

CHAPTER 1

INTRODUCTION

A. Research Background

High rate of employee turnover has increasingly become a big problem of interest to business practitioners and academicians. The phenomena happened not only in developed countries but also in developing countries. Taking Concerns over with this huge issue has a valid basis if one observes the reported statistics on the turnover rate. For example, in the United States, the turnover phenomena have been seen as a big national problem, and the government is more concerned with this national workplace crisis.

The human resource management perspective said the high turnover rate is a serious and important issue due to several reasons. First, is high turnover rate has an impact on financial consequences. When company employees leave, recruiting, selecting, and training new employees is necessary, and it will be more spend more company budgeting. Second, the disrupting of the company's productivity and performance has a high possibility, especially when it impacts an organization or company's critical positions. The high turnover phenomena in the organizations also cultivate a sense of discontinuity in the workplace process, therefore interfere, managers and employee or commonly known as turnover intention.

The huge phenomena also have a serious impact on organizational survival, and the issues have not received as much attention as other behavioral outcomes in the workforce. Sadaghiani (2015), exposed that turnover intention is a conscious and deliberate will of an employee to leave an organization or an employee's company. The effect of turnover intention has a negative or positive effect on the organizational and individual employee (Vallerand, 2015) The phenomena remain a substantial component of measuring employee's dedication and employee's loyalty

given the potential and immediate impact that intentions have on workplace behaviors (Sadaghiani, 2015). The effect of turnover intention has a negative or positive effect on the organizational and individual employee (Harndt, 2014). Based on the previous researcher, a clearer understanding and take a more view of the process of intention to quit from the company could increase and change the graph of the degree to which organizations and to the employee within an organization can influence its effects on both parties (Vallerand, 2015).

All of the institutions need to deeply understand the study on turnover phenomena in the organization to manage employee dedication to reach the organization's goals and complete its vision and mission. The situation and condition are emerging nowadays in several companies, such as manufacturing, pharmacy, medicine, property, and others. The situation has a high possibility happened both in the national company or international company. The phenomena have occurred in international medicine companies, especially in the scope of international herbal medicine. However, as the international company has many departments and employees in different levels, backgrounds, and generations with one goal with the same vision and mission, it becomes crucial in the international company. However, many factors influence the employee's dedication in the international company, the internal factor, and the external factors. The effect of each factor will be influencing employee dedication to the organization. The low of dedication is the high number of turnover intentions among the employee. Vardaman (2014), exploring that turnover is defined as the termination of an individual's employment with a company. An organization that cannot fix the turnover phenomena and wouldn't solve its problem will likely lose its competitiveness in the long run and decrease company productivity. Therefore, these pernicious consequences are crucial for organizations to better understand the factor contributing to employee turnover possibility in an organization and find the problem's solution to avoid its negative effect.

Teamwork in the international company's scope starts from the top until the organization's below position. All of the positions among the employee are become important to reach the goal of the company. Cooperation becomes a significant thing to reach the goal. In the international organization, the general manager, manager representative, head of each department, the staff, the officer, and the operators until the office boys play big roles. In this case, the result of each employee's role is important. The bad result will affect employee loyalty to the organization.

This study examines how each factor influences the dedication and commitment of the employee. It is essential because the commitment and the dedication of the employee will affect the organization's performance and the organization's process itself. The loss of employees and the decreasing number of employee's loyalty can impair an organization's performance, capability, and financial success (Cho & Lewis, 2012). It will bring the company in bad condition. A high loss percentage should raise a red flag as a warning that the company is not in health condition and determine why the turnover is occurring.

Today, the organization faces a different generation of employees who bring different characteristics and will also give a different treat to each generation. Th development of human resources leads to the grouping of generations in the world work. The generations of the organization's employees now classified in three generations still exist in this era as the employees. The old generation is baby boomers, the next generation is the X generation, and the last generation known as the employee is the Y generation or millennial generation.

According to Mannheim, Generation is a social construction. A group of people who have the same age and the same historical experience and same characteristics should also receive the same treatment. The individual with the same generation is the individual who was born in the same year in a vulnerable period of 20 years with the same social and the same history. In other words, it means they were born and grow up in the same type of

era. The other research from Working with Generations X And Y In Generation Z Period: Management Of Different Generations In Business Life, Sezin Baysal Berkup, Gediz University, İzmir, Turkey, 2014 mentioned that the millennial generation or Y generation is the individual who born in between 1980 until 2001. The same opinion with Stafford and Griffis (2008), explained that millennials are born between 1980 – 2000. According to United States Census Bureau (2015), the millennial generation is the individuals born between 1982 until 2000. Another opinion is from The Millennial Generation Research Review NCF (2012), the millennial generation is the generation born with the following table below.

Table 1.1 Generation Divisions

Type of Generation	Year of Born
GL generation	1901 – 1924
Silent Generation	1925 – 1946
Baby Boom Generation	1945 – 1964
Generation X	1965 – 1979
Millennial Generation	1980 – 1999

Besides the researcher from the other countries, there are other opinions from domestic researchers Hasanudin Ali and Lilik Purwadi in their book *Millenial Nusantara*. They mentioned that the millennial generation is the individuals who were born from 1980 until 2000. The other domestic researchers set the millennial generation's year as the reference starting from 1980 until 2000.

Millennial is the generation who born between 1980 until 2000. This generation has come after generation X, who were born before 1980. This

generation is commonly known as next-generation, echo generation, I generation, known as generation me, the next great generation, and my space generation based on the characteristics and type of situation when the generation was born and grew up. The millennial generation grew up using electronics and close to the development of the technologies. According to DMR (Digital Marketing Ramblings), millennial generations spend their time for about 18 hours per week on their smartphone. It makes this generation have more time, not in real life, makeup 25 percent of the United States workforce, and are the largest group to use a coupon for internet marketing. It became influencing digital marketing to exist. Some facts offered by Pew Researcher Center suggest that millennial generations are likely to be college graduates. They are most likely to live at home between the ranges of ages 25 until 35, and the technologies support this.

The organization that is facing differentiation of generation happens in international herbs company. And the phenomenon of the higher turnover rate among millennial employees in this organization has a high possibility. However, the international herbs company must reach their goals with great teamwork. As the millennial is the youngest employee among all the educational institution employees, this condition should make good cooperation between them. The existence of the millennial is important in this organization. Moreover, the organization's development is in line with the development of the technology, as the previous research explained that millennial is easy to get closer with the technology. The loyalty of millennial employees is needed for the international herbs company.

According to population estimates from the U.S. Census Bureau, millennials have been surprised by the baby boomer generation as the nation's largest living adult generation who have a long age than the other generation. As of July 2019, with the latest date for which population estimates are available and will have a lot of impact on the universe, Millennials define as ages 23 to 38 in 2019, numbered 72,1 million, and boomers (ages 55 to 73) numbered 71,6 million. According to United States

Census Bureau (2015), the Millennial generation is more diverse than the others generations who preceded them or the boomer generation born directly before the millennial generation, with 44,2 percent of millennials being part of a minority race or ethnic group in some organization. Another research explained that this generation in developed countries feels pessimistic because of the minority of the existence, while optimism directly happens in emerging markets. There are distinct differences concerns as to what concerns millennials in each group between the other generation. Based on 2012, with over 63 percent of millennial having bachelor's degree graduated as the PayScale study that millennial is the most educated generation in American history. In 2017 regarding Pew Research Center, Millennial workers in age 18 to 35 are more likely to stick with their employees than their older counterparts in Generation X as they were young adults than the X generation. In 2014, SDL explained that millennials embrace brands on social media because of this generation's length of life, with the proof of five out of six millennials connect with companies on their social media.

Based AON Modern Survey in 2017, showed that 69 percent of millennial employees rarely think about leaving their current organization to work somewhere else. This generation decides to have the organization's low dedication; this survey compared to 54 percent of Gen Xers and 63 percent of Baby Boomers generation.

The data from Deloitte Indonesia Perspectives in 2019, states that the percentage of millennials in Indonesia is the largest number (33.75%), followed by generation Z (29.23%), generation X (25.74%), and the least is the baby boomers and veterans. (11.27%). Deloitte Indonesia Perspectives (2019) states that millennials are synonymous with high employee turnover rates compared to the previous generation. As a new generation in the world of work, the average millennial turnover rate is above 10%. Dicky Kartikoyono as director of human resources at Bank Indonesia, said that a high percentage of millennial employee turnover also often occurs in start-

up companies that are believed to be companies that are in great demand by millennials. Deloitte Indonesia Perspectives in 2019, emphasizes that the percentage of millennial employee turnover increases even every month because many millennial employees can change companies five times in 4 years.

Millennial Generation has been characterized in several different ways with different explanations. There are two side characteristics of millennials, on the negative side and the positive side. Start with the negative side, and the generation has been described as lazy, selfish, and prone to jump from job to job or life in their own decisions. On the positive side, as expected by the birth year, the millennial generation makes up the fastest-growing employee and meets easily with the developed technologies in the workforce. This generation's common characteristic is millennial generation is technology savvy. This generation grew up with technology, and all of the condition in this generation life is close with technologies. The technologies are getting closer with millennial life, and they rely on it to perform their jobs get better, and this situation will influence their performance. Millennials are family-centric. Members of this generation are willing to trade high pay for fewer billable hours in their lives. They want to spend all of their time in the workforce, flexible schedules, better work or life balance. The next characteristic of millennials is millennials are achievement-oriented or have a high ambition. This generation is known as a confident generation, ambitious, and achievement-oriented, making this generation highly competitive. In the workplace, they have a high expectation of their employers and want to be more engaged, seek the newest challenges at the workplace, and are not afraid to question authority. They will be open-minded with any situation. Generation Y wants meaningful works and has a solid learning curve, and the relationship between the team members is important. The other characteristic of generation Y is team-oriented. They will give a maximal value to the teamwork and seek input and affirmation from other members. The

millennial generation is the true no person left behind generation, loyal generation and committed and have high dedication to something they achieve. They want to be included, involved and also admitted they would hate it if they became isolated. Generation Y is a generation that craves attention. Feedback and guidance are needed the most. They will be appreciate being kept in the loop and often need frequent and praise and reassurance to be more maintained. A lot of benefits will millennials take from mentors who can help to guide and developed their talents. The Millennial generation is prone to job-hopping, and they have a high expectation of their work. Looking for something new, fresh, and better potential are the other characteristics of millennial generation workers. In this generation, it is uncommon to stay with a firm for only two or three years of work before moving on to a position they think is better than the before ones. It is in line with their characteristics having high competitiveness, Shih Yung Chou (2012).

Based on Cho (2014), in their journal about the Millennial ways got closer with the world of work and want to be more understanding. The study showed that Millennials integrate technology in their life based on the experience, needed, and what they want to do; they hope the organization's accommodation. In the empirical study about the effect of the generation on the attitude of work. Cho (2014) found that the satisfied rate of Millennials and Millennials satisfy the company is higher than X generation and Baby Boomers. Sense of security admitted the improved of the carrier are supported this happened. Myers and Sadaghiani (2015) explained how the Millennial attitude in the workplace, communication style, and the relationship between millennial employees with the team and organization. Sadaghiani (2015) found that millennials have a good work in the workplace with team settings, have a higher task motivation, and Millennials are more likely to have open communication and more often to be closer understand what they do and understand about communication technology in line with their characteristics team-oriented. In his study of the millennial generation.

Ng, Schweitzer (2010) found individualism, searching for career improvement, developing skills, and ensuring the meaning of life and satisfaction outside of their work are millennials more.

Chou (2012) see that there are two schools of view to Millennial, the first school of view focus on the attitude and work value of millennial. In general, it showed that millennials focus more on the social work aspect. Having a good partner in the workplace and an attractive work environment is important for millennials. Chou explained that the social aspect in the workplace does not affect the lack of millennial force in the workplace. In particular, millennials found as a generation who tend to become hard workers, be responsible, team-oriented, and generous. The millennial mindset was team-oriented, and millennials showed an inclusive management style with positive feedback. Twenge and Campbell (2010) found that millennials have shown a higher level of self-esteem and firmness than the old generation. This generation is known as the generation who have a high level of confidence with their skills and tend to be more involved in the organization. The characteristics also founded by Trzeniewski (2013) and Donnellan explained that millennials have a high level of self-esteem and high external locus of control than the others generations. The second school of view to millennials is discussed about communication style. Based on the previous research, Millennials are not just searching for communication, positive and open communication in the workplace. Still, they also collect and share information easily as the technologies are growing as the millennial generations grow up.

As millennials are the newest individuals in the workplace, there is a lot of discussion on millennials in the workplace from all the various perspectives and studies. Barkin, Herman, Warren, and Rennhoff (2010) analyses in the United States earn an average of \$956 billion and \$43 billion from the economic model perspective. It is less than non – obese millennial women and men and predicted that the obese millennial women and men are the impact of obesity on lifetime earnings for millennials. The research

of Harris Boundy and Flatt (2010) showed that millennials demonstrate a higher level of individualism than collectivism, so they were decided based on their analyses.

Based on the characteristics explained and explored by the old researchers, Millennials are different from the old others generation. These values of millennials put the view on the concept of work on their work are correlated. One of the phenomena that this generation high tends to move from one job to the other job is a change in the high level of turnover intention (Sourceright, 2016). This turnover phenomenon of millennials has a negative effect: it will disrupt work harmony, add more work cost to hire new staff and waste time developing the recruitment, and decreasing the company's performance (Haq, Badar, & Abbas, 2017). The corporate should put their efforts to prevent facing this condition.

The previous research conducted by Dipietro & Pizam (2018), that the Y generation felt comfortable with the changes. It makes the phenomena of high turnover intention and the unsatisfying in the workplace are common things in the workplace. Furthermore, compared with the Y generation, this generation can be a hard worker, but on the other side, the generation lacks loyalty to their organization or company. Millennials tend to move from one organization to another to increase their confidence level (Pratama, 2015). Their research also explored that the phenomena happened by the force of the factors that influenced the work satisfaction from Y generation employees who have a big difference from the others generation. The organization must consider those factors to cultivate and maintain Y generations employees' existence so the phenomena can avoid. Lack of job satisfaction, work engagement, and the weakness of passion could be the cause of the high turnover intention on the Millennial generations happens.

The research conducted by Strati (2016), explores that passion is a burning desire. It is a strong belief that would lead people to become disciplined to achieve their vision. There are five components of passion: meaningful connection, an internal drive of person, work absorption in the

workforce, joy, and subjective vitality (Pradhan, Panda & Jena, 2017). Furthermore, there is a direct correlation between work engagement and millennial employees' turnover intention in their research. The work passion on millennial employees will bring them to get higher performance in they to work to the company performance. The high performance they do will affect the job satisfaction they will get and influence their decision to give high dedication.

Work engagement is a positive thing in the workplace and positively impacts both employees and the company. Work engagement has a tight relationship with the thinking of the mind of the employee. The high dedication and absorption can be caused by the condition that feels more spirit to work in the employee's workplace. Utrecht Work Engagement Scale (UWES) could be measuring the work engagement with there are three dimensions in work engagement (Agoi, 2015). The dimensions are vigor, dedication, and absorption. Vigor refers to possessed physical strength, emotional energy, and cognitive liveliness and represents a moderate intensity or about the individuals' feelings that they effect experienced at their work. Though it has been assessed in past research as mood state and a prof of the work engagement happens, vigor has focused on any integrative theoretical treatise from the old study until the newest study. Dedication and willingness have a similarity to get involved in the organization. Commitment is the level of dedication. People who effort truly believe that committed is important, and they show up, follow through and stick with it are committed to an organization. The higher level of employees engrossed in the workplace is the time when absorption occurs. People are immersed in their work is closely related to absorption is the concept of flow which describes a positive state.

According to Gibson et al. (2012), job satisfaction is an individual attitude toward their work resulting from their work perceptions and what they do to face the work. Based on environmental factors such as supervisor style, policies and procedures, working group relationships, working

conditions, and facilities. According to Robbins and Timothy (2015), job satisfaction is a positive feeling of the relationship between the employee's work and his job characteristics evaluation. Employees with high job satisfaction will have a positive feeling about their work at the organization. Employees who lack job satisfaction will have a negative feeling about their work. Rivai and Mulyadi (2012) state that job satisfaction is the assessment or the evaluation from employees itself about how far the job satisfied its needs. It will come to the result of satisfying employee level.

As the newest individual in this era, and the presence of millennials in line with this era condition, and Indonesia as the largest population have 160 million millennial workers from the total workforce in Indonesia, based on the Central Bureau of Statistic data. Dale Carnegie Indonesia research stated that employees' engagement among millennials is found that only 25 percent of millennials are fully involved in the workplace and fully engaged in the company's work process. The preliminary research stated that about 63 percent out of 87 employees in total, or 74,71 percent, millennial employee engagement is dominant. But in the next three years, higher millennial employees tend to replace their workplace and got significant increasing every year but have a high level to tend to leave the organization. The millennial employee's engagement is because millennials want to speak up with their opinion and want to be more admitted.

The discussion above has highlighted the importance of work engagement, work passion, and job satisfaction of millennial employees in the workplace in creating dedication and commitment of the millennial employee to increase organizational performance. To become a success in the organizational process and to become a success to reach the organizational goals of PT. Herba Emas Wahidatama Purbalingga. The organization should know the factors that can cause the reason millennial employees have a high turnover intention. Turnover intention is majorly happened caused by a willingness to get a better job and make them get high development level. To counter this, the organization should develop and

increase the employee's intention to stay to minimize the high rate of intention to leave the organization. It will be positive terminology for turnover intention phenomena. This aspect explored that the high level of work passion of employee preference would not be desperate in facing the difficulties in work within their job (Lajom et al., 2017). Another statement explained that intention to stay would happen as long as the employee receives their satisfaction while doing their job. It is the level of satisfaction (Robbins & Judge, 2013).

This research explores the relationship between work engagement, work passion, and job satisfaction influencing employee dedication and commitment to minimize the high turnover rate by increasing the intention to stay to the millennial employee. Therefore, it is hoped that the organization can reach the goals with good teamwork and become the organization's success with high quality and performance of the employee and the organization itself.

B. Problem Formulation

1. Does work passion have a significant negative effect on the turnover intention of the millennial employee?
2. Does work engagement have a significant negative effect on the turnover intention of the millennial employee?
3. Does job satisfaction have a significant negative effect on the turnover intention of the millennial employee?
4. Does work engagement have a mediate effect on the relationship between work passion and millennial employee turnover intention?
5. Does job satisfaction have a mediate effect on the relationship between work passion and millennial employee turnover intention?

C. Research Purposes

1. To find out and analyze the effect of work passion on the millennial employee turnover intention of PT. Herba Emas Wahidatama Purbalingga.
2. To find out and analyze the effect of work engagement on the millennial employee turnover intention of PT. Herba Emas Wahidatama Purbalingga.

3. To find out and analyze the effect of job satisfaction on the millennial turnover intention of PT. Herba Emas Wahidatama Purbalingga.
4. To find out and analyze the mediate effect of work engagement on the relationship between work passion and turnover intention of millennial employees at PT. Herba Emas Wahidatama Purbalingga
5. To find out and analyze the mediate effect of job satisfaction on the relationship between work passion and turnover intention of millennial employees at PT. Herba Emas Wahidatama Purbalingga.

D. Research Benefits

1. Theoretical

This study's results are expected to provide benefits as reference for further research relating to work passion, work engagement, and job satisfaction on millennial employee turnover rate.

2. Practice

This study's results are expected to be used as input for educational institutions in managing human resources and creating high intention to stay on millennial employees.