

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this all-modern life every company is required to improve the quality of human resources in order to overcome the increasingly fierce competition and increasingly high demands from customers or consumers. Humans are the most potential resources with the ability and skills can drive the wheels of the company. One of the company's activities is influenced by the relationship patterns that occur in it, whether it is relationship within fellow employees or with their superiors.

Employee's performance experiences ups and downs, sometimes it can meet the standard (target), exceed or even below the target, which results in work being completed not on time. In order for management activities to run well, companies must have knowledgeable and high-skilled employees and efforts to manage the company as optimally as possible so that employee's performance increases. High employee's performance is expected in every company. The more employees who have high performance, the overall productivity of the company will increase.

Competence is also an individual characteristic that underlies performance or behavior within the organization. A person's performance is influenced by knowledge, abilities, attitudes, work styles, interests, beliefs and leadership style. (Torang,2014)

Competence is an ability in terms of skill & knowledge to do or carry out activities or work or tasks. Competencies possessed by employees affect their performance. If the employee's competency is good, then most likely the employee's performance will not deteriorate. In the contrary, employees who do not have good competence tend to not be able to understand their work well because of the lack of knowledge and skills they have so that their performance will not be as good.(Torang,2014)

Mangkunegara (2013). Employee performance is the work of quality and quantity that is achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Therefore, employee performance needs to be considered in an effort to achieve maximum goals.

This research was conducted at CV. Maju Jaya Medan which is a trading company that sells engineering and building tools such as machines. A success that the company wants to achieve is greatly influenced by the performance of its employees. High and low employee performance in a company can be seen from the sale of the company. The following table I.1 shows product sales data from 2014-2018.

Table 1.1 Sales Data CV. Maju Jaya Medan in 2014-2018

No	Year	Sales Target	Realization of Sales	%	Up/ Down
1	2014	1.000.000.000	845.627.100	84,56	
2	2015	1.000.000.000	814.362.400	81,44	Down
3	2016	1.100.000.000	964.745.500	87,70	Up
4	2017	1.200.000.000	1.105.750.000	92,15	Up
5	2018	1.200.000.000	945.457.750	78,79	Down

Source : Prepared by the writer (2019)

Based on table 1.1 can be seen if the sales target set by the company from 2014-2018 cannot be achieved. Achievement of the lowest target in 2018. Thus the importance of an analysis of the decline in sales that indicates low employees' performance on the CV. Maju Jaya Medan.

In improving employee performance, adequate competence is needed. Competence has a very important role, because in general competence concerns a person's basic ability to do a job. On CV. Maju Jaya Medan does not have an HRD department so that employee recruitment is only based on references and passed interviews with the leadership. The following are presented employee competency data in terms of the level of education, work experience and length of work.

Table 1.2 Work Competency at CV. Maju Jaya Medan

Position	Worker	Level of Education	Length of Work	Work Experience
Sales	6	High School	1-2 Year	Do not have work experience
Supervisor	2	High School	3 Year	Have work experience
Sales Admin	4	High School	1-2 Year	Do not have work experience
Cashier	3	High School	1-2 Year	Do not have work experience
Driver	6	Junior High School	3 Year	Do not have work experience
Accounting	2	High School	4 Year	Do not have work experience
Head Accounting	1	S1	2 Year	Have work experience
Tax	1	S1	1 Year	Have work experience
Warehouse Worker	15	High School	1 Year	Do not have work experience
Number of Employees	40			

Source : Prepared by the writer (2019)

Based on table 1.2 can be seen if most employees on the CV. Maju Jaya Medan has a high school education background, working for only 1-2 years and has no work experience.

Further observation also shows that CV. Maju Jaya's employees do not work on their best competency. For example, salespeople do not quite master the specifications of each machines offered to the customers, this is because they got lack information about the product's specifications, the strength and the weakness of products sold. This ultimately affects the performance of employees because they are unable to reach the sales targets that have been given by the leader.

While for back office employees, most of them do not have work experience, this is because they are not recruited through the proper recruitment and selection process. Employees who do not have work experience show that their work competencies are inadequate so that the employee's performance is not in line with the expectations of the leader. Employees often make work mistakes such as incorrectly opening invoices, unable to handle orders properly, unable to prepare stock reports according to the time requested by the leader and others.

Based on the background described above, writer is interested to do research with the title **"The Influence of Work Competence on Employees' Performance in CV. Maju Jaya Medan"**.

1.2 Problem Limitation

Due to limitation of time and budget, the writer would like to limit the research to employees' performance as "The Influence of Work Competence on Employees' Performance on CV. Maju Jaya Medan". This research was conducted at CV. Maju Jaya Medan, having its address at Jalan Brigjend Hamid No.40-A (Titi Kuning) Medan Johor. This research is also limited based on writer's knowledge and findings.

Indicators of Work Competence (Torang,2014) :

1. Knowledge
2. Understanding
3. Ability or skill
4. Value
5. Attitude
6. Interest

Indicators of Employees's Performance According to (Priansa,2016) :

1. Quality
2. Quantity
3. Timeliness
4. Cost effectiveness
5. Need for supervision
6. Interpersonal impact

1.3 Problem Formulation

The following is the research question in this research: Does work competence has influence on employee's performance in CV. Maju Jaya Medan?

1.4 Objectives of The Research

The following is the research objectives in this research is to analyze whether there is influence of work competence on employees' performance in CV. Maju Jaya Medan.

1.5 Benefits of the Research

1.5.1 Theoretical Benefit

1. For the researcher, this research add the knowledge of the writer besides of the knowledge acquired in the college.
2. For the company, this research can help to increase knowledge about the influence of work competence on employee's performance.
3. For the reader, this research can increase the reader's knowledge about the influence of work competence on employee's performance in CV. Maju Jaya Medan.

1.5.2 Practical Benefit

1. For the researcher, this research help the writer to know the application of the theories obtained in the real situation.
2. For the company, this research will help to enhance employee's performance based on problem identified.
3. For the reader, this research will help to improve the reader's skills in enhancing the business based on employee's performance analysis.

1.6 Systems of Writing

The following is the systems of writing in the *skripsi* :

Chapter 1 INTRODUCTION

This chapter explain about the background of study, problem limitation, problem formulations, objective of research, benefit of the research, and system of writing

Chapter 2 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter elaborates the theories of entrepreneurship, family business, work competence, employees' performance, theoretical background, previous research, hypothesis development, research model, and framework of thinking.

Chapter 3 RESEARCH METHODOLOGY

This chapter explain about the research design of this study, research object, the data collection method, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method.

Chapter 4 RESULTS OF RESEARCH AND DISCUSSION

This chapter consists mainly of discussions about the object of research and data analysis. In addition, this chapter will cover the general view of the object of research, data analysis, descriptive statistics, results of testing the quality of data, results of hypothesis testing, and discussion.

Chapter 5 CONCLUSIONS AND RECOMMENDATIONS

The last chapter consists of conclusion and the implication of the research. Moreover, this chapter also provides recommendations related to the research problems