

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Business today no matter its industry has evolved and growing into not only the local but as well reach out to the international scope. The company needs to improve its product both in terms of quality and quantity. On the other hand, the companies are competing in the market for skillful and importantly dedicated employees. Although today the world has evolved to a world full of technology, robots, machines, which are said to replace human labor, but to many production-oriented companies human labor is much more important than ever.

Understanding the HRM strategies is yet important, but still managers face problems in the organization in order that employees will be committed to their work and put in their best efforts towards the accomplishment of organization's objectives. Many companies in Indonesia today prefer to employ foreign labour compared to local labour. Companies has claim that local labour are less productive, bad working behaviour and not competent. Companies would rather spend higher cost on employment of foreigners than having many problems on local labours.

One of many important goals of human resource management in an organization, is to be able to create more work productivity. More work productivity may give positive impact and improve the overall organization performance. Leaders of the organization are to provide motivation and enforcement of discipline in order to give positive impact to the organization and to achieve the organization goals. Motivation is important for employee in order for them to function and perform at their best. The right motivation must be able to fulfil the employee desires, such as: salary and wages, working environment, job safety, work appreciation, leader's personality (wise, fair and dedicated).

Quoted from Ronald Blank (2018) in his book 'Cross-Functional Productivity Improvement', "Motivation is a powerful tool in the work environment that can lead to employees working at their most efficient levels of production".

Every human is unique on their own; they are born and raised in different environment, they attend different schools with different majors, different working experience, different hobbies and attracted to different things. These factors have led them to have their own way of thinking, understanding, and having own unique viewpoint of many aspects in life. Different individuals have different views, meaning and understanding for motivation. Which means motivation should cater to each individual need, where they feel satisfy that can lead to higher dedication level and better performance towards their job. Which may affect the overall productivity of the organization.

Employees' enthusiasm and passion towards their job can be seen from the level of work productivity. The problem of work productivity is closely related on how to motivate employees, create comfortable and conducive work environment, have positive attitude, which can support in achieving the company goal.

PT. Jui Shin Indonesia is a local company which is owned by a Taiwanese entrepreneur in Indonesia, and specializing in production of ceramics and granite. The company has 27 branches across Indonesia spread across different islands; Sumatra, Java, Kalimantan, Sulawesi, Bali and Aceh. The company has always prioritise the quantity as well as the quality of their product. Upon achieving the company aims and goals, productivity of their employee is important. The company also take part in international trade activities; such as exports of ceramics and granite to both local and foreign market, in which the standard and duration of production is yet very important. The company highly prioritize their employees' productivity, which is very important for the company. Although with the modernization of technology and machinery, but in producing ceramics and granite tiles, human resource

and their skills are very important and crucial in order to produce the tiles at the best quality and quantity possible. The company's owners aim to produce ceramics and granites at its finest quality but also with low cost and company owners had their own mindset in doing business, business owners employ foreign employees in order to guide and educate the local employees on the art of granite and ceramic making. Being told that these foreign labour has introduce the company with new technology, skill and design especially on producing granite.

Recent years company start to focus on producing granite, with the reason that market demand has changed, many would prefer using granite over normal ceramics. Where the steps on producing granite is more complicated, so company tends to employ more and more foreign employees. Unexpected problem then occurs, where this action is taken negatively by the local employees. Where the locals felt unsatisfied and untrusted, they have the feeling of being press and why would the foreigners concur their home country, their opportunity of getting a better job and payment. Where then it leads to a decrease on local employee motivation level, even though with their existing motivation program also brings no help, in which eventually affect the total company productivity. As can be seen from the total end of year production table below:

Table 1.1 Production data per year

YEAR	TOTAL	YEAR	TOTAL
2014		2017	
Ceramic	13,249,591.00	Ceramic	9,728,040.00
Granite	6,269,305.84	Granite	6,244,898.84
2015		2018	
Ceramic	12,992,742.00	Ceramic	6,462,787.00
Granite	6,269,662.84	Granite	6,291,659.84
2016			
Ceramic	10,763,560.00		
Granite	6,254,435.84		

Source : PT. Jui Shin Indonesia

There are many reason why motivation has affect the employee on their productivity. In accordance to the background of study above, writer is motivated to conduct a research and aim to understand more in-depth regarding how motivation may help the employees productivity and will be written in a paper with the title : **“The Impact of Motivation towards Employee Productivity at PT. Jui Shin Indonesia in Medan”**.

1.2 PROBLEM LIMITATION

Due to limitation of time and knowledge, the research is limited to analysing Motivation as independent variable (variable X) with the indicators; (1) Need for Achievement, (2) Need for Power, (3) Need for Affiliation. (Parhizgar,2013) , and the impacts towards Employee Productivity as the dependent variable (variable Y) along with the indicators; (1) Skills from the worker, (2) Work Interference , (3)Absenteeism. (Mahamid, Al-Ghonamy and Aichouni, 2013) in PT. Jui Shin Indonesia.

1.3 PROBLEM FORMULATION

Based on the problem limitation and background of study above, writer seeks to identify whether Motivation have impact towards Employee Productivity. Accordingly, with hope that this research will provide useful answers on whether there is an impact of motivation towards employee productivity at PT. Jui Shin Indonesia in Medan.

1.4 RESEARCH OBJECTIVE

The main objective of this research is to first understand the motivation used in the company in order to boost its employee productivity, and to prove that by implementing motivation, it will have significant effects to employee productivity. Upon completion of this research, it is expected to give more understanding towards the impact of motivation towards employee productivity. Hence, the objective of the research is as to ‘investigate the impact of Motivation towards Employee Productivity in PT Jui Shin Indonesia.’

1.5 BENEFIT OF THE RESEARCH

Benefit of the research consists of both theoretical and practical benefit.

1.5.1 THEORETICAL BENEFIT

Upon completion of this research, in hope it may serve as the means to give further understanding on the impact of motivation towards employee productivity. The research can improve the knowledge of the writer and as well enhance the academic discussion on similar topics.

1.5.2 PRACTICAL BENEFIT

With this research, the writer hopes that it will give advantage and contribution as below:

- a. For the writer, this will be a new eye-opening and real-life experience in which may help expand the knowledge regarding the impact of motivation towards employee productivity.
- b. For the company, the process of the research may give them opportunity to re-evaluate and improve their motivation method which can lead to better employee productivity
- c. For other researchers and readers, this research will be their references upon doing research of similar topics.

1.6 SYSTEM OF WRITING

Chapter I: Introduction

In this chapter, writer will focus on introducing the background of the topic “impact of motivation towards employee productivity”. Accordingly, the problems and objectives of the research will also be explained. Research will also be conduct based on the indicators of the 2 (two) variables; Motivation (variable X) and Productivity (variable Y) respectively. The scope of research, problems, objectives and benefits will also be explained.

Chapter II: Literature Review and Hypothesis Development

Theories and literature reviews from journals can be seen in this chapter. Theories that are related to the variables; motivation and employee productivity will be further explained. This chapter will also mention on the previous research on the same topics by professionals, with that then develop hypothesis and along with the framework of thinking.

Chapter III: Research Methodology

In this chapter, information regarding the research design, sample and population used for the research will be explained. The method used in collecting data will as well be explained, along with the variable definition and measurement, and lastly the method of data analysis will also be explained in detail.

Chapter IV: Data Analysis and Discussion

Data analysis method from the previous chapter, will be used in order to obtain data for the research. This chapter will also discuss the general view regarding the research object and data analysis. Result of the data and hypothesis testing will also be shown.

Chapter V: Conclusion

In this chapter, the overall conclusion and implication of the topic research will be explained. Recommendations regarding the topic will also be provided in this final chapter.