

Factors Identification in Micro and Small Business Production Employee Turnover in at West Bandung

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Abstract

Micro, small and medium enterprises (MSME) were the pillars of the Indonesian economy during the 2008-2009 economic crisis. One of the problems that causes low productivity is employee turnover. This paper identifies the causes of employee turnover using the AHP method on the factors causing employee turnover including job satisfaction, organizational commitment, job insecurity, perceived alternative opportunity. The results obtained are job satisfaction and perceived alternative opportunity are factors that have weights of 0.545 and 0.289. The sub-factors of job satisfaction, promotion opportunities and co-workers have weights of 0.53 and 0.3. Then the perceived alternative opportunity sub-factor for better financial and career offers in other MSMEs has a weight of 10%.

1. Introduction

Micro, small and medium enterprises are the backbone of the Indonesian economy which proved resilient in the 2008-2010 economic crisis. Many face the problem of low productivity, increasing the standard of living of their employees, which is a big dilemma for both owners and employees.

The increase in productivity is proposed by improving the infrastructure and flexibility of payroll which is considered rigid, as well as clarifying the role of the government, both local and central, in managing MSME [1]. Although personnel management in MSM is still traditional, the influence of government policies on payroll is quite significant, so that the production costs of several SME products vary significantly from one region to another.

A common problem faced by MSMEs in the East Bandung area which produces food and garment products that rely on demand-based production is the availability of labor. at certain periods of time the availability of labor is quite high, but when demand from customers peaks, the availability of labor becomes limited.

Especially in garment MSMEs that produce clothes or bags, there is often a hijacking of workers by other MSMEs either in the same area or in other cities.

Many factors cause employee turnover in an MSME ranging from payroll problems to other social problems. The term "turnover" was first defined by [2] as the ratio of the number of organizational members who left the organization during the period under consideration, divided by the average number of people in the organization. it in the same period. Research on labor turnover is not a new thing to do [3]. Managers refer to turnover as the entire process associated with filling vacancies: Whenever a position is vacated, whether voluntarily or not, new employees must be recruited and trained. The replacement cycle is known as [4]

turnover. However, a complete understanding of the turnover topic seems elusive, and remains an interesting area for management and organizational behavior researchers [5]. Interestingly, it is based on the premise that voluntary resignation is a controlled activity, which can provide a competitive advantage for organizations to understand and manipulate the phenomenon [6]. However employee turnover is a frustrating reality associated with the management of human personnel in higher education. Employee layoffs are often unexpected and force management to spend valuable time and effort recruiting, selecting, and replacing training. The time associated with this activity with this process is ultimately time taken away from other people's work and being responsible for it.

Factors that cause turnover include factors related to employees such as job satisfaction, experience of job related stress (job stress), lack of commitment in the organization, and job dissatisfaction that makes employees quit. Employees leave the organization for economic reasons. Large organizations can provide employees with better opportunities for advancement and higher wages and hence ensure organizational engagement [7]. Organizational factors such as organizational instability have been shown to have high turnover rates. Indications are that employees are more likely to stay when there is a predictable work environment and vice versa. Then organizational commitment plays a role.

This paper will identify the causes of employee turnover at MSME East Bandung using the AHP method [2, 8]. The use of this AHP method can be used for solving complex and unstructured problems at all.

2. Literature Review

2.1 Job Satisfaction

Job satisfaction is a general attitude of individuals who are individual about one's feelings towards his work. In line with Robbins's view, [9] suggests that job satisfaction is an expression of employee satisfaction about how

their work can provide benefits to the organization, which means that what is gained in work meets what is considered important. Job satisfaction is considered as a result of employee experience in relation to their own values as desired and expected from their work. This view can be simplified that job satisfaction is an attitude of the individual and is feedback on his work. According to Smith, Kendall and Hulin [5], there are five important characteristics that affect job satisfaction, namely:

- Work, the extent to which work assignments are considered interesting and provide opportunities for learning and accepting responsibility.
- Wages or salaries, namely the amount received and the perceived state of wages or salaries.
- Supervisor or work supervision is the ability of the supervisor to help and support the work.
- Promotion opportunity is a state of opportunity for advancement.
- Co-workers are the extent to which co-workers are friendly and competent.

2.2 Organizational Commitment

According to [8], there are two schools of thought about commitment. The first flow is the flow that puts forward from control to commitment (from control to commitment), which was pioneered by Walton. According to him, performance will increase if the organization moves from a traditional approach that emphasizes control to an approach that focuses more on workforce management. This is achieved by establishing command, exercising control and achieving efficiency in work motivation.

According to Walton, this approach should be replaced with a commitment strategy. Workers will display their best and creative responses not when they are

tightly controlled by management, placed in strictly defined jobs and treated rigidly, but this condition will be encountered when they are given broader responsibilities, challenged to contribute and helped to achieve satisfaction at work [8].

According to [8], there are 3 factors related to the existence of organizational commitment, namely:

- a. Personal characteristics, including age and level of education.
- b. Characteristics of the job, including the challenges, opportunities for social interaction and the amount of feedback received by the individual.
- c. Work experience, which includes attitudes towards the organization, freedom or independence of the organization and the realization of expectations within the organization.

According to [10], there are three components that influence organizational commitment, so that employees choose to stay or leave the organization based on the norms they have. The three components are:

- a. Affective commitment, which is related to the desire to be bound to the organization. Individuals stay in the organization of their own volition. The key to this commitment is want to
- b. Continuance commitment, is a commitment based on rational needs. In other words, this commitment is formed on the basis of profit and loss, considering what must be sacrificed if you will stay in an organization. The key to this commitment is the need to
- c. Normative Commitment, is a commitment based on the norms that exist within employees, containing individual beliefs about responsibility for the organization. He felt he had to survive because of loyalty. The key to this commitment is the obligation to stay in the organization (ought to).

2.3 Turnover Intention

According to [5] there are several factors that influence the occurrence of turnover, including external factors, namely the labor market, institutional factors, namely working space conditions, wages, work skills, and supervision, personal characteristics of employees such as intelligence, attitudes, past , gender, interests, age, and length of work as well as individual reactions to their work.

Satisfaction is a determinant of turnover, but the economic context must be considered. Satisfaction will be a predictor of turnover, if economic conditions are good. If the economic conditions are unfavorable, it will affect the amount of unemployment that is abundant. This kind of condition will force the individual to stay in his job or organization, even though he feels dissatisfied with the existing conditions.

Companies that have a high turnover rate indicate that employees do not feel comfortable working at the company. From an economic point of view, of course, the company will incur quite a large cost because the company often carries out recruitment which costs are very high, training and draining energy and costs and other factors that affect the work atmosphere becomes less pleasant. In addition, the existence of turnover according to [11] in [3] can disrupt the communication process, productivity and reduce job satisfaction for employees who are still surviving.

Organizations are always trying to find ways to reduce employee turnover rates, especially dysfunctional turnover which creates various potential costs such as training costs that have been invested in employees, the level of performance that must be sacrificed, as well as recruitment and retraining costs. Although in certain cases the job turnover mainly consists of employees with low performance, the rate of employee turnover is too high resulting in costs borne by the organization much higher than the opportunity to obtain increased performance from new employees. Various studies have shown that turnover intention is the most related variable and explains the variance of turnover behavior more. Turnover rate is a fairly good

criterion for measuring the stability that occurs in the organization, and can also reflect the performance of the organization [3, 12, 13].

2.3.1 Turnover Intention Factor
There are many factors that make individuals have keieager to move. These factors include:

1. Job satisfaction

Employees with job satisfaction will feel happy and happy in doing their jobs and not trying to evaluate other job alternatives. On the other hand, employees who are dissatisfied with their jobs tend to have thoughts of leaving, evaluating other job alternatives, and wanting to leave because they hope to find a more satisfying job [13].

2. Organizational commitment of employees

Relationship between job satisfaction and turnover intention only explains a small part of employee turnover process model must use other variables other than job satisfaction as the only explanatory variable. As a form of behavior, organizational commitment can be distinguished from job satisfaction. Commitment refers to an individual's emotional (affective) response to the whole organization, while satisfaction refers to an emotional response to a specific aspect of the job.

3. Trust in the organization

[12, 14] tested the turnover model using the organizational trust construct. This variable was found to only affect the intention to move indirectly through commitment .

4. Job insecurity.

A study conducted by [10] showed a link between job insecurity and turnover intention. The desire to move reflects the individual's desire to leave the organization and look for other job alternatives. In various studies conducted, this variable is used in a broad scope covering all withdrawal cognitions performed by employees. From various studies as discussed above, individuals will do the calculation of profit and loss first before arriving at the decision to move. The value of profit and loss is not only based on individual values but also looks at values that exist outside the individual such as alternative opportunities that exist that allow the individual to get better results than the previous one.

2.4 AHP

AHP [15] is widely used for decision making in solving problems in terms of planning, determining alternatives, setting priorities, policy selection, resource allocation, determining needs, forecasting results, planning results, system planning, performance measurement, optimization and conflict resolution.

The advantages of the AHP method in decision making are:

- a. Can solve complex problems, and the structure is irregular, even the problems are not structured at all.
- b. The incompleteness of written data or quantitative data regarding the problem does not affect the smoothness of the decision-making process because the assessment is a synthesis of thoughts from various respondents' points of view.
- c. In accordance with the basic human ability to assess something so as to facilitate the assessment and measurement of elements.
- d. The method is equipped with consistency testing so that it can guarantee the decisions taken.

Besides the above advantages, there are also some difficulties in applying this AHP method. If these difficulties cannot be overcome, it can be a weakness of the AHP method in decision making:

AHP cannot be applied to a very sharp/extreme difference in point of view among respondents.

Respondents involved must have sufficient knowledge and experience about AHP problems and methods.

Decision making in the AHP methodology is based on three basic principles (saaty, 1994), namely:

- a. Hierarchy
- b. Priority Determination
- c. Logical Consistency

3. Research Method

In this paper, the research was conducted using the AHP method, with the following steps:

3.1 Hierarchy

On the issue of employee turnover at MSME as well as a literature review, the hierarchy of turnover problems can be seen in Figure 1 below:

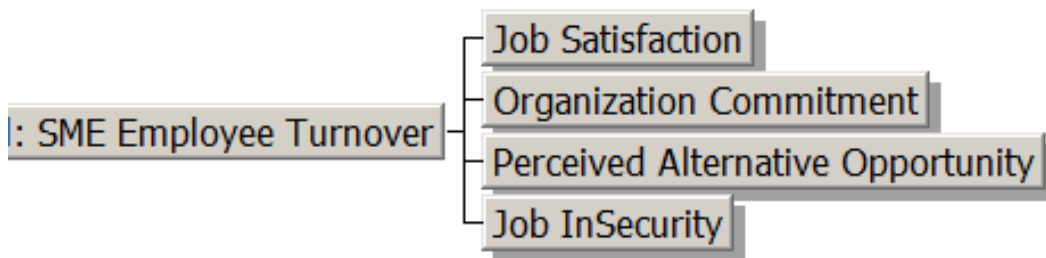


Figure 1. Top Level Employee Turnover Hierarchy

The respective sub-components of the above hierarchy are as follows:

- Job satisfaction
 - Work, the extent to which work assignments are considered interesting and provide opportunities for learning and accepting responsibility.
 - Wages or salaries, namely the amount received and the perceived state of wages or salaries.
 - Supervisor or work supervision is the ability of the supervisor to help and support the work.
 - Promotion opportunity is a state of opportunity for advancement.
 - Co-workers are the extent to which co-workers are friendly and competent.
- Organizational Commitment
 - Affective commitment, which is related to the desire to be bound to the organization. Individuals stay in the organization of their own volition. The key to this commitment is want to
 - Continuance commitment, is a commitment based on rational needs. In other words, this commitment is formed on the basis of profit and loss, considering what must be sacrificed if you will stay in an organization. The key to this commitment is the need to
 - Normative Commitment, is a commitment based on the norms that exist within employees, containing individual beliefs about responsibility for the organization. He felt he had to survive because of loyalty. The key to this commitment is the obligation to stay in the organization (ought to).
- Perceived Alternative Opportunity
 - Better job opportunities elsewhere
 - Better financial deals elsewhere
 - Career possibilities are better elsewhere.
- Job Insecurity
 - The level of threat employees feel about aspects of the job such as the possibility of getting a promotion, maintaining the current wage level, or getting a pay

increase. Individuals who assess certain aspects of work as threatened (there is a possibility that these aspects of work will be lost) will be more anxious and feel helpless

- The meaning of the work for the individual. How important these aspects of work for individuals affect the level of insecurity or insecurity.
- The threat level is the possibility of events that negatively affect the overall work of the individual, for example being fired or being transferred to another branch office.
- The degree of importance the individual feels about the potential for each event.

3.2 Prioritization and Consistency

The use of the AHP method requires filling the priority on the matrix by experts in their fields, by a group of panelists using a single answer or by questionnaires using the geometric mean.



Figure 2 Employee Turnover Hierarchy Structure

Priority determination in this study uses group discussions with panelists consisting of MSME owners in East Bandung who are members of FGD on Community Service activities at Industrial Engineering department Widyatama University. This group of panelists under the moderator directs the discussion to fill in the paired assessment matrix using the ExpertChoice 11 software. If the results of the assessment have a consistency index above 10%, then an inconsistent assessment occurs, so it is necessary to re-fill the paired matrix.

4. Results and Discussion

4.1 Hierarchical Weights

Filling in the priority matrix is carried out in the form of discussions with MSME owners with a total of 7 discussion members, then the results of the discussions are directly inputted into the EC software version 11. The results of the paired assessment at level 1 by taking into account the goal, namely the problem of lecturer turnover, obtained a consistency index of 5 % below the required 10% so that the assessment is said to be consistent, the priority weight is obtained as shown in

Figure 3 on the following page.

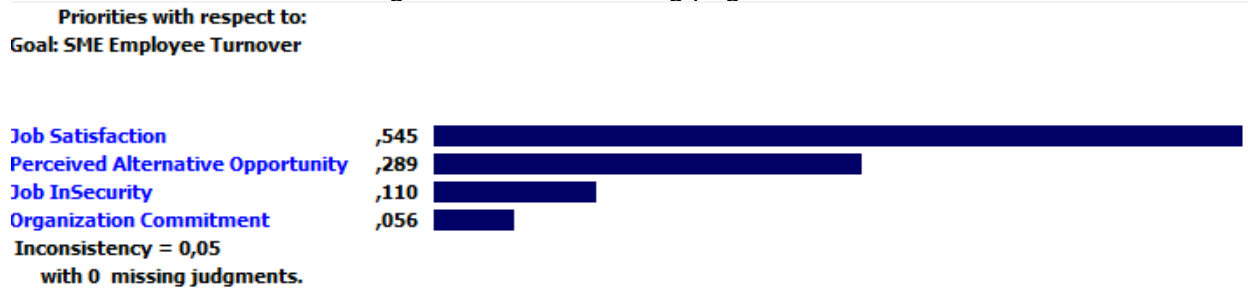
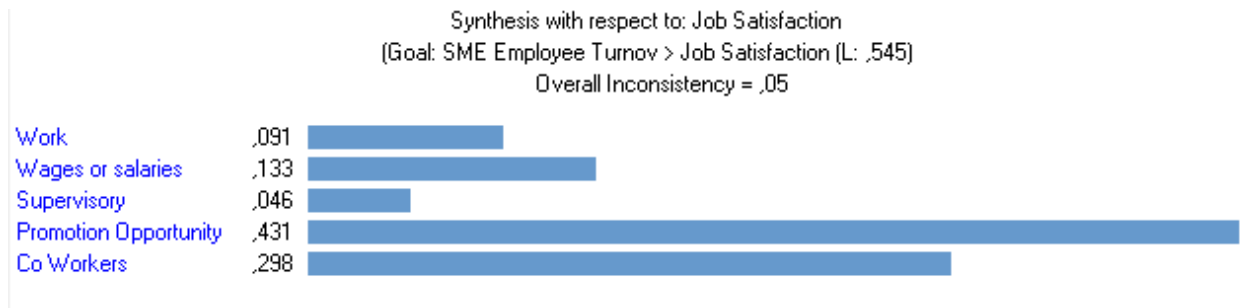


Figure 3 Synthesis Hierarchy Level 1

Broadly speaking, lecturer turnover occurs because of job satisfaction problems in MSME with a weight of 0.545, then because of the same job offer in other MSME with a weight of 0.289. Meanwhile, job security and organizational commitment do not have a significant effect on employee turnover at MSME. What is interesting is the low assessment of organizational commitment as a cause of turnover. These finding inline with several studies have stated that organizational commitment and job satisfaction are important factors in employee turnover [16]. Job Insecurity also received a low weight, this is quite reasonable because workers are known to not feel many threats as long as they are competent in their fields.

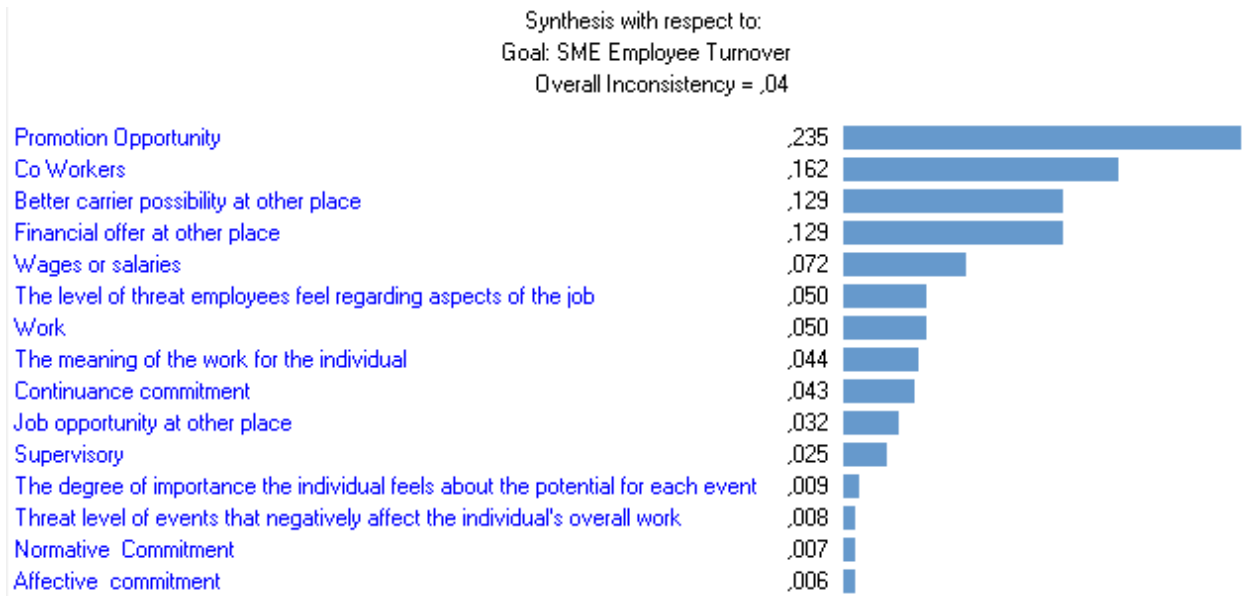


Gambar 4 Sintesis Hirarki Level 2 : Kepuasan Kerja

In figure 4 for level 2 on Job Satisfaction, the highest weight that gets high attention from workers with turnover problems in MSME is promotion opportunities. As we know, in MSME the organizational level is very short, starting from the owner who acts as a leader in finance, marketing, production and HR, supervisor and operator. As the result the position they perceive as a promotion is at the highest to the supervisor level.

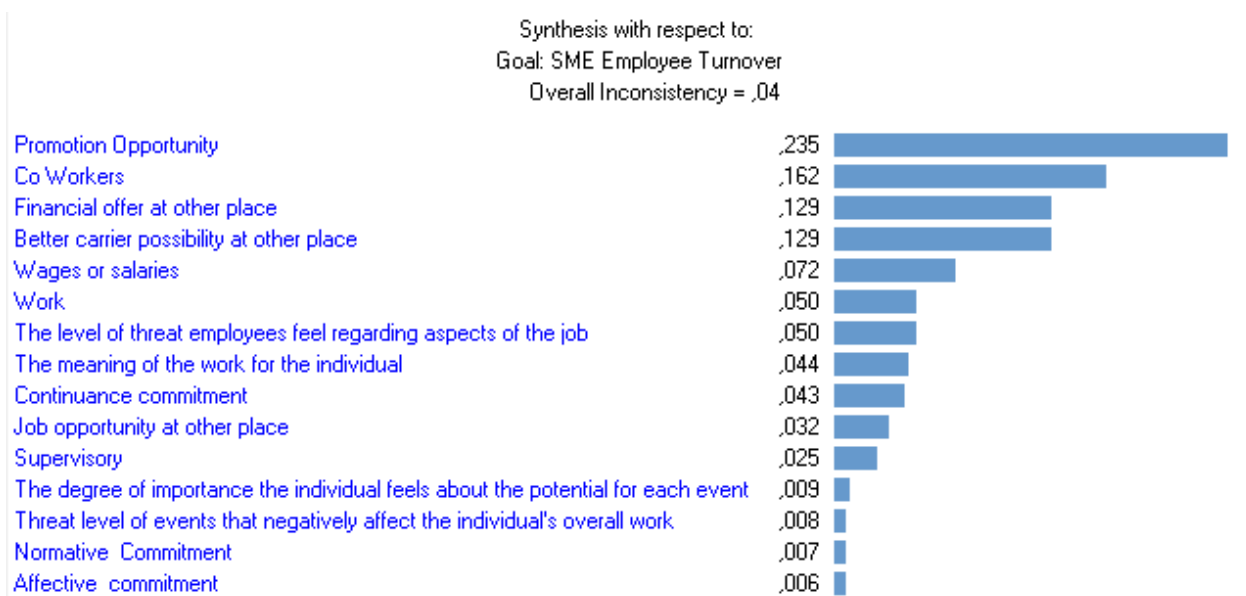
This supervisory level provides an opportunity for greater learning to take over some roles from the owner such as marketing and production as well as having higher authority over other workers. It is known that some MSME workers have worked at the operator level for up to 20 years and have not developed their careers.

MSME's traditional organizational pattern which is more concerned with family management also has an impact on the lack of promotion opportunities for workers.



Gambar 5 Sintesis Hirarki Level 2 : Perceived Alternative Opportunity

In terms of perceived alternative opportunities or opportunities to work in other MSMEs, things that get the same weight are better financial and career offers. With regard to job satisfaction, this aspect is contrary to the aspect of job satisfaction. If job satisfaction increases, the value of the perceived alternative opportunity (pao) will decrease, but if job satisfaction decreases, the value of this pao will increase. What the workers who leave MSME see is the financial value and the possibility of a better career. If only the financial value without the ease of promotion opportunities. It is quite reasonable that the income that will be obtained by a worker will increase significantly if the position continues to increase.



Gambar 6 Sintesis Hirarki Keseluruhan

The results of the overall synthesis can be seen in Figure 6, with an index consistency of 4% less than 10% or the overall assessment is stated to be consistent, it can be seen that the dominant factors of employee turnover with a weight of up to 80% are as follows:

- Promotion chance 23.5%

- Coworkers 16.2%
- Financial bids elsewhere 13%
- Possible careers elsewhere better 13%
- Wage or salary 7.5%

5. Conclusion

Based on the results of the discussion above, it can be concluded that the problem of employee turnover in MSME using the AHP (Analytical Hierarchy Process) method is as follows:

- The cause of employee turnover is due to job satisfaction and perceived alternative opportunity.
 - In the aspect of job satisfaction, promotion opportunities and co-workers are sub-aspects that can be the cause of lecturer turnover.
 - Aspe of perceived alternative opportunity, better financial and career offers are sub-aspects that cause employee turnover.
 - Sensitivity analysis conducted in the range of 10% customer satisfaction, has no effect on aspects of job satisfaction, but increases aspects of perceived alternative opportunity.

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