

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Indonesia is one of the countries with a million charms of natural beauty and different cultural variety, and the presence of hospitality services helps to support the development of the tourism industry. A hotel, according to the AHMA (American Hotel and Motel Association), is a facility where guests or those who remain temporarily can rent lodging, food, and drinks, as well as other services (Lubis et al., n.d. 2022), As a result, hotels are businesses that offer products and services to make a profit, and they are a rapidly growing industry in Indonesia.

There are numerous types of hotels, so they are divided into several Star categories, ranging from one to five stars. A hotel can be classified as a five-star hotel if its quality has been recognized globally, beginning with service, facilities, and the comfort of what they offer to guests.

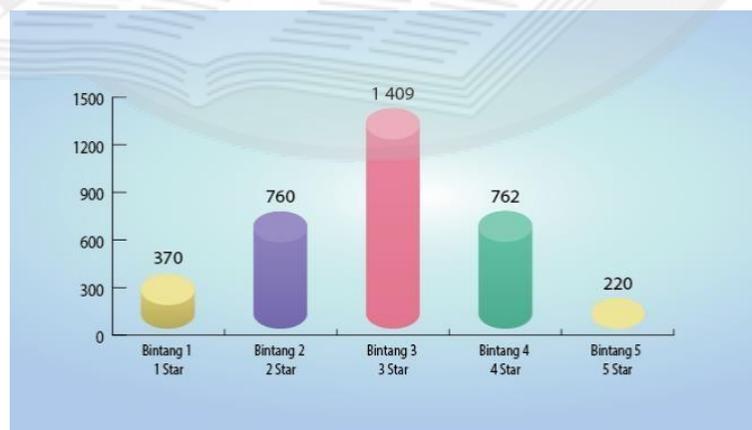


Figure 1.1 Number of clarifications of five-star hotels in Indonesia (2021)

Source: Badan Pusat Statistik (BPS)

Based on data obtained in Figure 1.1, that the data was taken from the Central Statistics Agency (BPS) in 2021 showing that there were 3,521 Star classification hotels in Indonesia, and five-star hotels have a smaller presentation than other star hotels, as many as 220 hotels or around 6.24%. Based on this data, we can compare it to the five-star hotel the researcher will investigate, The Sanchaya, located in the Lagoi area. Because the number of star hotels in the area is still limited, particularly those with a luxury theme, the researcher will use The Sanchaya as a research object in this study but will focus on employees.

Bintan is an island on the west coast of the Riau Islands (KEPRI), endowed with coastline natural resources and small islands of exceptional natural beauty that can be utilized as tourist attractions with significant potential for development into marine tourism in the archipelago, Riau (Ri, 2018). Bintan Island has an amazing beach with 23,000 hectares of white sand overlooking the South China Sea, with a million attractions for aquatic tourists. On the other hand, Bintan Island has a tourism business known as the Lagoi area. Many international five-star hotels and resorts may be found in this area. The Lagoi area is located on Bintan Beach, directly across from Singapore and Malaysia. The area's superior facilities make the Lagoi area appealing to foreign and domestic tourists (Oktaviana et al., 2021).

On the other hand, hospitality does not only focus on guests, behind it there are many operational systems that regulate the running of this industry, one of which is no less important is the employee, employee work productivity is very important to pay attention, so that the company can achieve its goals. Competitive advantage

can be achieved through business strategies that can be implemented through HR strategies.

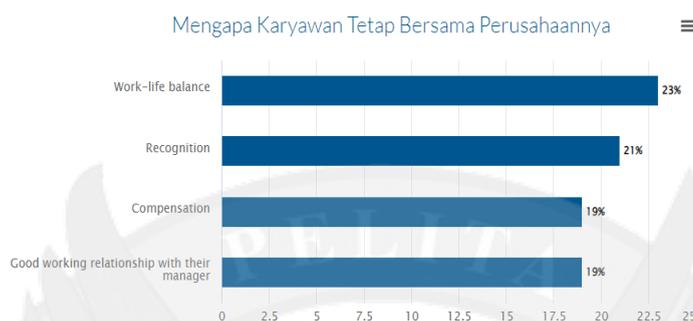


Figure 1.2 Factors that influence employee loyalty to the company (2021)

Source: Achievers Workforce Institute, 2021

Controlling the Quality of Work Life (QWL) system, also known as the quality of work life for employees, is one of the HR techniques that may be adopted to boost employee engagement, commitment, and contentment at work. Employees will feel satisfied if they have a great quality of work life (Sinambela et al., 2022), with the satisfaction received will form an assessment that the Company cares about employees personally (Arifin et al., 2022). By implementing such a work system, it can increase job satisfaction and performance, resulting in more productive work turnover, lower frequency of tardiness, reduced absenteeism, and others.

Employee loyalty is influenced by factors other than Quality of Work Life (QWL), such as Internal Corporate Social Responsibility (CSR), which is defined as a comprehensive contribution from the business world to the company's sustainable development by taking economic, social, and environmental impacts into account.

It is unbalanced if CSR is only implemented for the benefit of the community or the surrounding environment without considering the welfare of employees; therefore, if discussed specifically, Internal CSR is more about the company's social responsibility toward people within the company such as employees, managers, superiors, or shareholders. Internal CSR has existed since Classical Greece, until the Global Reporting Initiative (GRI) drew attention to it by providing Sustainability Reporting (SR) criteria known as GRI Standards. Internal CSR is classified into nine categories based on GRI standards: management relations, employment aspects, occupational health and safety, training and education, non-discrimination, diversity and equal opportunity, freedom of association and collective bargaining, and forced or compulsory labor. In essence, this research seeks to determine whether implementing quality of life and internal CSR in a balanced manner can produce good results in terms of employee loyalty, because employees are the ones who understand best and can assess how the company treats them from many angles, which in the end they will decide whether to remain loyal or not, and from this side it can see how the company is attempting to retain their employees. This research was conducted because the researcher still see problems in the quality of work life and the influence of internal CSR at The Sanchaya, which ultimately has an impact on employee performance and employee retention.

1.2 Problem Limitation

This study will discuss the relationship between Internal CSR and Quality of work life on employee retention, so this research concentrates only on one place, namely Sanchaya, especially on Bintan Island. The selected respondent was the Sanchaya employee of all divisions and ages except the trainee. In this study, the researchers used 2 independent variables and 1 dependent variable:

X1: Influence of the Internal CSR indicator = facility of Work, health & safety, human rights (Adu-Gyamfi et al., 2021).

X2: The influence of quality of work-life indicator = work-life balance, motivation, and environment (Mily Velayudhan & Yameni, 2017).

Y: Employee Retention indicator = leadership style, rewards, training & development (Boutmaghzoute & Moustaghfir, 2021).

1.3 Problem Formulation

1. Does Internal CSR have an influence on employee retention at Sanchaya Bintan?
2. Does the Quality of Work Life have an influence on employee retention at The Sanchaya Bintan?
3. Do internal CSR and Quality of Work Life have an influence on employee retention at The Sanchaya Bintan?

1.4 Objective of the Research

This study aims to:

1. To determine the influence of Internal Corporate Social Responsibility on employee retention at Sanchaya Bintan.
2. To determine the influence of the Quality of Work Life, on employee retention at The Sanchaya Bintan.
3. To determine whether Internal Corporate Social Responsibility and Quality of Work Life will simultaneously influence employee retention at The Sanchaya Bintan.

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4. Does Internal CSR have an influence on employee retention at Sanchaya Bintan?
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1.7 Benefits of the Research

1.5.1 Theoretical Benefits

The benefits of this research can be divided into two categories: benefits for the researcher and benefits for the reader later. The benefit for the researcher is that the researcher can apply the knowledge it's gained from the lecturer to analyze the company and the case the researcher is researching in real terms. As for the reader, if they are researching a similar instance, this research can be a reference and reference so that this case does not occur again in the future.

1.5.2 Practical Benefits

This research can be used as a reference, recommendation, and reference for The Sanchaya Bintan in dealing with their employees, specifically how they retain their staff by regulating two very essential factors, namely quality of work life and internal CSR. The researcher hope that the company will pay more attention to their employees in the future so that the company's performance will improve.