

CHAPTER 1

INTRODUCTION

1.1 Research Background

Human resource is one vital aspect in the company among other aspects. Human resource is an asset for the company to generate high company's performance. Mostly, company is aiming for high profit. By having a professional and qualified human resource, company can reach its goals, including the most common one, generate high profit. This only can be achieved by making effective and efficient system. It is also supported by well-experienced employees. According to Rivai and Sagala (2004), companies realize that human resource or human capital is one of the most critical issue within the company, because throughout human resource, other aspects can be running well and can be functioned as what it supposed to be.

With that being said, companies need to put concern on its employees. Meaning that, employees are the most important aspects in the company and the most precious invest for most of companies. Retaining the experienced ones is the hardest ways for company to think. Because, nowadays it's difficult to retain the remaining employees. Retaining professionals is a permanent issue and challenge in a company environment that also remains as the most persistent challenge faced by the company (Joseph et al., 2007; Fernandes et al., 2013). Also, in the current circumstance, where the level of competitiveness is soaring, it's not an easy job for employer to find the ones that fit to the criteria. According to Hasibuan (2009),

human resource management is science and art that manage employees' relations and roles in order to be effective and efficient. This all is set to make the whole member of company's goals achieved.

Every company wishes to have higher productivity and lower in turnover (Arokiasamy, 2013). As the company getting bigger, the problem that happen in the company also getting harder. This problem arises due to many factors. Employee is one of the main factors that can arise the problem that happen in the company. Employee can influence how the company goes, either it goes to the right path or the wrong path. Company needs to keep its eyes on employee, because employee is one aspect that can influence other things in the company. Company also has to prevent any kind of intention to turnover that comes out from the employee itself. Especially for experienced employees that have a profound influence for the whole part of the company. Employee who has the intention to turnover will be a threat for the company. This means, turnover intention is a serious issue that company faces, because it also will affect any other aspects of the company.

Nowadays, there are many things that trigger employee to have the intention to leave the company. Company needs to create such things that force the employee to stay at the company. The challenge that company faces now is how to make employee stays and keeps the turnover intention low. According to Phillips and Cornell (2003), turnover is a critical factor to the organization, to individuals and the society around and happen to present both positive and negative aspects. This means, turnover needs to be decreased because it's one of the factors that can influence the organization as whole. As a company, turnover intention cannot be

inclined because this means there's something wrong with the company. When employees do not feel satisfied with its current job or position, usually it will lead to the higher turnover rate (Ertas, 2015).

According to Luz, Paula and Oliviera (2018), the reason of turnover intention is not always coming up from the organization itself, there are some other elements that can affect the degree of turnover within every organizations. Turnover intention can be influenced by many factors, including individual or personal factors. According to Mangkunegara (2017), turnover intention can be related to other factor like job satisfaction. Meaning that, employee who has higher job satisfaction tends to have lower turnover. Job satisfaction can be one of factors that influence turnover intentions of employee in an organization.

Job satisfaction is related to employee variable like turnover (Mangkunegara, 2017). This means, job satisfaction can influence employee in terms of leaving the company. Usually, the more satisfy the employee, the value of turnover will be lower and vice versa. According to Fitriany et al (2011), employees will do its job positively, if the employees feel satisfied with its job. Then the condition will decrease the intention to turnover. On the other hand, if the employees feel less satisfied with its job, employees will perform lower than the satisfied employees. This generates increasing number in intention to turnover of employees. Company can also measure their employee's job satisfaction by making assessment on its employees. This helps company to develop more strategy to increase employees' job satisfaction. That being said, turnover intention in the company can be lowered down because the company knows how to handle that.

But job satisfaction can also negatively affect the turnover intention. Because there's still other aspects that can affect the employee turnover intention.

Other thing that might affect employee turnover intention in a company is by looking at its work environment. According to Dwiyanto, Sularso and Handriyono (2018), a conducive working environment affects the turnover intention. This means, company that creates a conducive working environment can prevent the intention to leave that comes out from employee's side. It is interesting to bring work environment to this research because there are cases where employee who has intention to leave caused by the work environment on its company. Dwiyanto, Sularso and Handriyono (2018) also concluded on their research, a physical and non-physical working environment can affect some aspects, including employee turnover intention.

This research is focusing on a company that based in Padang, Indonesia, PT. Asal Seiya Sekata. This company is well-known as the name of Rendang Asese. Rendang Asese is a brand that offers variety types of Rendang. Rendang Asese itself is one of the captivated brands in West Sumatera that also has a good reputation among of its competitors. Rendang Asese itself has several types of products that sells to the customers. Mostly foods that are ready to eat, such as rendang, keripik, and other stuff. But one of the prominent products is the variety of rendang, such as beef rendang, shredded beef rendang, egg rendang, and many other variation of rendang. There are 43 employees who work here at Rendang Asese.

Table 1. 1

Number of Employee at PT. Asal Seiya Sekata as per 2020

No.	Division	Number of Employee
1.	Management, Administration, and Quality Control	7
2.	Production	18
3.	Procurement	7
4.	Encasement	8
5.	Security	3
Total of Employees		43

Source: Employee Division of PT. Asal Seiya Sekata

These employees are divided into several divisions that will be handling some aspects that related to Rendang Ase's products, which are production, sales and marketing, packaging, maintenance, and management, administration and quality control. These divisions will be responsible for the assigned tasks that has been given for each divisions. By looking at the huge name of the company's brand names, employees are supposed to give their best in order to generate a good end product that will be delivered to the customer. By saying so, the company should pay attention to the work environment in the company and job satisfaction of its employee because these can affect the intention of turnover of employees at PT. Asal Seiya Sekata.

Table 1. 2

Number of Employees

No.	Year	Total of Employee
1.	2016	32
2.	2017	50
3.	2018	45
4.	2019	43

Source: Employee Division of PT. Asal Seiya Sekata

For the past years, PT. Asal Seiya Sekata has been recruiting 16 employees. This number of employees will be increasing as the number of demand of the product goes up. Furthermore, the number of employees who resigned is fluctuative. There are 8 employees who resigned from the company during a certain period of time, which can be voluntary turnover nor involuntary turnover.

Table 1. 3

Employee Turnover in PT. Asal Seiya Sekata from 2016 - 2019

No.	Description	Year			
		2016	2017	2018	2019
1.	Voluntary Turnover (Applying for resign)	2	0	3	3
2.	Involuntary Turnover	0	0	0	0

Source: Employee Division of PT. Asal Seiya Sekata

This research aims to give vast and better understanding of how these independent variables in this research, work environment and job satisfaction, will influence the dependent variable in this research, turnover intention, within a particular company. Through all this background explanation, the researcher is interested in carrying out a research which entitled as **“The Effect of Work Environment and Job Satisfaction toward Employee Turnover Intention (Case Study at PT. Asal Seiya Sekata)”**



1.2 Research Problem

The problem statement that being a part of the research can be broken down into things as follows,

- A. How does work environment affect the employee turnover intention in PT.

Asal Seiya Sekata

- B. How does job satisfaction affect the employee turnover intention in PT. Asal

Seiya Sekata

1.3 Research Objective

This research is conducted in order to know the influence of work environment and job satisfaction towards turnover intentions. This research has its objectives as follows,

- A. To identify and to analyze whether work environment has an impact for employee turnover intention or not

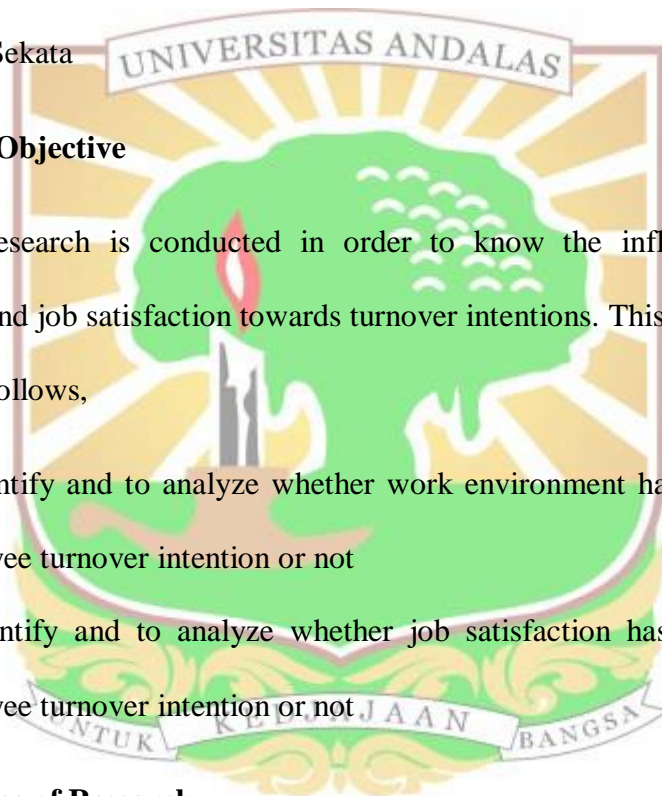
- B. To identify and to analyze whether job satisfaction has an impact for employee turnover intention or not

1.4 Significance of Research

This research hopefully will give significant contribution to:

1. Theoretical advantages

The aiming of this research is to acknowledge the percentage of the influence of work environment and job satisfaction towards turnover intention at PT. Asal Seiya Sekata. This also could give information and



insights to the related company to know how to handle the issue related to employee turnover intentions. This research could also be used as a reference for further nor future research.

2. Practical advantages

The result of this research is aiming to give impact to the decision making of the company about employee turnover intention in PT. Asal Seiya Sekata

1.5 Scope of Research

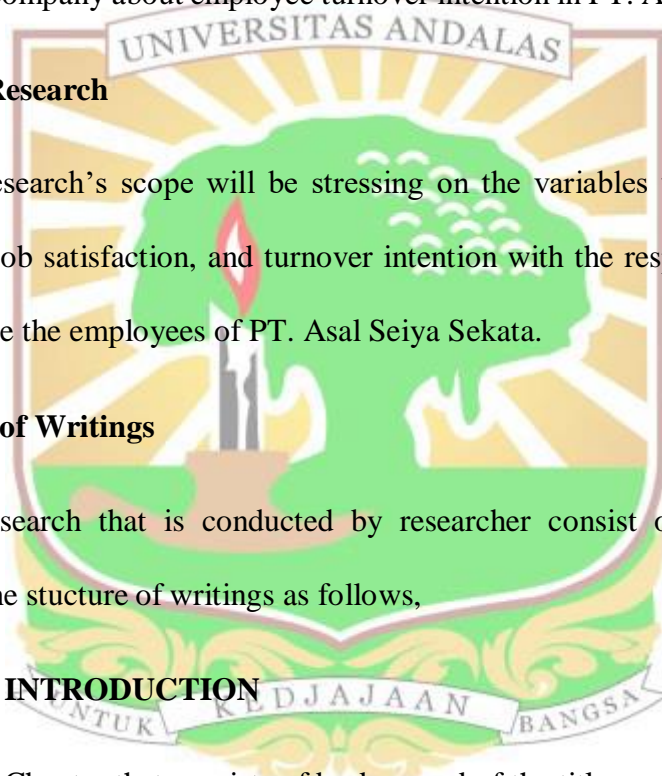
This research's scope will be stressing on the variables which are work environment, job satisfaction, and turnover intention with the respondents of this research will be the employees of PT. Asal Seiya Sekata.

1.6 Structure of Writings

The research that is conducted by researcher consist of chapters that combined in the stucture of writings as follows,

CHAPTER 1 INTRODUCTION

Chapter that consists of background of the title, problem statement, purpose, objectives, contribution, scope of the research and ended up with the structure of writing.



CHAPTER 2 LITERATURE REVIEW

This chapter is discussing related theory to the problem that will be discussed in this research. The theory itself included the theory of turnover intentions, work environment and job satisfaction.

CHAPTER 3 RESEARCH METHOD

This chapter explains about the research design, population and sample, data collection technique, variables and measurement, and also the data analysis method that used for testifying the hypotheses.

CHAPTER 4 RESULT AND ANALYSIS

This particular chapter elaborates regarding the outcome extracted from the research's questionnaire, the description of respondents and also descriptive analysis from the data.

CHAPTER 5 DISCUSSION

This chapter explains the conclusion of the conducted research, the implication of the reseach, the limitation of the research and suggestion.

