

CHAPTER 1

INTRODUCTION

1.1. Research Background

The globalization sure has already change the business trend today, which make every managements have to adapt and analyzing new things that matter in order to improve or at least maintain the company performance. One major influential factor is the employees and need to be managed well aside from the other factors such as capital, machinery and methods. Today human acknowledged as the most valuable asset for an organization so they should be properly administered (Kabene et al., 2006).

Highly competitive business environment create a tight battle against other companies available in the market in the fields of promotion, product creation, service excellence and quality control. To achieve superiority in every field, the use of human resources is the most important asset of any company and the successful implementation of any strategic objective influenced by the performance and idea of the employees.

Human capital is becoming crucial for business success (Cascio, 2003).The company can take the lead in the market and surpass the others competitors through the loyalty of their

competent human resources. According to (Notoatmodjo, 2003), human resource is one of the organization components that become important resources to achieve the organization vision and mission.

Every organization need to make sure if there is a spirit of cooperation, commitment and satisfaction among their employees because these factors influence the employees performance which will affect the organization overall performance. Human resources provide a basis for an organization to achieve sustainable competitive advantage. Nowadays, human asset is considered to be the most important asset of any organization and in order to get the efficient and effective result from human resource motivation is necessary (Zaman, 2011).

Employees as the backbone of the organization need to be developed and maintained well, since they are the one who will run every part of the company. There will be a time when the employees are feeling bored, because there is no more challenge and only do the same thing for a long time. Promotion and mutation has become a tool for the management to maintaining the employee's motivation and performance. The employees will feel appreciated by the organizations.

Promotions mostly done because the organization doesn't want to lose the employees, because there are a lot of other organizations who will try to hijack the employees, and persuade the employees with a higher position also with a higher compensation and facilities. The impact of promotion is mostly great and the employees always try their best to get the promotion.

Mutation mostly considered by the employees as negativity and the employees mostly rejects the mutation. That will be a difficult for the organization to persuade them to accept the promotion if there is no clear understanding about the information of new location, position and the job desk. In fact, mutation could be a way for a company to prepare the employees for the future, because the organization want to expand the knowledge, experience and make the employees adapt directly to the actual condition in the field.

The effect of promotion and mutation can increase the performance of the employees which is very good for the organization in both short term and long term. Because mostly followed by an increase in term of pay and facilities which make the employees automatically motivated and satisfied. Good condition of work and compensation make the

employees feel comfortable and increase the willingness to stay loyal in the company for a longer time.

A high employee's satisfaction make the company can avoid a high turnover. Hinkin and Tracey (2000) claim that investing HR efforts into retaining employees is less expensive than allowing them to leave the company. Employee turnover may be also costly as it requires different cost to take account such as administrative cost of recruitment, cost of covering during the period in which there is a vacancy, training cost for the new employees (Philips, 1990).

Loyalty and trust have become more difficult to obtain and give in the work place. In the past, employees believed when they were hired by a company that they would be with that company until they retired. Starting in the 1980s as companies sought to increase profits, workers perceptions of lifetime employment were shattered by corporate downsizing, company relocations to other states or countries and static wages.

PT. X is a tobacco company who operate in Indonesia; In PT. X every employee have their own job class and position, which will affect the total compensation and facilities the employees will receive. This system is adapted from the military position system to create a tidy and well performed

performance. The system has already run for a long time, but there is no standard policy and procedure about the employee's promotion and mutation, only collection of memos that regulate the activity in PT. X.

There are a lot of memos in PT. X which may make the employees or managers having a difficulty to follow and understand the flow of promotion/mutation. Especially there are more than 4000 employees spread in many area in Indonesia with different job description. That is why the creation of the standard policy and procedure is necessary for PT. X in order to facilitate, providing clear information and steps also minimizing the misunderstanding that may occur in the future.

Based on the background, the research about Designing the Employees Promotion and Mutation Policy and Procedure in PT.X will be conducted.

1.2. Scope of the Research

The scope of this research is covering the human resource department covered all staff especially managers of PT.X. The writer will develop the promotion/mutation policy and procedure. The policy and procedure is categorized into two parts which are the position and job class promotion then employee's mutation. Promotion/mutation has a several

relationship with the other factors such: compensation, satisfaction, performance and loyalty.

1.3. Research Objective

The objective of this research is to create a set of policy and procedure standard for more than 4000 employee's promotion/mutation of PT.X which is clearer, neat and will strictly obeyed by everyone in the company.

1.4. Significance of The Research

There are two benefits can be gain from this research, such as:

1. Academic Advantage

Hopefully this result of this research will give more knowledge for the reader, especially about designing and developing the employee's promotion/mutation policy and procedure for an organization.

2. Practice Advantage

a. For Company

Hopefully the result of this research can give a clear guidance and information for the company especially for the managers about the employee's promotion/mutation policy and procedure and also can be a role model for the other policy and procedure of the company.

b. For Writer

This research can be a chance for the writer to implement the theory gained during lectures in the university for the practical purpose. Understand and comparing the real facts in practices and theoretical.

1.5. Writing Systematical

In order to easily understand about this research, the writer provides the writing systematical in this research which is:

Chapter 1: INTRODUCTION

This chapter briefly discussed the background, scope of the research, research objective, significance of the research and writing systematic. Background will explain about the reason why the research title is chosen, scope of the research explain the problem that need to be solved. The research objective is telling about the purpose of conducting the research, significance of the research is about the benefits for academic and practice advantage and the last is about the writing systematical which is about the content of the chapter.

Chapter 2: LITERATURE REVIEW

This chapter contains the explanation of theories (research result) of career development, promotion, mutation, compensation, job satisfaction, job performance, performance appraisal and loyalty.

Chapter 3: RESEARCH METHOD

This chapter explains about the research design, type and source of data and the research steps.

Chapter 4: ANALYSIS AND DISCUSSION

This chapter will explain about the business partner profile description, business partner activity, problem exploration and chosen approach, discussion and analysis

Chapter 5: CONCLUSION AND SUGGESTION

This chapter will explain about the conclusions and suggestions of the result from this study.