

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays, the world changes rapidly especially in terms of technology improvement and several ways in controlling the employees to perform well. The role of human resources is essential in company performance in order for an organization to operate smoothly. Motivation encourages high productivity, self-satisfaction of the employees themselves, and offers positive value to the customers. According to Donohoe (2019), employee performance is about how employees perform in the company and how well they accomplish the jobs that are given to them. When employee performance is bad, it may decrease customer satisfaction and cause negative effect on company's reputation and sales.

One of the most effective ways to increase employee performance is motivation. Motivation is something which inspires one to work self-intentionally. Motivation derives from the word "motive", which deals with movement. Movement is related to motivation. Motivation is all about someone's personal desire to carry out something that is important to them (Tanner, 2019). Study shows that if employees are highly motivated, it increases both their effectiveness and efficiency in achieving organizational goals.

According to Htet (2019), in their journal “Effect of Motivational Factors on Employee Performance in Tristar Tyre Factory”, work motivation has a significant influence on employee performance at Tristar Tyre Factory.

The influence of performance appraisal on employee performance shows a positive effect which means that applying performance appraisal programs in the company are important to improve the employees’ performance at Tristar Tyre Factory.

PT Putra Arezda Purnama is a private company engaged in tire retreading and general trading. Tire retreading is applied to casings of spent tires that have been repaired. They are also selling truck tires such as Michelin and MRF. The establishment of PT Putra Arezda Purnama cannot be separated from the history of economic development, especially in the field of trade as a whole. Since its establishment, PT Putra Arezda Purnama is engaged in serving customer companies or related parties as well as the economy that leads to the trade sector. This can be seen from the history of the development of PT Putra Arezda Purnama began to establish until now.

The company is a family business company as it has been passed to the second generation. Mr. Oei Mon Tek, the commissioner of PT Putra Arezda Purnama establishes the company in 1985. The director of the company is Mr. Bambang Budianto. Mr. Widjaja Soegiharto as the son of Mr. Oei Mon Tek started to handle and monitor the company in 2015.

PT Putra Arezda Purnama is located at Jalan Sisingamangaraja km 10 Medan North Sumatra. In 1985, PT Putra Arezda Purnama was built and arranged

the layout of all departments that deal with one another. In 1989, the company collaborates with foreign company, Goodway Malaysia Kraiburg, with a foundation of knowledge and collaboration with Germany to implement a new way of vulcanizing. In 1995, PT Putra Arezda Purnama invited and contracted a consultant from Goodway Malaysia to cooperate in the latest technology in tire retreading. In 2001, the company decided to add the existing system to achieve perfection that is guided by international standards.

Table 1.1 Employees' Attendance at PT Putra Arezda Purnama Medan 2017-2019

Month	2017		2018		2019	
	Absence	Late	Absence	Late	Absence	Late
January	13	10	2	2	0	1
February	5	2	1	0	2	0
March	4	5	3	2	1	1
April	3	2	2	3	0	1
May	1	3	0	2	0	0
June	5	2	4	2	3	1
July	5	1	2	1	3	0
August	5	5	1	0	0	1
September	3	3	2	1	0	1
October	4	2	3	2	1	2
November	3	2	2	1	1	0
December	2	2	2	0	1	1
Total	53	39	24	16	12	9

Source: PT Putra Arezda Purnama (2020)

The quality management system is implemented throughout the relevant departments. The workforce at PT Putra Arezda Purnama is placed in a part that is in accordance with their expertise and experience. However, the performance of some employees in the company isn't good. It can be seen from the low working attendance of some employees in 2017. There must always be someone who is absent or late in a month for a year.

Based on preliminary research, some of the employees don't have an intrinsic motivation such as they do not have the intention to work quickly because they don't have individual sense of accomplishment in completing the job. There are also complaints from the customers that some of the employees do not retread the tires on time and some of them also do not conduct the job carefully which cause the tires not fully retreaded. Low employee performance also causes a decrease in company sales. In 2018, the company started to realize that the employee performance was poor and decided to figure out ways to motivate the employees. As a result, the number of absence and late has decreased.

From the description above, the researcher decides to conduct the research with the title **“The Influence of Motivation on Employees’ Performance at PT Putra Arezda Purnama Medan”**.

1.2 Problem Limitation

The research is mainly focused on the influence of motivation on the performance of the employees. Motivation is the independent variable with the indicators of insurance, employee recognition, bonus and promotion. Meanwhile, employees’ performance is the dependent variable with the indicators of teamwork, communication, customer service and job functions. The location of the research is at PT Putra Arezda Purnama that is located at Medan, North Sumatera.

1.3 Problem Formulation

1. How is the motivation at PT Putra Arezda Purnama Medan?
2. How is the employees' performance at PT Putra Arezda Purnama Medan?
3. Does motivation have an influence on employees' performance at PT Putra Arezda Purnama Medan?

1.4 Objective of the Research

1. To identify how motivation works at PT Putra Arezda Purnama Medan.
2. To identify how well the employees perform at PT Putra Arezda Purnama Medan.
3. To know whether there is an influence of motivation on employees' performance at PT Putra Arezda Purnama Medan.

1.5 Benefit of the Research

There are two types of benefit that can be conducted from this research which are theoretical benefit and practical benefit.

1.5.1 Theoretical Benefit

The research provides benefit in developing the theory of the influence of motivation on employee's performance.

1.5.2 Practical Benefit

1. For the company, this research can help the company to implement the most suitable motivation to increase the employee's performance.

2. For other company, this research may be used as an input to increase their employee's performance.

