the calculation are presented in table below:

<table>
<thead>
<tr>
<th>TABLE 3: Fornell-Larcker Criterion.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Culture</strong></td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>Organizational Culture</td>
</tr>
<tr>
<td>Work Environment</td>
</tr>
<tr>
<td>Work Motivation</td>
</tr>
<tr>
<td>Turnover Intention</td>
</tr>
</tbody>
</table>

Reliability test aimed to measure whether the statement items in the questionnaire generate consistent answers from time to time. Measurement is based on Cronbach’s Alpha and Composite Reliability (with the expected value > 0.7). Based on the results of SmartPLS data processing, all composite reliability values on this research variable were > 0.7 and can be strengthened by Cronbach’s Alpha value > 0.7. This showed that all variables in this study were reliable.

<table>
<thead>
<tr>
<th>TABLE 4: Composite Reliability and Cronbach’s Alpha.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variabel</strong></td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>Organizational Culture</td>
</tr>
<tr>
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<tr>
<td>Work Motivation</td>
</tr>
<tr>
<td>Turnover Intention</td>
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</tbody>
</table>

3.3. Inner Model Analysis

Inner model consists of $R^2$, $Q^2$ (predictive relevance), and hypothesis (direct and indirect) testing. Based on the $R^2$ table below, it is known that the construct value of work motivation is 0.213. This implies that the influence of organizational culture and work environment on work motivation is 21.3%, while the remaining 78.7% is influenced by factors not examined in this study. Furthermore, the construct value of turnover intention is 0.542. This implies that the influence of organizational culture, work environment, and work motivation on turnover intention is 54.2%, while the remaining 45.8% is influenced
by factors not examined in this study. Meanwhile, based on the calculation results, obtained a $Q^2$ value of 0.639 which indicates that the exogenous latent variable has accurate predictive relevance.

<table>
<thead>
<tr>
<th>Table 5: Coefficient of Determination ($R^2$).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matrik</td>
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<tr>
<td>Organizational Culture and Work Environment on Turnover Intention</td>
</tr>
<tr>
<td>Organizational Culture, Work Environment, and Work Motivation on Turnover Intention</td>
</tr>
</tbody>
</table>

Hypothesis testing was used to examine whether the hypothesis formed at the beginning of the study had significance value based on the t-statistic (>1.96) and probability (p-value <0.05). Table 6 shows direct effect results that can be summarized as follows:

1. Organizational culture has significant effect on work motivation.
2. Work environment has significant effect on work motivation.
3. Organizational culture has no significant effect on turnover intention.
4. Work environment has no significant effect on turnover intention.
5. Work motivation has significant effect on turnover intention.

<table>
<thead>
<tr>
<th>Table 6: Path Coefficients.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Organizational Culture</td>
</tr>
<tr>
<td>Work Environment</td>
</tr>
<tr>
<td>Work Motivation</td>
</tr>
<tr>
<td>Organizational Culture</td>
</tr>
<tr>
<td>Turnover Intention</td>
</tr>
</tbody>
</table>

Based on table 7 shows the mediating role for intervening variables, it can be seen from the indirect effect of bootstrapping results.

1. Organizational culture has significant effect on turnover intention mediated by work motivation.
2. Work motivation has significant effect on turnover intention mediated by work motivation.

**TABLE 7: Specific Indirect Coefficient.**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Std Deviation (STDEV)</th>
<th>t-Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture → Work Motivation → Turnover Intention</td>
<td>0.224</td>
<td>0.237</td>
<td>0.081</td>
<td>2.777</td>
<td>0.006</td>
</tr>
<tr>
<td>Work Environment → Work Motivation → Turnover Intention</td>
<td>0.222</td>
<td>0.230</td>
<td>0.061</td>
<td>3.638</td>
<td>0.000</td>
</tr>
</tbody>
</table>

3.4. Discussion

**H$_1$ = The Effect of Organizational Culture on Work Motivation**

Based on the results of the first hypothesis testing, it is found that organizational culture has a significant and positive effect on work motivation. These results support previous research conducted by [30][31] and [32] which stated that organizational culture has an influence on work motivation. This means that if the organizational culture is getting better, it will increase employee work motivation. PT PrimaGraphia Digital can maintain a strong organizational culture among employees, so far the company has built closeness between management and employees through regular monthly meetings, provision of working hours through flexi hour, to the employee gathering event “PG Open” which is a futsal tournament between branches.

**H$_2$ = The Effect of Work Environment on Work Motivation**

Based on the results of the second hypothesis testing, it is found that work environment has a significant and positive effect on work motivation. These results support previous research conducted by [32][33] show that the work environment has an influence on work motivation. This means that if the work environment is getting better, it will increase employee work motivation. The highest average score on the work environment indicator is in the statement, “My relationship with coworkers is well maintained” which indicates that employees are fulfilled in terms of the non-physical environment by being able to establish kinship with each other. In addition, in terms of the physical environment, the company also provides clean and adequate facilities, this is expected to make the work environment more conducive to increase employee enthusiasm and motivation at work.

**H$_3$ = The Effect of Organizational Culture on Turnover Intention**
Based on the results of the third hypothesis testing, it is found that organizational culture has no effect on turnover intention. This means that organizational culture does not have a significant impact on employee intention to leave their jobs. The results of this study are not in line with the previous research by (34), (2), and (35) which stated that organizational culture has a negative and significant effect on turnover intention. The highest average score on the organizational culture indicator is in the statement “I appreciate the value of honesty and act in accordance with applicable company policies” where it can be assumed that the average employee already has the value of integrity in each of them. The organizational culture that has been formed within the company is a supporting factor that makes employees aware of changes, so it does not have a significant impact on employee turnover intention.

H₃ = The Effect of Work Environment on Turnover Intention

Based on the results of the fourth hypothesis testing, it is found that the work environment has no effect on turnover intention. This result supports previous research conducted by [21]. This means that the work environment in a company does not have a significant impact on employee intention to leave their jobs. But the results of this study are not in line with the previous research by [20][36] which stated that work environment has a negative and significant effect on turnover intention. Based on the average score of distributed questionnaires, the work environment is the variable with the highest score so that it is considered well by the majority of employees. Although generally the work environment affects a person’s intention to leave the company, at PT Prima Graphia Digital, this is not a major factor because most employees already know and are able to adapt to their work environment so that increasing or decreasing a good work environment does not necessarily affect employee intention to leave.

H₄ = The Effect of Work Motivation on Turnover Intention

Based on the results of the fifth hypothesis, it is found that work motivation has a significant and positive effect on turnover intention. This result supports previous research conducted by [37] where the higher work motivation in a company will increase employee intention to leave their jobs. This may indicate counterproductive work motivation. But the results of this study are not in line with the previous research by [4][35] which stated that work motivation has a negative and significant effect on turnover intention. The lowest average score on the work motivation indicator is in the statement, “I actively make contributions and new ideas at work” where the majority of employees feel limitations in innovating, those who initially have high work motivation because they feel no chance to distribute ideas and potential in themselves will eventually feel inhibited and increase turnover intention to seek better career opportunities. However,
this can also happen when employees already have high work motivation but the results of the performance evaluation obtained are not in line with the incentives they get, they will feel disappointed and have the intention to leave their current job.

$H_6$ = The Effect of Organizational culture on Turnover Intention mediated by Work Motivation

Based on the results of the sixth hypothesis, it is found that the role of work motivation in mediating the effect of organizational culture on turnover intention has a significant effect. This means that work motivation as an intermediate factor between organizational culture and employee intention to leave their jobs. Positive changes in organizational culture will affect employee work motivation which ultimately reduce the level of turnover intention in the company. These results support previous research conducted by [1][38] which stated that there is a mediating relationship through work motivation and job satisfaction on turnover intention. However, it is contradicted by previous research conducted by [27] which stated that work motivation is unable to act as a mediating variable on turnover intention.

$H_7$ = The Effect of Work Environment on Turnover Intention mediated by Work Motivation

Based on the results of the seventh hypothesis, it is found that the role of work motivation in mediating the influence of the work environment on turnover intention has a significant effect. This means that work motivation as an intermediate factor between the work environment and employee intention to leave their jobs. Positive changes in work environment will increase employee work motivation which ultimately reduce the level of turnover intention in the company. These results support previous research conducted by [1][38] which stated that there is a mediating relationship through work motivation and job satisfaction on turnover intention. However, it is contradicted by previous research conducted by [27] which stated that work motivation is unable to act as a mediating variable on turnover intention.

4. Conclusion

Organizational culture and work environment had an effect on work motivation. Work motivation also influences turnover intention, while organizational culture and work environment have no influence. Work motivation becomes a mediator between organizational culture and work environment on turnover intention. Understanding the effect between organizational culture, work environment, and work motivation can guide companies to understand employees better which ultimately contributes to reducing turnover.
intention. Especially for employees who are highly motivated but due to limitations in innovation increase their intention to leave. Based on the findings and conclusion of the study, some suggestions can be given for both internal PT PrimaGraphia Digital and future research, as follows: 1) Most of employees feel limited in innovating and expressing new ideas for the company and individual self-development, Company need to consider deepening the open communication that has been implemented so that employees can be heard. 2) The company expected to consider creating an annual Key Performance Indicator (KPI) as a quantitative measurement tool to make the assessment more comprehensive. 3) The company can re-organize the “PG Open” employee gathering regularly with various activities to enliven the event. This can increase solidarity, kinship between employees. 4) Company expected to review work facilities that may be inadequate for the convenience of employees at work. 5) Future researchers can add other variables related to turnover intention, because there are still many factors that influence turnover intention. 6) Future researchers are also expected to use different research objects with larger samples so that they can be more representative in representing the overall population. 7) This study has not been able to reveal all the factors that influence work motivation and turnover intention. This can be seen from the coefficient of determination on work motivation of only 21.3% which can be explained in this study, the remaining 78.7% is influenced by other factors. Meanwhile, the coefficient of determination on turnover intention is 54.2% which can be explained in this study, the remaining 45.8% is influenced by other factors outside the study.

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References


