

Practical Tactics to Reduce Employee Turnover: Study of Broiler Chicken Traders MSMEs (UMKM) on Wage Policies

Sri Hariyanti*¹, Madziatul Churiyah²

¹Institut Agama Islam Negeri Kediri, Jl. Sunan Ampel No.7, Ngronggo, Kediri City 64127, East Java, Indonesia

²Universitas Negeri Malang, Jl. Semarang 5 Malang 65145, East Java, Indonesia

*yanti.elthing@gmail.com

¹  orcid id: <https://orcid.org/0009-0009-3062-8126>

²  orcid id: <https://orcid.org/0000-0002-0799-4402>

Received: 2024-April-15

Rev. Req: 2024-May-31

Accepted: 2024-June-01

ABSTRACT: *Team member (employee) turnover is a problem often faced by micro, small and medium enterprises (MSMEs/UMKM), including broiler chicken traders. High team member turnover rates not only hurt the continuity of business operations but also incur additional costs in recruiting and training new employees. Therefore, MSME/UMKM Broiler Chicken Traders needs to design an effective wage policy strategy to reduce team member turnover rates through SWOT analysis. The research objectives are to identify wage policy's internal strengths and weaknesses, identify external opportunities in the industrial environment, identify external threats from factors such as industrial competition, and formulate a sustainable wage policy strategy. The research method used is descriptive-qualitative to understand employees' context, processes and experiences as factors influencing team member wage and turnover policies. The research results show the importance of understanding the labour market and team member needs and evaluating previously implemented wage policies to design competitive wage policies and meet team member expectations. This article will provide comprehensive guidance for MSME/UMKM broiler chicken traders in developing an effective and sustainable wage policy.*

Turnover karyawan merupakan masalah yang sering dihadapi oleh Usaha Mikro, Kecil, dan Menengah (UMKM), termasuk pedagang ayam potong broiler. Tingginya angka perputaran karyawan tidak hanya berdampak negatif pada kontinuitas operasional bisnis, tetapi juga menimbulkan biaya tambahan dalam merekrut dan melatih karyawan baru, karena itu penting bagi UMKM Pedagang Ayam Potong Broiler untuk merancang strategi kebijakan upah yang efektif untuk mengurangi angka *turnover* karyawan melalui analisis SWOT. Tujuan penelitian mengidentifikasi kekuatan dan kelemahan internal kebijakan upah, peluang eksternal dalam lingkungan industri, ancaman eksternal dari faktor-faktor seperti persaingan industri, serta merumuskan strategi kebijakan upah berkelanjutan. Metode penelitian yang digunakan adalah kualitatif deskriptif untuk memahami konteks, proses, dan pengalaman karyawan serta faktor-faktor yang mempengaruhi kebijakan upah dan *turnover* karyawan. Hasil penelitian menunjukkan pentingnya pemahaman pasar kerja, kebutuhan karyawan, dan evaluasi kebijakan upah yang telah diterapkan sebelumnya untuk merancang kebijakan upah yang kompetitif dan memenuhi ekspektasi karyawan. Diharapkan artikel ini memberikan panduan

komprehensif bagi UMKM Pedagang Ayam Potong Broiler dalam mengembangkan kebijakan upah yang efektif dan berkelanjutan.

Keywords: Team member, Employee, Wage, SWOT Analysis.

I. INTRODUCTION

The MSME (Red: UMKM) industry selling broiler chickens is one type of MSME business that can be developed, especially because chicken meat is one of the types of meat most in demand by the Indonesian people, reaching 0.14 kilograms (kg) per capita per week according to the Central Statistics Agency report (BPS), in 2021 (Annur, n.d.). The market potential for broiler chickens in Indonesia is enormous, considering that chicken meat is in demand by the public. Apart from that, broiler chickens also have high relevance in the local or national economic context because they can drive the people's economy and provide business opportunities for people to become MSMEs (Sari, 2020).

Team member turnover is also a problem often faced by Micro, Small and Medium Enterprises (MSMEs), including broiler chicken traders (Atika Permata Sari et al., 2020). High team member turnover rates not only hurt the continuity of business operations but also incur additional costs in recruiting and training new employees. Therefore, MSME Broiler Chicken Traders must design effective wage policy strategies to reduce team member turnover rates (Gary, 2011). An in-depth understanding of the factors that cause team member turnover in the broiler chicken trading industry needs to be obtained. This includes low pay levels, lack of flexibility in working hours and lack of clear career development. By identifying the root causes of turnover, MSMEs can design more appropriate and effective wage policies (Mello, n.d.).

In addition, an analysis of previously implemented wage policies needs to be carried out to evaluate their success in reducing team member turnover (Gary, 2011). Understanding the advantages and disadvantages of existing wage policies will help MSMEs determine the direction of new wage policy strategies. SWOT analysis is one of the analytical tools commonly used to help MSMEs identify strengths, weaknesses, opportunities and threats (SWOT) in HR management.

This analysis allows MSMEs to evaluate internal and external factors that influence their HR performance so that they can take appropriate strategic steps to improve the effectiveness and efficiency of HR management (Cover & Michael A. Hitt, R. Duane Ireland, 2014). Through a comprehensive SWOT analysis of wage policies, Broiler Chicken Traders MSMEs can formulate appropriate strategies to reduce team member turnover rates and improve the performance and sustainability of their businesses.

Several studies have discussed wages and team member turnover; Yohana Caroline Iskandar et al., in their article entitled Organizational Strategy for Handling Turnover through Employee Empowerment, stated that team member empowerment would make employees observant of everything that exists in the organisation. This thoroughness allows employees' potential to be explored optimally so that job satisfaction is high and turnout intensity is low (Johana et al., 2021).

Meanwhile, Nabiela Rizki Alifa and Versanudin Hekmatyar, in their article (Nabiela et al., 2018), stated that there is a significant influence between wages on team member turnover at PT Hegarmanah Lestari. Refani Afri Zaldi stated that wage satisfaction negatively and significantly affects team member turnover intention (Zaldi, 2019). From these studies, no one has discussed effective tactics for reducing team member turnover using a SWOT analysis approach to wage policy.

Hamlet Sumber Bendo, Pule Village, Kandat-Kediri District, the majority of the people make their living as traders of broiler chickens and employees of chicken cutters. There are 25 broiler chicken traders and 32 chicken lathe employees. They trade in markets in the district and city of Kediri. Traders themselves do some chicken turning processes, and employees assist some depending on how many chickens there are. The chicken lathe activity is traditionally carried out at night from 24.00-03.00 WIB. The average chicken-cutting team member is a housewife and also a junior/high school graduate who doesn't have a job and hopes for a better job as a chicken lathe worker. Therefore, chicken lathe workers and employees in this area often turn over because they got another job, which caused MSMEs selling broiler chickens to look for new employees.

The aims of this research are: (a) Identify the internal strengths of wage policies that have been implemented in attracting and retaining employees; (b) Reveal internal weaknesses of wage policies that might cause employees to leave jobs; (c) Identify external opportunities in the industrial environment and job market that can be utilised to improve wage policies and reduce team member turnover; (d) Analyse external threats from factors such as industry competition, regulatory changes, or labor market trends that could hinder the success of wage policies; (e) Formulate a wage policy strategy based on SWOT analysis findings to reduce employee turnover rates and increase the sustainability of the Broiler Chicken Trader MSME business.

II. METHOD

The research method used in this article is descriptive qualitative. This research focuses on understanding employees' context, processes and experiences and the factors that influence wage policies and turnover rates in Broiler Chicken Trader MSMEs. Descriptive qualitative methods allow researchers to explore detailed information through in-depth interviews, direct observation, and content analysis of related documents, such as company policies or team member records. Through this approach, researchers gain a deep understanding of the internal and external dynamics that influence wage policies and team member turnover rates in these MSMEs.

III. RESULT AND DISCUSSION

Wages are payments given to workers in exchange for the services or labour they provide to an employer or company. In general, wages are expressed as money but can also be expressed as allowances or other benefits. Wages are usually agreed upon in an employment contract between the worker and the employer and can vary depending on

various factors such as the worker's qualifications, level of experience, type of work and labour market conditions (Hicks, 1966).

Wage policy is a series of steps taken by the government or employers to regulate the amount of wages that must be paid to workers. The main goal of wage policy is to ensure that workers receive fair and adequate compensation for their services or labour (Borjas, n.d.). Wages not only include financial components in the form of money but can also include allowances or other benefits given to workers in return for their contribution to the production process.

The government is often involved in setting minimum wage policies, the lowest amount workers must pay for a certain period. This minimum wage aims to protect workers from exploitation and ensure that they can meet their basic needs, such as food, shelter and education. Minimum wages can also help reduce income disparities and improve social welfare (Muara & Nangarumba, 2015).

However, wage policies only sometimes have an overall positive impact. A minimum wage that is too high can encourage unemployment because companies may not be able to pay workers' required wages. On the other hand, a minimum wage that is too low can lead to worker poverty and harm their welfare. Therefore, the government must consider various economic and social factors in designing a balanced and sustainable wage policy (Borjas, n.d.).

Apart from minimum wage policies, there are various wage policies, such as wage indexation, wage adjustments based on inflation, and wage differentiation approaches for specific sectors. Each type of policy has different goals and impacts, depending on a country's economic, political and social conditions. Therefore, it is essential for the government to regularly evaluate and adjust wage policies to ensure that they are effective in achieving the desired goals.

Team member Turn Over

Team member turnover is a term that refers to team member turnover in an organisation, whether entering, leaving or changing positions. The factors that influence team member turnover can be very varied and complex. First, internal organisational factors such as company culture, human resource management policies, and incentive systems can influence team member satisfaction levels. Second, external factors such as economic conditions, market competition, and career opportunities outside the company can also influence a team member's decision to stay or leave (David et al., 2012).

Apart from that, interpersonal factors in the workplace such as relationships with superiors and coworkers can also influence turnover. Employees who feel unappreciated or need better relationships with their colleagues are more likely to seek other opportunities. In addition, stress levels and fatigue can also be important factors influencing a team member's decision to leave their job (Branham, n.d.).

Compensation and benefits are also essential factors in influencing team member turnover. Employees who feel their pay and benefits could be more commensurate with their contributions and responsibilities may look for better opportunities elsewhere.

Therefore, companies must offer competitive compensation packages and attractive benefits programs to retain potential employees (David et al., 2012).

In addition, career development and opportunities to learn and develop can also influence a team member's decision to stay or leave. Employees who feel they have no opportunities to advance or learn new things in their jobs may look for more exciting opportunities elsewhere that offer better career development.

In managing team member turnover, companies need to understand the factors that influence it and take steps to reduce the turnover rate. This can include improving team member communication and engagement, providing career development opportunities, and regularly reviewing and updating human resource management policies and practices. By paying attention to these factors, companies can build a more stable work environment and retain potential employees for the long term.

SWOT Analysis

SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) is a method used to evaluate an organisation or individual's internal strengths and weaknesses and the external opportunities and threats it faces. In this analysis, strengths and weaknesses refer to internal factors such as organisational or individual resources, capabilities, and skills. Meanwhile, opportunities and threats include external factors such as industry trends, market conditions, or environmental factors that can influence the success of an organisation or individual (Lambert et al., 2010).

SWOT analysis is usually carried out to help organisations or individuals in planning strategies. By identifying their strengths, they can utilise them optimally. Likewise, if weaknesses are identified, corrective steps can be taken to reduce their impact. In addition, through opportunity and threat analysis, organisations or individuals can prepare themselves with appropriate strategies to take advantage of existing opportunities and overcome or avoid threats that may arise. SWOT analysis is an effective tool for developing a comprehensive and strategic action plan to achieve an organisation's or individual's goals (Robert et al., 2020).

Strength

From the results of research in the field, there is a Strength which is part of the internal factors of MSMEs, namely: (1) On average, broiler chicken MSMEs have pretty good experience slaughtering, turning chickens, cleaning and cutting them—employees at this MSME; (2) Work at MSMEs selling broiler chickens has relatively high time flexibility, namely being done at night on average from 24.00-03.00 WIB. This way, employees can work from home during the day; (3) The employees at this MSME are housewives; most of them are boys who have graduated from middle school/high school, so they have more energy and work quickly. As we know, working at night requires more energy than working during the day; (4) MSME employees selling broiler chickens have multitasking skills, starting from slaughtering chickens, turning chicken feathers, and cleaning chicken innards to cutting chickens into several parts according to customer requests.

Weakness

From the research results, several internal weaknesses were found in MSMEs selling broiler chickens, namely:

(1) In MSMEs selling broiler chickens, there is no skills training program for new employees, so if there are new employees, they immediately join work and receive salaries like old employees. This is quite risky for MSME traders of broiler chickens because the output of the product produced is that the chicken skin is often torn, and the chicken skin is not fresh (dull) due to the lack of skills that new employees have in the chicken turning process;

(2) Uncertainty in the volume of work means that MSMEs that slaughter broiler chickens in this area slaughter chickens according to market conditions. If demand is high, then the volume of team member work will also be significant, but if the market is quiet, then the volume of team member work will also be small, and this will affect the amount of salary received—by team members;

(3) Limited human resource management where employees of MSMEs selling broiler chickens work odd jobs, starting from slaughtering chickens and turning chickens to cutting meat, done together without a clear division of work. The wages received are evenly distributed to both new and old employees. It is risky if there are employees who work less diligently but receive the same wages as employees who work seriously; this creates a gap between employees. Apart from that, there is no special selection system for the recruitment system; as long as you want to work, you will be accepted;

(4) Broiler chicken sellers in this area trade in markets in the city and district of Kediri in the morning starting at 03.00-10.00 WIB; of course, this requires broiler chickens to be ready for sale at 03.00 WIB, therefore employees must work from 24.00-03.00 WIB, and this is considered quite tricky because you have to work in the middle of the night. Usually, this will cause your body's stamina to decrease during the day, and employees will be unable to work optimally;

(5) The wage system applied to MSMEs selling broiler chickens is wages based on production or performance (piece rate), where workers are paid based on the number of goods or work products they produce or complete; for 1 chicken, the wage given is IDR 1.200.00. If market demand is high, the wages received will be more significant, which applies vice versa. No other compensation is provided except coffee or tea for employees. The minimal compensation received by employees will have an impact on high turnover rates. Employees are quick to change their place of work if they receive another job offer with more significant compensation.

Opportunity

There are several opportunities for MSMEs to sell broiler chickens, namely: (1) There is a training program from the Manpower department or Cooperative department which can facilitate skills training for MSME employees; (2) MSMEs selling broiler chickens can partner with other MSMEs to increase market demand, for example, catering to MSMEs, restaurants, etc., and this will affect the amount of wages employees receive; (3) The increasingly rapid development of technology opens up opportunities for MSMEs selling

broiler chickens to use more modern lathes so that employee work can be faster and lighter; (4) The many celebrations in society such as weddings, birthdays, celebrations, etc. are opportunities for MSME broiler chicken traders to get a lot of demand for broiler chickens, which will impact increasing team member income.

Threat

From external factors, some threats may have an impact on broiler chicken traders, such as: (1) There are many other businesses, both factories and MSMEs, that offer higher wages to employees so that employees do not hesitate to change jobs; (2) The limited number of human resources willing to work for MSMEs selling broiler chickens is due to working hours at night, minimal compensation and many job opportunities offering higher wages.

IV. CONCLUSION

After carrying out a SWOT analysis on broiler chicken trader MSMEs, it can be concluded that from internal factors, there are strengths of broiler chicken trader MSMEs such as experienced employees, flexible working hours at night, the average team members age still young and lot of energy, employees have multitasking skills starting from slaughtering, turning chickens, cleaning chicken innards to cutting the meat. Apart from that, there are also areas for improvement, including a lack of job skills training, uncertainty in the volume of work, working hours in the middle of the night, limited human resource management and minimal compensation provided.

For external factors, there are opportunities for skills training programs by relevant government institutions, rapid technological developments to help the operations of MSMEs selling broiler chickens, partnering with other MSMEs to increase market demand for broiler chickens, and many celebrations in the community. Apart from that, there are also threats, including competition with other MSMEs or large industries that offer higher salaries for employees, as well as limited human resources willing to work for MSMEs selling broiler chickens.

Based on the results of the SWOT analysis of broiler chicken traders, three recommendations can be implemented to reduce employee turnover rates: (a) MSMEs selling broiler chickens should not hesitate to give bonuses to employees when there are many orders; (b) Using more modern lathe technology so that team member work is faster and lighter; (c) Provide additional food or drinks, such as milk, to increase stamina when working at night. An acknowledgement section may be presented after the conclusion if desired.

V. REFERENCES

- [1] Annur, C. M. (n.d.). *Konsumsi Daging Ayam Warga RI Meningkat, Capai Rekor pada 2021*. Databoks.
- [2] Atika Permata Sari, Hermawan, A., & Affandi, M. J. (2020). The Effect of Job Satisfaction and Employee Engagement on Turnover Intentions: Case Study

- Restaurant. *Jurnal Aplikasi Bisnis Dan Manajemen (JABM)*, 6(2), 258–268. <https://doi.org/10.17358/jabm.6.2.258>
- [3] Borjas, G. (n.d.). *Labor Economics*. McGraw-Hill Companies, Incorporated.
- [4] Branham, L. (n.d.). *The Hidden Costs of Employee Turnover*. AMACOM.
- [5] Cover, F., & Michael A. Hitt, R. Duane Ireland, R. E. H. (2014). *Strategic Management: Concepts and Cases: Competitiveness and Globalization*. Cengage Learning.
- [6] David G. Allen, P. C. B. (2012). *Managing Employee Turnover Dispelling Myths and Fostering Evidence-Based Retention Strategies*. Business Expert Press.
- [7] Gary, D. (2011). *Human Resource Management*. Pearson.
- [8] Hicks, J. (1966). *The Theory of Wages*. P. Smith.
- [9] Lambert M. Surhone, Miriam T. Timpledon, S. F. M. (2010). *SWOT Analysis*. VDM Publishing.
- [10] Mello, J. A. (n.d.). *Strategic Human Resource Management*. Cengage Learning.
- [11] Muara, & Nangarumba. (2015). Analisis Pengaruh Struktur Ekonomi, Upah Minimum Provinsi, Belanja Modal, dan Investasi Terhadap Ketimpangan Pendapatan di Seluruh Provinsi di Indonesia Tahun 2005 - 2014. *JESP*, 7(2).
- [12] Nabiela Rizki Alifa, V. H. (2018). PENGARUH UPAH TERHADAP TURNOVER INTENTION KARYAWAN TEXTILE INDUSTRY: STUDI KASUS PADA PT. HEGARMANAH LESTARI. *Komitmen*, 3(2). <https://doi.org/10.15575/jim.v3i2.22303>
- [13] Robert W. Palmatier, S. S. (2020). *Marketing Strategy Based on First Principles and Data Analytic*. Bloomsbury Publishing.
- [14] Sari, N. (2020). Pola Kemitraan PT. Ciomas Adisatwa Unit Bangkinang dalam Kerjasama Usaha Ternak Ayam Broiler Ditinjau dari Perpekstif Ekonomi Islam (Studi pada Usaha Ternak Ayam Broiler PT. Ciomas Adisatwa Unit Bangkinang). *ISLAMIC BUSINESS and FINANCE (IBF)*, 1(2), 103–127. <https://doi.org/10.24014/ibf.v1i2.9721>
- [15] yohana caroline iskandar, D. R. R. (2021). STRATEGI ORGANISASI PENANGANAN TURNOVER MELALUI PEMBERDAYAAN KARYAWAN. *Solusi*, 19(01). <http://dx.doi.org/10.26623/slsi.v19i1.3003>
- [16] Zaldi, R. A. (2019). Pengaruh Kepuasan Upah dan Lingkungan Kerja terhadap Turnover Intention Pada Karyawan UD SGK Kesamben Blitar Jawa Timur. *Jurnal Teknologi, Kejuruan, Dan Pengajarannya*, 42(2).