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Role of Work Overload toward Turnover Intention among Newly Hired Public Accountants

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Abstract

This paper aims to analyze how work overload influences turnover intentions of newly hired public accountants. Job satisfaction, work related stress and work life conflicts are used as mediating variable between work overload and turnover intention. This study employed 141 auditors from several accounting firms operating in the Greater Jakarta region. Six proposed hypotheses was tested using Structural Equation Modeling (SEM). Results showed that work overload has significant effect in increasing turnover intention through both job satisfaction and work related stress. Contrarily, work overload does not influence turnover intention through work life balance. This may be due to the nature of the respondents, in which a majority of the newly hired accountants employed in this study are unmarried.

Keywords: work overload; turnover intention; job satisfaction; work related stress; work life balance; public accountant.

Introduction

Retaining their pool of talent should be considered top priorities any organizations aiming for sustainable growth and competitiveness in the marketplace (Ready, Hill & Conger, 2008). Allen, Bryant & Vardaman (2010) highlighted how this aspect of human resources management can be very difficult to manage, especially in emerging economies. In order to retain their employees effectively, managers needs to understand what might drove them to quit in the first place.

Various researches have been made on possible factors influencing employee's intention to quit their job. Significant majority of such study employed job satisfaction as their main independent variable. However, albeit the significant coefficient; job satisfaction can only explain a fraction of the variance of employee turnover intention such studies (Morrison, 2004; Egan, Yang and Bartlett, 2004; Tang, Kim, Tang & Conner, 2000). These results shows that ultimately by relying on job satisfaction alone are not enough to minimize employee turnover intention.

As in the manufacturing industry, employees in service industry also faced the negative impacts of work overload to their mental and physical wellbeing; perhaps even more so. They must fulfil their organization's demands toward the quantity and quality of their work, as well as meeting all the deadlines. Some are required to interact directly with clients and customers with potential emotional burdens arose from such interactions. These conditions, compounded over time, results in employee *burnout*, dissatisfaction as well as eventual resignations (Bakker, Demerouti & Euwema, 2005; Bakker, Demerouti, & Schaufeli, 2003; Bakker, Demerouti, & Verbeke, 2004).

Why Newly Hired Public Accountants?

One such sector, in which the average turnover rate are significantly higher than other service sector in Indonesia is the public accounting firms. Indonesian public accounting firms experience such a high turnover rate that less than 50% of newly hired accountants are expected to survive for more than two years (Suwandi and Indriantoro, 1999; Toly, 1999; Setiawan and Ghozali, 2005; Daromes, 2006). These finding is similar to the turnover rate of public accountant firms in the United States. Hermanson et al. (1995) discovered that 15% of newly hired accountants resigned during their first years, while less than 50% survived their second year.

This high rate of turnover increased acquisition costs and wasted training and developments investments. Therefore, it is important to understand the reason behind these high rate of turnover among newly hired public accountants. Thus, this study focuses on factors which influence turnover intentions of junior public accountants, with tenure of two years or less.

Literature Review

Turnover Intention

Jackofsky and Solum (1987) defined turnover intention as a mental or behavioral intention of individuals to get out of their current job within one year. It also reflects the desire of the individuals to leave the organization and look for other employment alternatives (Mukhlis & Salehudin, 2008). Utami & Bonussyeani (2009) limits employee turnover intention as the desire to seek other employment alternatives that have not been realized in the form of real action. Turnover intention can also be defined as a mental decision between a person's attitude towards work and the decision to stay or get out of the job, which can be regarded as the immediate antecedent to stay or exit (Jacobs & Roodt,

2011). In summary, turnover intention is the result of an individual evaluation and expectation of their own continuity in the organization which has not been realized as an action. Retaining key talents is an important part of building sustainable competitive edge for any business. Therefore, reducing employee turnover intention is important for managers wanting to retain their talents.

Work Related Stress

Stress is often used to describe feelings of fatigue, depression, and inability to cope to a certain stimuli (Qureshi et al., 2012). Beehr & Newman (1978) has defined stress as a situation that would compel someone to deviate from normal function due to changes in psychological and/or physiological in him, such that the person is forced to deviate from normal functioning . Robbins & Judge (2009) mentions that when individuals experience a high level of stress or a prolonged exposure to low level stress, the consequence is the emergence of physiological, psychological, and behavioral symptoms. He further identifies three sets of factors , namely environmental factors , organizational and individuals ; acting as potential sources of stress in workers . This study also elaborates stress as three separate dimension: (1) general stress, (2) emotional stress, and (3) social stress (Davis, Orzeck & Keelan, 2006).

The relationship between job stress and turnover intention has been evaluated in a variety of literatur. In general , the results showed that the positive effect of work stress on turnover intention. One example, work stress was positively related to the desire to go employees (Williams, 2003) . Higher stress will lead to greater turnover intention tinggipada workers (Kavanagh, 2005; Cropanzano, Rapp & Bryne, 2003). Amount stress has a

significant positive effect on turnover intention. Stress have a positive relationship with turnover intention (Noor & Maad, 2008) .

Job Satisfaction

Frazer (1985) states that job satisfaction is a condition that is very subjective, certain personal feel something as favorable or unfavorable for him. Robbins & Judge (2009) further elaborates that job satisfaction as a positive feeling about one's job which results from their evaluation of its characteristics. Every individual has a different level of satisfaction. According to Watson, Thompson & Meade (2007), there are nine aspects of evaluation that form a person's job satisfaction, namely salary, promotion, supervision, benefits, contingent reward, co-workers, nature of work and communication. Each individual may have different priorities to each of these aspects of evaluation. Tett and Meyer (1993), conducted a meta-analysis involving 178 samples from 155 researches, and their findings stated that job satisfaction is negatively related to turnover intention.

Work-Life Balance

Sturges & Guest (2004), argue that a growing aspiration to balance work with other aspects of life can doubtless be linked to the long hours that many individuals have to devote to work. Thus, when demands from the work and non-work domains are mutually incompatible, conflict may occur. Tausig & Fenwick(2001) stated that work-life balance is the direct opposite of time bind. They stipulate the time bind as perceptions of imbalance between work and family or personal life and the perceived degree of conflict in achieving that balance. Thus, it is possible for individuals to prefer more or less work time and/or more or less family or personal time and all would perceive work-life

imbalance. Felstead et al. (2002) stipulates that this perception of imbalance between work and personal life may lead to frustration and increased desire to reduce the perceived cause of such conflict. This desire may often lead to resignations.

Work Overload

Bliese & Castro (2000) define work overload is an interaction between actual work demands and psychological strain that comes from the meeting that demands. These psychological strain comes when the actual demands are perceived to exceed the capacity of the employees. Ahuja et al. (2007) stipulates that perceived work overload significantly influences work-life balance and turnover intention among IT professionals. Qureshi et al. (2012) stipulates that perceived work overload leads to increased stress and lower job satisfaction. Based on previous researches described above, the researchers developed the hypotheses summarized in Table 1. The initial research model is shown in Figure 1.

<<Insert Table 1 here>>

<<Insert Figure 1 here>>

Research Method

As mentioned in the introduction, the population for this study is limited to junior public accountants working in public accounting firms in the Greater Jakarta area. The population is further limited to junior auditors with fewer than 2 years of tenure working in the public accounting sector. Samples was obtained across several firms, ranging from the “big four” firms to the smaller firms.

The realized sample size for this study is 141 samples collected out of 160 questionnaires distributed. The study initially employs 35 indicators for 5 latent variables,

but in the end only used 28 indicators because seven indicators were eliminated during the measurement validity and reliability test. Therefore, by calculating the minimum number of samples using the “5 respondent per indicator” rule (Hair et al., 2006), the minimum required sample size is $28 \times 5 = 140$ samples. The items employed per variables is summarized in Table 2.

<<Insert Table 2 here>>

The resulting data was then analyzed using structural equation modeling with LISREL 8.51 software package. The two step approach was employed in order to avoid making conclusion using flawed measurement. The first step tests the measurement model to ensure a valid and reliable measurement, while the second step tests the structural model to accept or reject the proposed hypotheses (Hair et al., 2009).

Analysis and Discussion

Measurement Model

The initial test for the measurement model did not yield a good fit. Model testing yields chi-square value of 1539.37 with degree of freedom (df) of 659. Testing the significance of chi-square value yields p -value of under 0.05 and RMSEA above 0.08, which means that the model was rejected because significant differences exists between the correlation matrix obtained from the data with the correlation matrix specified from the model. Therefore several modifications are required before the measurement model can be used for hypothesis testing.

Modifications consisted of eliminating two items from Work Overload (WO1 and WO5), three items from Job Satisfaction (SAT1, SAT6 and SAT7) and two items from Turnover Intention (TI3 and TI6) due to low item validity. Item validity is determined by Standardized Loading Factor, which must exceed 0.6 (Hair et al., 2009). Several error covariance restrictions were also eased for items within the same construct based on the modifications indices provided by LISREL. The final measurement model produces Chi-square of 1139.22 and degree of freedom of 609, yielding RMSEA of 0.079, which means that the final measurement model is found to be of good fit. Calculating Construct Reliability (CR) and Average Variance Extracted (AVE) for each construct also yield good result, with all CR exceed 0.7 and all AVE exceed 0.5 (Hair et al., 2009). Full result of the measurement model is shown in **Table 3**.

<<Insert Table 3 here>>

Structural Model

The second step after estimating the measurement model is to estimate the structural model in order to test the research hypotheses. Six structural equations were added to the measurement equations to reflect the hypothesized relationships between latent variables. Initial structural model produces Chi-square of 952.01 and degree of freedom of 511, yielding RMSEA of 0.079, which means that the final structural model is found to be of good fit. Hypothesis testing can only be conducted after structural model with good fit are obtained.

<<Insert Table 4 here>>

<<Insert Figure 2 here>>

This research finds that work overload significantly influenced job satisfaction negatively and influenced both work related stress and work-life (im)balance positively. Furthermore, The findings also showed that higher job satisfaction significantly reduces turnover intention. However, the findings showed that only work related stress significantly increase employee turnover intention; while work-life (im)balance does not influence turnover intention significantly.

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Table 1 – Research Hypotheses

Hypotheses	Statements
H1:	Work Overload negatively influence Job Satisfaction of Junior Public Accountants.
H2:	Work Overload positively influence Work Related Stress of Junior Public Accountants.
H3:	Work Overload positively influence Work Life Balance of Junior Public Accountants.
H4:	Job Satisfaction negatively influence Turnover Intention of Junior Public Accountants.
H5:	Work Related Stress negatively influence Turnover Intention of Junior Public Accountants.
H6:	Work Life Balance negatively influence Turnover Intention of Junior Public Accountants.

Figures and Tables

Figure 1. Initial Research Model

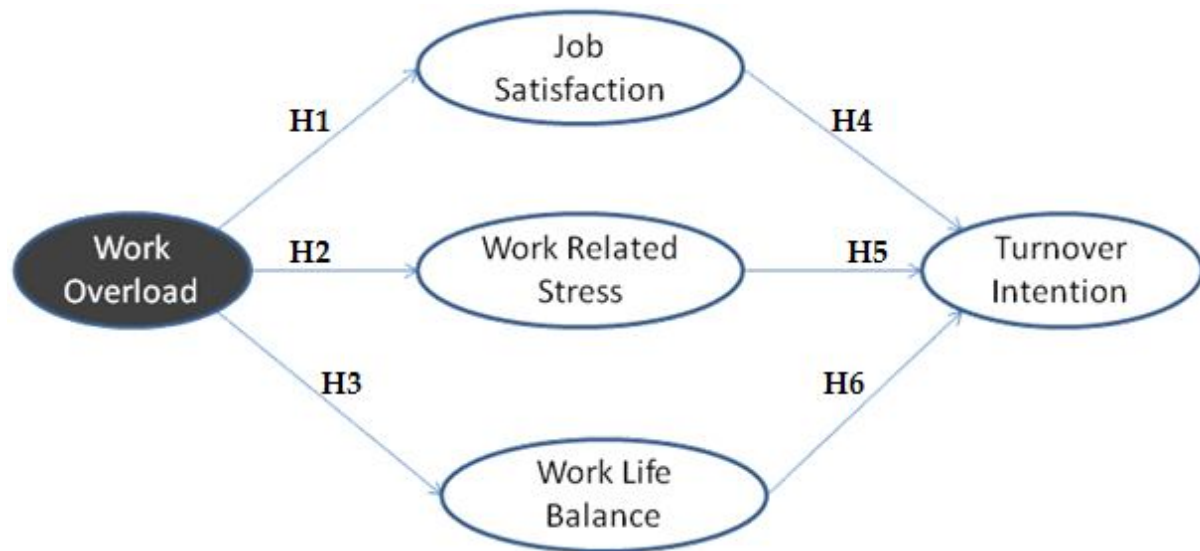
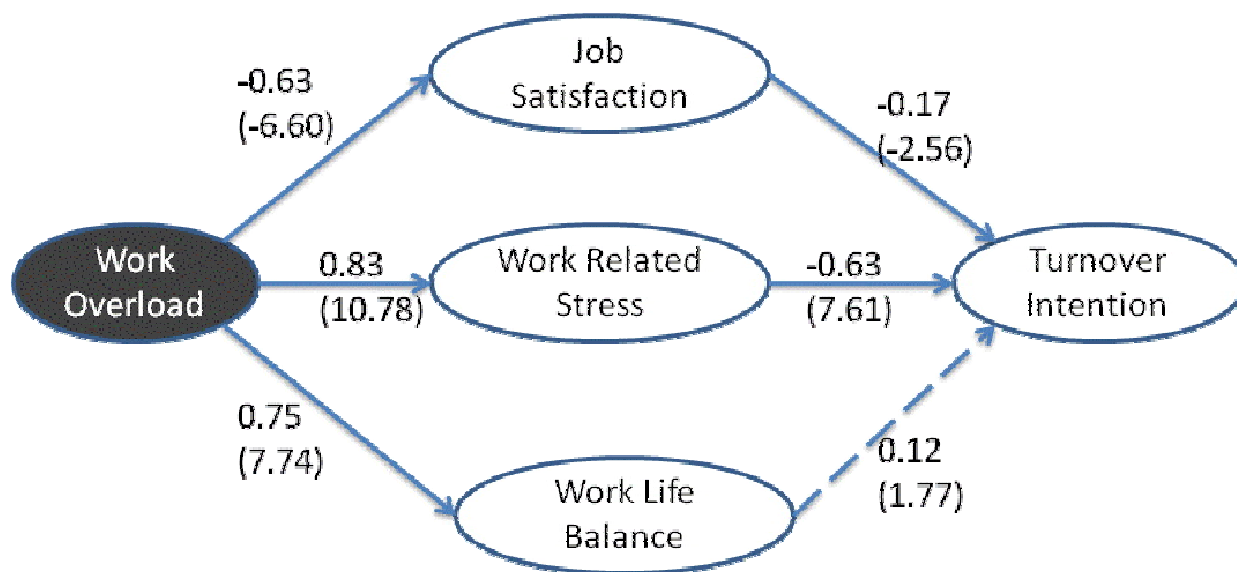


Table 2 – Measurement Instrument

Variable	Initial Items	Valid Items	Reference
Work Overload	8 items	6 items	Qureshi, et al., (2012); McVeigh (2003)
Job Satisfaction	9 items	6 items	Watson, Thompson & Meade, (2007)
Job Stress	8 items	8 items	Qureshi, et al., (2012); Maslach & Jackson, (1981)
Work-Life balance	4 items	4 items	Sturges & Guest (2004)
Turnover Intentions	6 items	4 items	Qureshi, et al. (2012)
TOTAL	35 items	28 items	

Table 3 – Measurement Validity & Reliability Statistics

Indicator	SLF	CR	VE
WO2	0.68	0.92	0.65
WO3	0.63		
WO4	0.85		
WO6	0.89		
WO7	0.88		
WO8	0.88		
SAT2	0.69	0.87	0.52
SAT3	0.75		
SAT4	0.78		
SAT5	0.72		
SAT8	0.79		
SAT9	0.59		
STR1	0.86	0.96	0.73
STR2	0.91		
STR3	0.90		
STR4	0.88		
STR5	0.85		
STR6	0.67		
STR7	0.89		
STR8	0.84		
WLB1	0.86	0.91	0.71
WLB2	0.87		
WLB3	0.88		
WLB4	0.86		
TI1	1.00	0.95	0.83
TI2	0.57		
TI4	0.88		
TI5	0.93		

Figure 2. Final Structural Model

Chi-Square=952.01, df=511, P-value=0.00000, RMSEA=0.079