

# CHAPTER 1

## INTRODUCTION

### 1.1. Research Background

Human resources are an important asset of the company in running the company activities. The role of employees as human resource is needed to determine the success of establishment of a company and are very important because employee can generate additional value for the company hence the role and function of an employee aims to help to increase the productivity and maximizing performances and use time effectively. To get the optimal result, company management needs to find employees who have expertise and have good performance on completing their duties.

The availability of qualified human resource will depend on the Human Resource Management in the company. Companies that aware of the importance of managing the existing human resource will pay full attention to this aspect of human resource management which is not only limited to think about how to get the high-quality human resource but also developing the existing human resources to continue to give their best contribution to the company.

One problem that often appear by companies related to human resource management is the high number of employee turnover. A high turnover rate for a company makes the company loses their best employee. This will cause huge loss for the company, both in term of cost and employee motivation. The loss in term of cost is in the form of expenses to do recruitment and training for the new employee. In terms of motivation, there is a possibility of employee who still survive will be affected, make the employee re-evaluate their work then determine whether they too will leave of stay in the company.

Turnover makes the company lose a few workers, where this can affect the performance of the company. The company will conduct recruitment process for replacing the outgoing employee and will then followed by a training process to train the new employee which requires no small cost. In addition, turnover also makes work process become ineffective because the replacement

of the of experienced employee with the new employee that will affect the company's performance.

Job satisfaction affect the level of turnover intention, which is a positive feeling about work. Satisfaction itself has many forms in general, such as satisfaction in the work itself, salary or benefits received, and relationship between supervisors and coworkers. Company management must provide a sense of comfort in working by creating job satisfaction to the employee hence the employee feels happy while working.

Asoka Coffee is one among thousands coffeeshop in Yogyakarta that has been established and has become a hangout place which is much in demand by young people. Asoka Coffee is located at Jalan Kubus, Manukan, Condongcatur, Depok Sub-District, Sleman Regency, Special Region of Yogyakarta, widely known by people from various circle and already have regular customer coming over. In running the business, Asoka Coffee certainly experiences various problems. From the earlier observation, found that the rate number of employee turnover in Asoka Coffee is quite high. Below is the data of employee turnover in Asoka Coffee since its established.

The highest number of employee turnover in Asoka Coffee is in July 2019 which there are three employees leaving. Hence the researcher conducted an interview on March 2nd, 2020, with five employees in Asoka Coffee to find out what factors are indicated to influence the increasing turnover intention in AsokaCoffee. Based on the interview, known that the aspects that require more attention from the company due to overcome the turnover intention that occurs in Asoka Coffee are job satisfaction and work environment.

Based on these observations, it is known that there are problems that must be corrected immediately by the company. If the problem is not handled properly, then it will cause more complex and even cause new problems. Employees feel that job satisfaction at work is not satisfactory. According to some employees, the salary they receive does not worth the job they have done. In addition, working is considered boring because every day the employee will do the same task that is causing boredom and some collaboration between employees also looks less good and less supportive to each other. The lack of attachment in relationships among the employee will cause tension, anxiety, and pressure at work so that employees become uncomfortable at work and want to leave work.

To increase employee job satisfaction, Asoka Coffee has made several efforts to maintain employee satisfaction so that employees will be loyal to the company.

The company provides an appropriate salary, even above the average part-time salary standard. In addition, employees are allowed to make their own coffee that are not limited and are even allowed to make food while stock are still available. The owner always tries to create good communication and supporting and encouraging employee enthusiasm for work optimally towards their goals. The owner also acts fairly in treating all employees, such as giving rewards to employees such as bonuses for employees who are never absent and arrive on time. But these efforts have not been able to provide high job satisfaction to employees. Instead, it is becoming a factor in the high-rate turnover intention at Asoka Coffee.

The second factor that is indicated to cause high turnover intention in Asoka Coffee is the condition of the workplace environment. Uneven shift scheduling and work without time lag make employees at Asoka Coffee feel tired and depressed. Sometimes employees extend their time working at night because the employee must wait for all the customers to leave so they can close the place. The employee also often does double shift to replace other employees who are unable to work or even because no one can shift at a certain time. Also, the employees often feel uncomfortable and quickly become exhausted due to the layout of the bar in Asoka Coffee that is not too convenience. In this case, the work of employees become inefficient and creates a bottleneck, hence it takes a long time to finish the job. This is also caused by the small number of employees owned by Asoka Coffee.

Based on the data obtained, in fact this company cannot guarantee its employees to stay afloat. Some employees are satisfied, and some are dissatisfied, so some keep working and some leave (resign). This indicates that there is a factor that causes the employee to decide to leave. It is suspected that the existence of job dissatisfaction factors has a significant role in relation to the desire to leave employees (turnover intention). Employee job dissatisfaction is caused by employees already feeling uncomfortable with the company environment.

Several ways are used by company management to achieve employee satisfaction. One of them is to evaluate the performance of management itself in

satisfying employees. This evaluation is very important to find out how much employee satisfaction is at work, especially for the barista at Asoka Coffee. Evaluation is an absolute thing that must be done by companies that offer services, because with the quality of service to customers, companies can measure the level of performance that has been achieved.

The level of employee satisfaction depends on the size of the company's performance in meeting the needs of employees in doing their jobs. The satisfaction of employees obtained will be related to what they expect. In other words, the quality of the company's performance is the difference between the expectations of employees or their desires with their perceptions.

Having the case above as the problem, researchers are interested in further researching the Employee Satisfaction Improvement using SERVQUAL and Importance Performance Analysis at Asoka Coffee. Hence all the employee of Asoka coffee will be the object as well as the respondents in this study.

## **1.2. Problem Formulation**

Based on the problems found in the identification of the problems, the formulation of the problem in this study is measuring the service quality of Asoka Coffee management towards their employees and providing suggestions for improving the employee satisfaction.

## **1.3. Objectives**

Based on the background and problem formulation, the main objective of this research is to measure the service quality of Asoka Coffee management towards their employee and providing suggestions for improvement.

## **1.4. Scope and Limitation**

The scope and limitations of this research are as follow:

- a. This research will only be done in Asoka Coffee, Condong Catur, Region Sleman, D.I. Yogyakarta.

b. The time spent in completing this research is from the initial stage until the author gets a conclusion from the results studied. This research was carried out from February 2020 until completion.