

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The days of globalization as today or a future more familiar with free trade, a good company engaged in the service business as well as in the business of manufacturing must be ready and responsive in the face of intense competition and also fierce in the business with its competitors. Therefore, the need for a special close attention and strategies in satisfying customers is very important that customer needs and desires can be achieved as quickly as possible from competitors or competitors who are also particularly businesses alike compete for the market and captivate consumers.

If consumers have felt satisfied, it will be created a good cooperative relationship between the consumer and the company. Thus it would be very profitable for the company. According to Thomas and Tobe (2013) stated that loyalty is more profitable. The expenses to gain a new customer is much more than retaining existing one. Loyal customer will encourage others to buy from its company and will think more than twice before changing their mind to buy other services. Customer loyalty is not gained by an accident, they are constructed through the sourcing and design decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions.

In modern era, increasing people's lifestyles are more complicated so the primary requirement is no longer composed of shelter, clothing, and food, but also the basic needs services that will help to save time and provide refreshment. One form of services needed in this busy era is refreshment, and therefore companies engaged in this industry is highly demanded to provide services to its customers as well as possible. Here, writer will take the example of a company engaged in this industry which is Jelim Indonesia.

The research is done at Jelim Indonesia Medan. Jelim Indonesia is a company that is engaged in the facial beauty treatment. The vision of this company is a leading beauty treatment company in North Sumatra region. The mission of this company is growing business development with good service and product quality to maintain customer loyalty. Currently, company faces decreasing customer during the last 6 months of 2018. The following will be displayed sales data in July 2018 until December 2018 as shown in Table I.1.

**Table I.1**  
**Data of Customer July - Dec 2018**

Month	Customer	Sales (Rp)
July	218	225.372.178
August	225	236.225.623
September	217	224.670.500
October	213	222.500.981
November	205	221.775.100
December	202	215.850.654

Source: Jelim Indonesia (2018)

From Table I.1, it shows that the number of customer and the amount of sales has tendency to decreasing. Employee performance involves quality and quantity of output, services, presence at work, accommodative and helpful nature and timeliness of output. This problem might occurred due to lack of employee under performance, for example their attendance or services. According to Hasibuan (2013), an employee is said to have a high work discipline when fulfilling criteria based on attitudes, norms, and responsibilities. Criteria based on attitude refers to the mentality and behavior of employees that comes from awareness or willingness of themselves in carrying out the duties and regulations of the company. Criteria based on norms related to regulations about what is allowed and what should not be done by employees while in the company. Criteria based on responsibility is the ability to carry out duties and regulations in the company. Company need to improve the employee job performance in order to improve the customer satisfaction which will affect customer loyalty and increase sales amount.

Employee job performance was under performance which can be affected by compensation, company's support factor and psychological factor. The following will be displayed attendance data in July 2018 until December 2018 as shown in Table I.2.

**Tabel I.2**  
**Complain Data Regarding Service 2018**

Bulan	No of Employee	Days	Total Attendance	No of Absent	% Absent
Juli	32	22	704	45	6.39%
Agustus	32	23	736	48	6.52%
September	32	26	832	44	5.29%
October	32	23	736	48	6.52%
November	32	24	768	47	6.12%
December	32	20	640	52	8.13%

Sumber : Jelim Indonesia (2018)

From Table I.2 can be seen the increasing absent from employee. This will affect company services to customer that will be not optimal due to lack of manpower. Customer will have to wait for longer time than usual that can be a problem due to customer busy activity. This will make customer feel unsatisfied and will not be loyal to company. Employee work discipline will greatly affect employee performance and affect the productivity of a company. Thus, the company cannot run well if the management of employees in the discipline of employees is not managed properly.

Based on the phenomenon that occurs in the company's problems, the researchers conducted a study on this company with the title "**The Importance Of Employee Performance and Customer Loyalty At Jelim Indonesia Medan**".

## 1.2 Problem Formulation

Based on the background study above, the writer can take problem identification as "How importance employee performance and customer loyalty at Jelim Indonesia Medan?"

### **1.3 Research Focus**

The purpose of doing this research is to know the importance of employee performance toward the customer loyalty in order to prevent the complaining of the services and also the opportunity to make the customer will returning back.

### **1.4 Research Object**

The purposes in doing this research is to identify whether there have an importance of employee performance and customer loyalty at Jelim Indonesia Medan.

### **1.5 Benefit of The Research**

The benefits from conducting this research are as follows:

#### **1.5.1 Theoretical Benefit**

This research give benefit to developing theory of management especially employee performance and customer loyalty.

#### **1.5.2 Practical Benefit**

- a. For writer, this research can add writer's knowledge in management especially employee performance and customer loyalty.
- b. For the company, this research can provide recommendation to company in improving customer loyalty with good employee performance.
- c. For other researcher, this research can be used as reference to next research that related with this research topic.

### **1.6 Systems of Writing**

The systems of writing in this thesis will be as follows :

#### **Chapter I : Introduction**

In this chapter, the writer describes about the background of the study, problem limitation,

problem formulation, objective of the research, benefit of research and systems of writing.

**Chapter II : Literative Review and Hypothesis Development**

In this chapter, the writer describes some theories that are related to the topic of the study, such as employee performance and customer loyalty. The writer presents previous research and framework of thinking.

**Chapter III : Research Methodology**

In this chapter, the writer explains the research design, object of the research, data collection method, and data analysis method.

**Chapter IV : Data Analysis and Discussion**

This chapter consists of general view of research object, data analysis and discussion.

**Chapter V : Conclusion**

This chapter contains the conclusion, the implication and recommendation of this research.