

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Tourism is a dynamic economic sector that plays a significant role in sustainable economic development and poverty reduction. The impact of globalization on the tourism industry is currently important for several reasons and is considered as one of the largest and fastest developing sectors of the world. It is well known that the tourism sector attracts people with different backgrounds, often belonging to the economically developing nations. Indonesia is among one of these developing countries with high potential of tourism. Moreover, tourism is identified as one of the most effective means of job creation and drive economic development in those local communities.

Indonesia's tourism sector is also highly relevant in terms of jobs, employing nearly ten million people in the year 2020 (see **Figure 1.1 Labor Absorption of Tourism**



Figure 1.1 Labor Absorption of Tourism Sector Indonesia 2010-2020
Source: Kementerian Pariwisata dan Ekonomi Kreatif (2020)

Sector Indonesia 2010-2020). It can be observed that the trend is upward up until last year due to the effects of the global pandemic. This brings into the topic of employee turnover.

Employee turnover is a problem faced by most organizations and it is a highly researchable topic in the current context. High employee turnover intention within tourism and hospitality employees are important challenges in this sector. The costs of layoff, training, and replacement, as well as the cost gap between the leavers' and newcomers' performance, make this a significant economic issue for tourism businesses (Stamolampros et al., 2019). Turnover intention refers to one's behavioral attitude to leave an organization, while turnover describes the actual act of detaching oneself from an organization (Edirisinghe, 2019). Meanwhile, Nurmayanti et al. (2018) stated that turnover intention is a negative attitude that can lead to employee turnover and be the main decisive of turnover behavior. However, the intention to leave the organization is still the idea.

To prevent turnover intention from increasing, job satisfaction is a critical factor in attracting and retaining a skilled workforce. It is the degree to which people feel satisfied or dissatisfied with their job. Job satisfaction is a factor that influences workers' commitment and performance, and thus exerts a significant effect on quality, productivity, and profitability. There is evidence, for example, indicating that lower levels of satisfaction are related to a higher incidence of absenteeism and labor turnover, and that job satisfaction is a good predictor for quits, more satisfied workers are less likely to quit (Lillo-Bañuls et al., 2018). This is also the case for the tourism industry. As other researchers pointed out that job satisfaction among hospitality

workers is a significant determinant of commitment, Yue (2019) concluded that job satisfaction contributes to lower employee turnover intention. A better understanding of job satisfaction and its determinants and, more specifically, an exploration of which factors differentiate the tourism sector from other comparable parts of the economy is crucial to addressing turnover difficulties and improving job performance and business outcomes within this sector.

Another factor that influences job satisfaction is work motivation. Employees who have high work motivation will tend to have high job satisfaction and vice versa (Edward & Susanti, 2019). In performing a job, an employee needs motivation which is an internal trait. Motivation is the driving force that allows an employee to be willing in lending their abilities in the form of expertise and skills, energy, and time into carrying out various tasks that are their responsibilities and fulfill them in order to meet the company goals and objectives (Sholekah, 2017). Motivation is linked to the effort made by an employee in pursuing goals related to job satisfaction and job performance. The factors that affect an employee's work motivation include salary, bonuses, incentives, and similar. Work motivation can also be considered as whatever it takes to encourage workers to perform by fulfilling or appealing to their needs (Ramsangzuali & Saini, 2019), which means that when their needs are met by certain factors, the employee will in return give their best in achieving company goals.

PT. Angkasa Travel International is a second-generation family business that operates in the tourism industry. The first-generation company still exists as PT. Angkasa Tour & Travel. The company differentiates itself from the main company as its own entity. Like most tourism industry companies, PT. Angkasa Travel

International also struggles with turnover intention within the company, as seen from the table provided by human resources below. Note that the author was able to procure initial data from the only department where the author worked at in the company prior to extensive research.

Table 1.1 Tour Department Turnover PT. Angkasa Travel International (2017-2021)

Year	Employees				
	2017	2018	2019	2020	2021
Resigned	0	3	16	11	5
New Hires	2	14	29	4	1
Total Employees	6	17	30	23	19
Turnover Rate	0%	35,29%	68,08%	41,5%	23,8%

Source: Author-processed data provided by the company (2021)

As referred in Figure 1.1 & Table 1.1, turnover is high compared to new hires in 2020. Although the turnover rate is high in 2019, it was due to a recruitment boom in the company. Stamolampros et al. (2019) iterated that the tourism and hospitality workforce is classified as peripheral labour which primarily consists of semi-skilled or unskilled workers in full-time, part-time contracts, which made the industry's workforce belonging in a younger demographic. With such young inexperienced workforce comes poor training, the industry is also characterized by poor salaries which work as a disincentive for employees required to satisfy the demands of customers who commonly require high service. This has made tourism and hospitality jobs widely regarded as stressful with imbalances in the employees' work and personal life commitments (Nurmayanti et al., 2018).

The following research will be conducted using the quantitative method to find out how strong the work motivation and job satisfaction are in influencing turnover

intention at a travel company like PT. Angkasa Travel International. The quantitative method involves numbers and analytical techniques using statistics which provides a concrete, measurable, and objective result for this research to be conducted. Additionally, the author feels that the application of descriptive analysis can be used to determine the proportions and frequency of the variables in this research.

In PT. Angkasa Travel International, there are plenty of experiences within the workplace that may affect the motivation of workers when doing their job. Based on the writer's personal observation, the writer feels that the workers are compensated well to be able to fulfil their physiological basic needs for living. The career also provides job security in the form of an agreed contract between the company and the worker which outlines the company policies to be followed. The company also provides government-subsidized health insurance for long-time employees as an added security value. In terms of social needs, the workplace allows for collaborative efforts to flourish within employees of varying departments. The author found this to be evident since most of the employees get along well not only within their own departments but also with staff from other departments. The writer also felt that the superiors acknowledge and take notice of the employees' achievements and provide decent support throughout his working experience there. However, not many may find that this career path can be sustainable in the long run. The writer rarely found cases from previous co-workers that are able to achieve their best self after working with the company for a couple of years. This proves the author's basis for further research into this variable for this paper.

On the other variable, the author ponders on whether his co-workers are satisfied working with the company for each of their working years. Considering the author's personal feelings toward the satisfaction factors of the job, the author has the following to outline. In terms of salary, it can be agreed that each person has their own subjective feelings toward their own negotiated salary, as it is not disclosed to other employees. The author also finds that the working relationship between co-workers is healthy and not many visible interpersonal conflicts surface. When working problems arise, they band together to solve accordingly. Before work from home measures was applied, the superiors would often conduct weekly meetings with the staff to measure and determine their work capacity. The author would like to find out more about the staff's opinion in this part of the research. Each staff from different department handle varying workload depending on their work, such as ticketing staff who must be updated with the ever-changing travel rules during the pandemic whilst providing available route options to maintain sales or the hotel staff who must make sure booked accommodations are confirmed and hotel-quality are proven to be well based on thorough review research. Lastly, promotion-related opinions might be rarely discussed within the company since most employees agree that the ones managing executive-level decisions within the company are related to the superiors as it is a family business company. This concludes the writer's problem outlook of the companies in relation to the variables that will be researched further in this paper.

The following is a quick outlook for the competitor table that the author set up based on his observation:

Table 1.2 Competitor Table of PT. Angkasa Travel International

Criteria	Travel Company			
	PT. Angkasa Travel International	Raya Utama Travel	Eva Prima Tour & Travel	Traveloka
Pricing	★★★★★	★★★★	★★★★★	★★★
Customer Service	★★★★	★★★	★★★	★★★★★
After-Sales Service	★★★★★	★★	★★★	★★
Service Personalization	★★★★★	★★★	★★★	★★
Customized Packages	✓	×	×	×

Source: Author processed data (2021), may be biased

Altogether, these characteristics in tourism and hospitality induce a higher level of employee dissatisfaction compared to other industries. And such low level of satisfaction may lead to higher turnover intention. Based on the issue discussed in this chapter, the writer is determined to execute a research paper with the title, **“The Influence of Work Motivation and Job Satisfaction toward Turnover Intention at PT. Angkasa Travel International”**

1.2 Problem Limitation

There is limitation associated with this study. In setting the parameters for this research, the focus was placed solely in travel companies and the sample size for Indonesian tourism sector in this study were obtained only within the Indonesian employees in Medan city. This research also does not represent the entire tourism industry condition in Medan as it is only studied on one singular company in that city, and the author acknowledges that there may be varying factors and triggers in other tour companies.

1.3 Problem Formulation

Based on the background of this study, the problem formulation in this research are as follows:

1. Does employee job satisfaction have a positive influence on turnover intention at PT. Angkasa Travel International?
2. Does work motivation have a positive influence on turnover intention in PT. Angkasa Travel International?
3. Does work motivation and job satisfaction influence turnover intention simultaneously towards employees of PT. Angkasa Travel International?

1.4 Objectives of the Research

According to the problem formulation above, the objective of this research is as follows:

1. To identify the influence of job satisfaction on turnover intention at PT. Angkasa Travel International.
2. To find out whether there is an influence between work motivation on turnover intention at PT. Angkasa Travel International.
3. To investigate the simultaneous influence of work motivation and job satisfaction toward turnover intention at PT. Angkasa Travel International.

1.5 Benefits of the Research

1.5.1 Theoretical Benefit

From writing this research, the writer hopes to reapply what was long learned during his studies and in his real life work experience into this paper. By learning the aspects of job satisfaction and motivation the writer would better understand the theoretical issue about turnover at the author's workplace during the research.

The author also hopes other future researchers who may stumble upon this study in their research would be able to receive support and clarity from this reference. In the future, the study of relationship between job satisfaction, work motivation, and turnover intention can be more comprehensive where it covers the more parts of the county within the tourism sector.

1.5.2 Practical Benefit

Practically, the researcher aims to highlight the result of the system to the company and its managers as a studied reflection of its history. The research also should provide concise feedback and reference for the company, which could help in considering future recruitment and retention techniques in the new normal.