

# CHAPTER I

## INTRODUCTION

### 1.1 Object Overview

#### 1.1.1 History

Warung Sunda Sambel Hejo Sambel Dadak (SHSD) was established in 2006 in Ciganea, Purwakarta, which it is the first SHSD outlet. The business started with a passion of giving the product quality following the atmosphere of traditional Sundanese *lesehan*; all the business elements are combined with a touch of antique ornaments to bring sophisticated dining experience; for the restaurant concept one, SHSD established the first restaurant without *lesehan* in 2010, yet still with a commitment to deliver product quality. SHSD was organized individually for 16 years as a family restaurant (SHSD Archive, 2022).

In 2013, SHSD formed a management team consisting of top-level employees to lower-level employees. Upper level employees i.e. managerial level, have adequate hospitality background, following service and organization improvement, SHSD has developed core business including several licenses to strengthen business identity such as brand license or patent and tourism trade license (SHSD Archive, 2022).

Having core business, which is product, service, and atmosphere combined in one brand, leads to the commitment of always delivering the best to guests while also providing them with the experience of SHSD unique atmosphere (SHSD Archive, 2022).

#### 1.1.2 Vision & Mission

##### 1.1.2.1 Vision

Realizing the Original Concept of Sundanese Cuisine with Global Service Standards. According to the stated vision, Sambel Hejo Sambel Dadak (SHSD) values the authenticity of Sundanese cuisine as an identity and adheres to service standards that are known to raise the level of the Company's services' quality. Sambel Hejo Sambel Dadak (SHSD) constantly develops new goods for its brand.

As a milestone, SHSD wants to grow its business in Indonesian food items across all of its corporate brand entities (SHSD Archive, 2022).

#### **1.1.2.2 Mission**

1. Maintaining the authenticity of traditional Sundanese cuisine.
2. Prioritizing food quality and service.
3. Developing employee skills and knowledge to maximize operational performance.
4. Expanding business units in various strategic areas, and striving to become the best Sundanese traditional restaurant in Indonesia are all examples of how to meet market demands.

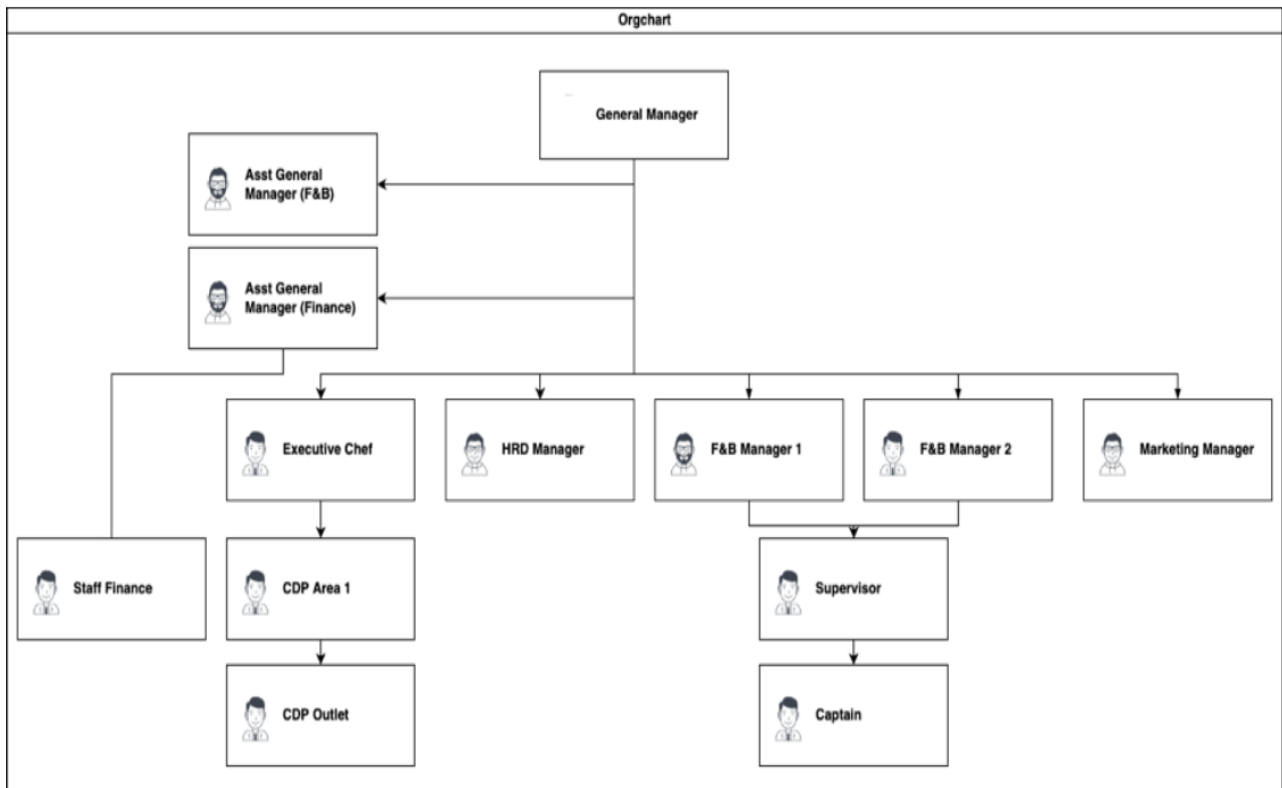
In the next five years, the vision and mission of SHSD will serve as the foundation for the growth of the business (SHSD Archive, 2022).

#### **1.1.3 Organization Management Team**

SHSD founder has a background in the hospitality industry, the founder has professional experience in hotel front office, following the economic degree. Referring to SHSD, which is the food & beverage industry, food knowledge experience was gained from culinary tourism, by traveling around Java Island to study traditional spices characteristics, especially Sundanese food. SHSD founder has a strong view of quality, by personifying quality within all the elements of a restaurant, it will make the brand become the 'legend' in terms of the brand entity, which always has its authenticity regardless of trends and changes (SHSD Archive, 2022).

SHSD management team member was the former hotel and restaurant personnel, where they enhanced professional experience in the hotel and food & beverage industry. SHSD management team has a minimum of 20 years of professional experience in hospitality, ranging from top managerial level to middle managerial level.

Following the experience description, SHSD always tries to be the customer choice in many circumstances, along with the commitment of giving the best quality (SHSD Archive, 2022).



**Figure 1.1 Organization Chart**

Source: Internal Document Sambel Hejo Sambel Dadak 2022

#### 1.1.4 Business Logo and Name Description



**Figure 1.2 SHSD Logo**

Source: Internal Document Sambel Hejo Sambel Dadak 2022

1. Sambel Hejo

The terms of *Sambel Hejo* have initially been derived when the founder of SHSD had a business partnership with *Sambel Hejo Sari Rasa* owner. *Sambel Hejo Sari Rasa* was the most popular restaurant that served traditional *sambel hejo*. Due to a business dispute between SHSD founder (former Sambel Hejo Sari Rasa franchisee) and *Sambel Hejo Sari Rasa* owner, the business partnership had to end.

2. SHSD founder took *Sambel Hejo* name from the former brand partnership and continued to develop the business.

3. Sambel Dadak

The name *Sambel Dadak* was pinned in the brand name to differentiate the business name from *Sambel Hejo Sari Rasa*.

4. Ayam Goreng Basah

The term of it refers to SHSD signature main dish which is *ayam goreng basah* (SHSD Archive, 2022).

### 1.1.5 SHSD Outlets Location

1. SHSD Main Outlet Address

This outlet is the first established restaurant of SHSD, this is here the company office is located and as well the departments that support SHSD products in other SHSD restaurant outlets. Other than that, this main outlet has an additional concept which is *lesehan*. It is located at Pemuda street No.32, Jatiluhur, Ciganea, Purwakarta Regency.

2. SHSD Branch Outlets Address

Sambel Hejo Sambel Dadak (SHSD) differs from two restaurant dining concepts, which is *lesehan* concept and only standard dining concept. Regardless of the dining concept, all the product, service and restaurant features remain the same (SHSD Archive, 2022).

- a. Mekar kencana Street No.60, Istana Mekarwangi, Moh. Toha, Bandung.  
Telephone Number: (022)5221011

- b. Tebet Timur Dalam Street II No.34, South Jakarta.  
Telephone Number: (021)8292675
- c. International Karawang Barat Street, Aliyah Mosque rest area, Karawang.  
Telephone Number: (0267)8401275
- d. Celebration Boulevard Street, Café walk Grand Wisata, Tambun Selatan, Bekasi  
Telephone Number: (021)82622001
- e. Cempaka Putih Raya Street No.8A, Jakarta Pusat  
Telephone Number: (021)4229066
- f. Cipinang Baru Utara No 35, Rawamangun, Jakarta Timur.  
Telephone Number: (021)4897289
- g. W.R.Supratman Street No.80, Ciputat, Tangerang Selatan.  
Telephone Number: (021)74775074
- h. Jambore Street No. 1, Harjamukti, Kec. Cimanggis, Kota Depok.  
Telephone Number: (021)87730313
- i. Magna Timur Street No.78, Rancabolang, Kec. Gedebage, Kota Bandung  
Telephone Number: (022)87519656

## **1.2 Background**

One of the most important developments in the company in this recent time is the increasing importance of human resources. People are very important to Company because they offer new perspectives and values; and when managed effectively, these human resources skills and knowledge can be of great benefit to the company. Also, to achieve the company vision and mission, competent and skilled labours are needed due to the high competitive market. According to Susan (2019), Human resources (HR) are productive workers that operate as organizational drivers, both in institutions and businesses, with a role as an asset that needs training and development. Human Resources (HR) is a critical component that must be managed in order to fulfill organizational or corporate objectives. Human Resource Management (HRM) is that part of the management process which develops and manages the human element of the enterprise

considering their resourcefulness in terms of total knowledge, skills, creative abilities, talents, aptitudes and potentialities for effectively contributing to the organisational objectives. In other words, HRM involves all management decisions and practices that directly influence the people who work for the organisation (Susan, 2019).

Organizational behavior is a specific area of competence with a shared body of knowledge, OB is the study of what people do inside an organization and how their actions impact the effectiveness of the organization (Robbins and Judge, 2021). According Robbins and Judge (2021),The correlation between HRM, and OB is organizational behavior examines humans from a conceptual (more fundamental/theoretical) perspective, whereas HRM analyzes persons from a technical perspective of human empowerment.

**Table 1.1 Employment Table in Indonesia**

	<b>Workforces</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Total</b>	133.292.866	131.064.305	135.611.895

Source: Central Bureau of Statistics (2022)

According to the Central Bureau of Statistics (2022). The condition of employment in Indonesia in February 2022 shows that the number of workforces population continues to increase along with the increase in population. The working age population increased from 133.29 million people to 135.61 million from 2020 to 2022. although in 2021 total of workforces decreased from the total of 133.29 million people to 131.06 million people. The workforce increased by 23.1 million, from 2020 to 2022. Since the increase of the workforces numbers, it is important in developing the human resources skills in terms to reach company goals.

According to Pawar (2020), In general, an employee's performance can be defined as their degree of relevant output. is a traditional perspective on employee performance that emphasizes the volume and quality of outputs produced while

doing a job. It initially focuses on how well a person does their job or task. Effective performance is viewed as the outcome of the interaction between a person's motivation and abilities. Increasingly, it is understood that setting performance goals and standards, allocating suitable resources, providing direction and support from the employee's management, and enabling performance have a significant impact on individual performance (Torrington et al, 2017). Performance expectations are outlined by performance standards. Depending on the strategy used, they may also be referred to as benchmarks, goals, or targets. Performance criteria that are reasonable, measurable, and easily understood are advantageous to both businesses and employees. Performance standards should be defined before work is carried out because they essentially define what constitutes satisfactory job performance.

**Table 1.2 Key Performance Indicator Constraint**

<b>KPI Constraint</b>			
<b>No</b>	<b>Main Work Area</b>	<b>Key Performance Indicator</b>	<b>Score</b>
1	Employee Attendance	Average Employee Attendance	90%>=
		Average Employee Attendance On-Time	90%>=
2	Outlet Revenue	Revenue Target	90%>=
		FnB Average Check	90%>=
3	Upselling	Food Sales Target	90%>=
		Beverages Sales Target	90%>=
4	Equipment Maintain	Inventory Check Every Month	75%>=
		Lost & Breakage Report	75%>=
5	Market Map	Guest Cover Every Month	90%>=

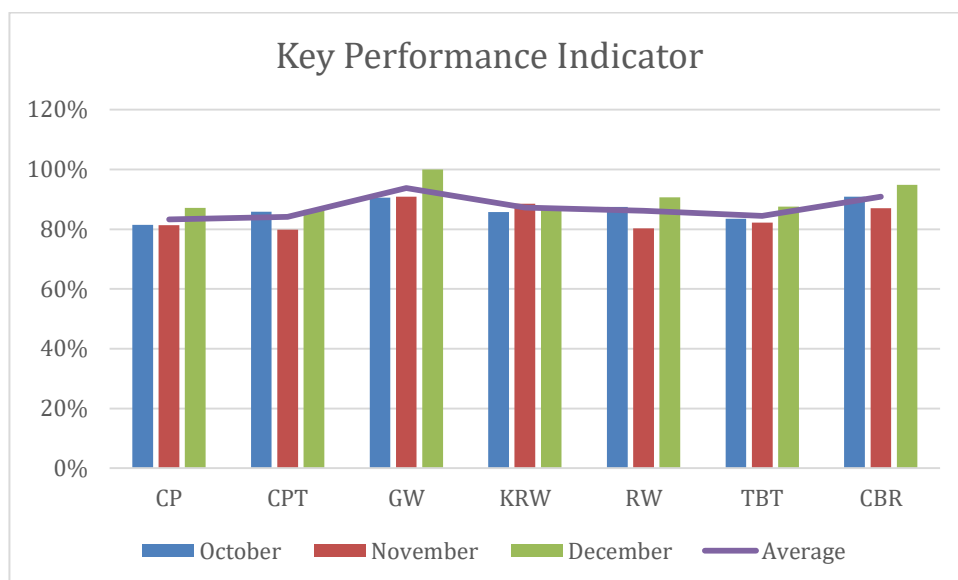
**Table 1.3 Key Performance Indicator Table**

<b>KPI OCTOBER 2022</b>									
<b>No</b>	<b>Main Work Area</b>	<b>Key Performance Indicator</b>	<b>Outlets</b>						
			<b>CP</b>	<b>CPT</b>	<b>GW</b>	<b>KRW</b>	<b>RW</b>	<b>TBT</b>	<b>CBR</b>
1	Employee Attendance	Average Employee Attendance	83%	100%	94%	99%	100%	99%	91%
		Average Employee Attendance On-Time	79%	92%	88%	81%	88%	74%	88%
2	Outlet Revenue	Revenue Target	83%	83%	99%	83%	90%	84%	90%
		FnB Average Check	81%	93%	119%	103%	118%	98%	90%
3	Upselling	Food Sales Target	76%	77%	102%	68%	81%	84%	127%
		Beverages Sales Target	28%	31%	30%	28%	34%	27%	32%
4	Equipment Maintain	Inventory Check Every Month	100%	100%	100%	100%	100%	100%	100%
		Lost & Breakage Report	100%	100%	100%	100%	100%	100%	100%
5	Market Map	Guest Cover Every Month	103%	97%	83%	110%	76%	86%	100%
<b>KPI NOVEMBER 2022</b>									
<b>No</b>	<b>Main Work Area</b>	<b>Key Performance Indicator</b>	<b>Outlets</b>						
			<b>CP</b>	<b>CPT</b>	<b>GW</b>	<b>KRW</b>	<b>RW</b>	<b>TBT</b>	<b>CBR</b>
1	Employee Attendance	Average Employee Attendance	88%	83%	94%	96%	100%	99%	91%
		Average Employee Attendance On-Time	83%	71%	88%	85%	88%	74%	91%
2	Outlet Revenue	Revenue Target	89%	88%	97%	90%	83%	77%	84%
		FnB Average Check	75%	84%	107%	100%	109%	84%	83%
3	Upselling	Food Sales Target	73%	67%	99%	67%	51%	70%	99%
		Beverages Sales Target	17%	26%	42%	53%	16%	43%	35%
4	Equipment Maintain	Inventory Check Every Month	100%	100%	100%	100%	100%	100%	100%
		Lost & Breakage Report	100%	100%	100%	100%	100%	100%	100%
5	Market Map	Guest Cover Every Month	107%	100%	91%	106%	76%	93%	100%



KPI DESEMBER 2022									
No	Main Work Area	Key Performance Indicator	Outlets						
			CP	CPT	GW	KRW	RW	TBT	CBR
1	Employee Attendance	Average Employee Attendance	92%	99%	97%	85%	99%	99%	100%
		Average Employee Attendance On-Time	79%	92%	88%	89%	88%	67%	91%
2	Outlet Revenue	Revenue Target	102%	95%	123%	102%	105%	94%	98%
		FnB Average Check	88%	93%	128%	89%	93%	96%	98%
3	Upselling	Food Sales Target	87%	72%	108%	77%	91%	99%	121%
		Beverages Sales Target	20%	26%	59%	24%	28%	34%	47%
4	Equipment Maintain	Inventory Check Every Month	100%	100%	100%	100%	100%	100%	100%
		Lost & Breakage Report	100%	100%	100%	100%	100%	100%	100%
5	Market Map	Guest Cover Every Month	116%	102%	97%	121%	112%	99%	99%

Source: Internal Document Sambel Hejo Sambel Dadak 2022



**Figure 1.3 Key Performance Indicator**

Source: Internal Document Sambel Hejo Sambel Dadak 2022

Based from table and graph above, the abbreviation CP stands for Cempaka Putih, CPT is Ciputat, GW is Grand Wisata, KRW is Karawang, RW is Rawamangun, TBT is Tebet, and CBR is Cibubur. Key performance indicators in

SHSD stated that the low of performance in some outlet, outlet with the lowest performance during 3 month period of November to December 2022 is Cempaka Putih with total average of score of 83% which is below the minimum score, and during 3 month period, outlet with the highest performance is Grand Wisata with total average score of 95% which is above the minimum score.

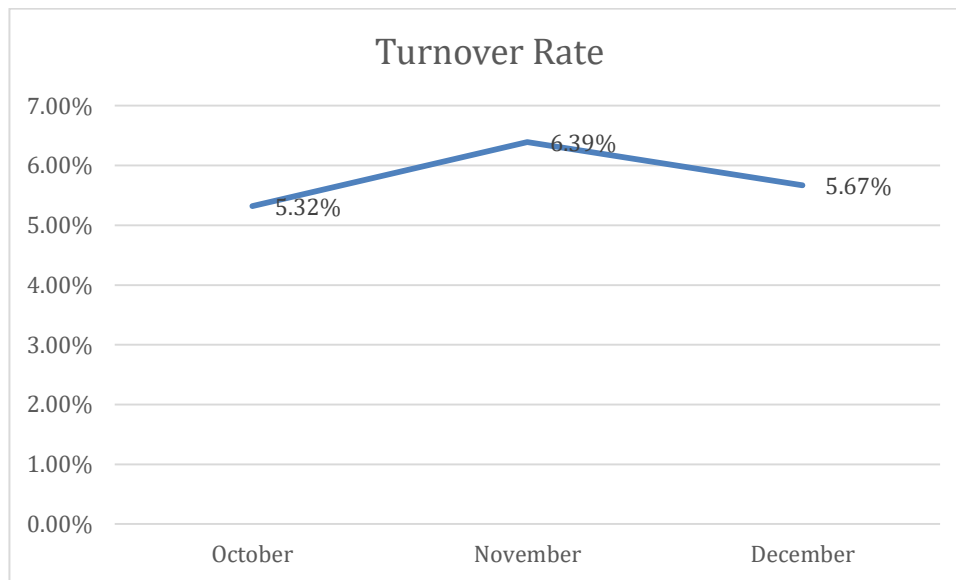
According to Ansory & Indrasari (2018), employee turnover is one of the important phenomena in organizational life, Employee turnover can occasionally be beneficial. Turnover costs for higher-level executives and professionals can be as high as two times the annual salaries of the departing personnel, and rates are frequently correlated with changes in executive job requirements and required abilities (Mathis, and Jackson, 2010: 159). Employee turnover has been identified as a potential major issue for organizational performance during the past few decades since a high turnover rate has detrimental effects on a number of organizational performance parameters (Holtom et al., 2008; Jun et al, 2023).

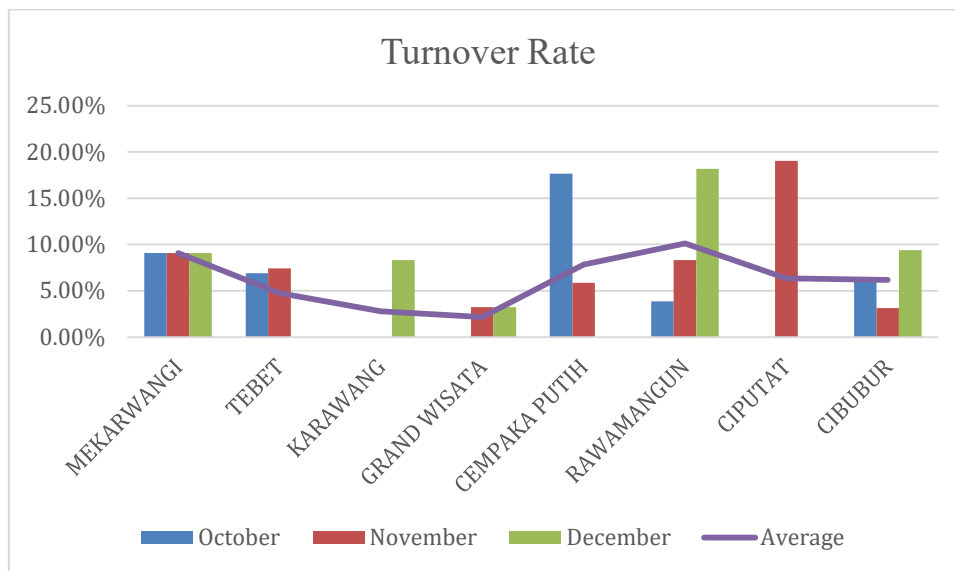
**Table 1.4 Turnover Rate Table**

<b>OCTOBER</b>						
<b>NO</b>	<b>OUTLETS</b>	<b>EMPLOYEES</b>	<b>IN</b>	<b>OUT</b>	<b>TOTAL EMPLOYEES</b>	<b>TURN OVER</b>
1	CIGANEA	71	1	3	69	4,35%
2	MEKARWANGI	11	1	1	11	9,09%
3	TEBET	27	4	2	29	6,90%
4	KARAWANG	25	1	0	26	0,00%
5	GRAND WISATA	32	0	0	32	0,00%
6	CEMPAKA PUTIH	18	2	3	17	17,65%
7	RAWAMANGUN	24	3	1	26	3,85%
8	CIPUTAT	25	0	0	25	0,00%
9	CIBUBUR	34	1	2	33	6,06%
<b>JUMLAH</b>		<b>272</b>	<b>267</b>	<b>13</b>	<b>12</b>	<b>268</b>
<b>NOVEMBER</b>						
<b>NO</b>	<b>OUTLETS</b>	<b>EMPLOYEES</b>	<b>IN</b>	<b>OUT</b>	<b>TOTAL EMPLOYEES</b>	<b>TURN OVER</b>
1	CIGANEA	69	2	1	70	1,43%
2	MEKARWANGI	11	1	1	11	9,09%
3	TEBET	29	0	2	27	7,41%
4	KARAWANG	26	0	0	26	0,00%

5	GRAND WISATA	32	0	1	31	3,23%
6	CEMPAKA PUTIH	17	1	1	17	5,88%
7	RAWAMANGUN	26	0	2	24	8,33%
8	CIPUTAT	25	0	4	21	19,05%
9	CIBUBUR	33	0	1	32	3,13%
<b>JUMLAH</b>		<b>272</b>	<b>268</b>	<b>4</b>	<b>13</b>	<b>259</b>
<b>DECEMBER</b>						
<b>N O</b>	<b>OUTLETS</b>	<b>EMPLOYEE</b>	<b>IN</b>	<b>OUT</b>	<b>TOTAL EMPLOYEE</b>	<b>TURN OVER</b>
1	CIGANEA	70	1	2	71	2,82%
2	MEKARWANGI	11	0	1	11	9,09%
3	TEBET	27	0	0	27	0,00%
4	KARAWANG	26	0	2	24	8,33%
5	GRAND WISATA	31	1	1	31	3,23%
6	CEMPAKA PUTIH	17	1	0	17	0,00%
7	RAWAMANGUN	24	2	4	22	18,18%
8	CIPUTAT	21	1	0	22	0,00%
9	CIBUBUR	32	2	3	32	9,38%
<b>JUMLAH</b>		<b>272</b>	<b>259</b>	<b>8</b>	<b>13</b>	<b>257</b>

Source: Internal Document Sambel Hejo Sambel Dadak 2022





**Figure 1.4 Turnover Rate**

Source: Internal Document Sambel Hejo Sambel Dadak 2022

From the table and graph above we can see that the turnover rate in some outlets is high for each month, based on my interview with the HR manager on 5 November 2022, that if more than 10% of turnover rate it can be defined as high, because the new employee will affect the outlet performance because new knowledge they receive and also new standard operation. The highest turnover rate happened in month of November as much as 6.39% with the highest turnover rate occurred in Ciputat Outlet as much as 19,05%, the turnover rate is is concluded as high, According to Aryanto in Mardiana et al (2014), the ideal turnover rate for a company should not exceed 10%.

According to Sudarmo & Lukita (2016), in managing human resources, leaders play a crucial role. A leader's leadership style will direct subordinates, Additionally, poor leadership has caused workers to feel underappreciated. It is not easy to exercise leadership when leading a group within an organization. Since this will affect the development and sustainability of the unit they supervise, anyone appointed to this post must exhibit specific attributes in their performance (Gatra, 2022). According to Javidan in Gatra (2022), We can all agree that a "ideal" leader needs to possess strong leadership skills. In order for members of

the organizational unit he leads to effectively contribute, he must have the capacity to persuade and inspire them. According to my interview with the SHSD HR Manager on 5 November 2022, due to the current issue occurring in SHSD that in some outlets the employee is not performing well due to the leader (Supervisor/Restaurant Manager) approach to lower level employee (Waiter, Cashier, and Cook) and also its leader low performance from the company expected performance, as an example leaders didn't communicate well about company house rules, new standard operation, top management strategy, and also many complaint from lower level employees about their leader personality. Leadership roles are the responsibilities a leader assumes when leading ethically and efficiently (Kumar, 2023).

According to my interview with some lower level (Waiter, and Cook), almost all of the employees in some outlet with high turnover rate said that their leader has a bad attitude to them just like giving order with bad words and threaten to fire the employee, this leads to decrease of employee performance and also high turnover because the comfortability in some outlets HR Manager confirm that the majority of the lower level employee are not happy with the current leader personality and leadership. According to Wahyuningtyas et al (2015), Reduce employee turnover by identifying and controlling the rate of intended turnover and retaining a group of workers who are capable of performing at a high level.

Sambel Hejo Sambel Dadak (SHSD) has a vision, mission and strategy that has the value of giving service excellence. Thus customers may have the best dining experience in a traditional Sundanese atmosphere. Consistent performance is one of a key to pleased customers, leadership is important because with company with good leadership have their employee performance and decrease turnover intention.

That is why the author hoped by conducting the research on how leadership effect towards employee performance and could transform this problem situation in SHSD, the author also hoped that this research could be aid for the other company that involved in food and beverages sector especially in service

aspect at field of restaurant, the explanation of this research background encourages the author to conducting a research with title “THE INFLUENCE OF LEADERSHIP TOWARDS EMPLOYEE PERFORMANCE AND EMPLOYEE TURNOVER SHSD”

### **1.3 Problem Formulation**

According to this research background, SHSD is having difficulties on the leadership due to the degradation of employee performance and also high turnover rate, it is clear that employee is one of the crucial aspect that affect in the quality of services and product especially handling in the term of restaurant businesses, especially developing leadership in SHSD can lower the turnover of the employee, It is critical for all businesses to not only sustain but also improve their performance, therefore the problem that may be formulated for this research are :

1. How to implement leadership among SHSD employees?
2. What is the performance level of SHSD employees?
3. What is turnover level of SHSD employees?
4. How significant is the influence of leadership on SHSD employee performance?
5. How significant is the influence of leadership on turnover among SHSD employees?

### **1.4 Research Objective**

Based on the research problem formulation, the objectives of this research are:

1. To know how high the rate of leadership of employees at SHSD.
2. To know how high the rate of leadership of employees at SHSD.
3. To know how high the rate of leadership of employees at SHSD.
4. To know if there is any significant effect of leadership towards the employee performance.
5. To know if there is any significant effect of leadership towards the employee turnover.

## **1.5 Research Benefits**

The author is hoping to gain several benefits from this research, which are:

### **1. Theoretical Benefits**

For academic purposes, this research is projected to aid future knowledge growth and for the further research that has previously resulted in various outcomes, particularly on how leadership may affect businesses, particularly in the food and beverage industry. It is required of the author to demonstrate a thorough comprehension of the issues being investigated in this study.

### **2. Practical Benefits**

The findings of this study are likely to provide businesses with new information to help them improve their leadership in the future. This study will assist business owners, particularly those in the food and beverage industry, with their operations, because the information will provide insights on how leadership affects employee performance and employee turnover in restaurant sectors. Furthermore, the findings of this study are designed to give readers with information that will enable them to regulate and maintain the organization.

## **1.6 The Systematic of Thesis Writing**

This section of this study offers an overview of how this thesis will be organized. Its purpose is to assist readers in comprehending the contents of this thesis. The following is a breakdown of each chapter:

### **1. CHAPTER 1: INTRODUCTION**

This chapter describes the background of the problem, the formulation of the problem, problem definition, research objectives, research benefits, and thesis systematics as well as the objectives and benefits of writing this paper.

### **2. CHAPTER 2: LITERATURE REVIEW**

This chapter will lay out the theoretical foundation for the entire study, as well as theories from prior studies that are similar to this one. The theoretical framework and research hypotheses will be discussed further in this chapter.

### **3. CHAPTER 3: RESEARCH METHODOLOGY**

This chapter discusses the writing methods used for data collection, data and information analysis, and evaluating the data obtained to aid in strategy formulation and procedure definitions.

#### 4. CHAPTER 4: RESULTS AND DISCUSSION

This chapter discusses the findings of the research, expresses opinions or ideas in accordance with the formulation of the problem and objectives based on existing data and theories, and seeks to answer questions raised by the research.

#### 5. CHAPTER 5: CONCLUSION

This chapter contains the final/closing section of the research, which is presented through the research's conclusions and suggestions, and is used to address the issues raised.