THE EFFECT OF AUTHENTIC LEADERSHIP ON TURNOVER INTENTION IN SERVICE SECTOR WITH WORK ENGAGEMENT AS MEDIATOR

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ABSTRACT
Research on turnover intention has become an interesting topic in the post-pandemic period, where many companies tend to recover from the crisis and absorb labor. On the other hand, employees see this opportunity to seek/move to another workplace. Over the past few decades, turnover topics had been published before pandemics and they are always looked from the individual perspective. Therefore this study aims to examine leadership as a prominent factor to cope with turnover, especially with authentic leadership, especially in the Indonesian context, while previous research lacks of the sample of employees in the service sector. This research took a quantitative approach with data collection using a 1-5 Likert scale questionnaire. The sample was collected from 98 respondents by purposive sampling which aims to select according to the criteria, namely employees who work in the service sector. The data collection will be analyzed with SMART PLS. The result shows, authentic leadership can be a role model to guide employees into work engagement, they feel the leader can be wise to face challenging situations and make good decisions. In contrast, authentic leadership did not affect the turnover intention variable., authentic leadership and work engagement had no significant effect. As consequences, each leader in the group need to attempt...
their relationship with subordinates and give the change to them for involved the decision making and get their engagement. This study also contributes to elucidating how the leadership style will engage their subordinate and reduce turnover.

**Keywords:** Authentic Leadership, Work Engagement, Turnover Intention, Service Sector

### 1. INTRODUCTION

Research on turnover intention has become an interesting topic after the pandemic, where at this time many companies tend to rise from the crisis and absorb labor, but on the other hand, employees see this opportunity to look for / move to another workplace. Several studies have been conducted to look at some of the factors of employee turnover, for example, with the organization, supervisors, and co-workers). The establishment of a mentoring relationship has been shown to reduce turnover intentions of student teams. (Payne & Huffman, 2005). Moreover, stressors such as organizational politics, complexity, situational constraints, role conflict, and role overload have been identified as factors contributing to elevated turnover intentions. (Podsakoff et al., 2007). Leaders who regularly engage with their followers, thereby exerting a considerable influence on their actions and perspectives, are also predicted to have a significant effect on employee turnover intention.

This impact can be illustrated through leadership practices, including those related to digital leadership. (Wijaya et al., 2023) ethical leadership (Brown & Treviño, 2006), transformational leadership (Gang Wang et al., 2011), paternalistic leadership (Bedi, 2020), and authentic leadership (Lemoine et al., 2019) In Indonesia, several studies have investigated the issue of authentic leadership, with contexts as diverse as superior-subordinate relationships (eg, (Bahzar, 2019; Daryanto et al., 2017; Waruwu et al., 2022), work engagement (e.g, (Shulhan, 2019); (Supriyadi et al., 2020), public sector organizations (for example, (Anugerah et al., 2019)(Anita et al., 2021); (Daraba et al., 2021); (Niswaty et al., 2021); (Hadian & Rahimi, 2022) and authentic leadership in the service sector of state-owned companies (eg, (Wirawan et al., 2020), private companies (e.g, (Syam et al., 2017), (such as, (Ratmawati & Ladita, 2020).

Given that employee turnover is directly affected by employees' relationships with their supervisors (Lord et al., 2017; Mumtaz & Rowley, 2020), (Yulita et al., 2021) It has also been suggested that the effectiveness of authentic leadership in retaining essential employees lies in the establishment of trust and genuine relationships.. (Avolio et al., 2004) In recent decades, a shift in the focus of leadership research, prompted by both published studies and instances of leadership failures, has directed attention toward an internal moral perspective. Authentic leadership has consequently surfaced as a leadership style that complements investigations into ethical and transformational leadership. ((George, 2003); (Avolio et al., 2004); (Gardner et al., 2005); (Ilies et al., 2005).

Indeed, (Avolio & Gardner, 2005) Some scholars posit that authentic leadership serves as the foundational concept for positive manifestations of leadership, forming the underpinning for diverse leadership styles and behaviours, including ethical and transformational leadership. Numerous research studies have empirically explored various aspects concerning the impact of authentic leadership on both employees and organizations. The appeal of an organization is regarded as a crucial factor influencing the career choices of talented individuals. Individuals are inclined to choose employment with an organization possessing a positive reputation, fostering a supportive environment, and exhibiting potential for growth, as this facilitates the fulfilment of individual passions and self-esteem within the organizational context. (Helm, 2013). In addition, attractiveness is related to feelings of pride in working for the organization. Thus, it is said that the
attractiveness of an organization will contribute to overall job satisfaction. Employee engagement also aims to get employees to participate in decision-making as well as strengthen their connection with work, tasks, and the company.

By involving employees in the decision-making process, they will feel responsible for the decision, as they are actively involved. As a result, employee turnover from the company becomes less frequent. Turnover or intention to change jobs describes the conscious intention of employees to seek alternative employment outside the organization where they work (as described by Abdillah, 2012) in (Septiari & Ardana, 2016).

This study aims to uncover findings from research showing that authentic leadership, despite having, position, title, and authority, does not automatically encourage subordinates to work together and support each other freely to overcome work obstacles in the organizational context. In addition, authentic leadership has a role in directing actions and policies that support subordinates' ability to work and align subordinates' performance with organizational requirements in a fair and transparent manner, which this study aims to uncover. This study contributes to the literature on authentic leadership, especially in the Indonesian context, while continuing the research from (Yamak & Eyupoglu, 2021) which has not been widely researched using a sample of employees in the service sector.

LITERATURE REVIEW

Authentic Leadership
Authentic leadership is a basic leadership concept that refers to individuals who understand their strengths and weaknesses, are able to encourage the participation of others, do not impose their views on others, and act in accordance with their personal values, emotions, and beliefs. (Walumbwa et al., 2008). According to (Avolio et al., 2004) which was cited in a journal by (Farid et al., 2020) authentic leaders are individuals who are aware of their thinking and behaviour, recognize their own and others' values and moral perspectives, and have knowledge and strengths.

They also have an awareness of the context in which they operate, and have confidence, optimism, perseverance, and strong moral character. This authentic leadership style has significant implications for organizational success and relates to various disciplines such as sociology, leadership, ethics, psychology, and organizational behaviours. This style describes behaviours that result in high psychological capacity for the leader in a productive organizational environment.

Work Engagement
Work engagement refers to the level of employee attachment to their work. According to (Adare et al., 2015), work engagement is a variable that can be used to predict organizational conditions, such as absenteeism and employee turnover. High work engagement means employees feel attached to their jobs and invest more time in work. This can result in less absenteeism, less lateness, and more extra work time.

Conversely, low work engagement means employees feel less important in their jobs, less proud of the company, and participate less and feel dissatisfied with their jobs. According to various experts such as (Hiriyappa, 2009); (Robbins et al., 2015), work engagement includes identification with work, active participation in work, and considering performance important to self-esteem. This work engagement has implications for employee success and productivity, and is important for the positive development of individuals and organizations.

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Employee Turnover Intention
According to (Wulansari et al., 2017), turnover intention is the resignation of employees from the company, whether voluntarily or involuntarily. High turnover can cause high costs for the company due to frequent employee turnover as it costs money and time to recruit and train new employees. If employees feel engaged in work and the organization, the likelihood of switching intentions will be lower.

Turnover intention can occur due to internal and external factors. Employee turnover intention is an important issue because it can have an impact on company stability and operational costs. Understanding the factors that influence employee turnover intention can help companies take steps to minimize turnover and retain quality employees.

Relationship between Variables
The relationship between Authentic Leadership and employee engagement
Authentic leaders play an important role in improving employees by communicating organizational goals and motivating them to perform better. As a result, employees show high effort and performance. Authentic leaders also establish high levels of trust, hope, positive feelings, and optimism among their subordinates. This ultimately contributes to increased employee engagement and a positive impact on work (Azanza et al., 2018), as cited by (Hadian Nasab & Afshari, 2019).

H₁: There is a positive effect of Authentic Leadership on Employee Performance.

The Relationship of Work Engagement to Employee Turnover Intention
Previous studies, such as research by (Alagaraja & Shuck, 2015) which was referenced by (Memon et al., 2016), have shown a strong relationship between work engagement and employee turnover intention. Work engagement creates positive experiences around satisfying work and mental states that correlate with good well-being as well as progressive work effort. (Schaufeli & Bakker, 2004), as explained by (Memon et al., 2016). Engagement theory by (Kahn, 1990) which is explained in the study (Memon et al., 2016) also asserts that engagement requires availability, significance, and security as important prerequisites.

In this context, employee satisfaction with the organization's investment in training and development (availability) is interpreted as an important indicator of employee interest in their work (meaningfulness). Therefore, when employees are satisfied with the organization's investment in their development, they are likely to feel secure and satisfied with their current job, and consequently, are less likely to seek other employment options. Previous research has also highlighted the importance of management as a strong predictor of employee turnover intention. For example, research by (Schaufeli & Bakker, 2004) which was cited by (Prawitasari, 2016) showed that work engagement was negatively correlated with employee turnover intention in the Netherlands. Similarly, (Mobley, 1977) (as cited by (Prawitasari, 2016) reviewed 21 studies in a meta-analysis that revealed an interrelated relationship between work engagement and employee turnover intention, indicating the strength of this link. Therefore, the following hypothesis is proposed:

H₂: There is a positive effect of Work Engagement on Employee Turnover Intention.

The Relationship between Authentic Leadership Influence and Employee Turnover Intention
Based on research from (Canavesi & Minelli, 2022) authentic leadership can withstand employee switching intentions, as an important factor to attract employees to be in a company. Likewise
with research from (Ausar et al., 2016) in his findings authentic leadership can provide added value in work comfort and can be a way to prevent employee intention to move. By adhering to previous research, the following hypothesis is proposed:

**H3:** There is a positive effect of authentic leadership on turnover intention.

### The Influence of Authentic Leadership on Employee Turnover Intention with Work Engagement as a Mediator

Consideration of training is positively associated with higher work engagement (Crawford et al., 2010), as stated by (Memon et al., 2016) and a negative correlation between work engagement and turnover intentions (Memon et al., 2016) as referenced by (Prawitasari, 2016) Therefore, it can be assumed that work engagement serves as a mediator between training and employee turnover intention. Other research on work engagement has also shown that work engagement can be a mediator between leadership and turnover intention (Memon et al., 2015).

Thus, high work engagement can reduce the tendency of employees to leave the organization. Therefore, organizations that invest in employee skill development are likely to create a sense of obligation in employees and stimulate high engagement. By adhering to previous research, the following hypothesis is proposed:

**H4:** Work engagement can mediate the effect of authentic leadership on employee turnover intention.

Based on the research relationship above, the research paradigm is built below:

![Figure 1. Research Model](https://doi.org/10.24912/jmieb.v8i1.28150)

**2. RESEARCH METHOD**

This research employs a quantitative approach, utilizing a 1-5 Likert scale questionnaire to gather data from participants. The sample will be selected through purposive sampling, ensuring that participants meet specific criteria. Specifically, the sample will be comprised of employees working in the service sector. Purposive sampling will be employed to carefully select participants who align with the criteria essential for this research. This method allows for a targeted and deliberate selection process, ensuring the relevance and appropriateness of the chosen sample.

The primary instrument for data collection is a structured questionnaire employing a 1-5 Likert scale. This scale offers a nuanced perspective, allowing participants to express their opinions on a graduated scale (1 = strongly disagree, 5 = strongly agree). The questionnaire will be distributed among the selected sample of service sector employees. The results of data collection will be analysed with SMART PLS. According to (Andreas Wijaya, 2019) smart pls testing will consist of inner loading and outer loading for testing each variable. Authentic leadership was measured from with eight item indicator, work engagement was measured from (Kassing et al., 2012); (Rahmadani et al., 2020); (Schaufeli et al., 2019) using nine item turnover intention variable was
measured from (Kassing et al., 2012); (Rahmadani et al., 2020); (Schaufeli et al., 2019) and total five item indicators was used to measure the variable.

3. RESULT AND DISCUSSION

The presentation of respondent frequency categorized by gender is depicted in Table 1 as follows.

<table>
<thead>
<tr>
<th>No</th>
<th>Gender</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Man</td>
<td>52</td>
</tr>
<tr>
<td>2</td>
<td>Woman</td>
<td>46</td>
</tr>
</tbody>
</table>

Derived from research data collected from 98 participants concerning gender, it can be deduced that the predominant gender among respondents is male, constituting 53%, while females account for 47%. This analysis is based on the total of 100% of the respondents, amounting to 98 participants.

**Description of Respondent's Education Level**

The representation of respondent frequency categorized by the educational level of the participants is presented in Table 2.

<table>
<thead>
<tr>
<th>No</th>
<th>Level of education</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Senior high school</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>S1</td>
<td>54</td>
</tr>
<tr>
<td>3</td>
<td>S2</td>
<td>4</td>
</tr>
</tbody>
</table>

According to the information presented in Table 2, it can be inferred that the predominant educational background among respondents is a bachelor's degree, constituting 55%, while high school education follows closely at 30%.

**Data Analysis and Interpretation**

The data analysis in this study employed SMART PLS, utilizing the specified research model

![Research Model](image)

Figure 2: Research Model

In this research, examinations will be conducted on both the outer model and inner model to address the research findings.

- **Outer Model Testing:** During the outer model test, several phases will be undertaken, including assessments for validity and reliability.
- **Validity Testing:** This involves the examination of convergent validity.

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s alpha</th>
<th>Composite Reliability</th>
<th>Average Variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Intention</td>
<td>0.742</td>
<td>0.754</td>
<td>0.755</td>
</tr>
<tr>
<td>Work Engagement</td>
<td>0.712</td>
<td>0.722</td>
<td>0.826</td>
</tr>
<tr>
<td>Authentic Leadership</td>
<td>0.758</td>
<td>0.762</td>
<td>0.743</td>
</tr>
</tbody>
</table>
After performing the analysis for convergent validity as illustrated in Table 3, it is clear that the AVE (Average Variance Extracted) value meets the validity criteria by surpassing the threshold of 0.5 (A. Wijaya, 2019).

<table>
<thead>
<tr>
<th>Table 4. Discriminant Validity Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
</tr>
<tr>
<td>Work Engagement</td>
</tr>
<tr>
<td>Authentic Leadership</td>
</tr>
</tbody>
</table>

From this data, one can infer that it satisfies the validity criteria as specified in reference (A. Wijaya, 2019).

Relevance Assessment: The results of the reliability test, as indicated in Table 5, demonstrate that each variable surpasses the reliability criteria, registering values above 0.6 (A. Wijaya, 2019).

<table>
<thead>
<tr>
<th>Table 5. Reliability Test</th>
</tr>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
</tr>
<tr>
<td>Work Engagement</td>
</tr>
<tr>
<td>Authentic Leadership</td>
</tr>
</tbody>
</table>

Inner Model Testing: The inner model examination reveals the R-square value and significance test results.

<table>
<thead>
<tr>
<th>Table 6. R square Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
</tr>
<tr>
<td>Work Engagement</td>
</tr>
</tbody>
</table>

Concluding from the R-square test outcomes, it is evident that authentic leadership and work engagement jointly account for 43.5% of the variance in turnover intention, while work engagement alone explains 38.1%. The remaining 87.9% suggests the existence of other variables influencing turnover intention.

<table>
<thead>
<tr>
<th>Table 7. Sample Significance Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Work Engagement -&gt; Turnover intention</td>
</tr>
<tr>
<td>Authentic Leadership -&gt; Turnover Intention</td>
</tr>
<tr>
<td>Authentic Leadership -&gt; Work Engagement</td>
</tr>
</tbody>
</table>

Based on the results of the study, the value of the significance test shows all hypothesis are accepted. Firstly, Authentic leadership had effect on work engagement, it can be shown by the amount of P-value <0.05 respectively. Authentic leadership, characterized by genuine and transparent leadership practices, appears to positively influence the level of engagement demonstrated by employees in their work. This connection suggests that when leaders demonstrate authenticity, employees are more likely to feel motivated, committed, and connected to their work, ultimately leading to higher levels of work engagement.

The findings support the idea that the leadership style within an organization plays a crucial role in shaping the level of employee engagement. In contrast, authentic leadership had no effect to turnover intention variable as a result, authentic leadership can be a role model to guide employee into work engagement, they felt the leader can be wise to face the challenging situation and made good decisions. Secondly, authentic leadership and work engagement had no significance effect, it can be seen from P-value <0.005, As consequences each leader in group need to attempt their relationship with subordinate and give the change to them for involve the decision making and get their engagement.
This study, support that authentic leadership has no effect on the turnover intention variable is based on the analysis of the study's data, which did not reveal a statistically significant relationship between authentic leadership and turnover intention. In other words, the authentic leadership practices observed in the study did not demonstrate a notable impact on employees' likelihood to consider leaving their positions.

This study reveals that work engagement has a significant impact on the turnover intention variable is derived from the study's data analysis, which indicates a notable relationship between these two variables. In essence, higher levels of work engagement among employees are associated with a reduced likelihood of having turnover intentions. It also implies that when employees are actively engaged in their work demonstrating enthusiasm, commitment, and a sense of connection to their tasks and the organization they are less inclined to consider leaving their positions.

Work engagement serves as a protective factor against the desire or intention to leave, potentially contributing to higher employee retention rates. It's important to acknowledge that this conclusion is context-specific and may vary across different organizational environments. However, in the context of the study, the observed relationship underscores the significance of fostering a work environment that promotes and sustains high levels of employee engagement as a means to mitigate turnover intention.

4. CONCLUSIONS AND SUGGESTIONS
In conclusion for this study, several points can be revealed, First of all, authentic leadership had significant effect to turnover intention and support the previous research (Lorraine Ladao, Jean Paolo Lacap, Jake Angelo Batac, Joyce Batac, 2022), therefore authentic leadership had similar result from (A. Wijaya, 2019) that authentic leadership also had effect to turnover intention. in contrary result from (Yamak & Eyupoglu, 2021), authentic leadership had effect to turnover intention. Hence, this finding indicates the leader need to increase their organizational commitment to cope turnover intention. Therefore, work engagement and turn over intention had no significant effect, this finding had a similar study from (Abukhalifa et al., 2023) had no effect. From work engagement to turnover intention. Employee with high engagement don’t had willingness to leave the company. Authentic leaders typically foster a positive work environment by encouraging open communication and collaboration. Engaged employees who find meaning and purpose in their work are less likely to consider leaving the organization and Authentic leaders are known for their honesty, transparency, and consistency. When employees trust their leaders and believe in their credibility, they are more likely to feel committed to the organization, reducing the likelihood of turnover.

Authentic leaders are often supportive of their employees' personal and professional development. When employees perceive opportunities for growth within the organization and receive mentorship from authentic leaders, they are more likely to see their future aligned with the company, decreasing turnover intentions. From this point of view, the leader needs to build relationships between their team to build engagement. Furthermore, from this finding rose several questions such as: what kind leadership style will suitable to retain employee? How leader cope turnover intention? Which ability needs to be added for leader in collaboration? This study suggests to other researcher to find out this question to adding leader member exchange and leadership in digital era.
LIMITATION
Initially, the study involves a sample of 98 participants, indicating the need for an increase in size. Moreover, the research is presently in progress in the Jakarta area, therefore it prompting further investigations to collect the respondents in other Cities in Indonesia, besides that this research focused on service sector, therefore, other researchers could investigate at another sector.

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