

# CHAPTER I

## INTRODUCTION

### 1.1 Object Review

#### 1.1.1 Company Profile

Every day the use of the internet always continues, almost all the world's population uses the internet. These opportunities are felt by all business elements, using the internet to do marketing on their segmentation to be able to make transactions. Not only activities on the internet, activities outside the internet also vary according to occupation and individual behavior. With the combination of the internet world and the daily activities of individuals, the opportunity for brand awareness of a company can be created as large as possible by using advertising as a medium. One of the companies engaged in advertising solutions is PT. Terang Teknologi Telekomunikasi with its brand Xnetwork and



**Figure 1.1 Xnetwork Logo**

*Source:* [www.xnetwork.id](http://www.xnetwork.id) (2022)

PT. Terang Teknologi Telekomunikasi (XNETWORK) is an integrated media house specialist focused on advertising, media strategy and integrated 360 degrees communications. PT. Terang Teknologi Telekomunikasi (XNETWORK) has services offered by clients which are Digital Awards, Radio Placement, Unified Messaging Solutions, Integrated Television ads, Digital Orchestration & Advertising, Audio & Video Productions, Activation & Event and Out of Home. For In House Application product there were several partnerships with absence, kasirr Point of Sales, etc. PT. Terang Teknologi Telekomunikasi (XNETWORK) also integrated with Xchannel (one of EH Corp subsidiaries) with coverage area across Java and Bali.

Xnetwork has succeed to satisfy and creating impact to the client by placing client's advertisement on their needs in marketing, such as ADAKAMI for placement advertising on billboard and video Tron, PERMEN WOODS on airlines branding, SHOPPE on media online.



**Figure 1.2 Xnetwork Works**

Source: [www.xnetwork.id](http://www.xnetwork.id) (2022)

### 1.1.2 Vision and Mission

#### a. Vision

Be the number 1 choice for brands and buyers for integrated TV, Radio, Billboard, and digital advertisements through effective and efficient solutions.

#### b. Mission

- 1) Made and designed with the perfect design and responsiveness on all devices.
- 2) Planned very carefully to create a perfect masterpiece.
- 3) Executing a smart implementation.

### 1.1.3 Company Structure

Xnetwork also has the structural, as the managing director is Sigit Prabowo who has the responsibility to make sure Xnetwork running well in revenue, offering, and evaluating to each team. There are 3 team on Xnetwork, Division Integrated Marketing and Media Buying, Department sales and account and department media. Division Integrated Marketing and Media Buying is responsible for finding and gathering the advertising media for the client's media order. Department of sales and accounts responsible for selling and reaching the client. Department Media responsible for Xnetwork marketing.

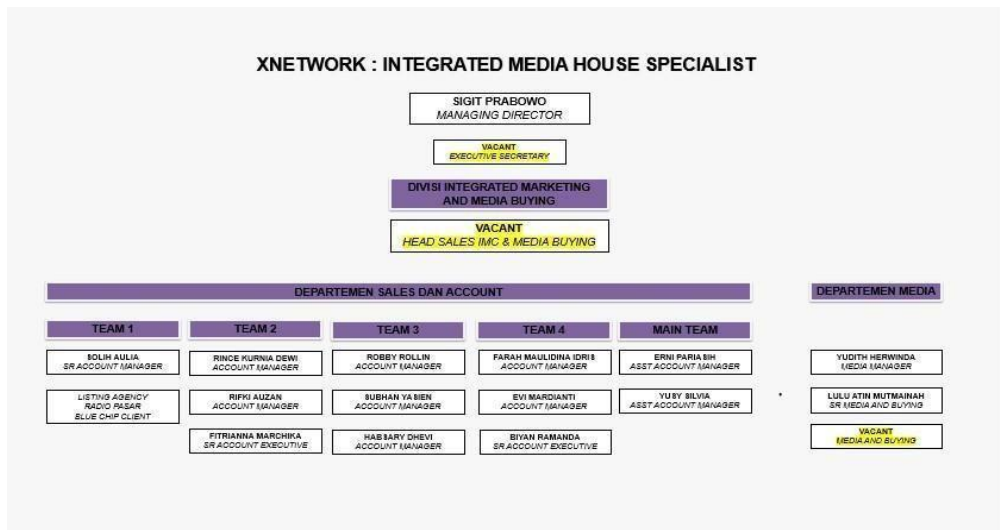


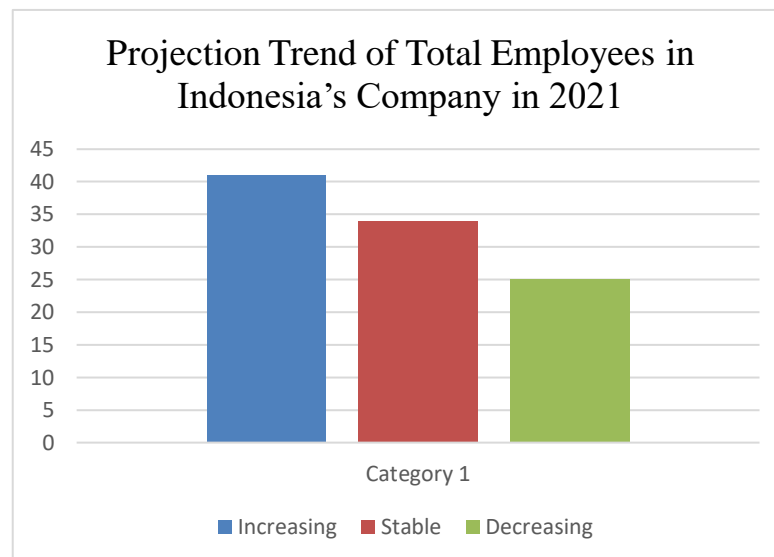
Figure 1.3 Xnetwork Structure

Source: Xnetwork (2022)

## 1.2 Research Background

Suyono, Eliyana and Ratmawati (2020) in the journal of “The Nightmare of Turnover for Companies in Indonesia” stated that Turnover is serious problem for the companies, because turnover intention is more dangerous than turnover because it cause low productivity, low work motivation, low discipline, low working moral and increasing working accident rate. Mamun and Hasan (2017) also stated around fifteen percent of the workforce intend to leave, which is likely to result in actual turnover if mitigating strategies are not put in place.

Many companies must reduce employees from 2020, but the situation does not hold long, because from Michalpage (2021) 41% companies in Indonesia planned to increase the total of employees in 2021, 34% companies stated there will be no changes in total employees compared from last year, 25% companies planned to reduce the employees in 2021.



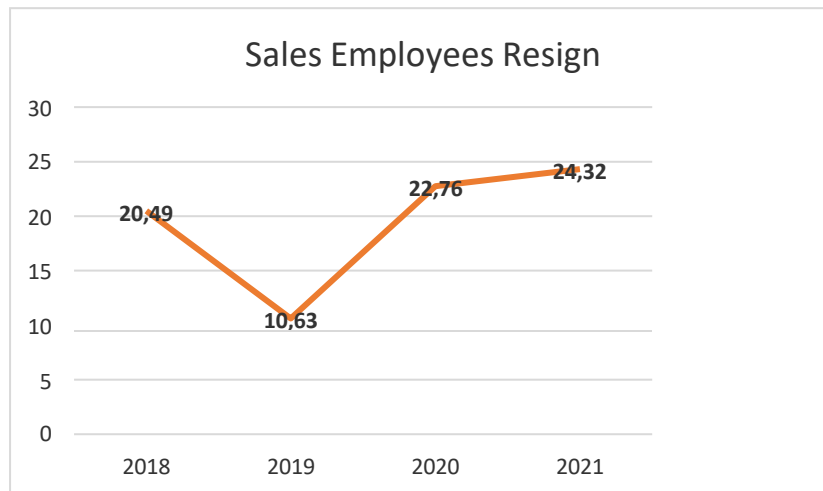
**Figure 1.4 Projection Trend of Total Employees in Indonesia's Company in 2021**

*Source:* Michalpage (2021)

According to Wulansari et al. (2018) one of the indicators that tell whether the organizational already well managed their human resources was the turnover intention rate, the higher rate the more likely employee will leave the organizational.

According to Iskandar and Rahadi (2021) referring to Gallup, the ideal turnover is 10% in a year. But the ideal percentage can differ from one industry to another. Within the opportunities also the threat of the Turnover Intention, companies need a strategy to keep the turnover low. One of the strategies that can keep the turnover low is remuneration mechanism, Onyekwelu et.al (2019) stated that remuneration is very important in human resource management of every organization because it has a great impact on productivity, growth, and development of an organization. Most of the corporate organizations have considered it essential to use remuneration mechanisms for their employees as part of their organizational goals. Akeyo et al. (2017) also stated that remuneration is the key determinant of staff turnover, because on average many employees become loyal to their jobs due to pay related factors and hence the reason for similar conclusion in the studies.

Researcher, previously having an interview on 19 November 2021 with the Project Management Officer, Olan Sihotang. The first background of remuneration in PT. Terang Telekomunikasi Teknologi (XNETWORK) is that management overwhelmed by the high turnover rate of the sales employees. The highest rate in this company is in 2021 for about 24.32% and considered by the ideal average of turnover rate for about 10% in a year, the high-rate turnover sure gives the company a hard time in business. After receiving their salary, many sales employees resign even under the previous scheme, which does not affect the turnover rate of the sales employees. After going through some trial and error the company implemented an automated system that can provide benefits to sales employees based on sales employee's achievements known as the remuneration system.



**Figure 1.5 The Condition of Sales Employees in 2018, 2019, 2020**

*Source:* PT. Terang Teknologi Telekomunikasi (XNETWORK) (2021)

Based on interview with three sales employees on 27 September 2022, employees were disagree with the remuneration and wanted the payroll system to not pay the allowances and incentive, but just paid the salary full per month. Therefore sales employee still felt disappointed with the remuneration given by the company.

In PT. Terang Teknologi Telekomunikasi payroll systems of sales there are 4 components, there are allowance, health and retirement program and basic income. The amount of the allowance is the UMR for the area where the sales employee is working. Allowance is affected by attendance, if sales achieve the target for 1 month, the sales will be paid in full UMR, but if it is not, it will be paid Prorated according to how many days the sales enter the office. Basic Income is the difference from the salary agreed in the sales contract minus the Allowance / UMR. This basic income is influenced by the achievement of the minimum sales target each month. If the sales do not reach the minimum achievement target, then the basic income is not given. But if the minimum target is achieved then the basic income will be given in full. Health and retirement program is to make sales optimize the work, for health program is accident insurance and for retirement program is an dues accumulation for sales who's retire and pass away.

Based on the background of the above problems, this researcher is interested in examining the influence of remuneration on turnover sales employees in PT. Terang Teknologi dan Telekomunikasi (Xnetwork). Also, the researcher found turnover of sales employees has big impact on companies' productivity and revenue stream, and the researcher want to focus on more in remuneration due the researcher believe remuneration is one of the best solutions to decrease turnover specially for sales employees so then company could use remuneration strategy in any situation such like pandemic situation. Also the correlation between remuneration on turnover intention was found in Akhtar et al. (2016) that remuneration significantly negative associated with turnover intention. Therefore, the researcher proposed a topic under the title "THE INFLUENCE OF REMUNERATION ON TURNOVER INTENTION SALES EMPLOYEES IN PT. TERANG TEKNOLOGI DAN TELEKOMUNIKASI (XNETWORK)".

### **1.3 Problem Statement**

Companies in Indonesia planned to increase the total of employees in 2021 so companies who struggle with turnover rate need a remuneration as one of solution idea. Remuneration has the power to influence employee's loyalty so companies who have struggle for turnover rate can decrease the turnover rate, remuneration is increase by the top management, they feel happy, and they become loyal to their job, their employer and vice versa (Baledi and Saed, 2017).

Based on the research gap regarding the influence of remuneration on turnover, the problem formulation can be formulated as:

1. How is a sales employee's remuneration?
2. How is sales Employee's turnover intention?
3. How much is the influence remuneration towards turnover intention sales employees?

#### **1.4 Research Objectives**

Based on the formulation of the problem above, this study aims to determine the following:

1. Understand the sales employee's remuneration.
2. Understand the sales employees' turnover intention.
3. Analyzing the influence of remuneration on the turnover intention of sales employees.

#### **1.5 Benefit of Research**

There are a series of benefits from research conducted by researchers. The benefits that the authors expect include two aspects, namely as follows:

##### **1.5.1 Theoretical Aspect**

Become a scientific reference for the next research on Remuneration. This research is expected to provide benefits and contribution of knowledge in the study of Human Resource Management Remuneration on turnover sales employees of PT. Terang Teknologi Telekomunikasi (XNETWORK).

##### **1.5.2 Practical Aspect**

1. Company

This research is expected to be useful for PT. Terang Teknologi Telekomunikasi (XNETWORK) to maximize leadership decisions to improve the performance of sales employees.

2. Sales Employees

This research is also expected to motivate sales employees to improve innovation and loyalty to a company or organization.

#### **1.6 Systematics of Mini-Thesis Writing**

Contains systematic and brief explanations of research reports consisting of Chapters I to V in the research report.



**a. CHAPTER I INTRODUCTION**

This chapter is a general, concise and concise explanation that accurately describes the content of the research. The contents of this chapter include: an overview of the research object, research background, problem formulation, research objectives, research benefits, and final project writing systematics.

**b. CHAPTER II LITERATURE REVIEW**

This chapter contains theories from general to specific, accompanied by previous research and followed by a research framework ending with hypotheses if needed.

**c. CHAPTER III RESEARCH METHODS**

This chapter outlines the approaches, methods, and techniques used to collect and analyze findings that can answer the research problem. This chapter includes a description of: Types of Research, Operationalization of Variables, Population and Sample), Data Collection, Validity and Reliability Test, and Data Analysis Techniques.

**d. CHAPTER IV RESEARCH RESULTS AND DISCUSSION**

The results of the research and discussion are systematically described in accordance with the formulation of the problem and research objectives and are presented in separate sub-headings. This chapter contains two parts: the first part presents the research results, and the second part presents a discussion or analysis of the research results. Each aspect of the discussion should start from the results of data analysis, then be interpreted and then followed by drawing conclusions. In the discussion, it should be compared with previous studies or relevant theoretical foundations.

**e. CHAPTER V CONCLUSIONS AND SUGGESTIONS**

Conclusions are answers to research questions, then become suggestions related to the benefits of research.