

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Many organizations and businesses want to be successful and also have a desire to get a constant progress. Today, in a world full of competitive corporate environment, every organization and business is trying to gain competitive advantage in order to perform better, as well as to achieve productivity and effectiveness. In order to do that, organizations must first define their goal and objective clearly, and then they must utilize the available resources well in order to achieve their goal and objective. In reality, some organizations realize that employees are a very crucial factor in achieving the goal and objective of the organizations.

Regardless of the size, technology and market focus, many organizations and businesses are facing employee retention challenges. Employee performance is very important in order to evaluate the capability of the employee in performing the daily tasks, whether the task performed is in accordance to the organization's target and goals or not. According to a research conducted by Nduka (2016) with the title 'Employee Motivation and Performance', it is necessary for organization to have a good employee performance because the success of the organization is dependent upon the employee's creativity, innovation and commitment.

PT Erna Djuliawati is a subsidiary Company of Lyman Group under Lyman Timber Division, which is a manufacturer of high-quality wood based and related value added products. The factory output is destined mainly for export markets in Japan, South Korea, China, USA as well as others, under the brand name "ALBATROSS". The high quality standard of the finished product is guaranteed by stringent quality assurance and control, starting from JAS certified factory to the ISO 9001:2008 standard which ensures highest quality right through to the finished product stage. The company provides premium quality, good

services as well as on punctual delivery time. The company's container flooring product follows AQIS (Australian Quarantine and Inspection Service) Standard and passed International Organization for Standardization (ISO) Strength Test. The company also has many expatriates and therefore, this company would be suitable for this research, as International Human Resource Management is one of the topics in International Business.

The data for Employee Performance of PT Erna Djuliawati is as Follow:

Table 1.1 Employee Performance at PT Erna Djuliawati 2017

Number	Category	Number of Employees	Percentage
1	Deficient	-	-
2	Below Standard	541	13%
3	Meet Expectations	1,459	35.2%
4	Above Standard	1,872	45.1%
5	Outstanding	278	6.7%

Source: PT Erna Djuliawati, 2019

Table 1.2 Employee Performance at PT Erna Djuliawati 2018

Number	Category	Number of Employees	Percentage
1	Deficient	-	-
2	Below Standard	633	15.3%
3	Meet Expectations	1,511	36.4%
4	Above Standard	1,710	41.2%
5	Outstanding	296	7.1%

Source: PT Erna Djuliawati, 2019

Every company has its own working standard which is determined by the Key Performance Indicator (KPI). Standard achievement is based on the achievement of the Key Performance Indicator that has been set by the company. From the two tables above, it can be seen that in 2017, there are 13% of the employees that are working below standard and there are only 6.7% of the employees that are outstanding, while in 2018, there are 15.3% of the employees that are working below standard and there are only 7.1% of the employees that are outstanding. There is a slight increase in the employee performance but still indicates that the employee performance at PT Erna Djuliawati is not optimal. The most dominant employee performance is on the fourth point with 1,872 employees or

45.1% of the employees performed above standard in 2017, while in 2018 there are 1,710 employees or around 41.2% of the employees. And then, the employees that meet expectations are around 1,459 employees or around 35.2% of the employees in 2017 and 1,511 employees or around 36.4% of the employees.

In order to improve the employee performance, organizations should evaluate what are the factors that are affecting the employee performance, such as the employee motivation. According to a previous research conducted by Edward (2016) with the title '*Pengaruh Kepemimpinan Transformasional dan Motivasi Kerja Terhadap Kinerja Karyawan PT Waruna Nusa Sentana*', motivation does have an effect on employees' performance. Another research conducted by Chrisnanda (2017) with the title '*Pengaruh Motivasi kerja terhadap Kinerja Karyawan di PT Mas Sumbiri*' also said that Motivation has an effect on the employee performance as well. It is said that motivation increases the willingness of the employees to work, thus motivated employees would result in increasing the effectiveness of the organization. Based on the explanations above, this research to analyze the effect of motivation on employee performance at PT Erna Djulawati was conducted in order to find out more accurate outcomes.

1.2 PROBLEM IDENTIFICATION

Nowadays, in a highly competitive, global environment, many businesses and organizations are constantly under pressure to retain their workforce. Even though they have been giving due priority to enhance the performance of the organization through investing huge amount in human resource development, yet the organization is facing lots of difficulties in managing the employee performance. There are many factors that are influencing the employee performance, such as motivation, organizational culture, compensation, employee engagement, leadership, work environment, job satisfaction and many more. But, because of the limitations of time and resources, the factor of motivation is chosen in this

Research and therefore, the research with the title “The Effect of Motivation on Employee Performance at PT Erna Djuliawati” is conducted.

1.3 PROBLEM LIMITATION

This research had certain limitations. This research focuses on two variables, which are Motivation as the Independent Variable and Employee Performance as the Dependent Variable. This research is conducted in Jakarta. Another limitation is that the scope of the research is only limited to PT Erna Djuliawati, and hence the generalizability of the results is compromised. The data in this research are being processed using SPSS version 21. The next limitation of the study is the sampling technique, which is stratified random sampling, and the tools used to analyze the data, which is simple linear regression. The last limitation is the dimensions of the variables. For motivation, according to Sutrisno in Herdianto (2015), there are two dimensions, which are Intrinsic Motivation and Extrinsic Motivation. For Employee Performance, according to Robbins in Sopiah & Sangadji (2018), there are five dimensions to measure the employee performance which are quality, quantity, punctuality, effectiveness and independence. However, in spite all of these limitations mentioned before; all of the effort was made to come out with thorough research.

1.4 PROBLEM FORMULATION

According to the background of the study, the problem formulations are:

1. How is the condition of motivation in PT Erna Djuliawati?
2. How is the condition of employee performance in PT Erna Djuliawati?
3. How much effect does motivation has on employee performance?

1.5 OBJECTIVE OF THE RESEARCH

The objectives of this research are:

- 1 To find out and analyze how is the condition of motivation in PT Erna Djuliawati
- 2 To find out and analyze how is the condition of employee performance in PT Erna Djuliawati
- 3 To find out and analyze how much effect does motivation has on employee performance

1.6 BENEFIT OF THE RESEARCH

1.6.1 Theoretical Benefit

Provide the opportunity to apply the theoretical knowledge attained through academic learning in the university and then broaden the span of knowledge understanding regarding motivation and employee performance.

1.6.2 Practical Benefit

There are three practical benefits of this research are:

1. For the writer, gain experience by directly going to the company and hence could differentiate between theoretical knowledge and practical skills.
2. For the company, this research could serve as an input for the company to determine what are the factors influencing the motivation in order to improve the employee performance.
3. For other researchers, this research could serve as references and comparisons for further research which has the same or almost similar title with this research.

1.7 SYSTEMS OF WRITING

CHAPTER I: INTRODUCTION

This chapter contains Background of the Study, Problem Limitation, Problem Formulation, Objective of the

Research, Benefit of the Research, Theoretical Benefit, Practical Benefit, and Systems of Writing. This chapter intended to capture the attention of the reader, as well as introducing what will be used in the research, which will Be explained later.

CHAPTER II: LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter contains Theoretical Background, Previous Research, Hypothesis Development, Research Model, and Framework of Thinking. This chapter intended to explain of the two variables and also the relationships Between the two variables.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains Research Design, Population and Sample, Data Collection Method, Operational Variable Definition and Variable Measurement, and Data Analysis Method. This chapter includes the hypotheses to be investigated, with the research questions, and also The relevant method of investigation.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter contains General View of Research Object, Data Analysis, Descriptive Statistic, Result of Data Quality Testing, Result of Hypothesis Testing, and Discussion. This chapter is intended to organize report And discuss the findings of the research.

CHAPTER V: CONCLUSION

This chapter contains Conclusion, Implication, and Recommendation. This chapter is intended to present a concluding statement and the recommendations based on The findings.