

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In running a business, every company has its own vision, mission and goals to be achieved. The rapid development of the business world nowadays can be seen with the emergence of many new business ventures. This makes the competition more intense especially for companies in the same field and it can prevent the company from achieving the goals that have been set. Therefore, the company must plan for a good business strategy and seek for opportunities. To achieve the goals requires the support of good management, the right marketing concept and competent employees that can support the success of the business.

According to Laia (2019), Employee work performance is one of the employees abilities in achieving company goals. Employee performance is essential in supporting the success of a company, especially companies that engaged in service industry. Employees are part of the service and the people who represent the company which has the ability to influence buyers that will affect the customer satisfaction. Therefore, employee performance can affect the company's image and hinder it to achieve the goals of the company. To ensure that the employees can perform well, company must provide training so that they can learn and gain knowledge on how to serve the customers correctly. Employees must know how to handle customers, the complaints, problems that

might occur and know what the customers' wants and needs in order to satisfied them.

The success of a business is also determined by its customers. In the service industry, customer satisfaction is one of the most important things in which employee performance also plays an important role to ensure that the services provided are maximized and customers are satisfied. Customer is the person who directly experiences or receives the service, and employee is the one who serves or gives the service. According to Nursiti and Fedrick (2018), customer satisfaction is the customer's assessment of the appearance and performance of the product and service, whether it can fulfill customer wants, desires and needs. If a product or service matches with customer expectations, they will feel satisfied and vice versa if the product or service doesn't meet customers' expectation, they will feel dissatisfied. When customers are satisfied, they tend to come back, recommend it to others and will be more often to buy or do a transaction. This can benefit the company by getting a good reputation and increase in revenue. But if the employee performance is bad which makes the customers aren't satisfied, it can destroy the company reputation and cause losses. When customers aren't satisfied, they might say bad things about the company like giving or writing bad reviews in the internet or social media that can influence others to have a bad impression towards the company.

CV.MILO is a family-owned company which is based in Medan. CV.MILO has been established since September 2010 and the company engages in entertainment field. The company focuses their market on family karaoke and

label themselves as MILO Family Karaoke. CV.MILO is located at Jalan Guru Patimpus No 8B, with 35 employees and has 10 years of experience in the industry. The customers are very diverse and from various ages considering they are family karaoke. With an advanced technology karaoke machine, room design that's unique and also cozy, and songs that are continuously updated every month. Customers can also relax and enjoy good food at MILO café. Despite all of it, the service quality and employee performance also greatly affects the company's image.

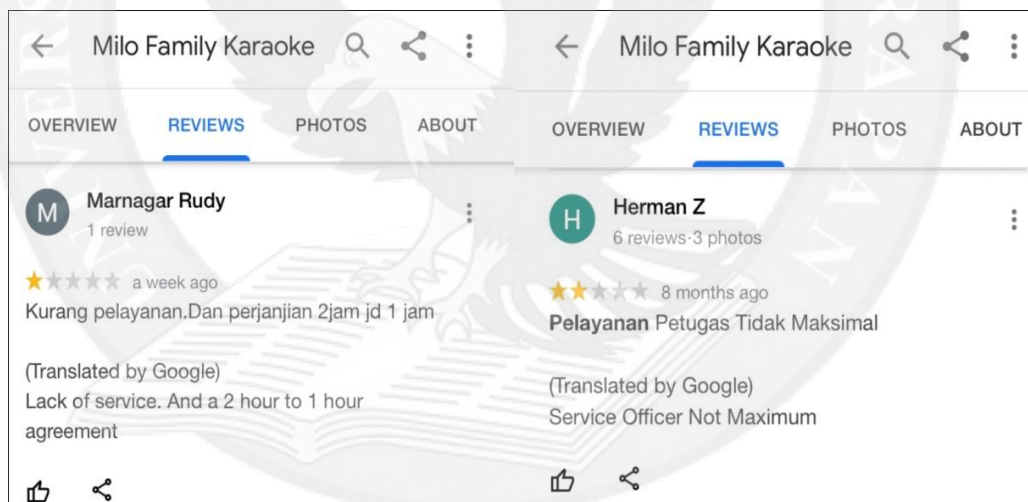
Based on the theory above, it shows that customer satisfaction is related to employee performance and customer satisfaction can be determined from the employee performance. Most of the problems faced by CV.MILO are employee mistakes in doing their job such as wrongly input the order, food orders that take a long time to be delivered to the customer, the mistakes in inputting the room reservations type and employees that aren't available at the place when customers ask for something which show that how slow the employees in providing service. Therefore, the writer is interested to do research in CV.MILO which labels the company as MILO Family Karaoke and from some research that has been done shows that there are still many customers that aren't satisfied which can be seen from the data of customer complaints and the low ratings or bad reviews given by customer about the employee performance in the internet site. This means that CV.MILO still needs to improve the employee performance in order to give the best service quality and gain customer satisfaction and loyalty.

Table 1.1 Data of Customer Complaints on 2020

Number of complaints	Complaints
34	<ol style="list-style-type: none"> 1. Impolite employee 2. Employee is very slow in providing the service 3. Facilities such as broken mic, and poor sound system 4. Employee aren't responsive in handling complaints 5. The services provided are not as expected

Source: CV.MILO (2020)

From the data of customer complaints, shows that there are still many customers that aren't satisfied and most of the complaints are about the employee performance. The complaints from customers can be seen directly from the google reviews of MILO Family Karaoke, most of the reviews or comments are about how bad the employee performance and the service they receives.

**Figure 1.1 MILO Family Karaoke Review**

Source: Google Review (<https://g.co/kgs/KyiaMF> & <https://g.co/kgs/AoT2yE>)

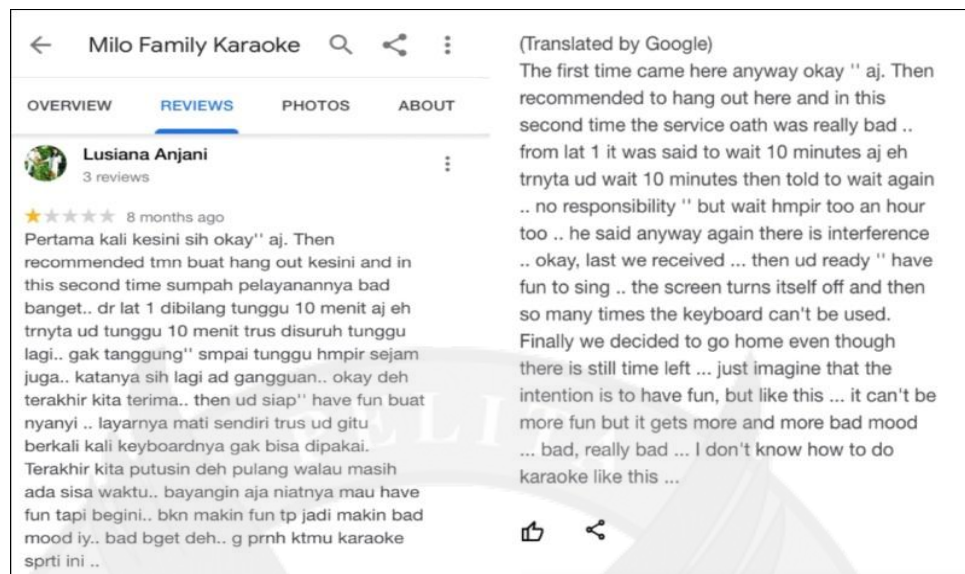


Figure 1.2 MILO Family Karaoke Review
 Source:Google Review (<https://g.co/kgs/NuAH5T>)

Based on the explanation of the theory above, the importance of employee performance and customer satisfaction is also supported by the data of customer reviews, then the writer decided to do the research with the title **“The Influence of Employee Performance towards Customer Satisfaction at CV.MILO Medan”**

1.2 Problem Limitation

There will be a limitation in this research due to lack of resources, in which the research will be conducted at CV.MILO Medan in Jalan Guru Patimpus No. 8B and the writer will focus on the variable used in the research that is employee performance as independent variable and customer satisfaction as dependent variable.

1.3 Problem Formulation

Based on the problem limitation above, the problem formulation in this research :

1. How is the employee performance at CV.MILO Medan?
2. How is the customer satisfaction at CV.MILO Medan?
3. Does employee performance have influence towards customer satisfaction at CV.MILO Medan?

1.4 Objective of the Research

The objective of this research, such as :

1. To find out how is the employee performance at CV.MILO Medan
2. To find out how satisfied the customer at CV.MILO Medan
3. To find out and analyze the influence of employee performance towards customer satisfaction at CV.MILO Medan

1.5 Benefit of the Research

The benefit of the research can be divided into two, which is:

1.5.1 Theoretical Benefit

The results of this research are expected to give more knowledge in employee performance, customer satisfaction and the relation.

1.5.2 Practical Benefit

1. For the company

This research can help the company to gain an insight about how employee performance can influence the customer satisfaction and also provide them some recommendations which is expected to help the company to improve the employee performance in order to gain customer satisfaction.

2. For the writer

By conducting this research, it helps the writer to gain more knowledge about employee performance and customer satisfaction.

3. For the other researchers

This research is expected to be the references for the other researchers who will do the research using the same theory.

