Measuring Factor Affecting Indonesia’s Seafarers Retention

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ABSTRACT

The purpose of this study was to determine the extent to which human resource management contributes to employee retention. This study refers to concepts related to human resource management and several studies that show the factors influenced by employee retention. Our research problem statement is on how company manage human resource, to maintain company performance. This research approach is quantitative, with the research subjects are employees who work in the sea crossing business. Based on the research results on marine employees of the company, the managerial implications intended for companies engaged in sea crossing services are that there is an influence of placement, compensation, and corporate culture variables on employee retention, which has a positive and significant effect. From the research results, corporate culture is not a moderator of placement and compensation variables on retention, so companies need to re-assure other variables that strongly influence the weak relationship between variables that can increase employee retention. Therefore we may conclude employee retention within Indonesia’s seafarers will not increase if corporate culture emphasizes and on the other further research is need to explore this matter.

Introduction

Employee retention is a company strategy in retaining potential employees to stay in the company, and it is closely related to the employee turnover rate. If the retention strategy goes well, the turnover rate must be low or suppress. Therefore, companies need to develop an environment in the company to motivate employees to stay in the company. Organizational performance is highly dependent on the performance of skilled employees, and every organization has an important role to play in retaining employees' skills (Jyothsna et al. 2013). Companies face challenges related to employee retention or retaining employees due to increasing market competition. Companies need to recruit competent employees to gain and maintain a competitive advantage. The company always tries to find employees who have high competency standards at the recruitment stage but sometimes neglects to retain these employees. There are various practices in human resource management used by companies to increase retention rates (Khan et al., 2014).
The current study aims to investigate the impact of these practices on employee retention. We believe companies need to develop an environment in the company to motivate employees to stay in the company. We find that there are numerous research results that mention employee retention is the company's strategy in retaining potential employees in the company, and it is closely related to the employee turnover rate. On the other hand, if the retention strategy is well implemented, then the turnover rate must be low or can be suppressed. Organizations are always trying to make their employees last in a period.

Organizations attempt to retain employees. In the long run, the company loses old employees with special knowledge, skills, and skills (Yamamoto, 2011). Nair (2009) mentions recruitment associate with costs (Nair, 2009). The turnover intention of employees is one of the main challenges. According to Chen et al. (2014), organizations worldwide give more attention and importance to employee turnover, especially with high levels; this is because it slows down organizational performance. In addition, it increases the costs associated with recruiting and training new employees.

Companies use various practices in human resource management (HRM) to increase retention rates (Khan et al., 2014). Organizations are always trying to make their employees last for an extended period—various organizations' efforts to retain their employees. In the long run, the company loses old employees with special knowledge, skills, and skills (Yamamoto, 2011). In addition, the recruitment of new employees relates to additional costs. Costs are in advertising, screening, verification of credentials, interviews, and training of new employees, et cetera (Nair, 2009).

Obianuju et al. (2017) stated that if management fails to formulate, manage, and implement a good compensation policy, it is impossible to retain the best employees. Titisari (2014) states that organizational culture is a pattern of fundamental assumptions in which existing groups create, discover, or develop in the learning process to overcome external adaptation and internal integration difficulties. Likewise, Schein in Titisari (2014) reveals that organizational culture has several purposes, namely an order of behavior formed from the rules that apply within the company environment. In some of the cases mentioned above, the researchers found an excellent phenomenon to study, namely how the company maintains its resources to maintain its performance.

Titisari (2014) states that organizational culture is the basic assumption by which existing groups create, discover, or develop in the learning process to overcome external adaptation and internal integration difficulties. Likewise, Schein (1991) reveals that organizational culture has several purposes, namely an order of behavior formed from the rules that apply within the company environment. From this, the Indonesia Sefararers company regulations establish a place where employees must be placed anywhere and given compensation based on applicable regulations. It is interesting to study that with a corporate culture that requires employees to be loyal
and is one of the company's values by practicing a high level of employee mobilization or transfers while retaining employees.

In some of the things above, researchers found an excellent phenomenon to do, namely how to maintain resources to maintain company performance. Furthermore, the researcher is interested in further analyzing the employee retention program for marine employees (seafarers) through the placement of the current program and compensation with the corporate culture form in Indonesia Seafarers company.

**Literature Review**

Hasibuan (2012) state employee placement is a follow-up to the selection, namely placing prospective employees who are accepted (passing the selection) in positions or jobs that need them and at the same time delegating authority to that person. Robbins et al. (2003) mention the urgency to prepare all employees to be ready to move to higher responsibilities. Highlight positions that may become vacant shortly due to retirement, promotion, transfer, resignation, or even after the death of the incumbent. However, when succession planning efforts occur, employee morale increases by 25 percent.

Human resource management is the management of human resources in the company into a management field; one of its functions is employee placement. Employees can work optimally if the company places employees based on knowledge, skills, and abilities with appropriate job specifications. Companies must adapt employees to their new environmental conditions; therefore, placing someone with a new job is not easy. Not only for new employees, but this placement also applies to old employees.

Placement is a process of assigning tasks and jobs to workers who have passed the selection to carry out their duties according to a predetermined scope and can account for all risks and possibilities that arise from their duties, work, and authorities, and responsibilities (Siswanto, 2005). Therefore, to make the employee motivated to work, the placement is done to feel comfortable because they work following their knowledge, skills, and abilities.

However, if the sample being test is the enlisted level, it has a significant difference with the placement results having no significant effect on retention. Masum et al. (2016) state that job placements based on demographics as indicators of job satisfaction provide low levels of outcomes that impede the quality of health services and build intention to leave the organization.

**H1: Placement practices in the company will affect employee retention**

According to Sastrohadiwiryo in Septawan (2014), compensation is a service fee or remuneration provided by the company to the workforce because they have contributed energy and thoughts for the company’s progress to achieve the goals set.
Meanwhile, according to Anis et al. (2011), compensation can create employees who will be emotionally committed to the company if the compensation set is correct. Marnis (2008), in the book Human Resource Management Compensation, is all income in the form of money or goods directly or indirectly received by employees in return for services provided to the company.

In a study, it is necessary to support the results of previous studies related to the research. Compensation is an integral part of an employee is looking. Through compensation, employees will be more enthusiastic at work. Thus, the company should be more open to employees regarding their compensation per their respective performance—Compensation received by employees in salaries, incentives, and benefits. Compensation is an important factor why people choose to work for a company over other companies. Compensation is the result of meritorious achievements for the work they have done.

Based on the research results of Suwaji & Sabella (2019), compensation has a positive and significant effect on employee retention, and if the compensation aspects meet, then employee retention will increase. Diah (2014) states that the results of the compensation variable have a positive and significant effect on employee retention and shows that the greater the compensation, the higher the employee retention rate. Compensation is income received by employees in the form of salaries, incentives, and benefits. Through compensation, employees will be more enthusiastic in their work and are an essential part of every employee. Thus, the company must be open to employees regarding the compensation that employees will receive when working at the company, of course, according to each employee's performance. Mathis & Jackson (2008) stated that compensation affects how and why people choose to work in an organization over other organizations is an essential factor.

H2: Compensation practices will affect employee’s retention

Sheridan (1992) stated that the results obtained that organizational culture values significantly influence retention rates. Mathis and Jackson (2006) reveal that culture is critical in retaining employees in an organization. Luthans (2006) stated that the critical thing in retaining employees is culture. Robbin and Judge (2013) states that organizational culture is a common understanding held by members within the organization, a differentiator from other organizations. The core values of the majority of members in the organization result from the dominant culture in an organization. The organization's core values will always be intensively socialized to all employees so that the greater the employee accepts the existing core values, the greater the commitment to the organization can be generated with a strong culture. A strong culture can influence employee behavior, reducing turnover rates because a strong culture will build loyalty to the organization, bond between members, and build commitment to the organization.

Mita et al. (2014) stated that the various reasons cited for employees' decisions to stay were organizational culture, growth opportunities, problems related to
compensation, support from colleagues and superiors, activities involving employees, training, development, and a positive work environment and conditions. Found that the value of organizational culture has a significant effect on retention rates; therefore, it is a critical thing in retaining employees is culture (Sheridan, 1992; Mathis & Jackson, 2006; Luthans, 2006). A recent analysis of Fortune companies found that the attribute most associated with those in the top three in the industry was "attracting and retaining outstanding talent." The way these companies do is take their culture and values seriously. Chatterjee (2009) states that accept the conclusion that the work environment and organizational culture play an essential role in ensuring employee retention in the company.

H3: Existing corporate culture will affect employee retention

Urbayatun & Widhiarso (2013) stated that the moderator variable is a variable that affects the strength of the relationship between the independent variable and the dependent variable. The moderator variable can interpret as a determinant of the strength of the role of the independent variable on the dependent variable. The data level of this moderator variable can be in the form of nominal, ordinal, or interval data. One of the characteristics of the moderator variable is that the independent variable does not affect the moderator variable. However, placement and compensation do not affect the company culture.

H4: The effect of employee placement moderated by corporate culture on employee retention

H5: The effect of employee compensation moderated by corporate culture on employee retention.

Method

The study uses a quantitative approach, the population in this study are employees who work in companies engaged in the sea crossing business. The number of populations in this study was 2,902 seafarers throughout Indonesia’s marine companies included in No., using probability sampling as a sampling technique we expect at least more than 500 responds receive. However, we collect data through distributing questionnaires to all respondents using Google Form application, durations for data collection in May 2021 for 2 (two) weeks. To measure each variables, we may explain as follows, 1) placement, there are five dimensions, namely Educational Background, Work Experience, Marital Status, Age, and Gender; 2) compensation, consisting of three dimensions, namely income, bonuses, and health insurance, 3) corporate culture there are ten dimensions, namely innovation and risk-taking, leadership, integration, management support, control, identity, reward system, tolerance for conflict and communication patterns with subordinates, and lastly 4) retention, there are five dimensions namely organizational components, career opportunities, employee rewards and retention, task and job design, employee relations.
Sekaran (2006) states that researchers may use a reliability test to measure how consistent a measuring instrument is in measuring a concept. Furthermore, composite reliability and Cronbach’s Alpha are typical values for testing the reliability of the measurement model. The reliability coefficient is between 0 and 1, with perfect reliability equal to 1 and No. reliability equal to 0. The criteria used to assess a measuring instrument can be reliable; namely, by looking at the Cronbach Alpha score of 0.7, 475ulfil acceptable if the coefficient is 0.6, although this score would 475ulfil lowest accepted. Hypothesis testing is needed to answer problem formulation through analytical techniques through data management. Data management uses SmartPLS software, which is an analytical method not based on many assumptions. Two steps of analysis conducted with PLS (Partial Least Square) method of analysis techniques (outer model and inner model analysis).

Results and Discussion

Seafarers, for companies providing sea crossing services, are the designations for people who work on ships. Seafarers may be part of a ship’s crew and work in several different areas related to shipping operations and maintenance. Onboard the ship has two departments or sections, namely the deck department and the engine department. Researchers compiled a questionnaire by directing respondents to 475ulfil requests for information descriptively to support the validity of informative research according to the respondent’s profile, including data on age, length of work, area of service, and position level. After period of data collection, from 2902 targeted respondents we receive 857 responds.

The reliability test shows internal consistency reliability by looking at the composite reliability value, and the item is declared reliable if the composite reliability has a value of more than 0.7. The CR value has a value above 0.7, so all variables can be declared valid.

We conduct a validity test to assess whether all the variables used were valid for hypothesis testing. This study took two validity tests to obtain an AVE value above 0.5; in the initial test, several items had an outer loading value of < 0.6, so the researcher removed these items and conducted a second test. The items issued are KM4, PN7.

In the second test, all AVE values have met the criteria, namely > 0.5. The root value of the AVE (Fornell-Larcker Criterion) with the correlation value between latent variables. The AVE root value must be greater than the correlation between latent variables.

Table 1., below shows comparison between the square root of the AVE value with the correlation of the latent variables. In particular, the square root of each AVE construct must be greater than the highest correlation with other constructs. According to table 1, we are assure our construct in eligible for further analysis. The results of Discriminant validity (fornell larcker) are as follows:
Table 1. Fornell-Larcker Criterion

<table>
<thead>
<tr>
<th></th>
<th>Compensation</th>
<th>Organizations Culture</th>
<th>Placement</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>0.745</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations Culture</td>
<td>0.600</td>
<td>0.710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Placement</td>
<td>0.571</td>
<td>0.646</td>
<td>0.734</td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td>0.618</td>
<td>0.841</td>
<td>0.711</td>
<td>0.750</td>
</tr>
</tbody>
</table>

The construct of retention and culture variables has substantial strength values from the R-Square value in the table above. The R-Square only measures the percentage of variation in the dependent variable explained by the independent variable. The results of the hypothesis test calculation in the following table.

Table 2. R Square

<table>
<thead>
<tr>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention</td>
<td>0.762</td>
</tr>
</tbody>
</table>

The results obtained in the R-Square measurement above indicate that the proposed research model can describe the actual phenomenon as much as 76.2%. In other words, the proposed research model is quite strong. After believing the reliability, validity, and R-square measurements, the next step is to look at the outer model as follows, illustrating the path values between variables.

Figure 1. Outer Model
Next is hypothesis testing, which with SmartPLS is commonly referring to as Path Coefficients testing. The results obtained from this testing phase are as follows.

Table 3. Path Coefficients

<table>
<thead>
<tr>
<th></th>
<th>T-statistics</th>
<th>P-values</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement $\rightarrow$ Employee Retention</td>
<td>2,834</td>
<td>0,005</td>
<td>Supported</td>
</tr>
<tr>
<td>Compensation $\rightarrow$ Employee Retention</td>
<td>1,461</td>
<td>0,144</td>
<td>Not supported</td>
</tr>
<tr>
<td>Organizations Culture $\rightarrow$ Employee Retention</td>
<td>5,456</td>
<td>0,000</td>
<td>Supported</td>
</tr>
<tr>
<td>Placement Moderated by Organizations Culture on Retention</td>
<td>0,374</td>
<td>0,708</td>
<td>Not supported</td>
</tr>
<tr>
<td>Compensation Moderated by Organizations Culture on Employee Retention</td>
<td>0,309</td>
<td>0,757</td>
<td>Not supported</td>
</tr>
</tbody>
</table>

Visualizing the path coefficient result, we may see the image of the inner model below. The goal is that we can find out the dynamics between the variables assessed.

Figure 2. Inner Model
The scarcity of seafarers (particularly ship officers) notes a global problem that is likely to intensify shortly, however, in order to stabilize the flow of skilled labor to the global shipping sector, more attention to the issues obstructing successful recruitment and retention of seafarers. Nguyen et al. (2014) recommend establishment of successful human resource strategies, to overcome possibility of poor working and living conditions on board ships, and by human resource strategies will constitute a significant element address to increase retention among seafarers. Seafaring associate with substantial dangers due to exposure to the beach and onboard the ship (Bloor et al. 2000). Employee retention is “employers’ systematic effort to establish and maintain an atmosphere that encourages current employees to stay employed by having policies and practices in place that fulfill their needs” (McKeown, 2002).

Based on the results of hypothesis testing conducted in the hypothesis test table above, it shows that placement has a significant and positive effect on retention. According to Masum et al. (2016), job placements based on demographics indicators of job satisfaction provide low levels of outcomes that hinder the quality of health services and build intentions to leave the organization. The statements included in the placement variable, among others, are related to the suitability of educational background with work, suitability of work experience with education, family dependents, age appropriateness with work, and gender compatibility with work. The results of this study indicate that placement has a significant effect on the company’s desire to survive in the company for a long time.

The hypothesis testing results conducted in the hypothesis test table above show that compensation for employee retention is significant and positive. However, this result is in line with Suwaji et al. (2019) research, where compensation has a positive and significant effect on employee retention. If the compensation aspects are actual, then employee retention will increase, and the results of Puji (2014) research in her research obtained the results of the compensation variable having a positive and significant effect on employee retention. However, this shows that the greater the compensation, the higher the employee retention rate. The statements included in the compensation, among others, are related to the salary received, competitive income compared to income in other companies, bonuses earned in addition to salary, and the health insurance provided is appropriate. Compensation is income received by employees in the form of salaries, incentives, and benefits. Through compensation, employees will be more enthusiastic in their work and is a crucial part seek to every employee. Thus, the company must be open to employees regarding the compensation that employees will receive when working at the company, of course following the performance of each employee.

Based on the results of the hypothesis tests carried out in the hypothesis test table above, it shows that culture has a positive and significant effect on employee retention. However, this is in line with Sheridan’s (1992) research, finding the results of research that organizational culture values have a significant influence on retention rates.
However, following what was concluded by Chatterjee (2009), accepting the conclusion that the work environment and organizational culture play an essential role in ensuring employee retention. Mathis and Jackson (2006) state that organizational culture has a vital role in retaining employees. Luthans (2006) stated that the critical thing in retaining employees is culture. However, this shows that corporate culture has an essential attachment in influencing employees to stay long. Statements that are included in the corporate culture, among others related to innovation and risk-taking, leadership, cooperation between individuals, management support, control, identity, conflict management and communication with subordinates

The hypothesis testing results conducted in the hypothesis test table above show that employee placement moderated by corporate culture does not affect employee retention. According to Urbayatun and Widhiarso (2013), moderator variables affect the strength of the relationship between the independent and dependent variables. The moderator variable interprets as a determinant strengthened the role of the independent variable on the dependent variable. The data level of this moderator variable can be in the form of nominal, ordinal, or interval data. So it can be concluded that the moderator variable of corporate culture with the placement variable does not strongly influence employee retention.

Based on the results of hypothesis testing conducted in the hypothesis test table above, it shows that corporate culture’s employee compensation has no significant effect on employee retention. So it can be concluded that corporate culture cannot be a moderating variable of employee retention. Compensation is income received by employees in the form of salaries, incentives, and benefits. Through compensation, employees will be more enthusiastic in their work and is a critical part sought after by every employee. At the same time, organizational culture is a common understanding held by members within the organization, which is a differentiator from other organizations. Through the core values of the majority of members in the organization are the result of the dominant culture in an organization, we may conclude that compensation which is the income received by employees as a form of company appreciation for its employees, has no relation to the existing culture. In that company. Compensation and corporate culture are different things and do not influence each other to influence the employee’s desire to stay in the company for a long time.

Based on the research results on the company’s marine employees, the influence of placement, compensation, and corporate culture variables on employee retention has a positive and significant effect. So it can be ascertained that the company needs to improve placement and compensation programs to maintain employee retention. Improve HR management through placement and compensation programs to increase employee retention. The current corporate culture confirms to influence employee retention, so it is necessary to maintain especially employee relations, organizational components, career opportunities, rewards, and task designs that strongly influence retention. The research results on corporate culture are not a moderator of the
placement and compensation variables on retention, so companies need to re-assure the other variables that strongly influence the weak relationship between the independent variables, placement, and compensation, and measure its effect on employee retention. During the covid pandemic, this research occurred; all research results on variable relationships strongly influence by these conditions, which impacted the employee’s desire to stay in the company. The transportation sector is the most affected business sector.

Furthermore, it is necessary to conduct further research on the relationship of variables in different conditions and other business sectors so that the research results can be more relevant to the conditions and business environment to be useful for further development.

Conclusions

Based on the research results on the company’s marine employees, the influence of placement, compensation, and corporate culture variables on employee retention has a positive and significant effect. Through this research, it can be ascertained that the company needs to improve placement and compensation programs to maintain employee retention. Improve HR management through placement and compensation programs to increase employee retention. The current corporate culture confirms to influence employee retention, so it is necessary to maintain especially employee relations, organizational components, career opportunities, rewards, and task designs that strongly influence retention. The research results on corporate culture are not a moderator of the placement and compensation variables on retention, so companies need to re-assure the other variables that strongly influence the weak relationship between the independent variables, placement, and compensation, and measure its effect on employee retention. During the covid pandemic, this research occurred; all research results on variable relationships strongly influence by these conditions, which impacted the employee’s desire to stay in the company. The transportation sector is the most affected business sector. Furthermore, it is necessary to conduct further research on the relationship of variables in different conditions and other business sectors so that the research results can be more relevant to the conditions and business environment to be useful for further development.

References


