

Design Strategy for Improving Employee Retention Based on Two-Factors Theory

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Abstract. *One of the most important assets of an organization is their own employee. The effect of the employee is more impactful compared to other assets such as technology, information, and finance. The importance of managing strong employee retention for increasing employee performance cannot be overstated. The purpose of the following research is to find Factors that crucially affect employee retention based on Herzberg Two-Factors Theory and develop solutions based on findings. Data gathered by conducting participatory research with company stakeholders and researchers. Hence, the study utilized Analytical Hierarchy Processing as decision making tools to identify crucial factors. Hence, based on findings Salary becoming the crucial part affecting employee retention for this case which was conducted at PT. WASABI. Therefore further development in payment methods that in accordance with the amount of product produced is needed to make sure the payment is enough and fair for production workers to maintain a good retention rate.*

Keywords: *employee retention, AHP, two-factors theory*

I. INTRODUCTION

One of the most important assets of an organization is their own employee. The effect of the employee is more impactful compared to other assets such as technology, information, and finance. Even employees are one of the most crucial factors affecting the success or failure of their own company. Therefore having a good relationship between employees and an employer is a must in an organization in order to expedite company performance. Where a company needs to establish an environment of corporation and commitment for its employees to assure the achievement of defined objectives. To accomplish this, it should implement policies that can enhance employee satisfaction. Therefore, it is becoming the responsibility of management to develop and provide an appropriate environment and opportunities for employees to satisfy their needs.

Employers must adjust their human resource strategies in order to manage interpersonal interactions in the workplace, maintain smooth operations, prevent hiccups, and guarantee that workers are giving their best effort. According to Terera and Ngirande (2014) studies show that work satisfaction has a significant positive effect on employee retention, and this conclusion is supported by further Terera and Ngirande (2014) research. Additionally, the study by Kwenin et al. (2013) shows that job satisfaction has a positive effect on employee retention. According to Dhanabhakym and Nisamudheen's research, employee retention is significantly impacted by job satisfaction (2016).

Employee retention, according to Aruna and Anitha (2015), is the process of encouraging workers to remain with the company whose supervisors are in charge of keeping their best workers, in order to prevent the company from losing its finest workers. The importance of managing strong employee retention for increasing employee performance cannot be overstated.

Organizations that struggle to keep top performers on staff will end up with a workforce that is both underqualified and underqualified, which will ultimately limit their productivity and reduce their competitiveness. There is a dearth of highly trained workers with the knowledge and abilities required to perform at a high level,

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according to an examination of workforce trends (Bindu, 2017).

Given this scenario, the following research is conducted at PT WASABI is located in Central Java, Batang Regency and was founded in 2004. This company primarily produces plywood and barecore for both international and local markets. The company employs a total workforce of 90 which is composed of head production, production staff, quality control staff and administrative staff. The purpose of this study was to determine the crucial factors that affect employee retention of factory workers with the help of Herzberg's two-factor theory of motivation. Thus, the Herzberg theory of motivation is transformed into the Analytical Hierarchy Process Model to determine crucial factors affecting employee retention. The goal is to contribute to developing an understanding of the factors involved in encouraging satisfaction and dissatisfaction in the labor worker of the assigned company. The objective of the research is to identify factors affecting Employee retention and determine a given solution for the identified problem.

II. RESEARCH METHOD

The research started by examining and diagnosing the occurred problem. The primary objective of this study is to investigate the critical elements influencing the relationship between employee performance and employee retention. The focus of the study is confined to PT Wasabi manufacturing line employees. Both primary and secondary study is conducted in this research. For Primary study, participatory research is conducted in the form of FGD with company stakeholders to seek to offer a comprehensive picture of the study population and sample participatory research. Thus, qualitative literature review is conducted to serve as the research base and the backbone. Based on the collected findings, variables collected later discussed for developing further strategy and lastly conclusion is made based on analysis and answering the objective of the research.

Data collection in this study was carried out by giving questionnaires to a sample population of production line workers where the questionnaire asks which factors from Herzberg two-factors theory of motivators are more important to employees. Following that, researchers find concern based on the result of AHP calculation. Hence, researchers utilizing Fishbone Diagram to do further analysis on finding the possible cause of the problem with the help of expert judgment within the company. Furthermore, a solution will be developed based on the finding.

The variables asked to workers from Herzberg two-factors theory of motivation will be explained in Table 1.

III. RESULT AND DISCUSSION

Based on data calculation utilizing Analytical Hierarchy Processing, Figure 1 and Figure 2 show the results of the calculation.

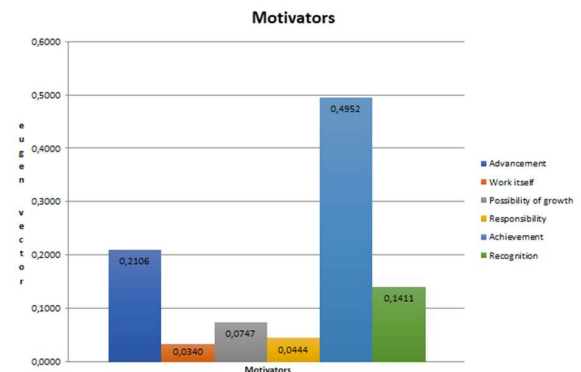


Figure 1. AHP results on motivators

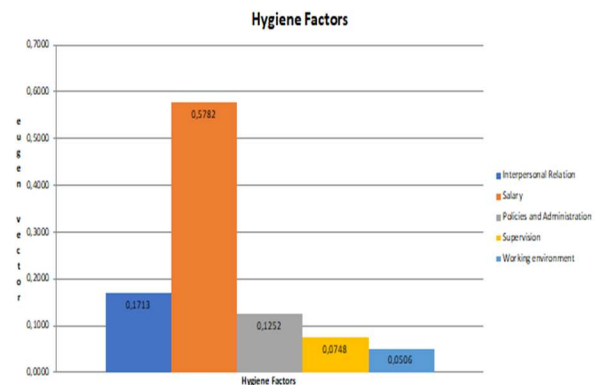


Figure 2. AHP results on hygiene factors

Table 1. Variable Measurement Defined

| No | Variable | Attributes | Variable Measurement Defined |
|----|-----------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Motivators | | |
| 1 | Advancement | | Motivation factors, or motivators, are intrinsic to the job and foster positive attitudes toward it because they satisfy the "need for growth or self-actualization." |
| 2 | Work it self | | Advancement is an employee's rise in the workplace. Negative or neutral work status hinders advancement. |
| 3 | Possibility of Growth | | The content of job tasks and assignments affects employees. The job's difficulty, interest, or boredom can affect employee satisfaction. |
| 4 | Responsibility | | Growth opportunities allow people to improve themselves and advance in their careers. This allows for professional growth, learning new skills, techniques, and knowledge. |
| 5 | Recognition | | This factor includes job responsibility and authority. Being given the freedom and responsibility to make decisions is satisfying. Job dissatisfaction is caused by authority-responsibility gaps. |
| 6 | Achievement | | Positive recognition occurs when employees are praised or rewarded for meeting goals or producing high-quality work. Negative recognition at work includes criticism and blame for the job. |
| | Hygiene factors | | |
| 1 | Interpersonal relationship | | Positive achievement includes completing a difficult task on time, solving a work-related problem, or seeing positive results. Negative achievement involves poor job performance or decision-making. |
| 2 | Salary | | Hygiene factors are associated with a decrease in job dissatisfaction, as opposed to motivation factors, which directly affect an employee's motivation and satisfaction. The conditions surrounding the "doing" of a job or the workplace are related to hygiene factors. |
| 3 | Policies and Administration | | The worker's personal and professional relationships with superiors, subordinates, and peers are included. Job-related and social conversations at work and during breaks are included. |
| 4 | Supervision | | All forms of workplace compensation, such as wage or salary increases or unfulfilled expectations of such increases or decreases, are included. Hospital policies on salary increases and bonuses should be clear. |
| 5 | Working Condition | | This includes descriptions of good or bad company organization and management policies and guidelines. Organizational policies that affect employees are this factor. For example, they may include a lack of delegation of authority, poor policies and procedures and poor communication. |
| | | | The supervisor's competence and fairness determine supervision. This factor includes fairness, job knowledge, and the supervisor's ability to teach or delegate. Job satisfaction is improved by a good supervisor or access to supervision. Poor management can lower workplace satisfaction. |
| | | | These include the job's physical environment and facilities. Workload, space, ventilation, tools, temperature, and safety are all factors in working conditions. Employees are proud and happy in a good environment. |

It was discovered that the Motivators weight value based on the outcomes of data processing utilizing the Analytical Hierarchy Process (AHP) method. The analysis of the data reveals that the most important factors, Achievement and Advancement and Recognition, have alternate weighted values of 0.49, 0.21 and 0.14, respectively,, and have a direct impact on employee retention. As a result, achievement and recognition are the motivators based on the AHP

calculation results that have the greatest influence on employee retention rate.

For the Hygiene Factors criteria, based on weight value calculation using Analytical Hierarchy Process (AHP) method. The outcome of data processing shows that the primary factors affecting employee retention are Salary with weighted value of 0.57. Therefore, Salary are critical factors that influence employee retention from Hygiene Factors criteria.

Based on both criteria namely Motivators and Hygiene factors. Results of the Analytical Hierarchy Process (AHP) method identified the following factors that are pivotal to affecting employee retention rate are Achievement in first position, Recognition in second position and Salary in third position.

Hence, there are several indications that affect employees retention rate. As a company maintaining a good employee retention is important in order to not only encourage workers to remain with the firm, but they also raise productivity and encourage greater levels of involvement, which eventually leads to a rise in income. The primary objective of any retention plan is to minimize employee turnover. In this research, the researcher's goal is to find factors that affect employee retention based on Herzberg theory of motivation. With the help of a fishbone diagram the author anticipates to ease the process of finding possible causes of lower employee retention rate in a more systematic way and develop solutions.

Achievement. in literature study, we found that there are several factors that can affecting achievement in negative way, such as:

1. First, Feeling undervalued, it can occur due to delegating difficult, meaningless and frustrating tasks to your employees. Assigning excessive labor or tedious chores to certain employees, this likely to make them feel devalued. When employees are regularly assigned tough or uninteresting tasks, they may perceive that organizations do not respect their contributions. In addition, "busy work" or particularly challenging employment might result in disengagement and burnout.
2. Second, Poor achievement appreciation, this can occur simply due to ignorant gratitude from the organization to their employee. By simply giving employees recognition of their achievement in organization for completing difficult tasks on time or solving job- related issues it can minimize the impact of poor achievement appreciation that makes employees have a sense of belonging to the organization.

Recognition. Factors affecting recognition are

1. First is Poor recognition, Unrecognized workers can detract from the efforts of others. They have no sense of belonging to the team since there is no team spirit. Their skills and abilities are underutilized. And they cannot help but have a bad attitude toward coworkers, supervisors, and the firm as a whole. Inadequate tactics and planning during the design and subsequent implementation of the recognition program are mostly to blame for these prevalent issues in employee evaluations.
2. Second is Lack of reward, with lack of reward can significantly affect the performance of employees, according to a study conducted by Faiza Manzoor in 2021, regarding Intrinsic Reward and Employee Performance with the Mediating Mechanism of Employee Motivation. Studies have demonstrated that intrinsic rewards have a good and significant effect on the performance of employees. Specifically, the study demonstrates that employee motivation strongly impacts the relationship between intrinsic incentives and employee performance. In light of the findings, repercussions are discussed.
3. Third is Negative criticism, according to Baron, 1988. Those who received destructive criticism reported increased anger and stress and said they would be more inclined to manage future disputes with the source via resistance or avoidance and less likely to address conflicts via collaboration or compromise. Subjects who got negative feedback on their performance on an initial task established fewer objectives and reported less self-efficacy on two subsequent tasks. Poor use of criticism was viewed as a more significant source of conflict and earned higher scores than rivalry over resources or jurisdictional conflicts.

Salary, factors that needed to be noticed related to salary are:

1. First is Lack of risk allowance, defined as extra offering to personnel performing dangerous tasks or whose job will have a long-term negative impact on their health. The number

of risk allowances are regulated in Perpres No.88 2006. Lack of risk allowance given to employees clearly affects their recognition and respect to organization.

2. Second, Low salary compared to work, several effects can be caused by low salary to employees. First is Anger, Employees express indicators of general unhappiness because they feel they should be paid more. As a result, their relationships at work suffer, especially their professional connections with supervisors and managers. Employees who dwell excessively on their bosses' and managers' higher salaries may be guilty of misdirected rage. Second is Low morale. Employees who are unsatisfied with their working conditions (including salary) may exhibit indifference toward their job responsibilities and begin to wonder why they continue to work for the same employer. In the workplace, low morale can lead to emotions of despair and worthlessness, which can be damaging and even deadly.
3. Third, Unfairness of new worker law fee, these factors can raise issues between business owner and employee. Effect of this issue on employees is Stress, Financial concerns may contribute to stress for employees who earn less than they should. Due to the inability to meet monthly responsibilities, doing a low-paying job might boost stress levels. This stress has a negative impact on families and can spread to the workplace, leading to low morale and productivity. If employees do not earn enough to sustain themselves and their families, their impatience and frustration can have a negative impact on their self-esteem and well-being as a whole.

Based on findings and expert opinion, the main issue affecting employee retention is salary, therefore the solution given for the company is companies can develop new payment regulations that support the amount of payment in accordance with the amount of production. If the production team surpasses the number of production on time they can achieve additional bonus.

IV. CONCLUSION

To Sum up, the objective of this study is to identify factors affecting Employee retention and determine a given solution for the identified problem. Based on the research conducted in PT. Wasabi with object of the study is to identify factors affect employee retention can be concluded that, Based on the calculation of Analytical Hierarchy Process, factors that critically affect employee retention based on Herzberg theory of motivation are: from Motivators there is Achievement in first place, and in second position is Recognition. Hence, from Hygiene factors, Salary has the biggest impact on employee retention followed by Policies and administration. Hence, the main problems that PT. Wasabi needed to be solved, namely, Competitive salary. Proposed solution given in order to improve employee retention is by developing a payment method that in accordance with the amount of product produced.

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