

CHAPTER I

INTRODUCTION

1.1 Background of the Research

Human capital is considered the foremost one of a kind and unique the most costly resource and venture of company substances. Every company must have their own strategy applied to compete in the marketplace. The company enforce effectively and efficiency in every aspect of business in order to upgrade the company performance and electability. More than ever, human resource is the main component to achieve the goal of the company. Human resource also become the factors of improving the company performance. The qualified human resources are necessary in implementing the company vision and mission that will be created superior company and succesful company that able to adapt with the changing of the world.

There are companies surviving and getting bigger in the long period. They create the qualified human resource that invents innovation to adding value of the business. Nevertheless, a lot of companies are failure in create their succeed and do not develop. They fail to understand what are needed today to maintain their business. They fail to treat the human resource in a good manner and could not sustain an employee so there was turnover. Turnover intention may be basic figure to the organizations, to people and to the society and present both positive and negative viewpoint. Employee turnover intention may be defined as an employee's cognitive response to the working conditions of a particular organization and to the economic

condition of a nation as whole, which stimulates an employee for the search of better alternative job and manifest as the intent to leave an organization voluntarily (Ahmad, 2018).

Employee's turnover issues have been increasing tremendously in today's work environment. It can particularly affect the human resource practices and process of workforce's retention in the company. In addition, there will be greatly expanded of workload and additional time for existing employees if the employees leave the organizations in large number. It also may be causes of decrease their efficiency level due to the guarantee of insufficient representation. Moreover, a high rate of turnover not only brings negative consequences towards the employees but also may impact its overall performance of employees and company. Therefore, in order to get high efficiency, implementation and retention it is important to organization to increase job satisfaction, work engagement and organizational commitment.

The intention of turnover has been recognized as key issues in management of human resources and may be complex phenomenon face by the organizations or business. It can be portion of a normal and solid steady loss of that benefits the organizations, or it can be tricky or indeed obliterating when company lose basic talent of employees. One of the main challenges facing companies is the high turnover of employees. Since turnover is closely related to job satisfaction, employee with higher compensation, more stable work, benefits like pay and deprived clear,

and social security are expected to experience a higher level of satisfaction and company satisfaction is expected to be lower.

Retention of the employee will affects the steady of the company especially the capability human resource who works for long period. At the same time turnover will unstable the company structure and environment. Awang et al., (2013) stated efficiency diminish in an organization when best representatives takes off, taking their richest of information and mastery within the field. Turnover intention is linked to the negative influence of job dissatisfaction and failures in the process of work engagement. Sikora and Ferris (2015) mentioned common organization procedures to anticipate organization turnover intention are worker engagement, show organizational support, a reward structure, work life balance, job satisfaction and line management association.

Turnover intention is characterized by an employee considering approximately stopping, making an genuine choice to leave the company and effectively looking for unused employment. Awang et al., (2013) recognized individual factors that start turnover intention such as destitute wages, destitute prospect for headway and disrespect. Employer may offer assistance stabilize their workforce, decrease employee turnover and spare on turnover related cost by advertising way better benefit and working environment approach (Pryce, 2016). The importance of reduce turnover intention should be concern as issues should be solved by the company. As turnover intention are such an important issue, companies are

more concerned about retaining their best employees and ensuring that they work on the basis of will and capability. Similarly vital, one of the way in arrange to decrease the turnover purposeful is to make the organizational commitment particularly representative fulfillment, representative engagement, work frailty and a long with others.

Job are an important part of the life of an individual and take a long time to work as compared to any other activity. Satisfaction is the job that is felt when a need is met. One would expect a person to be satisfied if his or her needs or expectations were met. Job satisfaction describes how happy, comfortable or satisfied a person is with his job. It is a fun or positive emotional state, which is the result of an assessment of individual work or work experiences. Conception of job satisfaction was understood as a motivational aspect or as an attitude, which has been pointed as a concept that involves effectiveness contemporarily, the job satisfaction did not suffer great modifications in its constitutive dimensions (Luz et al., 2016).

Work engagement refers to a condition and expression that creates positive attitude to the person's in the workplace. Usually, engaged people are believed to experience positive emotions. That is, engaged employees are generally energetic, confident, and optimistic; these positive approaches to work are naturally connected to successful job performance—the accumulation of successes makes employees more employable (Kim & Hyun, 2017). Furthermore, among the outcomes of work engagement, turnover intention is a vital issue for organizations in association with

retaining human capital to maintain the firm's competitiveness for effective talent management (Carmeli and Weisberg, 2006)

Individuals who have emotional commitments to their institutions will have lower turnover intention than others. O'Reilly et al. (1991) proposed three independent foundations representing separate dimensions of organizational commitment: compliance, identification and internalization. According to Ahmad (2017) argued the compliance centralize about the employee by accepting the rules and influence of people in authority mainly to the benefit from them, in terms of remuneration and promotion. Identification occurs when an employee feel close connection with his organization in order to maintain a self-definition relationship as the consequent of desire for the affiliation with the organization. The component internalization takes place when there is value congruence between employees and the organization.

MA Ar Risalah is a private organization that focuses in education. This organization has been exist since 2007 and continues to exist today. This organization has become a model for other educational organizations in of empowering human resources, both in terms of achievements of the students or teaching experts and all employees involved. MA Ar Risalah managed to create a comfortable environment for all employees to stay in the company and give the best performance that they can do. MA Ar Risalah provides opportunities for all employees to be able to continue to develop personal skill and also their future careers. Many things are provided by MA

Ar Risalah as an effort to improve employee job satisfaction, work engagement, and organizational commitment so that employees can continue to stay in this company and give their best contribution. MA Ar Risalah provides salaries above the regional minimum wage for the employees, so that employees feel satisfaction with their job. All employees, both married and single, are provided with a house as a place to live as a facility. All employees are provided with breakfast, lunch and dinner from the school catering every day even on holidays. There is health insurance for all employees and a clinic where access is 24 hours and free. For employees who have children, subsidies and school facilities are provided for toddlers, kindergarten, elementary, junior and senior high schools. Every year there is always a free Umrah reward for employees who have stayed for a long time and has their best contribution to the school. Every employee has the same opportunity to get a master's degree scholarship provided by this organization. Ar Risalah trying to increase job satisfaction, work engagement, and organizational commitment of employees so that retention also increases. The increases of retention mean the decreases of turnover and turnover intention. This can be seen when in 2016 and 2017 there were no employees who left the company or it could be said that the company's turnover was 0%. According to the data of Ar Risalah Islamic Boarding School office, the amount of turnover changes every year. The table below shows the information:

Table 1. 1 Employee of MA Ar Risalah who Leave the Company

Year	Total Employee	Total Turnover	Percentage
2016	35	0	0
2017	37	0	0
2018	49	5	10,20%
2019	54	4	7,41%
2020	57	5	8,77%

Sources: Office Data of Ar Risalah Islamic Boarding School

From the table above, information can be obtained that in 2016 and 2017 the archives had good retention. Because the turnover rate is 0% it means no employees leave the company. But the two years record changed when in 2018, there was a drastic increase in employees who left the company. In 2018 there were 5 employees who left the company, it the same to 8.77% of the total existing employees. This is assumed to be influenced by various factors. It could be that in 2018 there was a large opening for civil servants recruitment so that some employees chose to continue their careers as civil servants rather than staying in private organization. Another thing that might be the reason is the increasing number of other Integrated Islamic Schools thus providing opportunities for employees to move to that place which may offer better opportunities and reward.

Since employee have an over freedom to leave company and not be engage in the contract and commitment towards the company thus will be effect to the

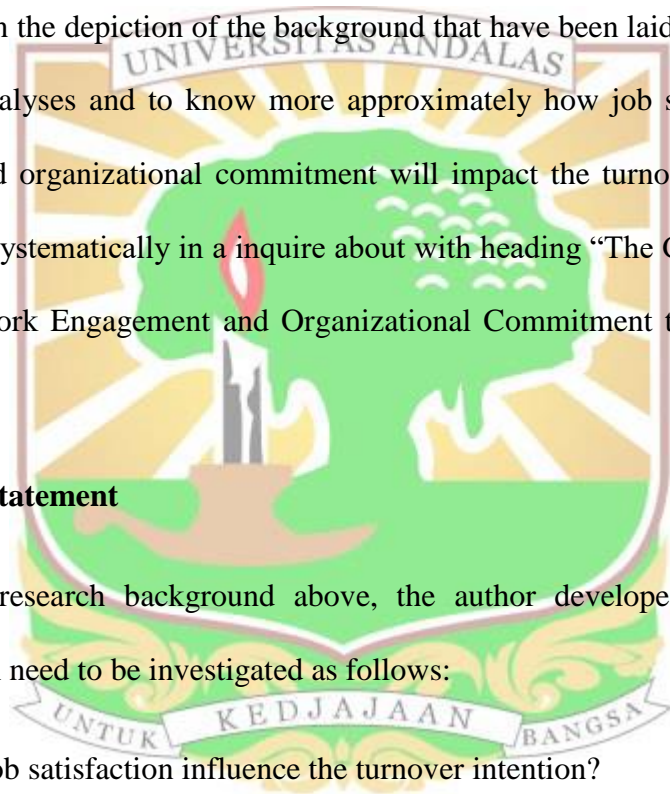
increasingly of turnover intention. There are various reasons why an employee leaves the organization or has the intention to leave. After a literature collection, a few develop were chosen ordinarily specified as influencers of the choice or purposeful to take off the organization which where job satisfaction, work engagement and organizational commitment (Tett and Meyer, 1993).

Based on the depiction of the background that have been laid out over, analyst interested to analyses and to know more approximately how job satisfaction, work engagement and organizational commitment will impact the turnover intention that can be portray systematically in a inquire about with heading “The Correlation of Job Satisfaction, Work Engagement and Organizational Commitment towards Turnover Intention”.

1.2 Problems Statement

Based on the research background above, the author developed some research questions which need to be investigated as follows:

1. How does job satisfaction influence the turnover intention?
2. How does work engagement influence the turnover intention?
3. How does organizational commitment influence turnover intention?



1.3 Objectives of the Research

The objectives of the research expect to reveal, know and analyze:

1. To analyze how does job satisfaction influence turnover intention?
2. To analyze how does work engagement influence turnover intention?
3. To analyze how does organizational commitment influence turnover intention?

1.4 Contributions of the Research

The research is expected to be useful for all parties who read it and directly related to it. The usefulness of this researches are:

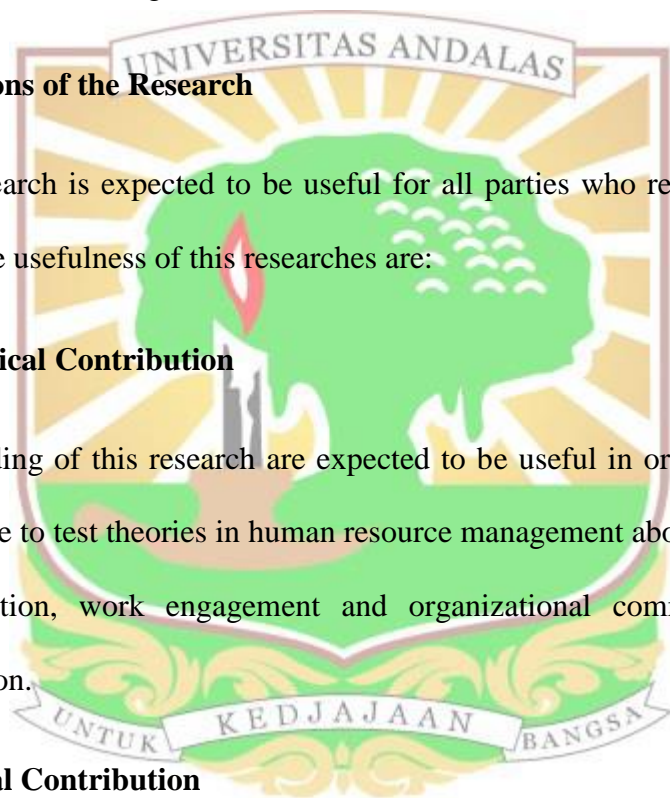
1.4.1 Theoretical Contribution

The finding of this research are expected to be useful in order to provide an empirical picture to test theories in human resource management about the correlation of job satisfaction, work engagement and organizational commitment towards turnover intention.

1.4.2 Practical Contribution

1. For the researcher

The finding of the research are expected to be useful to provide additional knowledge and insight as the source of comparison in the field of human resource management, especially in terms of the correlation of job satisfaction, work engagement and organizational commitment towards turnover intention.



2. For the company

Based on the finding of the research company can create an effort to maintain and improve job satisfaction, work engagement and organizational commitment in order to reduce and prevent turnover intention exist in the company. Moreover it ought to be emphasized that turnover intention should be maintained as one of management pointers of more noteworthy significance by organizations, representing a condition of all human capital management.

3. Other parties

As the additional references that can be used by other researchers in any area that related to the similar topic research in the future.

1.5 Scope of the Research

Based on the statement explained above, the scope of the research will be focused on explain and analyze how the correlation of job satisfaction, work engagement and organizational commitment towards turnover intention in MA Ar Risalah, Padang. The researcher limits the research scope by focusing on academic Staff of the company.

1. Theoretical scope

The theoretical scope this research will only be focused on four variables which are job satisfaction, work engagement, organizational commitment and turnover intention.

2. Contextual scope

In the contextual scope of this study will be focused on the teacher and academic staff MA Ar Risalah, Padang.

1.6 Outline of the Research

The research is divided into five chapters in order to make easier and provide moderate the forwarding of the content, in particular:

Chapter I INTRODUCTION

This chapter will be contained the research background, the problem statement, the objectives of the research, the contribution of the research, the scope of the research and how the researchers should consider the writing structure.

Chapter II LITERATURE REVIEW

This chapter describes about literature review especially contains theoretical variables, previous research relates to the

topic, and conceptual framework about the correlation of job satisfaction, work engagement and organizational commitment towards turnover intention. This chapter will be given with a review of the previous study, hypothesis development and conceptual framework that will ended up guidelines within the information processing.

Chapter III RESEARCH METHOD

This chapter explain research method applying in the study which discussing about research design, population and sample data collecting, operation of variables, data processing, data analysis, data analysis method and data analysis.

Chapter IV ANALYSIS AND DISCUSSION

This chapter discuss validity and reliability test, the results of analyzing the correlation of job satisfaction, work engagement and organizational commitment towards turnover intention in

MA Ar Risalah, Padang.

Chapter V CONCLUSION

This chapter describes about conclusion of research, limitation, suggestion and implication of research.