

The Strategy for Increasing the Competitiveness of Craft Products in the City of Palu, Central Sulawesi, Indonesia

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ABSTRACT

Organization today are facing both the the fourth industrial revolution development or known as Industry 4.0 and the the millennial workforce implication. The objective of this research is to analyze and develop the human resource management in the organization in order to find out the engagement of the millennial workforce committed to the organization and to encounter the impact of the employee turnover intention within the organization. The research data were obtain through the distribution of the questionnaire, and the population of this research consists of the employees in a local IT provider company in Jakarta, Indonesia. This research is performed by using descriptive and verification method, the descriptive method is based on observation analysis and the verification method is based on quantitative analysis. The sample determination was done through Non-Probability (Random Sampling) and the tool of analysis is using Partial Least Square (PLS). The population of this research is 350 employees of an IT provider company in Jakarta, Indonesia. The result indicates that transactional leadership has the most significant influence on organizational commitment compared to job characteristics and career development that affect the turnover intention of the employee. Job characteristics have a positive and significant influence compare to career development towards organizational commitment that effects employee turnover intention. Organizational commitment also has a significant effect on employee turnover intention. This means that in order to counter the turnover intention of the millennial employees, the organization must impose further transactional leadership style to their managers that might be useful to help overcome the research phenomenon.

Keywords: *job characteristics, career development, transactional leadership, turnover intention, organizational commitment*

1. INTRODUCTION

Indonesia today is facing dramatic changes of the demographic changes of generations from the X generations to the Y/millennial generations that have a huge difference of both characteristic and behavior and also the development of the fourth industrial revolution is known as Industry 4.0. The Indonesia government has urged both the business sector and institutions to cooperate in improving the quality of Indonesia's human resources. This demographic changes of generations and development of the industrial revolution have a major implication to the current workforce as the millennial generation is going to take over the management position and certain strategic positions in the organization [1]. According to Lussier and Hendon [2], human resource (HR) issues are emerging as some of the most prominent concerns for business owners and managers. Human

resource managers need to be more strategic, business-focused, customer-focused, and generally more in tune with the overall operational success of the organization. So what is in today's business environment that might cause human resource managers to rethink their way of doing business? As a result, human resource managers, as well as operational managers, have been forced to think in more strategic terms about how their organization can win against competitors by utilizing their human resources. One of the main ways of creating a competitive advantage for the organization—is the people within an organization—because the management of human resources affects company performance. This is because most organizations of comparable size and scope within the same industry generally have access to the same material and facilities-based resources that any other industry organization that might have. In this case, it is very difficult to create a competitive advantage based on material, facility, or other tangible or economic resources. What this

frequently left are people as the organization's most valuable asset. If the organization can manage its human resources more successful than its competitors do, it can get its employees involved toward the the organization success, and if they stay in the organization, then they has a much greater chance of being successful. Managers are responsible for all work done by the employees, so the organization's human resources are nearly always its most valuable resource. If we can get our employees fully engaged, we can make better decisions, increase employee trust and loyalty, and improve productivity [3] the former workplace in which managers told employees what to do is gone. You will work in a team and share in decision making and other management tasks. Today, people want to be involved in management and organizations expect employees to work in teams and participate in managing the company. Modern organizations also expect significantly greater productivity than occurred in the past. Today's HR managers are working along with all other managers within the organization to improve organizational revenue and profits. The all department managers must do improve the productivity of the people who work for the organization to create productivity centers [4].

Entering the industrial revolution 4.0 has become an important issue for Indonesia in order to spur human resources competencies. In order to encounter the industry 4.0 revolution, the Indonesia government has urged the private sectors as well as the educational sectors to improve the quality of HR in the coming stage to be well prepared and organized. The government has been preparing certain priority stages of strategies to implement the roadmap of making Indonesia 4.0. One of the priority stages is preparing HR to accelerate the development of HR quality to compete with the global competition among the digital era of global competition according to the Ministry of Industry in a Creative Industries Movement event in 2019.

1.1 Human Resource Challenges

According to Noe [3], human resource managers today are concerned with issues not only from the organization but also the current generation of employees. A recent survey of HR professionals was asked of what challenges they think will be most significant over the next 10 years.

The three biggest challenges:

1. Retaining and rewarding the best employees
2. Developing the next generation of corporate leaders
3. Creating a corporate culture that attracts the best employees

By reviewing these challenges is reasonably good at identifying and meeting some of them, while others have gone without significant attention to date in most companies. After years of observations, the company have pursued better selection and retention strategies for several years and have recently become much better at identifying future leaders and managing organizational relationships, culture, and structure.

Okoye [5] mentions that the desire of job changing is different in the emerging country like Indonesia, the desire

of job changing is not only happened in the emerging country, but today organization also encounter the millennial or Y generation employees. According to Ramli & Soelton [1], the organization today are facing the challenges of somewhat less commitment and contribution of the millennial generation compared to the baby boomer or X generation. They tend to be easily bored and leave the company in order to seek better and higher wage and a better environment. These might cause higher employees' turnover in the company.

The purpose of this research is based on the problem of phenomenon variables that are intended to explore more about employees based on job characteristics, career development, transactional leadership and organizational commitment to outgoing turnover intentions. In addition, the results of this research are also expected to be useful in contributing ideas based on new ideas from this finding.

2. LITERATURE REVIEW

2.1 Job characteristic

Lussier & Hendon [2] state that job characteristic is to provide a conceptual framework for designing or enriching jobs based on core job characteristics. The model can be used by individual managers or by members of a team. Use of the job characteristics model improves employees' motivation and job satisfaction so it can increase performance. The use of job characteristics is to improve employees' motivation, performance, and job satisfaction and reduces their absenteeism and turnover.

According to Robbins & Judge [6], increasingly, research on motivation focuses on approaches that link motivational concepts to changes in the way work is structured. Research in job design suggests the way the elements in a job are organized can increase or decrease effort and also suggests what those elements are. First, the researchers will review the job characteristics model and then discuss some ways of jobs can be redesigned. Finally, exploring alternative work arrangements.

Developed by J. Richard Hackman and Greg Oldham, the job characteristics model can describe any job in terms of five core job dimensions:

- Skill Variety – the degree to which a job requires a variety of different activities so the worker can use specialized skills and talents.
- Task Identity – the degree to which a job requires completion of a whole and identifiable piece of work.
- Task significance – is the degree to which a job affects the lives of work of other people.
- Job Autonomy – the degree to which a job provides the worker freedom, independence, and discretion in scheduling work and determining the procedures for carrying it out.
- Job feedback – the degree to which carrying out work activities generates direct and clear information about your own performance.

2.2 Career Development

According to Zarqan [7], career development is an effort or steps which was implemented by the company or the manager of human resources in order to frame the development of employees' potential to be able to handle the certain task in a higher position in the effort of achieving the company's objective.

Lussier & Hendon [2] state that career development becomes a significant issue to companies, and what problems does career planning need to be designed to solve. Today's organizations need to provide employees with reasonable career paths and career counseling so that they achieve their personal goals over the course of their career. These services can create significant motivation in the workforce that can lead to a major improvement in productivity and job satisfaction as well as lower absenteeism and turnover.

The process of increasing an individual's working skills can be achieved by the desired career. There are several issues in the career development process in a company, as one of them is the object of research, such as lacking promotion career paths, the employees remain in the same position for a certain period of time. Most of the employees will want to have a higher position and facility in a company, especially for those employees who have been working for a long period of time in the company. According to Handoko [8] that the dimensions and indicators of career development are mentioned below:

- Education – Educational background and knowledge insights
- Training – Frequency of training and certain working skills
- Work Experience – Length of work, mastery of knowledge and skills

2.3 Transactional Leadership

Robbins & Judge [6] state that based on stream research which focused on differentiating transformational from transactional leaders described that transactional leaders are those leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements. Where transformational leaders inspire followers to transcend their self-interests for the good of the organization. Transactional and transformational leadership complement each other; they are not opposing approaches to get things done. Transformational leadership builds on transactional leadership and produces levels of follower effort and performance beyond what transactional leadership can do.

According to Thomas in Hillailiyyah [9], transactional leadership is a leader that gets the motivation of his subordinates by calling on their interests. Leadership's behavior is focused on the results of the tasks and relationships of good workers in exchange for the desired rewards. Transactional leadership encourages leaders to adjust their style and behavior to understand follower's

expectations, through contract negotiations, clarification of responsibilities, recognition and rewards and set of expectations for achieving expected performance.

Robbins & Judge [6] emphasize that transactional leadership has three basic dimensions which are closely related as follows:

- Contingent Reward – Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.
- Management by Exception (active) – Watches and searches for deviations from rules and standards, takes corrective action.
- Management by Exception (passive) – Intervenes only if standards are not met.

2.4 Organizational Commitment

According to Arijanto et al [10], organizational commitment is a condition where an employee in a particular organization, have the intention and desire to maintain their membership and engagement in the organization. Moreover, according to Robbins [6] that organizational commitment is defines as high job involvement and taking sides on a particular work of an individual, while the high organizational commitment means that taking sides with the organization who recruits the individual who will remain in the organization.

Colquitt et al. [11] explains that organizational commitment can be interpreted as the desire of employees to remain a member of an organization. Organizational commitment can influence whether an employee will remain as a member of the organization (maintained) or go to pursue another job (employee exchange). Employees who are not committed to their organization are involved in withdrawal behavior, defined as a series of actions taken by the employee to avoid situations—work behavior that may eventually lead to resignation from the organization.

Colquitt et al [11] express that organizational commitment have three basic dimensions that are closely related as follows:

- Affective Commitment – a desire to remain a member of an organization because of its emotional attachment and involvement with the organization.
- Normative Commitment – a desire to remain a member of an organization because of awareness of the costs associated with leaving the organization.
- Continuance Commitment – a desire to remain a member of an organization because of the feeling of having an obligation to remain with the organization.

2.5 Turnover Intention

According to Lussier & Hendon [2], turnover is the permanent loss of workers from the organization. What are specific issues associated with turnover? Well, first is the cost of the paperwork associated with the departing employees, and if they left involuntarily, we may have

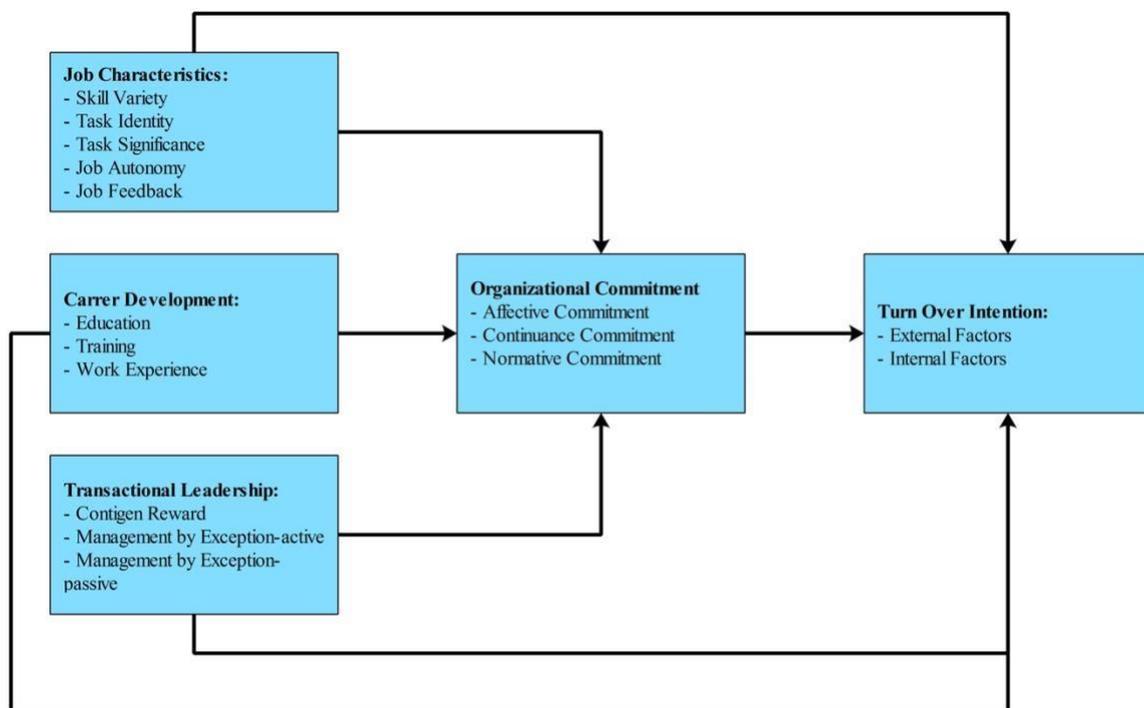
increased in our unemployment insurance payments and might even have some potential security issues. Next, recruit someone to do the job, which incurs job analysis costs, recruiting cost, and selection costs. Once we hire someone new, we have orientation and other training costs, costs associated with getting the new worker up to speed on their job and the costs associated with them just not knowing our way of doing business. So again, because there are so many costs associated the turnover must be minimized.

Arshad & Puteh [12], state that turnover is the flow of employees entering and leaving the company. According to Belete (2018), turnover intention can be influenced by work stress, organizational commitment and job satisfaction. High employees' turnover is a measure that is often used as an indication of an underlying issue in an organization [14].

According to Yamazakia & Petchdee [15], a low turnover intention can reduce the employees' turnover and reduce costs in a company. The definition of turnover according to some of the experts can be concluded that turnover intention is the desire of the employees to leave the company from their own desires or due to the termination of the company. According to Mobley [16], there are two dimensions that are closely related to turnover intention mentioned as follows:

- External Factors – higher salary, self-potential development and better offer
- Internal Factors – working environment, worker's relationship, compensation, workload

Figure 1 Research Paradigm



3. METHODOLOGY

The design of this research is using human resource management approach that includes the operational variables, data collection method and information collection, defining the population, calculating the sample size, and sampling techniques. This research begins with the preliminary research and follows by formulating the construct variables.

The formulation and purpose of this research are to describe and reveal the interrelationship between the research variables explained above. This research is using descriptive and verification method with the type of causal

research on the relationship and influence between the exogenous and endogenous variables.

The process of observation in this research is using time horizon with cross-section/one-shot, the collective data is obtained from the research done in 2019, the unit of analysis is the employee of the IT provider products and services company in Jakarta, Indonesia. The design of analysis is using Partial Least Square (PLS) as the alternative method from Structural Equation Modeling (SEM).

The validity testing was done by using the sample of 187 respondents randomly on the IT provider company. This validity testing attempts to find out the eligible of the selected items including the overall data collection process. The result of the validity test is as follows:

Table 1: Validity Test Results

Variable	Dimension	Item	Correlation	Description
Job Characteristics	Skill Variety	X11	0.535	Valid
		X12	0.524	Valid
	Task Identity	X21	0.540	Valid
		X22	0.575	Valid
	Task Significance	X31	0.683	Valid
		X32	0.624	Valid
	Job Autonomy	X41	0.727	Valid
		X42	0.676	Valid
Job Feedback	X51	0.673	Valid	
	X52	0.725	Valid	
Career Development	Education	X61	0.765	Valid
		X62	0.505	Valid
	Training	X71	0.735	Valid
		X72	0.625	Valid
	Work Experience	X81	0.712	Valid
		X82	0.658	Valid
Transactional Leadership	Contingent Reward	X91	0.681	Valid
		X92	0.554	Valid
		X93	0.569	Valid
	Management by Exception (active)	X101	0.581	Valid
		X102	0.514	Valid
		X103	0.780	Valid
	Management by Exception (passive)	X111	0.734	Valid
		X112	0.670	Valid
		X113	0.657	Valid
Organizational Commitment	Affective	Y11	0.592	Valid
		Y12	0.717	Valid
		Y13	0.687	Valid
	Continuance	Y21	0.683	Valid
		Y22	0.559	Valid
		Y23	0.560	Valid
Turnover Intention	Normative	Y31	0.594	Valid
		Y32	0.701	Valid
		Y33	0.697	Valid
	External Factors	Z11	0.829	Valid
		Z12	0.867	Valid
		Z13	0.728	Valid
	Internal Factors	Z21	0.652	Valid
		Z22	0.736	Valid

		Z23	0.777	Valid
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Source: From data processing (2019)

Based on table 1 above, the calculation of the item score correlation with the total score shows that the validity coefficient is greater than 0.300, so all the items used to measure these variables are considered valid.

The reliability test of this research data is using Cronbach's Alpha coefficient method. The Cronbach's Alpha coefficient is the reliability coefficient that is most commonly used because the coefficient will indicate the variance of items with either correct or incorrect format such as Likert scale format. The criteria for determining a valid item and having a reliable value that can be accepted are based on the table below:

Table 2: Standard Criteria of Validity and Reliability Research

Description	Reliability	Validity
Good	0.8	0.5
Acceptable	0.7	0.3
Marginal	0.6	0.2
Poor	0.5	0.1

Source: Barker, Pistrang dan, Elliot [17]

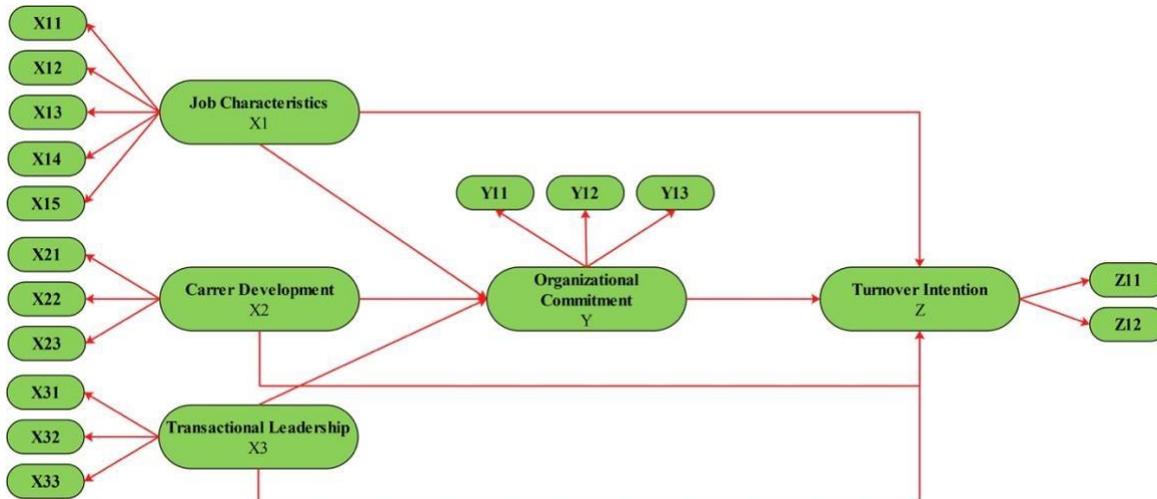
Table 3: Reliable Test Result

Variable	Cronbach's Alpha	Description
Job Characteristics	0,740	Reliable
Career Development	0,780	Reliable
Transactional Leadership	0,801	Reliable
Organizational Commitment	0,764	Reliable
Turnover Intention	0,858	Reliable

Source: From Data Processing (2019)

The result of the above calculation of the score items with the total based on the table above has a reliability coefficient Cronbach Alpha's value which is greater 0,7 which means that all instruments can be classified as reliable.

Figure 2: The Correlation of Variables



Source: From Data Processing (2019)

4. RESULTS AND DISCUSSION

The measurement model of analysis above shows the link between manifest variables (indicators) and each of the latent variables. The analysis of the measurement model is to test the validity and reliability of each of the dimensions and the indicators utilized to measure the variables

constructed earlier. The analysis of the measurement model describes that the value of discriminant validity is by looking at the value of the square root of Average Variance Extracted (AVE) with the suggestion value above 0,5, loading factor (>0.5), and constructed Composite Validity and Reliability (Cronbach's Alpha >0.70). Therefore, the conclusion of the dimensions and indicators which are classified as reliable earlier are shown below:

Table 4: Goodness of Fit Model (GoF)

Variabel	AVE	Composite Reliability	Cronbach's Alpha	R Square
Career Development	0.546	0.756	0.740	-
Job Characteristics	0.528	0.828	0.780	-
Organizational Commitment	0.558	0.846	0.801	0.538
Transactional Leadership	0.512	0.810	0.764	-
Turnover Intention	0.590	0.895	0.858	0.729

Source: Form data processing (2019)

Predictive relevance value is obtained by the formula:

$$Q^2 = 1 - (1 - R1) (1 - Rp)$$

$$Q^2 = 1 - (1 - 0.538) (1 - 0.729)$$

$$Q^2 = 1 - (0.462) (0.271)$$

$$Q^2 = 0.8748$$

From the above Goodness of Fit table, it pointed out that the value of R2 shows that the criteria are strong, with a large Q value, it can be concluded that the proposed model is supported by empirical research which is quite suitable. Likewise, the AVE values are > 0.5, indicating that all variables in the model are estimated to meet the discriminant validity criteria. The value of Composite Reliability and Cronbach's Alpha for each variable is > 0.70 (above 0.70) meaning that all variables studied are classified as reliable.

Table 5: Hypothesis Testing Results

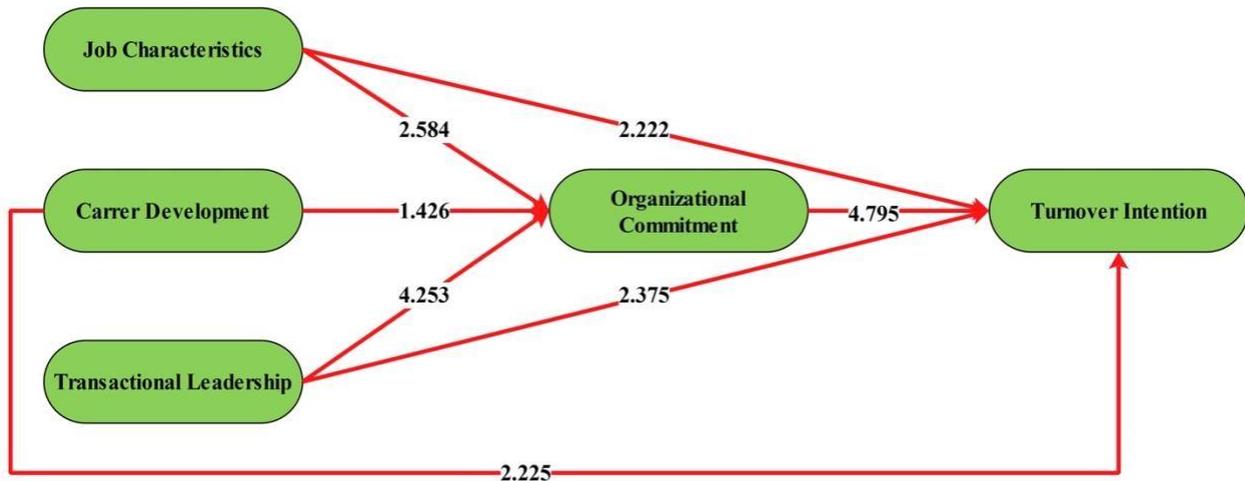
	Original Sample	Std. Deviation	T-Statistics	P Values	Conclusion
Job Characteristics → Organizational Commitment	0.187	0.073	2.584	0.01	Positive - Significant

Career Development → Organizational Commitment	0.105	0.073	1.426	0.154	Not Significant
Transactional Leadership → Organizational Commitment	0.541	0.066	4.253	0	Positive - Significant
Job Characteristics → Turnover Intention	-0.145	0.065	2.222	0.027	Negative - Significant
Career Development → Turnover Intention	-0.217	0.075	2.225	0.004	Negative - Significant
Transactional Leadership → Turnover Intention	-0.325	0.066	2.373	0	Negative - Significant
Organizational Commitment → Turnover Intention	-0.689	0.058	4.795	0	Negative - Significant

Source: Form data processing (2019)

From the results of hypothesis testing, it was revealed that transactional leadership has a greater influence on organizational commitment compared to job characteristic and career development. Job characteristics have a greater influence rather than career development. While organizational commitment is an important factor in determining the turnover intention of the millennial workforce.

Figure 3: The Testing Result



Source: Form data processing (2019)

Based on the testing result above, the research variables indicates that transactional leadership has the most significant influence on organizational commitment as the intervening variable, which is 4.253 compared to the variable of job characteristics which is 2.584 and career development which is 1.426. The direct effect of transactional leadership also contributed higher influence towards turnover intention with the figure of 2.375 compared to career development with the figure of 2.225 and job characteristics with the figure of 2.222. Even organizational commitment has the highest direct effect of against turnover intention with the figure of 4.795.

5. CONCLUSION AND RECOMMENDATION

The result of the hypothesis testing concluded that a proper leadership style can make a significant difference in the working environment and obtain the organizational commitment of the workforce and prevent them from taking the action of leaving the company to seek better offer of job outside the company.

The objectives of this research are to find out the basic issues encountered by the company of IT provider and products concerning the turnover intention of the employees in Jakarta, Indonesia. This research has constructed five research variables in order to find out the main cause of the problem. The result of the hypothesis testing concludes several findings as follows:

1. The employee's performance in the IT provider company has not met the target of the company due to the lack of ability, basic education, expertise, skills and working experience. Based on these issues the employees are sometimes frustrated and intend to leave the company increased.
2. The company do not provide a clear and job description and succession planning for the employees based on their skills and capabilities. Thus, the qualified

employees also losing hope and the intention to seek better opportunities outside increased.

3. The managers or leaders in the company has no clear style to guide and motivate the employees to reach certain target and achievements. Employees are sometimes confused by the unclear job description and guidance to reach certain target and achievements.
1. This is also another issue of the increase in turnover intentions.
4. No specific motivation of compensation given to the certain achievements reached by the capable and skillful employees, to motivate them to reach a certain target with clear compensation. Such as bonus, incentives and rewards based on their achievements. Hence, the employees feel of no proper compensation to achieve.
5. The company also pay less attention to the performance and discipline of the employees, which caused the absenteeism of the employee, and no further reward and punishment were given to the lack of discipline employees.

The result of this research is to provide insight that this phenomenon may also occurred in other countries. It would be worthwhile to study further the leadership style and development of human resource capabilities in the company.

6. RECOMMENDATION

Based on the conclusion above, the results of this research has pointed out that the organization today must pay more attention and understand the millennial workforce because they are somehow very different from the previous generation, and in order to achieve long-term success, the organization must meet the challenge of managing a diverse characters of the millennial workforce. It is crucial to understand how to motivate these millennials and develop a clear HR system for reward and punishment to discipline

the employees and also giving the motivation to develop their way of thinking to perform their tasks. There is also a need for proper training skills for the employees to prevent them from making mistakes and perform a better improvement of performance. The managers and leaders must attend the intensive leadership training in order to build the leadership style of the company's managers and leaders. The organizations may take this research as reference to proceed with further study to understand the millennial workforce and turnover intention and how to motivate them to provide better improvement in the organizations.

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