THE ANALYSIS OF FACTORS AFFECTING EMPLOYEE RETENTION
AT PT. HASJRAT ABADI MANADO

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ABSTRACT

Employee is a valuable asset that needs to be well-organized for acquiring a maximum organization performance. In other words, by using appropriate employee retention program would be very critical for creating sustainability of any organization. Therefore, this research study aims to investigating factors that affecting employee retention at PT. Hasjrat Abadi Manado such as: stress management, employee personal value match with job, employee empowerment and involvement, positive work experiences, compensation, training, supervisor support, mentoring, reward and recognition, fair performance appraisal with feedback, work-life balance, career development, organizational justice, organizational prestige, organizational commitment, location, job security, sense of belonging, and interpersonal relationship. Specifically, the study sought to determine the association of interrelated employee retention variables by adopted the analysis of factors as a main research method. A sample size of 50 respondents from 105 permanent employees was used for study. Data was collected primarily through personal interview and self-administered survey and interpreted by using Statistical Program for Social Science. From the overall results, training has the most significant influence, and it followed by job security, mentoring, and employee empowerment and involvement. however, not all of factors evaluated that have strong influence to employee retention approach at PT. Hasjrat Abadi Manado.

Keywords: employee retention, performance

INTRODUCTION

Research Background

Retaining top talent remains a primary concern for many organizations. Critical analysis of workforce trends points to an impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform at high levels. This is not only affecting the organizations but also the employees. Employers must be aware that their employees will be looking for other employment if the company is not support the welfare of employees.

Employee is an asset and valuable. Without valuable employees, an organization cannot generate revenue and prosper. According to Hassan et, al (2011:101) employee retention is very critical to the long term health of any organization. When an organization loses its talented employee it lefts a negative impact on innovation. Therefore, selecting and retaining great staff is the key for any organization success. Talented people who continue to develop skills will increase the value of organization and simultaneously will impact to customer relation. On the other hand, organizational commitment is necessary needed of supporting the employee in terms generalizing the job satisfaction. Eventually, the organization has required maintaining employee's competencies there should be maintenance of the retention of the employee within the system.

Employee retention means keeping right people on right jobs for every organization. It is all about keeping good people. It is much to do with our culture and how to treat people. In fact, the notion of employee retention arose because of increasing number of employees leaving the organization due to various reasons. Many researchers analyzed that retaining employees is considered as a key strategy to achieve financial success. People stay at such companies where there is a sense of pride and will work to their fullest potential. Therefore, retaining employee becomes the most important target and it will be able to ensure a proper organization sustainability as the productivity is increasing.

Furthermore, PT. Hasjrat Abadi is the exclusive distributor of Toyota and Yamaha vehicles in five territories in Eastern Indonesia, a region of stable economic growth and rich resources. It is a dynamic company bringing Toyota and Yamaha vehicles and accessories, genuine spare parts, vehicle servicing, and tailored financing options to customers in Eastern Indonesia. In 1965 it became the exclusive distributor of Yamaha motorcycles in Manado, expanding later into Maluku and Papua. Their partnership with Toyota began in 1979, when they become one of five authorized distribution partners in Indonesia, with exclusive distribution rights in North and Central Sulawesi, Maluku and Papua. In the same year PT.Hasjrat Abadi established service Partner CV Kombos in Manado, Sulawesi, to complement their sales facility. Today, with a staff of 1.600, Hasjrat Abadi specializes in vehicles sales, servicing, and financing.

Research Objectives

The objective of this research is to analyze/determine the factors that affecting the employee retention at PT. Hasjrat Abadi Manado

Literature Review

The central premise of this research with its title: Targeted Employee Retention: Performance-Based and Job-Related Differences in Reported Reason for Staying (Hausknecht. J et al, 2008:18) described a content model of 12 retention factors is developed in the context of previous theory and research. Coding of open-ended responses from 24,829 employees in the leisure and hospitality industry lends support to the identified framework and reveals that job satisfaction, extrinsic rewards, constituent attachments, organizational commitment, and organizational prestige were the most frequently mentioned reasons for staying. Advancement opportunities and organizational prestige were more common reasons for staying among high performers and non-hourly workers, and extrinsic rewards was more common among low performers and hourly employees, providing support for ease/desirability of movement and psychological contract rationales. The findings highlight the importance of differentiating human resource management practices when the goal is to retain those employees valued most by the organization

The study from previous research with the title: Factors Affecting Employee Retention (Irshad, 2009:86) describes the relationship between human resource practices and employees retention in a given organization. The research reviews relevant literature to identify elements of HR practices that influence employee retention. Over the past decade, the way in which people are managed and developed at work has come to be recognized as one of the primary factors in achieving improvement in organizational performance. The review of the related literature on the title unanimously acknowledges that successful organizations share a fundamental philosophy of valuing and investing in their employees (Maguire, 1995:101) and managing retention of promising employees are considered as fundamental of mean of achieving competitive advantage amongst organization. To prove the hypothesis that the factors leading to positive attitude an those leading to negative attitudes are different. It could also be said that the categories mentioned by the content analysis technique are mostly applicable in our environment.

THEORETICAL REVIEW

Human Resource Management
        Dessler and Huat (2009:37) stated that Human Resource Management (HRM) is policies and practices on the people or HR aspects of management: retention, recruit, appraise, and reward. Human Resource Management also become a governance of an organization's employees, where a company's human resources department is responsible for creating, implementing and/or overseeing policies and behavior of the company toward its employees.
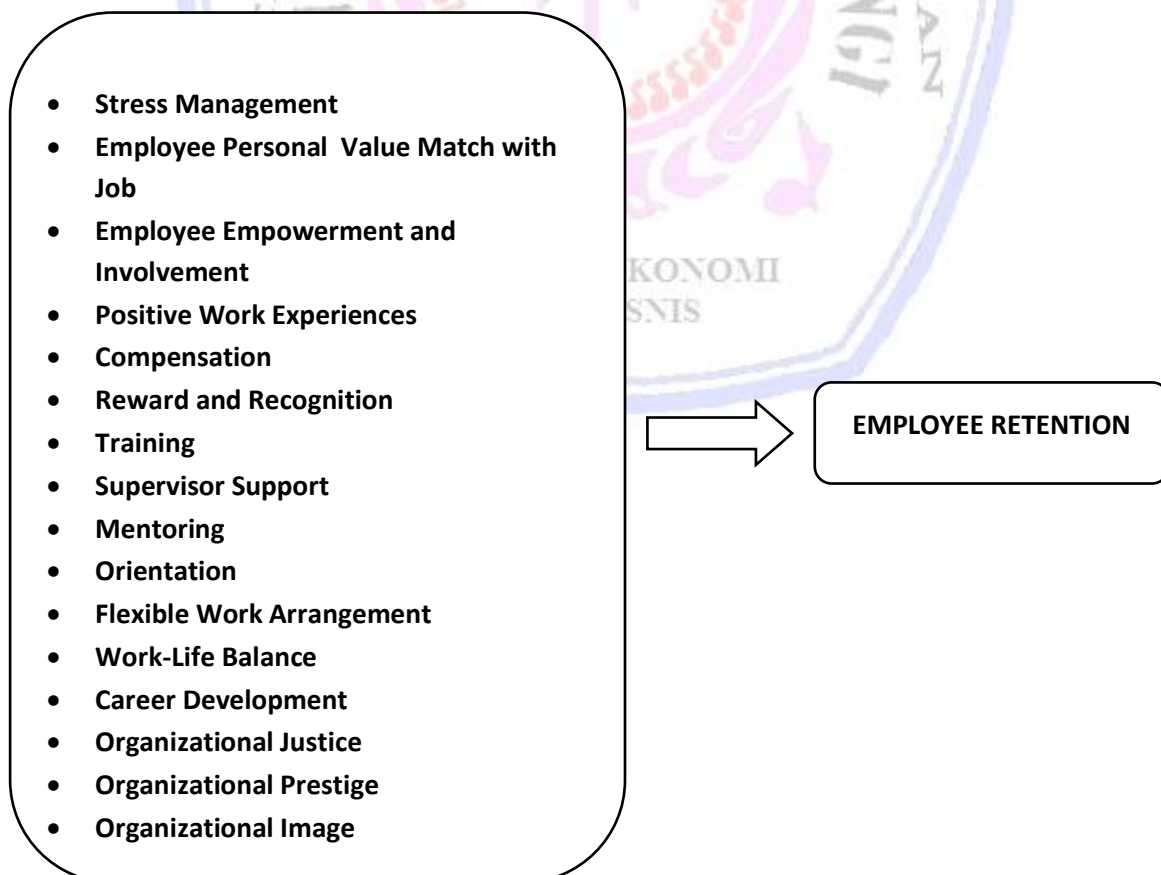
Job Satisfaction
        Job satisfaction has been found to be the most important tool for employee retention. Job satisfaction refers to how employees perceive their jobs. It is an emotional state resulting from experiences at work. If employees experience high satisfaction with their jobs, it may create a pleasurable emotional state and a positive reaction with the organization

Employee Retention
        The ability of an organization to retain its employees is Employee retention and also the most critical issue facing corporate leader as a result of the shortage of skilled labor, economic growth and employee turnover. Retention is defined as the ability to hold onto those employees you want to keep, for longer than your competitors. Hassan et, al. (2011:102) stated that a number of studies have found that managing turnover is a challenge for organizations, as different organizations using different approaches to retain employees. Retention is considered as all-around module of an organization's human resource strategies. It commences with the recruiting of right people and continues with practicing programs to keep them engaged and committed to the organization.

Figure 1. Conceptual Framework

- **Stress Management**
- **Employee Personal Value Match with Job**
- **Employee Empowerment and Involvement**
- **Positive Work Experiences**
- **Compensation**
- **Reward and Recognition**
- **Training**
- **Supervisor Support**
- **Mentoring**
- **Orientation**
- **Flexible Work Arrangement**
- **Work-Life Balance**
- **Career Development**
- **Organizational Justice**
- **Organizational Prestige**
- **Organizational Image**

EMPLOYEE RETENTION

        Source: Theoretical review

RESEARCH METHODS

Types of Research

In the world of education in the knowing of study of educational research, it is intended that in future education research are expected to use appropriate and effective method to process data. There are two types of research namely, qualitative and quantitative research.

Sekaran & Bougie (2009:180) defined qualitative research is rip if desk and data collected overtake the form of words or pictures rather than numbers. Meanwhile, quantitative research and statistical analysis of data collected overtaking a form that can be calculated (numeric). Quantitative research is divided into experimental studies, correlation descriptive, and causal comparative evaluation. This type of research in this paper is a causal-comparative study. In Sekaran & Bougie (2009:181), Causal-comparative research is a type of research the characteristics of the problem in the form of cause and effect between two or more variables. With the possibility of causation, we also can know the effect of the relationship between one and the other variables.

Source of Data

There are two types of data that are used in this research:

1. Primary data is data originated by the researcher specifically to address the research problem
2. Secondary data is data collected for some purpose other than the problem at hand. The secondary data is taken from books, journals, and relevant literature from library and internet. These secondary data were used in the background, literature review, research method, and discussions.

Population and Sample

The population that is mainly observed in this current research are employees of Hasjrat Abadi in Manado. The sampling method used in this research in nonprobability sampling design with the category of purposive sampling or judgment sampling (Hair, et al, 2008:117). Purposive sampling or judgment sampling is specific types of people who can provide the desired information, either because they are the only ones who have it, or conform to some criteria set by researcher. Therefore, the sample in this research is the employees of Hasjrat Abadi, Manado - Sulawesi Utara as many as 50 respondents.

Operational Definition and Measurement of Variables

A scale is a tool or mechanism by which individuals are distinguished as to how they differ from one to another on the variables of interest to our study.

Likert Scale as An Interval scale that specifically uses the five response categories ranging from 'strongly disagree' to 'strongly agree' which requires the respondents to indicate a degree of agreement or disagreement with a series of statements related to the stimulus. By using the Likert Scale, respondents will not have problems in understanding and filling out the questionnaire, and it is easy for the researcher to measure, interpreting and analyze the data.

In this kind of scale, variables will be measured on five points of scale (1, 2, 3, 4, and 5) as shown below:

Table 1. Likert Scale

Statement	Score
Strongly agree	5
Agree	4
Uncertain	3
Disagree	2
Strongly disagree	1

Factor Analysis Model

The starting point of factor analysis is a correlation matrix, in which the inter correlations between the studied variables are presented. The dimensionality of this matrix can be reduced by looking for variables that correlate highly with a group of other variables, but correlate every badly with variables outside of that group (Field 2000: 424). These variables with high inter correlations could well measure one underlying variable, which is called a 'factor'.

Data Analysis Techniques

This analysis consist of seven main steps: reliable measurements, correlation matrix, factor analysis versus principal component analysis, the number of factors to be retained, factor rotation, and use and interpretation of the results.

1. *Measurement*

Since factor analysis departures from a correlation matrix, the used variables should first of all be measured at (at least) an interval level. Secondly, the variables should roughly be normally distributed; this make it possible to generalize the result of your analysis beyond the sample collected (Field 2000: 444). Thirdly, the sample size should be taken into consideration, as correlations are not resistant and can be hence seriously influence the reliability of the factor analysis.

2. *Correlation Matrix*

When the data are appropriate, it is possible to create a correlation matrix by calculating the correlations between each pair of variables. In this matrix two clusters of variables with high inter correlations are represented. As has already been said before, these clusters of variables could well be manifestations of the same underlying variable (Rietveld and Van Hout 1993:255). The data of this matrix could then be reduced down into these two underlying variables of factors.

3. *Factor Analysis versus Principal Component Analysis*

After having the correlation matrix, it is time to decide which type of analysis to use: factor analysis or principal component analysis. The main difference between these types of analysis lies in the way the communalities are used. In principal component analysis it is assumed that the communalities are initially. In other words, principal component analysis assumes that the total variance of the variables can be accounted for by means of its components, and hence that there is no error variance.

4. *Number of Factors to be retained*

This is similar to the number of positive Eigen values of the correlation matrix. This may, however not always lead to the right solutions, as it is possible to obtain Eigen value that are positive but very close to zero. According to (Rietveld and Van Hout 1993:260) there are some rules of thumb have been suggested for determining how many factors should be retained:
   a. Retain only those factors with an eigenvalue larger than 1
   b. Keep the factors which, in total, account for about 70-80% of the variance
   c. Make a scree-plot; keep all factors before the breaking point or elbow.

5. *Factor Rotation*

After factor extraction it might be difficult to interpret and name the factors / components on the basis of their factor loadings. Remember that the criterion of principal component analysis that the first factor accounts for the maximum part of the variance; this will often ensure that most variables have high loadings on the most important factor and small loadings on all other factors (Field 2000: 438).

6. *Results: Factors Loadings and Factor Scores*

Factors loadings are important for the interpretation of the factors, especially the high ones. One can wonder, however how high a loading has to be in order to determine the interpretation of the factor in significant way. This is dependent of the sample size, the bigger the sample the smaller the loadings can be to be significant.

RESULT AND DISCUSSION

Result

This section provides the findings from the analysis and the discussion to describe in depth of the findings. The data gathered from questionnaires are analyzed using the Factors Analysis tool. Tables and figures are used to provide descriptions of the findings.

Data Analysis
KMO and Bartlett's Test

In this point, there are two main analyzed results, which are KMO and Bartlett's results and are shown in below:

Table 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure Of Sampling		
Adequacy		.725
Bartlett's test of	approx. Chi-Square	996.206
Sphericity	df	190
	Sig 996.206	.000

Source: Data Processed, 2013

According to each different indicator in this table, it can be concluded that the used data in this research are acceptable. This fact is based on the value of KMO measurement that is higher than 0.6 (0.725 > 0.6) and the value of Bartlett's Test that is lower than α (0,000 < 0,005)

Component Matrix and Rotated Component Matrix

In this point, there are two main analyzed results, which are the factor differentiation before the rotation process and after the rotation process. All used results are shown in tables below:

Table 3. Component Matrix

	Component			
	1	2	3	4
Training	.923			
Flexible Work Arrangement	.905			
Organizational Prestige	.883			
Stress Management	.879			
Compensation	.877			
Employee Personal Value Match with Job	.841			
Supervisor Support	.826			.363
Organizational Image	.796			-.382
Orientation	.723			
Interpersonal Relationship	.721		-.421	
Reward and Recognition	.719			
Career Development	.706	.403		
Work Life Balance	.691	.302	-.361	.411
Positive Work Experience	.575		.352	
Location	.541	.507	-.449	
Job Security		.824		
Sense Of Belonging	.311	.753		
Mentoring		.429	.724	
Organizational Justice		.466	.534	-.376
Employee Empowerment and Involvement			.449	.667

Source: Data Processed, 2013

Table 4. Rotated Component Matrix

	Component			
	1	**2**	**3**	**4**
Training	.937			
Flexible Work Arrangement	.934			
Organizational Prestige	.897			
Employee Personal Value Match with Job	.867			
Stress Management	.861			
Compensation	.843			
Organizational Image	.793			
Reward and Recognition	.766			
Orientation	.755			
Supervisor support	.754			.429
Interpersonal Relationship	.602	.456	-.346	
Positive Work Experience	.573			
Job Security		.787		
Sense Of Belonging		.779		
Location	.349	.756		-.341
Work Life Balance	.465	.660	-.359	
Career Development	.550	.587		
Mentoring			.798	
Organizational Justice			.788	
Employee Empowerment and Involvement				.816

Source: Data Processed, 2013

From all results that are stated in the tables above, it can be concluded that there are four difference components with different influencing factors. Those four components and following factors are defined as follow:

   a) *Component One or Organizational Arrangement*
      In this component, there are nine influencing factors that are important for its understanding, which are:
      1) Training
      2) Flexible Work Arrangement
      3) Organizational Prestige
      4) Employee Personal Match With Job
      5) Stress Management
      6) Compensation/Organizational Image
      7) Reward and Recognition
      8) Orientation
      9) Supervisor Support
      From the overall results for the Component One in the Rotated Component Matrix, it can be concluded that Training has the most significant influence; Flexible Work Arrangement, Organizational Prestige, Employee Personal Match With Job, Stress Management, Compensation, Organizational Image, Reward and Recognition and Orientation have the moderate influence; and Supervisor Support has the least significant; for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for this first component.

   b) *Component Two or Employees' Perception*
      In this component, there are three influencing factors that are important for its understanding, which are:
      1) Job Security
      2) Sense of Belonging to the Organization
      3) Location

From the overall results for the Component Two Rotated Component Matrix, it can be concluded that that Job Security has the most significant influence; Sense of Belonging to the Organization has the moderate influence; and Location has the least significant, for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for second first component.

c) *Component Three or Employees' Guiding*

In this component, there are two influencing factors that are important for its understanding, which are:
1) Mentoring
2) Organizational Justice

From the overall results for the Component Three in the Rotated Component Matrix, it can be concluded that that Mentoring has the most significant influence and Organizational Justice has the least significant, for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for this third component.

d) *Component Four or Employees' Enhancement*

In this component, there is one influencing factor that is important for its understanding, which is:
1) Empowerment and Involvement

From the overall results for the Component Three in the Rotated Component Matrix, it can be concluded that Empowerment and Involvement aspect becomes the only significant significant for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for this fourth component.

Discussion

The review of this study found that there are four dissimilar components that can be drawn, wich are organizational arrangement, employees' perception, employees' guiding, employees' enhancement. Eventually, by considering the significant employee retention components, this showed that PT Hasjrat Abadi had implemented several indicators such as training, job security, mentoring, organizational justice, and empowerment or involvement. This research entitled: Targeted Employee Retention (Hausknecht. J et al, 2008:25) found that many factors that can affect the performance of the employee, such as, giving reward to the employees for what they have done, motivate them to get their job done, help employees to develop their skills by giving them a training, maintain a good workplace environment and give more attention to employees.

However, there are several retention factors that have been found in this research that they need to pay attention to improve their working performance and retain the best talented employee. Therefore, it is important to address all variables simultaneously to ensure organization sustainability.

CONCLUSION AND RECOMMENDATION

Conclusion

There are four important findings that can be concluded from the overall result in this research, which are listed as follow:

1. The first concluded component in this research is the Organizational Arrangement; is found that Training has the most significant influence and Supervisor Support has the least significant for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for this first component.
2. The second concluded component in this research is the Employees' Perception; is found that Job Security has the most significant influence and Location has the least significant for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for this second component.
3. The third concluded component in this research is the Employees' Guiding; is found that Mentoring has the most significant influence and Organizational Justice has the least significant for the changing of the Employee Retention from PT. Hasjrat Abadi Manado employees, especially for this third component.
4. The fourth concluded component in this research is the Employees' Enhancement; is only influenced by Empowerment and Involvement; and is related with the understanding of the Employee Retention from PT. Hasjrat Abadi Manado employees.

Recommendation

There are two constructive recommendations that can be concluded from the overall result in this research, which are listed as follow:

1. The management officers from PT. Hasjrat Abadi Manado need to evaluate all approaches for ensuring that all defined components and factors in the previous chapter can be met by them and well accepted by the employees. It is important to maintain the good understanding of them for its continuity in the future.
2. It is also important for management officers from PT. Hasjrat Abadi Manado to consider about other influencing concepts or factors that can change the employee retention from its employees, because the same role with analyzed factors in this research.

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