

# **CHAPTER I**

## **INTRODUCTION**

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

In today business, companies cannot only focus on how to maximize the overall profit, but companies must also take responsibility to improve the performance of employees in order to have long term sustainability. In order to do so, company must seek for various aspects before implementing the structure. One of the approaches is do analyzing in human resources especially employee performance.

Employee is a source that plays an important role to determine how the company will perform in the future. Every business has human resources to manage the whole business process. In fact, human resources might be seen as the important factor to be considered in operating to ensure the management procedures run smoothly. The most important aspects in business, human resources are closely related to employees' performance and overall company's performance as well. Company must pay attention and take their employee as important resources because the quality of performance that every employee produces is different.

Following are the variables which directly affect the employee's performance. Harahap, A. R. (2014) believed that employee performance is part to organizational growth that can boost the profitability of the company. Employee performance is regarded as one of the influential in organization to achieving the goals of the organization.

PT Multi Global Kiat Sejathera is a family business venture that established in Medan, North Sumatera. PT Multi Global Kiat Sejathera has been operating for 20 years since 1999. PT Multi Global

Kiat Sejathera is a business that specialized in the oil industry and gas industry Indonesia, like BUMN, private companies and foreign companies.

Which is engaged in the general contractor and suppliers with the focus worked in the field of construction services mechanical, civil, electrical and instrumentation in Indonesia oil and gas Industry, especially in PT Pertamina EP, PT Pertamina (Persero), PT Pertamina Gas and PT Pertamina Gas Domestik?

The phenomena related to employees performance and job satisfaction at PT Multi Global Kiat Sejathera is due to there is the decrease in job satisfaction and unfair distribution of salaries between old and new employees. The decrease of job satisfaction can be seen from employee performance result in the table below.

**Table 1.1 Result Employee Performances**

No	Criteria	Result	Mean (%)			
			2015	2016	2017	2018
1	Excellent	91-100	16%	19.80%	15.50%	17.30%
2	Very good	76-90	70%	72.20%	54.50%	59%
3	Good	61-75	14%	8%	30%	23.70%
4	Bad	51-60	-	-	-	-
5	Very bad	<50	-	-	-	-
	Total		100%	100%	100%	100%

Source: PT Multi Global Kiat Sejathera (2019)

From Table 1.1 shows result of employee performance at PT Multi Global Kiat Sejathera. The result shows overview for companies to know the level of employee's performance every year. As we can see, in 2015 to 2016 the number of employee that reach score 91-100 increase 4,2%, but the increasing is not stable because in 2017, the number of employee decrease 4,42% and the decreasing is more higher than the increasing. It will give bad impact for companies.

Employees' abilities and performance are the company's focus due to its important role in the company. Underperformed employees will greatly affect company's core business function which makes

human resource capabilities in this type of business a major issue. PT Multi Global Kiat Sejathera also depends on its availability of skillful human resources as the foundation for a better company's business performance.

On the other hand, human resource must reward their employee through incentives to ensure their employee have a good performance.

Another factor that may impact employee performance is employee satisfaction. According to Sondang (2013), the satisfaction of employees in a company strongly influenced the attitude in performing tasks and work. This attitude will determine the dedication, loyalty and achievement against the company.

Basically, the job satisfaction is regarded as one's attitude to the environment in which he/she works. The more positive attitude of someone toward various aspects in workplace, the more positive attitude of someone toward various aspects, then the more satisfaction he/she will get and vice versa, the more negative attitude toward the working environment around him, the more dissatisfaction he will feel. Therefore, human resource management must understand the nature of job satisfaction and how to perform.

There are many problems that are related to employee satisfaction in PT Multi Global Kiat Sejathera that need some attention from company such as putting employee in accordance with individual skill, promotion system must match with the procedure, lack of respect for employees working too.

Realizing the fact of human resources (Employees) issues are related to employees' performance and satisfaction towards their work, and because from the data that shows in table 1.1 so the writer use PT Multi Global Kiat Sejathera as a research to know the problem in their companies that make their performance decrease in a few year and how company perform well, this research will focus on the impact

between employee job satisfaction, and employees' performance which will affect the organization's development. Therefore, the title of this research will be **"The Impact of Job Satisfaction towards Employee Performance at PT Multi Global Kiat Sejathera"**.

## **1.2 PROBLEM LIMITATION**

In order to complete, optimize, and deepen the research found in the writing of this paper, variable limitation is needed. Therefore, this paper limits its research into the effect of job satisfaction theories which apply in the company include salary, bonuses, motivation theories and techniques to improve employee performance for PT Multi Global Kiat Sejathera. The reliability of the data collected during research will be based on HR strategies that are being applied in the company for five years prior to the research and its practical effectiveness in the similar industry will only last for five years after the research is conducted.

## **1.3 PROBLEM FORMULATION**

Based on the condition above and background of the study, the problems which are in the research will be formulated such as:

1. How is Job Satisfaction at PT Multi Global Kiat Sejathera?
2. How is Employee performance at PT Multi Global Kiat Sejathera?
3. How is the effect of Job Satisfaction toward employee performance of PT Multi Global Kiat Sejathera?

#### **1.4 OBJECTIVES OF THE STUDY**

Based on the problems identified, the objectives of study are as follows:

1. To identify and describe Job Satisfaction at PT Multi Global Kiat Sejathera?
2. To identify and describe Employee performance at PT Multi Global Kiat Sejathera?
3. To find out the effect Job Satisfaction toward employee performance of PT Multi Global Kiat Sejathera?

#### **1.5 BENEFIT OF THE RESEARCHER**

This research is expected to provide benefits theoretically and practically.

##### **1.5.1 THEORETICAL BENEFIT**

This research is hoped to know the strengthen existing theories that can impact to employee performance as well in managing human resources and the result can be used as a foundation to develop new theories.

##### **1.5.2 PRACTICAL BENEFIT**

1. This outcome of this research can be used to help maintain or improve workers' performance at PT Multi Global Kiat Sejathera by using and applying effective incentives to reward theories.
2. The outcome of this research can be applied to other companies in the similar industry or other service-based company and will function as an additional reference to be used for better understanding of the knowledge.

## **1.6 SYSTEMS OF WRITING**

For a better understanding of this research paper, this paper will be divided into several chapters and subchapters as follows:

### **CHAPTER I - INTRODUCTION**

This chapter is describe about the background of the study that tell the reason the writer choose the tittle as the topic of research, problem limitation, problem formulation, objective and benefit of study and lastly system of the writing.

### **CHAPTER II - LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

In this Chapter II consists of theoretical background, previous research, hypothesis development, research model, and framework of thinking.

### **CHAPTER III - RESEARCH METHODOLOGY**

In this Chapter III describe about research design, population and determining sample, data collection method where questionnaires are used as a primary data, operational variable definition and variable measurement using Likert, and data analysis method.

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

This Chapter describes of general view of “Research Object”, which contains the background of the company data and structure, result of data analysis, descriptive statistic result, result of quality testing, result of hypothesis testing, and discussion.

### **CHAPTER V - CONCLUSION**

This chapter consists of conclusion of the research, implication that contains the impact of analysis result, and recommendation as consideration for the company.