

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the era of modernization, work motivation is an important element in an organization, meaning that motivation must be possessed by every employee. Employees with good work motivation will carry out every job given as good as possible and exert all abilities possessed to complete a job. Motivation is a condition inside us that want changes, either in the person himself or in the environment. Motivation is a situation that occurs in a person's personality that is able to move individuals to carry out certain activities in achieving goals. The word motivation also gives meaning to the regulation of individual behaviors, in which each need or impulse from within and from the environment can encourage people to satisfy their requirements so that the desired objectives can be achieved (Miftah et al., 2020). Low or poor motivation to work will harm the organization. This was because low motivation can delay to achieves the goals or objectives of the organization. Therefore, work motivation is something important that must be owned by organization.

Human resources have an important role in every activity of an organization. This is because human resources in an organization can carry out organization activities. A few companies have failed in doing their business because of their inability to manage human resources. The potential of existing human resources must be utilized properly in order to obtain maximum results, as well as

the progress and success of an organization cannot be separated from the role of good human resources.

According to Hasibuan (2019), Motivation is the imparting of a driving force that create enthusiasm for one's work, causing individuals to want to work together and perform effectively. Motivation questions how to encourage individual work enthusiasm, so that they want to work hard by giving all their ability to fund their skills to achieve company goals. Every individual has different basic motivational motivations, so the leader or manager must be good at analysing the concept of motivation with the situation. Positive employees' mental attitudes toward work situations will increase their motivation to perform at their best.

Motivation is a power to motivate others to do the best thing. Motivation is done not with the aim of threatening someone to work hard but it is trusted as a person's strength to get the best results in accordance with the goals to be achieved. Threatening others with motivation is not good for employees in the long run because it will change the mindset of the employee itself. As a result, employees will do things that are not in accordance with work standards set by the organization. Motivation is important for every employee to be more enthusiastic when it comes to carrying out the tasks assigned by superiors or leaders. A good leader is able to provide motivation to subordinates to be stimulated to work.

Employee performance is an effort to manage employee competence carried out systematically and continuously so that the employee has the level of performance expected by the organization, which is able to provide optimal

contributions, and be able to achieve organizational goals (Syaifuddin, 2018). Declining employee performance will greatly affect the stability of the organization. Employees with poor performance and lack of morale will make the organization's targets not achieved and the organization will find it difficult to compete with other companies and will go bankrupt if they do not immediately provide the right solution to deal with these performance problems.

PT Kota Mas Permai, Medan is a family business that is located on Pulau Irian street, KIM 1, Medan Baru, North Sumatra, Indonesia. The company was first established on 21st April 1984 in Medan. The Owner of this family business company is Adi Halim. This company now is led by the owner itself and his son. The son's name is Fadjar halim. This company is an authorized distributor of Silverqueen, Cha-cha, Top, Selamat and Van Houten. The company has distributed their product to Indomaret, Alfamart etc. The company has 150 employees working in the company. PT Kota Mas Permai is experiencing the problem of employees' performance decrease as the result of low motivation in the company. In the beginning, the company do well but over time, the employee performance decrease and their attendance rates start to fluctuate. As a result, this can make the company hard to achieve its goals or objective in the long run. The writer got the employees' attendance reports within 6 months from the company. It can be seen from table 1.1.

Table 1.1 The Attendance Report of Total Employee in PT Kota Mas Permai, Medan in 6 Month from July to December 2020.

Month	Department						Total absent
	Security	Finance	HR	Warehouse	Sales	Admin	
July 2020	6	9	1	6	3	6	31
August 2020	1	5	5	10	1	7	29
September 2020	1	7	3	2	1	12	26
October 2020	4	6	5	6	2	5	28
November 2020	4	7	1	3	2	8	25
December 2020	11	7	1	6	7	12	44

Source: PT Kota Mas Permai (2021)

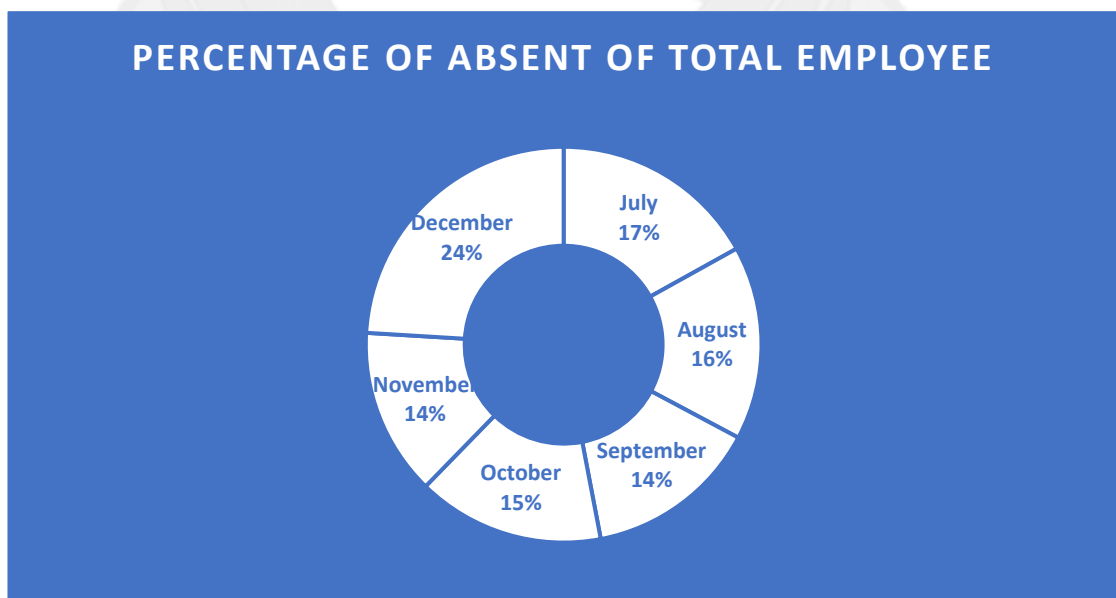


Figure 1.1 Percentage of Absent of Total Employees
Prepared by: The Writer

From table 1.1 and figure 1.1, it shows that the absence of employees in PT Kota Mas was increasing from July to December 2020. The attendance list above can be a used to measure motivation in PT Kota Mas Permai. High Absent rates means that the company has a low level of motivation and it could affect the employee performance in the company. High absenteeism will have a negative

impact on other employees who obey the rules and have good work ethics. Absenteeism can lead to more work for other employees or neglect important work that should be done on the team. It can also cause employee performance to be declined and the goals of the company will be difficult to achieve in the long run.

To find out what is the cause of the main problem, the writer did a preliminary interview with one of the employees working at PT Kota Mas Permai Medan for research purpose.

In the interview, the employee's name is Johandi which is working as an admin told the writer that the salary earned is not suitable. Johandi is doing a lot of work but he is not paid more. The mismatch between the amount of work done and the salary given can lead to low motivation which can affect his performance. Johandi also shares about the Strict Working System. Basically, there are some people who are used to working strictly and some are not. When someone find a working condition that is not suitable, it will have an impact on low motivation. He also shares that he is working that is not in accordance with his passion.

Motivation is very important thing for a company to have in order to produce the high performance of the employee, good job quality and good morale of the employee. Low work motivation will cause low employee performance. If there is no motivation, good result within company is difficult to achieve, this was because motivation itself is a necessity in an effort to achieve company goals (Syarifuddin, 2018). The goal is to inspire the employees working in the company to improve their productivity, quality and their overall performance in the company.

The company can consider giving intrinsic reward or extrinsic reward for the employee that do well for the company. These two types of rewards can contribute to the motivation for the employee to increase their performances.

In order to obtain a definite answer about the relationship between motivation of the employee of PT Kota Mas Permai Medan on employee's performance, it is necessary to do a further research.

Therefore, the writer is very interested on conducting a research deeply in this company. Therefore, the writer has decided to do a research with the title "**The effect of motivation on employee performance at PT Kota Mas Permai**".

1.2 Problem Limitation

In order to get in-depth information based on the topic research, therefore the writer has decided to limit the research scope. The writer's first limitation is that only two variables are analysed based on information obtained on PT Kota Mas Permai, which are motivation and employee performance. In other words, primary data from PT Kota Mas Permai in Medan will be used in this research. The employees will be the aim of research to find out whether the independent variables are effect or not effecting dependent variable. To add more information beside the primary data which will be collected from the employees, the writer also will collect data from interview from one of the organization's leader and other secondary data from various sources.

In this research, the writer will take two variables to be tested either these two variables will have any effect or not in PT Kota Mas Permai. The independent variable will be motivations which will affect the dependent variable. In the independent variable the writer referred to Kuswati (2020) theory about employee motivation indicators which are including Participation, Communication, Recognition, Delegated Authority, and Mutual Attention.

The dependent variable will be employee performance that affected by the independent variable which also refer to Kuswati (2020) theory about employee performance which are including Quantity, Quality, Productivity, Timeliness, and Effectiveness.

1.3 Problem Formulation

Determining and observing motivation effecting employee performance at PT Kota Mas Permai is the purpose of the research. Hence, this research tries to find and answer the following question on the material.

1. What is the motivation of the employees at PT Kota Mas Permai?
2. How is the performance of the employee at PT Kota Mas Permai?
3. Is there any effect of work motivation on the performance of employees at PT Kota Mas Permai?

1.4 Objective of Research

After finding and obtaining complete data of this research, the writer expect that the reader will be more familiar and know the effect of motivation toward employee performance. Hence, the objective of this research are as follows:

1. To explain how motivation in PT Kota Mas Permai
2. To describe employee performance in PT Kota Mas Permai
3. To analyze how much influence work motivation has on employee performance at PT Kota Mas Permai.

1.5 Benefit of The Research

There are two types of benefit that the reader can get from this research which are theoretical benefit and practical benefit

1.5.1 Theoretical Benefit

The writer hopes that the result of this research can contribute to the existing theories of motivation and the effect towards employee performance.

1.5.2 Practical Benefit

- a. For the company, this research is expected to be used as input or evaluation for PT Kota Mas Permai in work motivation on employee performance to improve better performance.
- b. For the writers, this research is the development of knowledge gained during lectures and the results of the research is expected to provide an opportunity to add insight and deeper knowledge.
- c. For future researcher, this research would make an example of references with the same or correspondence topic