

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

One of the important factors to produce an optimum result in the company is not only on the management system but also in the employee performance. Human resource is one part that can affect the success of an organization. Human resource management (HRM) is a subset of the study of management that focuses on how to attract, hire, train, motivate, and maintain employees (DeCenzo, Robbins, & Verhulst, 2013). Strong employees become a source of competitive advantage in a global environment facing change in complex ways at a rapid pace. The key functions of the HRM team include recruiting people, training them, performance appraisals, motivating employees as well as workplace communication, workplace safety, and much more. An organization's HRM function focuses on the people aspect of management. It consists of practices that help the organization deal effectively with its people during the various phases of the employment cycle: pre-selection, selection, and post-selection. HRM pre-selection practices include human resource planning and job analysis. HRM selection practices include recruitment, and selection. HRM post-selection practices include training and development, performance appraisal, compensation, and productivity improvement programs (Kleiman, 2012).

HR professionals need to involve employees, managers, customers, and the union in the plan of improvement programs. When they are planning improvement programs, HR professionals frequently conduct needs assessment to determine which systems are functioning well and which are not. When programs are being implemented, HR professionals are usually in charge of training

managers and employees in the new systems. In this era of globalization, the ability to create quality human resources is very important, because it has a very big role in the activities of the organization. Demand on professional and innovative employee is an undeniable truth to every business organization. A high performing employee will not only remain within the company as he/she brings a positive impact that will stimulates the outcomes and objectives but also enhance the individual-self identities which contribute to shape the organizational social identities. When managed effectively, this trait can be considerable benefits and determine the achievement to the organization goals. In Djabatay (2012), this scenario triggers credence of people's aspect to the organizational wealth. The competences, perspective, values, cultures and attributes of human traits are the fulcrum of the management (Djabatay, 2012). Thus, employee performance is key component of continuous development and survival of the enterprise and focus on perceiving their values, motivation, commitment in their work. The organization may need to develop some improvement programs to enhance their employee performance in the company to achieve their desired goals. Some available literature also argued that in order a company to sustain the competitive feature, proper staffing is essential (Djabatay, 2012). By the same token, workplace failures can be induced by inappropriate candidates which lacks of value and commitment.

Organization is an open system that is structured by a social unit of people who pursue the collective goals. It has management system that determines relationship along members with the assigns roles, responsibility and authority to carry out different tasks. The organization acquire members efforts and their contribution to achieve their goals. Thus, one can deduce that organization is keeping employees in line and adjusting them toward the objectives. By other means, in order to increase the performance of the members across the

organization is by the help of top-management involvement to enhance the employee performance by creating improvement programs such as motivating and implanting ethical values. Every organization needs well-adjusted, trained, and experienced people to perform its activities (DeCenzo, Robbins, & Verhulst, 2013). With project management system in place, employees may be able to work smarter. Managers need to understand the key benefits of employee performance so that they can develop consistent and objective methods for evaluating employees. Organizations value commitment among their employees because it is typically assumed to reduce withdrawal behavior, such as lateness, absenteeism and turnover. Hence, there is no doubt that these values appear to have potentially serious consequences for overall organizational performance.

From the opinions above can be stated that every organization should pay attention to the performance of human resources by providing motivation and such for organizational goals. Employees who perform well will benefit the organization in carrying out all activities within the organization to achieve its objectives, which is great for the organization itself. As for employees who have low work performance, then it will be difficult in carrying out activities in organizations and organizational goals will be difficult to achieve. To achieve high employee performance, managers need to conduct employee performance appraisals and implement training programs.

PT. Menara Mas Mega Mandiri is a trading and distribution company of oil and tires based in Medan, North Sumatera, Indonesia, which is located at Jalan Jati No. 105. It currently has approximately 200 employees consisting of sales department, administration staffs, and warehouse. Working time starts from 8 am to 5 pm with 1 hour rest period from 12 to 1 pm. Employees who currently work in PT. Menara Mas Mega Mandiri have been through the selection process

and have had various abilities after doing some training. After going through the training process, employees are expected to give out good performance in the company. Today, success of companies depends on employee performance within the organization. To achieve a good and high performance business, PT. Menara Mas Mega Mandiri should pay attention to improvement programs such as training programs and employee motivation to increase employee commitment more effectively and efficiently in carrying out their tasks and daily work. In an organization, employee support is one important part that affects the success or failure of the business. Manager has the role to direct employee in their tasks. If the dedication and commitment of employees are strong enough, it can be sure that the results obtained can be maximized. However, if the employee commitment is low then the business will not grow to the top of success. Each employee has their own value and the company must encourage them to give out their best to benefit the company itself. As for the issues concerning unmotivated employees who currently exist in PT. Menara Mas Mega Mandiri that needs special concern is those which tend to be slacking in doing their job. The writer is eager to know and would examine to testify whether the improvement programs have any influence to the employee performance of the company.

Based on the relationship that occurred between improvement programs and employee performance, the writer is interested to conduct the research with title as follows: **“The Influence of Improvement Programs towards Employee Performance in PT. Menara Mas Mega Mandiri in Medan”**.

1.2 PROBLEM LIMITATION

This paper aims to examine the impact of the enhancing on the improvement programs towards employee performance. The choice was based on the fact whether improvement programs directly link to one's value. Due to the limitation of time, knowledge, experiences and capability that the writer has, the research and survey will be limited. The sample will be the employees of PT. Menara Mas Mega Mandiri. This research will be focused on the influence of improvement programs towards employee performance at PT. Menara Mas Mega Mandiri. The indicators of improvement programs are commitment, training and compatibility with other systems. Meanwhile, employee performance indicators are quality of work, quantity of work and relationship with people.

1.3 PROBLEM FORMULATION

The problem in this study is:

1. Is there any significant effect between the increases of improvement programs with the performance of an employee in PT. Menara Mas Mega Mandiri?
2. Is the value of the employee being influenced by any factors such as training and the reward system that are given to them?

1.4 OBJECTIVE OF THE RESEARCH

The objective of this research sets to :

1. Examine the effect of increasing improvement programs on the employee performance in PT. Menara Mas Mega Mandiri.
2. Examine whether factors such as training and reward system influence the value of the employee.

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

The writer will be able to confirm that improvement programs contribute in employee performance. Another benefit is that it can become a source of knowledge for future writer and creating a future focus of broadening the examination of the theories.

1.5.2 PRACTICAL BENEFIT

Through this research, it will benefit the company whether to use improvement programs as to encourage the employee performance that would influence the growth of the company itself. Also, it can be used as feedback so that the company will focus on increasing employee's value and strict to employment for their own company's benefit. Other companies may use this for their improvement as well in which, they would know how to increase employee development and satisfaction and for other researches may use this research paper as their reference.

1.6 SYSTEMS OF WRITING

Chapter I : Introduction

It discusses about the background of the study which help to comprehend on why the research had to be done, problem limitation to limit the discussion so that it is not so broad, problem formulation, objective of the research, theoretical benefit and practical benefit.

Chapter II : Literature Review and Hypothesis Development

It contains of the theoretical background of the study which further narrowed to the focus of the research problem, previous research which intended to strengthen the result of previous research, hypothesis development, research model, and framework of thinking.

Chapter III : Research Methodology

It reviews about the research design, population and sample, data collection method, operational variable definition and variable measurement and data analysis method of this research.

Chapter IV : Data Analysis and Discussion

It consists of general view of “Research Object”, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion.

Chapter V : Conclusion

It is about the sum up of this research, implication and recommendation from the writer.

