

CHAPTER I

INTRODUCTION

A. **Research Background**

Now a days, business in Indonesia is increasing rapidly and continuously developing. This causes a high market competition so companies compete each other to win the market in Indonesia. The competition situation make human resource management as a important role in increasing employee performance to be able to compete with other companies. Supported by (Patrick M. Wright, 2011) Stated that human resource management as a design of work patterns in human resources in a company planned to be carried out and activities intended to support the company in achieving the goals. Then, the company or organization must have an effective work pattern so that the company's goals will be achieved. Companies need to pay attention to several things that can damage the work patterns in the company, one of them is the high level of turnover intention in the company.

Turnover intention is a serious issue for company which can damage the work pattern in company. According to (Saeed, Waseem, Sikander, & Rizwan, 2014) Turnover intention is the planning of employee to leave the company, or planing to fire the employee. While according to Hamoto (2002) in (Anwar, Tjahjono, Fauziyah, & Palupi, 2017) the state of level willingness of employee to leave the company it caused by some reasons one of them is willingness of employee to get a another

job which better than before. The willingness of employee to leave the company must be a serious concern for human resource management to maintain their employees. According to (M.Soltis, Agneessens, Sasovova, & Labianca, 2013) turnover intention can have negative effects on companies and organizations. One of the negative impacts is the expensive process that can spend 17 percent of the company's income before corporate tax. This is accordance with (Saleem & Gul, 2013) stated that when employee leave the company it will give a financial consequences. Because company need to recruiting and training of new employee the position that may be used high cost around 25% of their total annual compensation. And for other reason is affect the productivity, especially when this incriminate an important position in the organization. Therefore the company must reduce the level of employee turnover intention, even though it cannot make it 0%. But reducing the level of turnover intention is a must so that companies can avoid the financial consequences and effectiveness of production in the company. In maintaining the work environment to control the level of turnover intention human resource management must be more careful in making a program or decision for employees. One of them by considering justice for employees.

According to Greenberg (1987) in (Owolabi, 2012) states organizational justice is a reaction from employees or individuals and the perspective of justice in an organization or company. which can be based on actions taken or decisions made morally correct, in accordance

with ethics, equity, religion, fairness and law. While According to (Kinicki & Fugate, 2013) Organizational Justice have three component namely Distributive, Procedural, and Interactional. Distributive justice. According to Adams (1965) in (C.Dailey & Kirk, 1992) stated that distributive justice is the concept of fairness from stating employees or their perceptions of fairness in an organization or company by comparing the input or output ratio that they receive from management. The output about the fairness perception of the management decisions distribution such as salary, promotions career etc. The output of distributive justice that will be discussed in this research is career and compensation.

Career in Great Dictionary of The Indonesian Language (KBBI) is defined as The development and progress in life, work, position etc. While according to (Anwar, Tjahjono, Fauziyah, & Palupi, 2017) in deciding to work for long periods of time for employee, career become the main factors to consider. Then the employee will look for companies that support them to develop a career in the company. Career paths will provide motivation for employees to work. Companies need to pay attention to justice in the distribution of careers in company. So this does not causes a jealousy between employees. In the previous research conducted by (Anwar, Tjahjono, Fauziyah, & Palupi, 2017) the IT professionals in private companies in the special region of Yogyakarta stated that the career procedures and career distribution they received from the company had fulfilled justice. The perception of justice will

affect positive habits for IT professionals. The positive behavior that is built becomes a stimulant for IT professionals in increasing productivity in the company.

The other output of distributive justice is compensation. Great Dictionary of The Indonesian Language (KBBI) described compensation as a monetary or non-cash compensation which is given to employees in a company or organizations. While According to Dessler (2005) in (Zakaria & Astuty, 2017) stated compensation is all that comes from all employee work in the form of pay or gifts provided by the company. In providing compensation to employees, companies must do it fairly and evenly so as to create an environment conducive and productive work for the company. In previous research conducted by (Putrianti, Hamid, & Mukzam, 2014) on the employees of PT TIKI Lane Nugraha Ekakurir Central Malang with 62 respondents. which proves that turnover intention will decrease by 0.366 units for each additional one unit (compensation). So if compensation has increased by 1 unit, the turnover intention will decrease by 0.366 units, assuming the other variables are considered constant.

Beside distributive justice careers and compensation, in this study of turnover intention will also be related to age. Previous research conducted by (Park & Gursoy, 2011) who found that differences in millennial generation, baby boomers and gen X were moderated in the relationship of work engagement turnover intention. Generation baby boomers is a generation born from 1946 to 1964. Baby boomers are the

largest generation. According to Lancaster and Stillman in (Putra, 2017) Baby Boomers is a confident generation for every opportunity, and sometimes too idealistic to make positive changes in the world. They are also competitive and look for ways to make changes from existing systems. While in work habits the baby boomers have a high sense of optimism, a hard worker want personal appreciation, believe in one's own change and development. According to Howe and Straus (1991) in (Putra, 2017) Baby boom generation is a materialistic and time oriented.

Generation X is the generation born in the early years of technological and information development. They were born from 1960-1980. according to Jurkiewicz (2000) in (Putra, 2017) generation x is often called a formidable generation that has the ability to adapt to the environment so that they are able to accept changes well. This generation prioritizes image, fame, money. They are also the hard-working type in working and calculating what contribution the company has made to the work they have done.

In a research conducted by Dale Carnegie Training Indonesia, it was produced that the generation Y is the generation that will always develop in Indonesia and become the largest working population today. Generation Y or we called Millenials generation were born from 1980-1995 (Putra, 2017). Lyons (2004) revealed the characteristic of generation millenials are : each individual of this generation are different, depends on where he grew up, the economic condition, and

social family. Millennials generations is social media users that are fanatical and their life very affected by technological developments.

Considering the importance of high turnover intention will have a negative impact on the company from the financial consequences and effectiveness of production in the company. Researchers believe that it is important to conduct research the effects of distributive justice careers, distributive justice compensation on turnover intention and millennial and non millennial as a moderating variable, on turnover intention on the employees of the Private University in Yogyakarta.

B. Research Questions

Based on the above research background, the formulation of the problem to be investigated is:

1. Does distributive justice compensation effect on turnover intention in employee of Private University in Yogyakarta
2. Does distributive justice career effect turnover intention in employee of Private University in Yogyakarta
3. Does non millennial generation moderate the influence of the distributive justice compensation on turnover intention in employee of Private University in Yogyakarta rather than millennial generation ?
4. Does millennial generation moderate the influence of distributive justice career on turnover intention in employee of Private University in Yogyakarta rather than non millenials generation?

C. Research Objectives

Based on the research background and research questions, the research objectives of the research is :

1. To Analyzed the influence of distributive justice compensation affects turnover intention in employee of Private University in Yogyakarta.
2. To analyzed the influence of distributive justice career affects turnover intention in employee of Private University in Yogyakarta.
3. To identify whether non millenials generation moderate the effect of distributive justice compensation to turnover intention in employee of Private University in Yogyakarta rather than millenials generation.
4. To identify whether millenials generation moderate the effect of distributive justice career to turnover intention in employee of Private University in Yogyakarta rather than non millenials generation.

D. Research Contributions

This research is expected to have a contribution in several fields, one of which is education, and can also contribute directly or indirectly. The contributions of this study are as follows:

a. Theoretical Contributions

Can be used by researchers as a reference for further research that has a relationship with distributive justice compensation , and distributive justice career especially for millennials and non millennials that will effect turnover intention

b. Practical Contributions

1. For writers

Can be a provision of knowledge in accordance with the concentration of courses taken in human resource management and become a direct experience of how distributive justice career, distributive justice compensation that can effect turnover intention for millennials and non-millennial generations as moderating variables.

2. For the company

Can be material consideration for companies about the importance of distributive justice in career decision making and compensation for employees so as not to increase turnover intention rates.