

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Indonesia is one of the largest countries to hold for several companies which have a lot of employees to work in. Indonesia Investment (2018) found that there are almost 95% of its labor force being employed and is believed as the model of the powerhouses for Southeast Asia in terms of the size of the market and employees. According to Kumparan (2018) employees play a vital role in making a company to be able to develop and improve hence their performance and satisfaction is very important. Research by Gallup (2017) shows that Indonesia is the second lowest country with only 15% of employees in Indonesia have high work-engagement and strong motivation with his/her work. This affects a lot on the performance which could affect the company productivity.

Many factors can be the reason for this performance level including career development. Theory by Shane Green (2017, p. 129) is used to explain this stating that career development can be use to encourage people to work harder and retain in the organization hence, creating chance for career path for them can increase their performance. Perrin (2016) and Sitohang (2019) also mentioned that career development is an activity to help the employee plan for their future career in a company and employee can be more engaged when developing a career development strategy by equally sharing the responsibility

between employees. This type of program allow the employee to add insight, experience, abilities and expertise on their career that could results in satisfactions of the employee.

The object of this research is PT Sariguna Primatirta Medan, which belongs to Tanobel Food as the identity company of PT Sariguna Primatirta, Medan. According to their official website, Tanobel was formed after the words Tan and Nobel. Tan is taken from the surname of the founder of the company Tanoko, who has actively contributed in producing the best quality beverage products. While Nobel or Noble means approval of high quality products by providing satisfactory services to consumers. Tan and Nobel symbolizes the vision to get products and services that deserve Nobel awards. PT Sariguna Primatirta is the first producer of Bottled Drinking Water (AMDK), tea and juice in Indonesia who received the ISO 22000: 2005 Food Safety Management certificate. The performance of the company itself was not very good showing the personal factors of time management from the employee in terms of tardiness that keep on worsening. During the interview, the writer found out there is a problem in its employee performance in terms of employee's tardiness that shows the employees have less willingness to work on time on their working days shown below:

Table 1.1 Employee Tardiness for PT Sariguna Primatirta, Medan

Period	No. of Working days	No. of Tardiness (per employee) on average	Percentage of Employee Tardiness
2016	287	9	3.14%
2017	286	12	4.21%
2018	286	18	6.3%
2019	287	21	7.32%
2020	289	15	5.2%

Source: Prepared by the writer (PT Sariguna Primatirta, Medan, 2021).

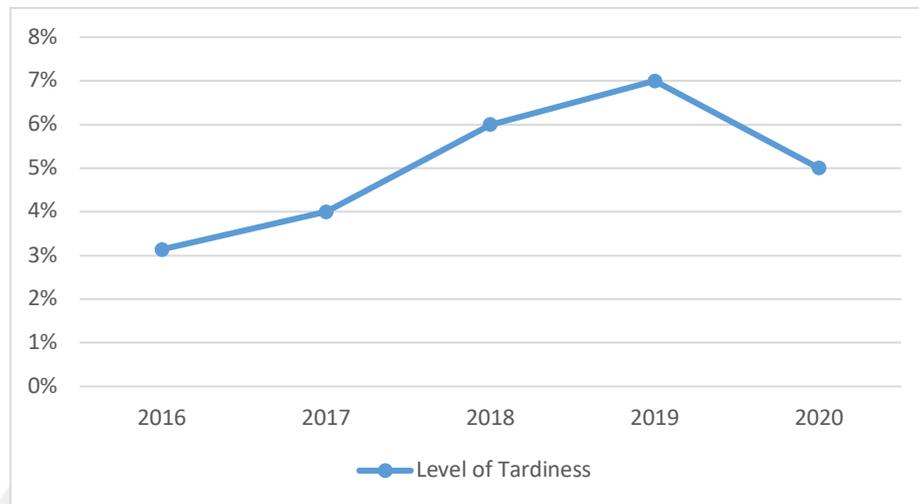


Figure 1.1 Employees' Tardiness Graph at PT Sariguna Primatirta, Medan
Source: Prepared by the writer (2021)

From the graph above, it can conclude that there is a significant rise of the tardiness percentage of PT Sariguna Primatirta, Medan employee during 2016 to 2019. The percentage has a range of increment between 1 to 2 percent each year from a total employee of 176 employees in the company. Eventhough the number shown is not big, as it keeps increasing, it may suggest a downward of employee's willingness and will eventually affect their performance when it is not handled. However, there is a decrease of around 2% in tardiness in year 2019 to 2020, this may occur due to the pandemic of Covid-19 that comes at that time. Workers were asked to work from home and the traffic on road has decrease than usual year. This can be the cause for the decrease of the tardiness by each employee in the company in year 2020.

The writer's main reason in writing this research is to contribute to the company since its large quantity of employee regarding employee's performance especially by analyzing the career development as the main cause for the employee performance of the company as the respond of the lowering

employees' performance which shows by their tardiness in coming for work. Hence, the title of the research should be, **“The Effect of Career Development on Employee Performance at PT Sariguna Primatirta, Medan.”**

1.2. Problem Limitation

In doing this research, there are many factors causing the lowering performance of the employee such as the unsatisfied employee, the company's facilities, compensation, career development or work environment. There are few limitation in doing the study which are:

- a. Time limitation that restraint the study to have further and more variables involved.
- b. The occurrence of pandemic causes little access of data source that restraint the writer from gaining more respondents to fill the survey directly.
- c. The research only uses career development as the independent variable to measure the employee performance variable without considering other potential variables since there is almost none career development program for the employees according to Lianto Kwok as the General Manager in Medan. Hence, it is suggested that future researchers can consider other variables when conducting same research.

1.3. Problem Formulation

Referring to the background of the study, the writer formulated some questions for the research to be conducted:

- a. How is the career development at PT Sariguna Primatirta, Medan?
- b. How is the employee performance at PT Sariguna Primatirta, Medan?
- c. Does career development affect the employee performance at PT Sariguna Primatirta, Medan?

1.4. Objectives of Research

The objective of the research is created to answer the question formulated above, hence the objectives of the research should be:

- a. To identify the career development at PT Sariguna Primatirta, Medan.
- b. To assess the employee performance at PT Sariguna Primatirta, Medan.
- c. To analyze whether career development affects employee performance at PT Sariguna Primatirta, Medan.

1.5. Benefits of Research

1.5.1. Theoretical Benefit

This research will benefit in giving contribution for theories in entrepreneurship and family business in general and especially in career development and employee performance.

1.5.2. Practical Benefit

Aside from theoretical benefit, there are also some practical benefits which can be taken from this research:

- a. For the writer, the research will expand and broaden the writer's knowledge in terms of entrepreneurship and family business especially regarding career development and employee performance.

- b. For the company, this research can give recommendation and solution for the development of career development program and employee performance at PT Sariguna Primatirta, Medan.
- c. For other researchers, this research can be reviewed and taken as reference for further research in the future which related to the topic that is evaluated in this research.

