CHAPTER I

INTRODUCTION

1.1 Research Background

The workplace nowadays consists of multigenerational workforce. There are baby boomer, generation X and generation Y or millenial generation. Millenial generation happens to be the youngest generation in today's workforce. The number of millenial generation has been increasing and will replace generation X and baby boomer in the workplace. It is important for the companies to understand the characteristics of millenial generation as in the near future they will become the dominant workforce generation in labor market. Companies that could understand and value generational difference have higher opportunity in business (Mikitka, 2009; as cited by Frian & Mulyani, 2018).

Every generation influenced by various events that shaped their childhood and adolescence, they adopt the same system of beliefs, values, expectations and behavioral patterns that make them different from previous generations and form a recognizable generational identity (Inglehart, 1997; as cited by Ivanovic & Ivancevic, 2018). Millenial generation has quite unique characteristics compare to the previous generation. Somehow it challenging for the organizations to make the millenial stay longer. Millenials are leaving job earlier and more frequently than the previous generations although the organization have spent a lot of time and money for their recruitment, training and retention (Meier & Crocker, 2010).

Based on the research result of Dale Carnegie Indonesia (2018), there are 39.02% of millenials from 160,369,800 workforces in Indonesia. It is about 62,570,920 people. From this number, there are 9% of millenials feel disengaged with the company, 25% fully engaged and 66% partially disengaged with the company. And 60% of millenial generation intent to leave the company if they are feeling disengaged. From this study, it shows the millenial generation tend to have very high turnover rate. There are several factors that make people decide to willingly leave an organization, it can be poor compensation, job stress, poor performance appraisal, lack of job satisfaction, lack of career advancement opportunities, lack of organizational commitment, lack of autonomy and unfair labor practices (Lee & Mowday, 1987). In order to understand the employee's intention to leave the job, we should also take a look at social, economic and psychological factors.

According to a Compdata survey, the Banking & Finance industry has an 18.6% turnover rate, which is one of the highest among all industries. While in a PwC survey of millenials working in the financial services sector, it was found that only 10% of all millenials plan to stay in their current role for the long term. In addition, 42% of respondents said they would open to new opportunities and 48% were actively looking for new opportunities (Ufer).

Here the researcher wants to focus on the turnover rate of millenial employees in BNI Syariah Padang. Below are data of the number of millenial employees in BNI Syariah Padang based on the department :

Table 1.1

Number of Millenial Employees in BNI Syariah Padang

No.	Department	Number of Employees
1.	Service	5
2.	SME	5
3.	Productive	7
4.	Sales	6
5.	Funding	6
6.	Processing	4
7.	Operation	3
8.	Remedial	3
9.	Audit	3
10.	Collection	4
11.	Back Office	5
12.	Frontliner	2
	Total	**53**

Source: Human Resource Management of BNI Syariah Padang, 2020.

The number of millenial employees in Main Office of BNI Syariah is 53 people out of the total 60 people, it means about 83.3% of the employees are millenial. BNI Syariah is suitable as the place to conduct the research because bank is one of the industries that has high rate turnover and the majority of the employees in BNI Syariah are millenials.

Table 1.2

Number of BNI Syariah Employees Turnover in 2019

No.	Month	Turnover in BNI Syariah Indonesia	Turnover in BNI Syariah Padang
1.	January	53	
2.	February	47	
3.	March	36	
4.	April	55	
5.	May	40	2
6.	June	44	2
7.	July	47	

8.	August	40	
9.	September	27	
10.	October	30	1
11.	November	24	
12.	Desember	27	1
Total		**470**	**6**

Source: Human Resource Management of BNI Syariah Padang, 2020.

Based on the table above, it shows the numbers of turnover each month during the last year that happened in BNI Syariah all over Indonesia. For the main office (KCU) itself, especially in May until June there are 2 employees who did turnover each month. Overall the total turnover in Indonesia during last year are 470 employees and in BNI Syariah Padang are 6 employees. However, the researcher believe the total turnover in Padang can be categorized as problematic since the total employees in Main Branch Office of BNI Syariah Padang are only 60 people include all the generations and the numbers of turnover is 6 out of 60, despite of the new recruitments. It means there are 10% rate of turnover that happened in BNI Syariah Padang. Based on the data above, researcher would like to see the reason of turnover especially millenials in BNI Syariah Padang. The researcher also interest to find how to support the company to retain the employees and prevent them from turnover intention.

One of the concept that indicated could support the companies effectively to approach and retain the employee is employer branding (Ahmad & Daud, 2015). Although the concept of employer branding is relatively new, the research has been carried out within the last 20 years. Ambler and Barrow (1996) were some of the first academics who did research about this topic and define the

concept of employer branding. Employer Branding is the package of functional, economic and psychological benefits provided by employment, and identified with the employing company. Nearly two decades after this concept was introduced, there was a research conducted by Employer Brand International in 2009 and 2011, from these researches employer branding is becoming mainly an interest and responsibility of those in human resources and marketing departments to a key organizational objective that influences the direction of executive officer and corporate-level strategic efforts (Wong, 2014). It shows how the concept of employer branding becomes more important in business because in this era organizations cannot ignore the significance of attracting and retaining talented people (Hallen, 2007).

Employer brand is understood as a brand which differentiates it from other competitors in the employment market (Vijayalakshmi & Uthayasuriyan, 2015). An employer brand should represent an organization as potential employer, and the organization should aim to position itself as an employer that provides a superior employment experience againts competitors, to enable competitive advantage (Love & Singh, 2011; as cited by Gilani & Cunningham, 2017). A strong employer brand should include rewards, salary, benefit, career progression, and scope for added value (Jain & Bhatt, 2014). Many vendors as well as some scholars and subscribers of employer branding claim that effective employer branding will [in addition to improving recruitment and retention] enhance employee satisfaction, commitment, engagement and ultimately, employee

performance, which in turn strengthens organizational performance and competitiveness (Ambler & Barrow, 1996).

There are also many studies that discussed about the influence of job performance towards turnover intention. Job performance did not appear in prominent models of voluntary turnover until the early 1980s when Steers and Mowday pointed out that job performance on the job was an often overlooked factor in influencing turnover decisions (Zimmerman & Darnold, 2007). Saeed *et al* (2014) mentioned on their research that job performance negatively influences the turnover intention. It means the better the employee's job performance, the more reward they get and the least intention of leaving that they have. Otherwise the decrease of employee's job performance show that they don't gain any benefits and it leads to the turnover intention.

Sonnentag *et al* (2019) on their research mentioned about job performance where absenteeism, withdrawal, theft and sabotage that the employees do that indicates the decreasing of the job performance. However, there is no research showing that millenials tend to have low job performance although their turnover rate is very high. It is very important to see whether they have good performance or not in order to maintain the efficiency of the employees and also the organization performance overall.

It is important for the organization to set up a retention strategy in order to make the employees stay in the organization. The company should carefully prepare how to attract, stimulate and promote their best talents. Based on

Vijayalakshmi & Uthayasuriyan (2015) the employer brand will improve the employees loyalty to their employers which will directly influence the production efficiency with the employees identification to employers. Based on the research of Ahmad & Daud (2015), they also mentioned that the employee might be loyal to the company with a good branding but the good branding does not assure employee efficiency.

From the explanation above, that is why it is interesting to take the job performance also as one of the independent variables besides the employer branding. It is very insightful to find the influence of employer branding on millenials turnover intention and the influence of job performance on millenials turnover intention.

From the description of the background, researcher interested in conducting this research with the heading **"The Influence of Employer Branding and Job Performance on Millenial Employees Turnover Intention in BNI (Bank Negara Indonesia) Syariah Padang"**

1.2 Research Questions

This research will answer the question below :

1. How does Application influence the Turnover Intention among employees in BNI Syariah Padang?

2. How does Development influence the Turnover Intention among employees in BNI Syariah Padang?

3. How does Economic influence the Turnover Intention among employees in BNI Syariah Padang?

4. How does Interest influence the Turnover Intention among employees in BNI Syariah Padang?

5. How does Social influence the Turnover Intention among employees in BNI Syariah Padang?

6. How does Job Performance influence the Turnover Intention among employees in BNI Syariah Padang?

1.3 Research Objectives

The objective of this research :

1. To identify the influence of Application on Turnover Intention of millenial employees in BNI Syariah Padang.

2. To identify the influence of Development on Turnover Intention of millenial employees in BNI Syariah Padang.

3. To identify the influence of Economic on Turnover Intention of millenial employees in BNI Syariah Padang.

4. To identify the influence of Interest on Turnover Intention of millenial employees in BNI Syariah Padang.

5. To identify the influence of Social on Turnover Intention millenial employees in BNI Syariah Padang.

6. To identify the influence of Job Performance on Turnover Intention of millenial employees in BNI Syariah Padang.

1.4 Research Contributions

The contribution that expected from this research are as follows :

1. Academic contribution

   The researcher expected the result of this research can be the reference academics, especially for Management Department, Faculty of Economics, Universitas Andalas.

2. Practical contribution

   The researcher expected this research can gain the knowledge and understanding about how employer branding and job performance influence the turnover intention of millenial employees especially in BNI Syariah Padang.

3. Contribution for the companies

   Hopefully this research will help the companies in Indonesia, specifically BNI (Bank Negara Indonesia) Syariah Padang to understand the reasons of their employees turnover intention and to help the company understand the importance of employer branding and job performance from the perspective of millenial employees.

1.5 Research Scope

The scope of this research comprises the influence of employer branding and job performance on millenial employees turnover intention in BNI Syariah Padang. The object of this research includes millennial who are permanent employees in BNI Syariah Padang.

1.6   Research Outline

In order to make this research easily understood and become well-organized, the reseacher divides the explanation into five chapters, namely:

Chapter I   INTRODUCTION

This chapter consists of the background of the research, the problem statement, the contributions of the research, the scope of the research, and ended with the structure of writing.

Chapter II   LITERATURE REVIEW

This Chapter explained about all theories that are related to this research. Theories used are related to definition of generation and millenials, turnover and turnover intention, employer branding and job performance. Also in this chapter will be provided with review of previous study, hypothesis development and theoretical framework that will become guidelines in data processing.

Chapter III   RESEARCH METHOD

This chapter explained about the research design, population and sample, data collection technique, variables and measurement, and also data analysis method used for testify the hypothesis.

Chapter IV   RESULT AND ANALYSIS
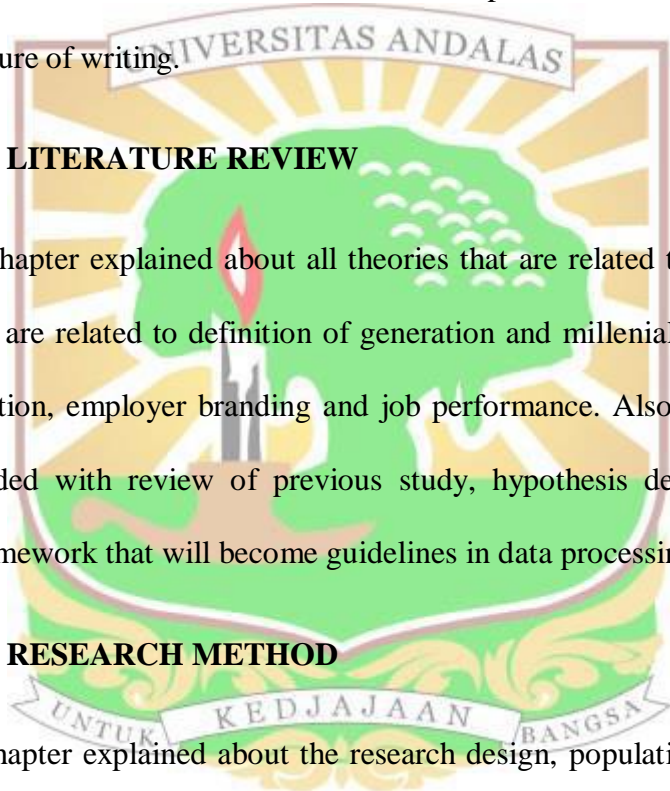
This chapter explained about the result extracted from the research questionnaire, respondent description, and data analysis method for testify the hypothesis.

Chapter V   CLOSING

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