FACTOR ANALYSIS ON EMPLOYEE RETENTION AT IBIS HOTEL MANADO

ANALISIS FAKTOR PADA RETENSI KARYAWAN PADA HOTEL IBIS MANADO

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Abstract: Human Resource Management is very important in hospitality industry. One of this hospitality industry that operates in manado city is Ibis hotel. In this hotel, it's important to discuss about employee retention. Employee retention means keeping right people on right jobs for every organization. This research aims to analyze the problem about employee retention in Ibis hotel Manado. This study aims to define the factors that affecting employee retention in Ibis Hotel Manado and to determine which factors most impacting employee retention in Ibis Hotel Manado. This research utilizes descriptive quantitative method. Populations and samples in this study are the employees of Ibis Hotel Manado, using saturated sampling technique in collecting sample research from respondents. The results of this research conclude that there are four factors that impacts the employee retention of Ibis Hotel Manado, such as talent management factor, consisted of training and development, perceived of organizational support, organizational justice, job autonomy, career development, commitment, performance appraisal and employee empowerment variable. Workload factor, consisted of by job satisfaction, work environment, leadership, organizational culture, and work life balance social interaction factor, consisted of demographics, mentoring and compensation variable. Psychological well-being factor, consisted of reward, job stress, and job security variable.

Keywords: employee retention, factor analysis, talent management, workload, psychological well-being, job security.

Abstrak: Sumber Daya Manusia sangatlah penting di industry perhotelan. Salah satu industry perhotelan yang beroperasi di kota Manado adalah hotel Ibis. Di hotel ini, penting untuk membahas tentang retensi karyawan. Retensi karyawan berarti mempertahankan orang yang tepat di pekerjaan yang tepat untuk setiap organisasi. Penelitian ini bertujuan untuk menganalisis masalah tentang retensi karyawan di hotel Ibis Manado. Penelitian ini bertujuan untuk mendefinisikan faktor-faktor yang mempengaruhi retensi karyawan di Ibis Hotel Manado. Penelitian ini menggunakan metode kuantitatif deskriptif. Populasi dan sampel dalam penelitian ini adalah karyawan Ibis Hotel Manado, menggunakan teknik sampling jenuh dalam mengumpulkan sampel penelitian dari responden. Hasil penelitian ini menyimpulkan bahwa ada empat faktor yang mempengaruhi retensi karyawan Ibis Hotel Manado, seperti faktor manajemen bakat, terdiri dari pelatihan dan pengembangan, persepsi dukungan organisasi, keadilan organisasi, otonomi kerja, pengembangan karir, komitmen, kinerja variabel penilaian dan pemberdayaan karyawan. Faktor beban kerja, terdiri dari kepuasan kerja, lingkungan kerja, kepemimpinan, budaya organisasi, dan faktor interaksi sosial keseimbangan kehidupan kerja, terdiri dari variabel demografi, mentoring dan kompensasi. Faktor kesejahteraan psikologis, terdiri dari hadiah, stres kerja, dan variabel keamanan kerja.

Kata Kunci: retensi karyawan, analisis faktor, manajemen bakat, beban kerja, kesejahteraan psikologis, keamanan kerja.

INTRODUCTION

Research Background

A company with a high rate of employee turnover faces greater risks of failed performances in the long run (Jagun,2015). Therefore, selecting and retaining great staff is the key for any organization success. Employee retention is the "effort by an employer to keep desirable workers in order to meet the business objectives" by keeping the right people on the right jobs (Hassan in Jagun, 2015) while a successful company often has a high employee retention rate. Hence, talented employees whose stay to develop their skills, ability and performance will increase the value of the organization itself.

Ibis hotel as one of the hospitality industry that operates in Manado city since April 2016 which is located in Manado city center, become one of hotel that give value for tourism industry in Manado city. Discussing about employees, especially employees that have a certain quality, needs to be maintained so that the turnover intention of these employees can be suppressed.

Data showed that not long after the opening of the Ibis hotel, it has experienced a fairly high turnover rate. Where the total turnover rate in 2017 are 16.7%. According to Ridlo in Nurhidayati (2016), turnover is the proportion of the number of voluntary and non-voluntary members of the organization leaving the organization for a certain period of time and turnover should not exceed 10% each year. While ibis hotel already reached 16.7% in the first year, Therefore it cannot be denied again that turnover is an essential problem that is faced by Ibis Hotel Manado. Thus, this research aims to analyze the problem about employee retention in Ibis Hotel Manado.

Employee retention means keeping right people on right jobs for every organization. It is all about keeping good people. The development of an employee retention program should be an important component of the company. According to (Dessler, 2015) if employee retention is bad, it will increase employee turnover, which negatively affects the impact on services provided to customers, the standard of work production, and profitability. Therefore, employee retention programs should pay more attention of what factors affect employee retention.

Research Objectives

Based on the research problems, the objective of the research are: To define the factors that affecting employee retention in Ibis Hotel Manado.

LITERATURE REVIEWS

Human Resources Management

Human Resource Management (HRM) has an important aspect in an organization. As development in an organization increase, controlling and motivating employees needed to be well considered. The organization should understand and know how to manage and improve their human resources in order to achieve their goals. According to Snell and Bohlander (2010), human resource management is the process of managing human talent to achieve an organization objective.

Employee Retention

Employee retention is a must for a company to retain its best employees. Employee retention is required in order for the company to retain high potential employees in order to remain loyal to the company and its work. This should be implemented by every company appropriately and sustainably so that the performance of every employee is getting better from day to day and in addition, employee retention can decrease employee turnover. If the company fails in implementing this program then the performance of employees will decrease and adversely affect the productivity of the company. Company management will be considered bad and immature in terms of its human resources.

a. Compensation

Compensation Management is one of the most complex and dynamic issues in the field of human resources management. For organization to achieve its stated objectives there is the need to effectively manage the human resources aspect of the organization. Barry in Odunlami and Matthew (2014), Compensation Management plays a crucial and functional role because it is the heart beat of human resource management

b. Training-development

Employee training and development are broad term covering multiple kinds of employee learning. Training is a program that helps employees learn specific knowledge or skills to improve performance in their current roles. Development is more expansive and focuses on employee growth and future performance, rather than an immediate job role. Good training and development programs help you retain the right people and grow profits.

c. Organizational Justice

Organizational justice is described as how leaders make use of procedures that are fair to all to determine the outcome (Colquitt, Conlon, Wesson, Porter, and Ng, 2001). Organizational justice proved to be one of the important factors that clarify employee's reaction to unfair work outcomes, procedures and relations (Alsalem and Alhaiani, 2007).

d. Leadership

High retention is most often an issue of leadership. According to Ng'ethe in Favour (2016), leadership is the human factor that binds a group together and motivates it towards achieving goals and transforming the group's potential into reality.

e. Organization Culture

No organization thrives without retaining its brightest performers. When employees take their talents elsewhere, one deciding factor is the organizational culture or work environment.

f. Work Life Balance

Balancing life and work is increasingly important for employees in deciding whether to stick with an employer. In a healthy organizational culture, managers provide ways to maintain that balance, including flexible schedules, on-site amenities and work-from-home options.

g. Reward

The reward systems were simply known as pay and compensation packages however this term has evolved considerable over the years and has been termed as total compensation or total rewards.

h. Demographic Factor

The reviews of literature of demographic factor variables that have been found to have stable relationship with retention and turnover intentions are age, gender, tenure, education and income levels. Several studies in which demographic factors have been employed to investigate job satisfaction and job attitudes have shown that they are strong predictors of turnover intentions Ng and Sorensen in Agyeman (2014).

i. Job Security

Job security is defined as the assurance in an employee's job continuity to the general economic conditions in the country. It is concerned with the possibility or probability of an individual keeping his/her job. It deals which are not backed by indefinite contract or cannot be guaranteed for reasonable period are deemed to lack job security.

j. Job Autonomy

Job autonomy is the extent to which a job allows freedom, discretion and independence to schedule work, make decisions, and choose the procedures and methods to perform activities (Galletta, 2011). According to Dod and Ganster as stated in (Lin and Ping, 2016) Job autonomy, by definition, is the freedom and discretion allowed of

Previous Research

Sultana and Hasan (2014) found that the most important factor for employee retention is the salary of the employees and also job security. It was also found that employees want recognition of their work and reward for their good performance. These work as influential factors for employee retention. It was also found that employees are not only motivated through the pecuniary issues to stay in the organization but some intrinsic factors are also responsible

Nyajom (2013) concluded that employee's retention was influenced by employee's empowerment, training and career development, employee compensation, performance appraisal and employees commitment. The presence of opportunities for professional growth, well defined goals and objectives and job descriptions contribute to the retention of employees in state corporations. The study further concludes that the extent to which employees' retention is influenced by readily available loan facilities, guaranteed job security and stress management programs is moderate and that adequate working equipment does not influence employee retention in their organization.

Conceptual Framework

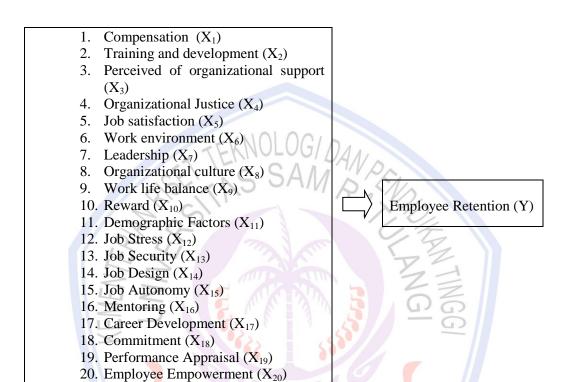


Figure 1. Conceptual Framework Source: Various sources (2008)

RESEARCH METHODS

Types of Research

This type of research in this paper is a Confirmatory Factor Analysis. According to Child (1990), confirmatory factor analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables.

Place and Time of Research

This research will be held in Ibis Hotel Manado for two months, from April - May 2018.

Research Procedures

This is contained the step of the researcher done this research. In brief, this research procedures aims to directing researcher to follow every step to prevent researcher missed a single step of procedures while doing research.

- 1. Identify the problem statement
- 2. Determine factors
- 3. Identify the hypothesis
- 4. Prepare the questions for questionnaire that related with the research
- 5. Doing analysis by collecting the date
- 6. Collecting questionnaire

- 7. Tabulation and data processing
- 8. Result, conclusion and recommendation

Population and Sample

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. According to Sekaran and Bougie (2013), population is the group of people, or things of interest for which the researcher wants to make inferences. The population of this research is the regular employees at Ibis Hotel Manado, with the total regular employee is 48.

In this research, sample refers to the participant of this research. According to Sekaran and Bougie (2013), sample is the subset or subgroup of the population. The sample of this research is the entire regular employee in Ibis Hotel Manado. This research using saturated sampling method, where all the members of the population are used as a sample, which is the total employee, is 48.

Data Analysis Method

This analysis consist of 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.

a. Validity

The validity test can also be used to test on how well an instrument measures a particular concept. Validity focuses on the stability and consistency in measurement. A scale with validity would contain no measurement error that is no systematic error and no random error (Malhotra and Peterson, 2006).

b. Reliability

Reliability test is used to determine whether the measurement items in the questionnaire are highly related to each other. By using reliability test, Cronbach's Coefficient Alpha is adopted by averaging the coefficient that results from all possible combinations of split halves (Malhotra and Peterson, 2006).

c. Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis is a tool that is used to confirm or reject the measurement theory. According to (Child, 1990), confirmatory factor analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables.

DATA ANALYSIS AND DISCUSSION

Variable Determination

Table 1. KMO Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.

	.810	
Bartlett's Test of Sphericity	Approx. Chi-Square	683.182
	df	190
	Sig.	.000

Source: SPSS output (2018)

Table 1 shows that the significance score (Sig.), which is 0.000. This indicates a significant correlation, since the Sig. results is lower than 0.05. The KMO test shows the value of 0.810 and consistent with point 1 above, which if the KMO result is greater than 0.5, than the sample is regarded as fit or adequate for analysis step.

The next step in this test is the Measurement of Sampling Adequacy (MSA). In this test, variables are analyzed further to obtain which ones are the variable to be included and and which ones are to be excluded. To pass this step, each variables should have MSA score greater than 0.5.

n
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Table 2. Communalities

	Initial	Extraction
x1	1,000	,704
x2	1,000	,691
x3	1,000	,746
x4	1,000	,796
x5	1,000	,645
х6	1,000	,760
x7	1,000	,581
x8	1,000	,696
x9	1,000	,787
x10	1,000	,529
x11	1,000	,772
x12	1,000	,723
x13	1,000	,758
x14	1,000	,487
x15	1,000	,559
x16	1,000	,691
x17	1,000	,742
x18	1,000	,791
x19	1,000	,778
x20	1,000	,731

Source: SPSS output (2018)

Table 2 shows the communalities estimation results of the 20 variables. The interpretations of will be described below.

Variable x1 (Compensation) has the value of 0.704. This means that around 70.4% of the variance of this variable could be explained by the formed factors. Variable x2 (Training-Development) the value is 0.691. Similar with previous example, this finding means that around 69.1% of this variable could be explained by the formed factors. This interpretation applies to the rest of the variables.

To be noted, the variable x14 (Job Design) shows the value of 0.487. This indicates weak determination from the formed factor towards this variable, which is only 48.7 %, since this is below 50%. This variable will be eliminated in further analysis.

Factor Determination Table 3. Factor Determination

Co mpo nent				lues Extraction Sums of Squared Loadings		-	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumul ative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9,922	49,611	49,611	9,922	49,611	49,611	5,381	26,907	26,907
2	1,603	8,013	57,623	1,603	8,013	57,623	3,728	18,638	45,545
3	1,363	6,815	64,439	1,363	6,815	64,439	2,533	12,664	58,209
4	1,078	5,391	69,830	1,078	5,391	69,830	2,324	11,621	69,830

				<u> </u>
5	,939	4,696	74,526	
6	,818	4,089	78,615	
7	,724	3,618	82,233	
8	,612	3,058	85,291	
9	,500	2,499	87,790	
10	,429	2,145	89,935	
11	,396	1,979	91,914	
12	,358	1,791	93,706	
13	,301	1,507	95,212	
15	,221	1,104	97,554	
16	,175	,876	98,430	
17	,126	,632	99,062	
18	,084	,420	99,482	
20	,047	,233	100,000	

Source: SPSS output (2018)

Table above shows the results of the forming of the factors. Based on the criteria explained before, the 19 variables has formed 4 factors, shown by the "Component" section, section 1-4 only. In section 5 onwards, the Eigenvalue is 0.939 and this does not fit the mentioned criteria. Based on the results, four factors are the most optimal amount.

Factor Interpretation

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Table 4. Rotated Component Matrix

	Component					
	1	2	3	4		
x1	,306	,035	<u>,754</u>	,201		
x2	<u>,741</u>	,102	,070	,356		
x3	,746	,337	,255	-,109		
x4	<u>,777</u>	,218	,348	-,152		
x5	,504	,578	,229	-,061		
х6	,576	,619	-,023	,210		
x7	,335	,662	,173	,040		
x8	,365	,663	,321	,142		
x9	-,034	,842	,150	,233		
x10	,028	,501	,072	,521		
x11	,102	,417	,762	,083		
x12	,410	,506	,170	,520		
x13	,158	,086	,285	,803		
x15	, <u>500</u>	,459	,290	,124		
x16	,361	,252	<u>,603</u>	,365		
x17	, <u>665</u>	,282	,303	,357		
x18	<u>,738</u>	,174	,276	,375		
x19	, <u>812</u>	,127	,197	,252		
x20	, <u>548</u>	,115	,465	,448		
Source: SPSS out	put (2018)					

Table 4 shows the results of Rotated Component Matrix. This results displays a more real and clearer distribution of variable. The variable's score of greater than 0.05 will be included as the part of a component, while the variable with the score of lesser than 0.05 will be eliminated. Next, this result have obtained several variable that dominated each of the factors, which described as follows:

The first factor is consisted by Training and Development (x2), Perceived of Organizational Support (x3), Organizational Justice (x4), Job Autonomy (x15), Career Development (x17), Commitment (x18), Performance Appraisal (x19), and Employee Empowerment (x20). To generalize, this factor is named as Talent Management The second factor is consisted by Job satisfaction (x5), Work environment (x6), Leadership (x7), Organizational culture (x8), and Work life balance (x9). This second factor is named as Workload Level. Third Factor, consisted by Compensation (x1), Demographic Factors (x11), and Mentoring (x16). This factor is called as Social Interaction. Fourth factor, consisted by Reward (x10), Job Stress (x12), and Job Security (x13). This factor is called Psychological Well-being. The rest of variables, which are not mentioned and consisted in any factors above, are eliminated and regarded as unfit factor. The naming and conception of each factor is determined with general definition which formed inside the factor.

Discussion

This part will consist of a logical explanation of each factor that has been formed in the previous section. From the 19 variables, there has been formed four factors based on statistical tests. They are Talent Management, Workload Level, Social Interaction and Psychological Well-being.

Talent Management has been recognized as one of the factors impacting employee retention. Attracting, selecting, engaging, developing and retaining employees are the five main focuses of talent management. In order for companies to gain a competitive advantage, the demand for human capital will continue to drive talent management (Perrin in Oladapo, 2014. It means, if a company implements talent management, the company possess a system in managing the employee's talent and concerns about reducing the number of intention to leave.

Talent management is implemented in order to get the right people with the right skills into their organizations. Esmaeili (2016) strengthens this finding by stating that talent management brings this assurance that each of the employees with their own specific talents and skills has been put into the appropriate job. Meanwhile, their occupational path is clear and acts as a factor stimulating increasingly the better job opportunities, inside and outside the company. Talent management provides appropriate processes and instruments for supporting and empowering the managers and employees.

The second factor is Workload Level. Workload refers to the amount of work that is allocated to an employee to do. A number of researchers have supported a positive relationship between workload, stress and turnover intention, such as Glaser et al in Qureshi, Iftikhar & Abbas (2013) that found that significant relationships between workload and stress and stress and turnover. Qureshi, Iftikhar & Abbas (2013) supports this finding by stating that workload positively related to the employee turnover intentions. Employee will think to leave the job when they feel over burden.

The third factor is Social Interaction. McEwen in Alhussami (2017) stated that social interactions of employees has an impact on physiological resourcefulness through enhancing and protection heart, neuroendocrine and immune systems, and physiological resourcefulness means that human body repair itself to easily deal and adopt with the challenges that might occur. Good social interaction with another employee will create a sense of belonging, security, trust which is part of basic psychological needs of human.

The last affecting factor is Psychological Well-being. Argyle in Chang, Chiu & Liu (2017) claimed that well-being is a response to life satisfaction and a perception of the frequency and intensity of positive emotions. Employees who possess intensive positive emotion will fill more satisified in their work and will perform without psychological burden such as the threat of job insecurity or superiors' pressure or incapability to finish work that leads them to have negative feelings. Furthermore, Employees who have fulfilled their well-being in the workplace are more productive, contributing to the organization's goals, and low of intentions to leave (Harter, Schmidt & Hayes, 2002).

Employees' psychological well-being must be fulfilled in order to get their best performance. Furthermore, Vandenberg & Nelson in Amin and Akbar (2013) also supports this finding by explaining that organizational commitment, job satisfaction, and well-being at work as a predictor of the emergence of turnover intentions.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the findings and discussions in chapter four, the conclusion of this research is summarized in this section. To conclude, there are four factors that impacts the employee retention of Ibis Hotel Manado, which are:

- 1. Talent Management factor. Consisted of Training and Development, Perceived of Organizational Support, Organizational Justice, Job Autonomy, Career Development, Commitment, Performance Appraisal and Employee Empowerment variable.
- 2. Workload factor, consisted of by Job satisfaction, Work environment, Leadership, Organizational culture, and Work life balance
- 3. Social Interaction Factor, consisted of Demographics, Mentoring and Compensation variable.
- 4. Psychological Well-being factor, consisted of Reward, Job Stress, and Job Security variable.

Recommendation

Based on conclusions in previous section, the recommendation of this research is summarized in this section. The recommendations are:

- 1. Ibis Hotel Manado as a company should pay attention of this factors if they want to keep their employees, bring down the number of employee retention and to prevent a high number of turnover in the future.
- 2. Ibis Hotel Manado or Human Resources strategists could use this data as a reference to compare the factor that drive employee retention across hospitality service in Indonesia, thus they could formulate better human resources management strategy across the nation.
- 3.Other companies and researchers should pay more attention of this factors, to make decision and to use it as references. Especially those who operate in hospitality and tourism industry that offers accommodation service.

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