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The Effect of Leader Member Exchange (LMX), Perceived Overqualification, and Job Satisfaction on Turnover Intention in the Indonesian Ministry of Defense

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Abstract—We examine the influence of leader member exchange and perceived overqualification on turnover intention. We argue that leader member exchange decreasing turnover intention, while perceived overqualification yielding higher turnover intention. We further predict that job satisfaction mediates the relationship between leader member exchange and turnover intention, and between perceived overqualification and turnover intention. Using survey design, we examined the proposed relationship in 31 employees of the Indonesian Ministry of Defense with military background. We only found support for one prediction, that perceived overqualification increasing turnover intention.

Keywords—perceived overqualification; leader-member exchange; job satisfaction; turnover intention

I. INTRODUCTION

Qualification is an important component of human capital needed to achieve the company's competitive advantage. Various Human Resource (HR) development efforts are carried out to improve employee qualifications so that they can meet organizational needs. However, a changing environment can immediately eliminate the existing qualification requirements while employees have already received training. When these needs are shifted to a higher level in the organizational structure, while trained human resources cannot be elevated to that high position, HR is in a position where the qualifications become excessive. There is also a situation where to get employees with the necessary qualifications, the organization accepts employees with higher qualifications, assuming that with higher qualifications than they should, the employee's performance will be even better.

The situation described in a concept called perceived overqualification. Johnson et al in his article evaluating the scale of subjective underemployment defined the perception of overqualification as “the extent to which an employed individual perceives that he or she (a) possesses surplus job qualifications or (b) has limited opportunities to acquire and use new job-related skills [1]. This definition emphasizes that the perception of overqualification is not only because someone has excessive qualifications, but also can be applied to someone who gets training but cannot apply it to his work. The situation when a person cannot apply the results of training, education, or new experience is actually also related to a surplus situation because training, education, or experience is part of the job qualifications in general.

According to equity theory, human social behavior is influenced by confidence in the allocation of incentives in a group that must be equal. That is, the output must be proportional to the contribution of group members. People are satisfied when their input and output ratios (i.e. incentives) equal the input ratios with those of others. Perceptions of inequality make people feel uncomfortable and motivated to reduce the discomfort [2]. Overqualification makes one feel that giving input is not equivalent to expenditure, which is input with high qualifications but with output with low qualifications. This will make social jealousy when he sees other people giving low input (low qualifications) also produces low output as well. This makes discomfort and leads to job dissatisfaction.

There is some research that implies that perceived overqualification have impact on job dissatisfaction. Green and Zhu studied overqualification, job dissatisfaction, and...
increasing dispersion in the return of post-graduate education [3]. Returning to post-graduate education is a situation where someone's investment in a post-graduate degree can be returned by getting a better job than before earning a degree. The researchers distinguish between formal overqualification and real overqualification. Formal overqualification is a situation where employees actually have overqualification but they do not perceive that they are overqualified. Real overqualification is a situation where a person actually experiences overqualification and is aware that he is overqualifying. That is, formal overqualification is objective overqualification but not subjective while real overqualification is objective and subjective overqualification. They found that employees with real overqualification experienced job dissatisfaction, while employees with formal overqualification did not experience job dissatisfaction. This means that the perception of overqualification is better able to predict job dissatisfaction than objective overqualification.

Maynard et al. research was conducted to determine the relationship between overqualification, work attitude, and turnover intention. Job satisfaction variables were also used in this study. The number of samples reached more than 1,000 employees. It is known that there is a direct relationship between overqualification and satisfaction with work negatively [4].

Johnson and Johnson's research specifically studied the effect of overqualification on job satisfaction [5]. The cross-sectional research found that perceptions of overqualification negatively affected job satisfaction of postal workers in the United States. However, the researchers concluded that the existing relationships varied between the dimensions of overqualification perceptions and dimensions of job satisfaction.

Beside overqualification, relationship between leader and its member could also have explained the high turnover level. The quality of leader-member exchange (LMX), which is the exchange relations that occur between employees and supervisors, is known to be a predictor of turnover intention. Silbert defines that Leader Member Exchange (LMX) is “quality of the relationship and the interaction between a supervisor and a subordinate” [6]. Silbert added that the quality of LMX is not merely a formal relationship based on a contract, but contains mutual trust, mutual love, and mutual respect. This additional explanation shows that the quality of LMX is a relationship that lies between professional relationships and personal relationships. An ideal LMX is almost similar to personal relationships, but does not violate the boundaries of professionalism.

According to LMX theory, interactional activities between superiors and subordinates make the leader feel satisfied in his job because he feels his role as a leader is valued by subordinates [7]. Likewise, employees will feel satisfaction because they get support in doing work so that it gives good results for the incentives he gets from work. This reciprocal relationship will give rise to a relationship between LMX and job satisfaction.

Collins' research found a relationship between LMX and employee job satisfaction [8]. So as Gerstner and Day research [9]. The greater the level of trust, mutual respect, and fulfillment of obligations between superiors and subordinates, the higher the level of job satisfaction felt by subordinates. This is explained because of the intrinsic rewards and extras which can be realized by subordinates.

Stringer uses a sample of firefighters. This study found that the quality of subordinate supervisor's relationship had an effect on subordinate job satisfaction [10]. Similarly, Graen et al. found that LMX had a significant effect on job satisfaction by looking at the situation before and after with experimental research designs [11]. This field experiment involved 106 form processing employees in a public service institution.

Theoretically, LMX allow employers to find employees who need help and provide assistance that employees respond to by working better. Subordinates in relation to superiors in an atmosphere of good LMX interact continuously with superior, get supervisor support, confidence, and consideration, which makes employees take additional assignments or try harder to achieve the work group's goals beyond contract or transactional expectations [12]. If the employee feels helped in doing his job, then the employee should not intend to move because the move will stop his career that is easy to run.

Khapova et al. examined the effect of professional identity on the intention of career turnover, which is one version of turnover intention [13]. It is known that professional identity has an effect on the intention to transfer careers. Professional Respect is an element of LMX. Therefore, a relationship can be established between LMX and turnover intention.

Research by Renkema et al. found that management support influenced attitudes toward development activities, which in turn led to the intention to carry out work-related activities and career-related activities. When superiors support is high, workers choose to focus on their work, while when supervisor support is low, workers start thinking about changing careers [14].

Gerstner and Day conducted a meta-analysis of 79 studies that used LMX variable [9]. They found that there were eight studies that found a negative impact of LMX on turnover intention. In line with this, Liden and Maslyn used turnover intention as a validator variable for the development of new LMX indicators [15]. This shows that turnover intention has been considered legitimate as a variable that strongly influenced by LMX.

Meanwhile, Schyns' research found that leadership behavior has an effect on employee readiness to make career changes [16]. This is caused by poor leader behavior that makes subordinates feel not respected, which in turn makes employees look for ways to be respected by their superiors by changing their career. This mechanism shapes the relationship between the behavior of superiors and the career turnover intention.

Job satisfaction is also influenced by the quality of employer and subordinate exchanges so that even through this pathway, turnover intention could also happen. This is because employees who feel dissatisfied with their work give rise to turnover intentions.
It is also possible that overqualification becomes a source of problems for employee psychology, leading to turnover intention. In other words, high qualifications could reduce organizational commitment. There is support for this antithesis. Fine and Nevo and Kalleberg and Sorensen indicates that employees who have excessive qualifications tend to develop negative work attitudes. The model of mediating commitment-job satisfaction shows that commitment to the organization leads to a positive attitude to the job [17-19]. The lack of commitment results in a negative work attitude. Johnson, Morrow, and Johnson even directly showed that perceived overqualification were negatively correlated with organizational commitment and job satisfaction while on the other hand, positively correlated with somatization (physical fatigue) [1]. Maynard et al. Found the relationship between overqualification, negative work attitudes, and turnover intention [4].

It seems that high qualification could result to commitment until some turning point. This explains why Meyer et al did not find a correlation between commitment to employee education qualifications [20]. The absence of this correlation means there is a point where employee education qualifications no longer lead to commitment. Existing relationships are curvilinear (linear curved) positive, where a peak is formed which shows the optimum point of qualification and commitment. More than this value, commitment decreases and the intention to switch is even greater [19]. That is, the decreasing work commitment of employees influences employees' intention to change jobs or status.

More than this, influence of LMX and perceived overqualification to turnover intention could results from indirect line by mediation of job satisfaction. In theory, job satisfaction is a pleasant emotional state that results from evaluating a person's work situation or the current job role that reaches or facilitates the achievement of one's work value. Turnover intention can be induced by unfavorable work conditions or work roles through encouragement to try to achieve a more pleasant value in a better condition or role.

Job satisfaction can reduce turnover intention because it is an emotional variable and humans have great emotional considerations in making decisions. If the employee feels dissatisfied, there is a strong reason for the employee to consider changing jobs. That is, job dissatisfaction will be a motivation for the emergence of job turnover intention.

Job satisfaction has long been known to have an impact on turnover intention [21]. Dissatisfied employees are willing and ready to change jobs immediately when an opportunity arises [22].

The Shropshire and Kadlec research found that job satisfaction has an effect on the intention to transfer careers to employees in the information technology field. Job satisfaction is classified as a fulfillment factor group, based on the theory that one of the factors that drive career transfer is because of not fulfilling someone's wishes and expectations for the current career [23].

Cho and Son's research was carried out on 117 workers in the information technology field as well. This study found that job satisfaction decreased the intention to do turnover [24]. This was caused by a perception of appropriateness to leave the organization. Low job satisfaction raises the view for employees that they deserve to leave the organization, which encourages them to intend to leave the organization. In the context of career transfer, the same thing can happen, where employees emerge perceptions of appropriateness to change career and finally have intention after experiencing low job satisfaction.

Meta-analysis on 155 previous studies by Tett and Meyer revealed that turnover intention is strongly influenced by job satisfaction [19]. This study itself was conducted in 1993 so that the relationship between job satisfaction and turnover intention has long been considered as consensual.

More recent studies also confirm this relationship. Egan, Yang, and Bartlett for example, found that job satisfaction has a negative effect on turnover intention [25]. Hence we can firmly states that job satisfaction, together with LMX and perceived overqualification, could giving effects to turnover intention.

Overqualification situation happened in Indonesian Ministry of Defense. Many of its employees are high ranking military personnel. Yet the employee's turnover especially high in this ministry. Data from 2011-2014 showed that the turnover rate of one of the division, defense planning general directorate, achieving 6% - 13% annually [26].

This article will research the effects of leader member exchange, perceived overqualification, and job satisfaction on turnover intention in the Indonesian Ministry of Defense. The research will test the effects of perceived overqualification and leader member exchange on organizations, especially on job satisfaction and turnover intention, and suggest practical and empirical implications that need to be taken, especially for Indonesian Ministry of Defense.

II. METHOD

In this study, Indonesian Ministry of Defense employees were chosen as the sampling population. Random sampling method used. Survey were collected in person. In the analysis, 31 fully filled questionnaire were included.

Some demographic variables are expected to affect job satisfaction and turnover intention. Gender, age, tenure, formal education, and military education have been investigated as control variables. For leader-member exchange measures adapted from Liden and Maslyn, consists of four dimensions: affection, loyalty, contribution, and professional respect [15], modified into seven items. Sample expression is “my boss can use the power he has to help me solve the problems I face”. For measuring perceived overqualification, Fine and Nevo’s PCOQ (Perceived Cognitive Overqualification Questionnaire) scale was adopted to five items and used [17]. Sample expression is “my level of proficiency exceeds my job qualifications”. Job satisfaction was measured through the scale developed by Spector [27]. Sample expression is “I am satisfied with the ability that I got
from this job not to go against my conscience”. The scale from Lee et al was used for measuring turnover intention [28].

Reliability and validity of the scales were investigated. Validity checked by exploratory factor analysis. Variables with eigenvalue of 1 or higher considered as factors. The method used for factor analysis was principal component analysis with Varimax technique was used for rotation. Basis for factor loading was a score of 0.45. Multiple linear regression used to investigate the effect of independents variable to dependent variables. All demographic variables also used as control variables. The mediator role of job satisfaction on the relationship between LMX and perceived overqualification and turnover intention was tested with hierarchical regression analysis.

III. RESULTS AND DISCUSSION

The results of analysis revealed that average age of respondents are 49.8 years, with minimum age 43 years old and maximum age 56 years old. Average tenure of the respondents are 26.5 years, with minimum tenure 20 years and maximum tenure 32 years. On gender, 26 of the respondents (83.9%) are male, 5 (16.1%) are female. As for general education, four people are diploma educated, 10 are bachelor degree, and 17 are master degree. Among the participants two have military officer education background, 22 are military officer education plus, and seven from force command school.

Factor analysis confirm that turnover intention variable has one dimension which explained 77.3% variance. LMX have one dimension explained 68.7% variance. Perceived overqualification also have one dimension with 82.6% its variance explained by this single dimension. Job satisfaction have one dimension explained 71.2% variance. KMO test scores varied between 0.739 for Perceived Overqualification and 0.883 for turnover intention. Barlett test for these variables all was significant at 1%.

Factor loadings of the items were as follows: turnover intention was between 0.820 and 0.945; LMX between 0.704 and 0.898; perceived overqualification between 0.804 and 0.957; and between 0.601 and 0.760 for job satisfaction. The results of reliability test with Cronbach’s alpha method was significant at a level between 0.804 and 0.946 for all variables. The results of reliability test depicted in table 1.

| Variable                | N  | M   | S   | A   |
|-------------------------|----|-----|-----|-----|
| Turnover intention      | 31 | 2.19| 0.53| 0.92|
| LMX                     | 31 | 3.73| 0.30| 0.87|
| Perceived overqualification (PO) | 31 | 3.37| 0.36| 0.95|
| Job satisfaction        | 31 | 3.66| 0.44| 0.86|

The results of two-tailed correlation analysis by Pearson method are illustrated in Table 2. While many control variables didn’t show correlation each other, except for age and tenure, several study variables show significant correlation. A negative correlation was observed between LMX and gender ($r = -0.39$, $p < .05$). Turnover intention has high correlation with perceived overqualification ($r = 0.59$, $p < .01$) and negative correlation with LMX ($r = -0.41$, $p < .05$). LMX have high correlation with job satisfaction at a significance of 1% ($r = 0.55$) but negative correlation with perceived overqualification ($r = -0.42$, $p < .05$). Perceived overqualification have negative correlation with job satisfaction ($r = -0.39$, $p < .05$).

Table 3 illustrated that the variance of the model consisting of LMX and PO and control variables explains the variance at 0.39 ($p > .05$) for job satisfaction and at 0.46 ($p < .05$) for turnover intention; $\beta$ values for LMX are 0.38 ($p > .05$) and -0.16 ($p > .05$); $\beta$ values for PO are -0.21 ($p > .05$) and 0.57 ($p < .01$), respectively. These results directly support the hypothesis that perceived overqualification positively affects the turnover intention of ministry of defense employees while rejected the hypothesis that the same variable negatively affects the job satisfaction of these employees. These results also rejected the hypothesis that leader member exchange variable positively affects the job satisfaction of these employees while negatively affects the turnover intention.

| Variable | Job Satisfaction | Turnover Intention |
|----------|------------------|--------------------|
| R²       | 0.39             | 0.46               |
| $\beta$ Age | 0.23             | -0.35              |
| $\beta$ Gender | -0.13            | 0.03               |
| $\beta$ Tenure | -0.13            | 0.40               |
| $\beta$ General education | -0.10            | 0.10               |
| $\beta$ Military education | -0.11            | 0.20               |
| $\beta$ LMX | 0.38             | -0.16              |
| $\beta$ PO | -0.21            | 0.57**             |

Table 4 show no autocorrelation occur between variables, as can be seen from Durbin-Watson statistics ($d$). The value of $d$ very close to 2, means there is no autocorrelation between variables [29]. Model 1 consists of control variables and LMX and PO explain 45.8% of the variance in turnover intention ($p < .05$). Meanwhile, Model 2 explains 47.8% of this variance ($p < .05$). $\beta$-value of the LMX was measured as -0.16 ($p > .05$) in

### Table II. Correlation Matrix

| Variable | 1   | 2   | 3   | 4   | 5   | 6   | 7   | 8   |
|----------|-----|-----|-----|-----|-----|-----|-----|-----|
| Age      | 1   | 0.46|     |     |     |     |     |     |
| Gender   | 0.46| 1   |     |     |     |     |     |     |
| Tenure   | 0.14| -0.23| 1   |     |     |     |     |     |
| General education | 0.11| -0.16| -0.23| 1   |     |     |     |     |
| Military education | -0.06| 0.15| -0.05| -0.16| 1   |     |     |     |
| PO       | -0.21| 0.57| -0.02| 0.24| -0.24| 1   |     |     |
| JS       | 0.25| -0.02| 0.04| -0.05| -0.05| 0.04| 1   |     |

* correlation significant at p < .05; ** correlation significant at p < .01

### Table III. Multiple Linear Regression Analysis Results

| Variable | Job Satisfaction | Turnover Intention |
|----------|------------------|--------------------|
| R²       | 0.39             | 0.46               |
| $\beta$ Age | 0.23             | -0.35              |
| $\beta$ Gender | -0.13            | 0.03               |
| $\beta$ Tenure | -0.13            | 0.40               |
| $\beta$ General education | -0.10            | 0.10               |
| $\beta$ Military education | -0.11            | 0.20               |
| $\beta$ LMX | 0.38             | -0.16              |
| $\beta$ PO | -0.21            | 0.57**             |

* correlation significant at p < .05; ** correlation significant at p < .01
Model 1 and -1.08 (p > .05) in Model 2. There is no difference in the level of significance between these two β-values and the difference between the β-values was proved to be non-significant through Sobel’s t-test (Sobel’s t LMX = 0.72; p > .05, β-value of the PO was measured as 0.57 (p < .01) in Model 1 and 0.61 (p < .01) in Model 2. The insignificance of the difference in β-values for this variable is illustrated in Sobel’s t-test results (Sobel’s t PO = -0.67; p > .05). Hence, job satisfaction did not mediate the relationship between leader member exchange and turnover intention and between perceived overqualification and turnover intention.

This research found that leader member exchange didn’t have significant effect on job satisfaction and turnover intention of Indonesian Ministry of Defense employees. Previous research found positive effects of leader member exchange to job satisfaction and negative effects to turnover intention [8-11,13,14,16]. A possible explanation for these inconsistent findings could be that leader member exchange is not a predictor for research in defense and military setting. Employees in this setting might not stressed importance on leader member relationship for their job satisfaction and commitment, resulting in a non-significant relationship. The military nature of the job making these employees considers the job as lifetime professions, hence immune to the dynamics in leader-member relationship.

Our research did not detect positive association between perceived overqualification and job satisfaction. A possible explanation for the insignificant relationship is that overqualified employees still have many reasons to satisfied with the job. There are several potential underlying mechanisms to satisfied the employees. It could be related to unique nature of the job. Other possible mechanism that have played is that the human resource development activities related to increased overqualification deemed as part of their job and don’t related to their emotional attitude to the job.

This research, however, found that perceived overqualification impacted turnover intention. Despite its neutral effect to emotional attitude to the job, perceived overqualification could make cognitive calculation in employee’s mind. Untapped surplus qualification could open new possibilities for outside jobs elsewhere, where the latent competencies could useful. This is one possible explanation for significant positive relationship between perceived overqualification and turnover intention.

One possible explanation for why job satisfaction did not affect turnover intention is that the employees do not respond to emotional feedback and relied on cost-benefit calculation to make decision on turnover intention. Alternatively, military members of Ministry of Defense may be selecting to turnover for reasons other than job satisfaction condition, although it still possibly emotional laden variable.

IV. CONCLUSION

Literature review shows that there are no studies that have examined and the effect of the LMX and perceived overqualification on job satisfaction and turnover intention. Therefore, research is needed involving all four variables, while involving other variables that can function as predictor variables, consequently, or variables that interact with LMX and perceived overqualification in effecting job satisfaction and turnover intention.

The above research results show that the perceived overqualification is strongly related to turnover intention. The use of work qualifications is one of the important work values for an employee. This is related to professional support. Therefore, it is very important for Indonesian Ministry of Defense to review the qualifications of their employees and compare them with the qualifications needed by the jobs held by these employees. If overqualification is detected, the organization needs to take steps to prepare a position that allows employees to take advantage of the excess qualifications. If not, employees can consider to change their job where the qualification used, hence lead to turnover intention.

However, this research suffers for small sample size. The sample size is minimum since research in military human resource setting particularly challenged. Hence, future research should be done with more sample in military setting to confirm the relationship between perceived overqualification and turnover intention and other relationships proposed in this research.

### TABLE IV. HIERARCHICAL MULTIPLE LINEAR REGRESSION ANALYSIS RESULTS

| Variable       | R² | Model 1 | Model 2 |
|----------------|----|---------|---------|
|                |    | 0.458   | 0.478   |
| R²             |    | 2.77**  | 2.31**  |
| ΔR²            |    | 0.020   |         |
| F(ΔR²)         |    | 0.841   |         |
| d              |    | 1.984   |         |
| β LMX          |    | -1.08   | -1.08   |
| β PO           | 0.67| 0.61**  | 0.61**  |
| β IS           |    | 0.18    |         |
| Sobel’s t LMX |    | 0.72    |         |
| Sobel’s t PO  |    | -0.67   |         |

* correlation significant at p < .05, ** correlation significant at p < .01

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