

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Family business firm is taking large part in the economy of most nations because most business firms are built and owned by family members themselves. Many family business firms built are successful, but some may fail too, depending on the firm's ability to manage and develop the business. One of the most important parts of a firm is employees. Employees are the only living things that will help the company to operate and grow, because firms cannot just depend on computer and machine themselves. Employees are needed to control the technology and help the firm to boost its performances.

Employees have long been viewed as critical organizational assets that generate value and are particularly important for innovation and quality. Employees take the large part in developing family business firms. Satisfied employees tend to become more productive which will boost the firm's performances. Family business firm's manager needs to understand what factors that can satisfy the employee, so that the family firm will have good performances. Satisfied employees tend to be more motivated and productive in the workplace. Family firms must ensure that they know how to make their employees satisfied to be able to motivate their employee to become more productive in order to perform well and maintain the family firm's long-term growth.

There are some different opinions about the effects of employee satisfaction towards the firms' performances. Some believe that employee satisfaction does not have any effects on firm's performance, but most believe that it does have effects on the firm's performance.

Realizing the important role of employee satisfaction within a family business firm and proving the effects of workers satisfaction towards the firm, writer is motivated to conduct this research. As writer's close friend is currently working in a family business firms, it is easier to get the information. Writer is going to analyse the workers' satisfaction in CV. Wahana Mesindo to determine its effects towards the family business performances.

According to the manager of CV. Wahana Mesindo, Vicky, CV. Wahana Mesindo is a family business firm that is founded in year 2000. This family business firm is located at Jalan Samarinda No. 55-57 in Medan. It is a family business firm operating as the wholesaler and distributor of water pump, machines, machinery spare parts and many other diesel tools. Most of the products are imported from China and some are local products produced by themselves. It is still run by the first generation and will soon be run by the founder's children, the second generation. The founder's children are now involved in the company to learn to run and take over this family business. This company is a sole practitioner family business firm.

Vicky said that CV. Wahana Mesindo started as a very small company with only about 10 to 20 workers in it and only distributed its product around Medan. As the company keeps growing and developing, it is now distributing its product in all cities of Sumatra such as Medan, Aceh, Padang, Pekanbaru, Jambi, and all other small cities in Sumatra. The product is also distributed in some big cities in Java such as Jakarta, Bandung, Surabaya, etc. The family business firm is quite developing and it has about 108 workers working for firm now.

The company is developing in the past few years and is increasing its sales, customers and also employees. There are also some employees that have been working for the firm for more than 10 years. As this family business firm is developing, it is adding more

and more products to be available for sale to meet the customer's needs.

## **1.2 PROBLEM LIMITATION**

Due to the capability and knowledge that the writer has, the research and survey will be limited. This research paper is only focused on the how the employees satisfaction affects the family firm's performances, and what factors that can boost the employee satisfaction at CV. Wahana Mesindo.

## **1.3 PROBLEM FORMULATION**

There are several problems arisen based on the observation that is done by the writer during the research on a family business firm, they are:

1. Does employee satisfaction affect family business firm performances in CV. Wahana Mesindo?
2. What are the factors that contribute to workers satisfaction at CV. Wahana Mesindo?

## **1.4 OBJECTIVE OF THE RESEARCH**

The objectives of this research are as follows:

1. To determine the effects of workers' satisfaction on the performance of family business in CV. Wahana Mesindo.
2. To define the factors that contribute to workers' satisfaction in order to develop the family business firm.

## **1.5 BENEFIT OF THE RESEARCH**

### **1.5.1 Theoretical Benefit**

The theory allows writer to get benefit by gaining knowledge in depth and more understanding about the topic.

### **1.5.2 Practical Benefit**

By doing this research, the family business firms will know how to satisfy their employees so that the employees become more productive and motivated in order to boost the family business firm performances and to provide long-term growth and sustainability of the firm.

## **1.6 SYSTEMS OF WRITING**

### **CHAPTER I INTRODUCTION**

This chapter is discussing about background of the study, problem limitation, problem formulation, objective of the research, benefit of the research and systems of writing

### **CHAPTER II LITERATURE RIVIEW AND HYPOTHESIS DEVELOPMENT**

This chapter contains theoretical background, previous research, hypothesis development, research model and framework of thinking

### **CHAPTER III RESEARCH METHODOLOGY**

This chapter is discussing quantitative method of the research including the research design, population and sample, data collection method, operational variable definition and variable measurement as well as data analysis method

### **CHAPTER IV DATA ANALYSIS AND DISCUSSION**

This chapter contains the general view of CV. Wahana Mesindo including the data analysis that have been conducted in the research, descriptive statistic, result of data quality testing, result of hypothesis testing and the discussion of the research.

## CHAPTER V CONCLUSION

In this chapter, there will be a brief conclusion about the research result, the implication and also the recommendation and suggestion in the future.

