

# CHAPTER I

## INTRODUCTION

### 1.1. Background of Study

In modern era, there are many businesses that are developing to be able to compete with other businesses, especially competition between the same industry. To develop a better business in the future, starting from now each of the business must be able to manage the resources they have. The general resources such as human resource management, capital, machine and the resources that most actively contribute to developing a better business is human resource management i.e., employees. (Saretta, I. R., 2019).

As a basic knowledge, it is known that every human resource owned by every company have its own advantages. The advantage of every human resource owned by the company can be in the form of skills, talents, creativity possessed by each employee. With the skill, talents, creativity possessed by each employee that encourage the company able to develop new unique products or services that can simplify all complicated customer activities and possibility needed by the customers in the future. (Amalia, D., 2017).

Human resource Management is strategies of labor management that have purpose of obtain capable and competent labor, so the goals of the organization can be achieve (Hecklau, et.al., 2016). Through the benefits derived from these human resources at this present already known that along with the development of the company, the more human resources needed by the company will be.

According to Wartono. T. (2016) employee performance is the output obtained from the duties and obligation of each individual or division in an organization. Through this employee performance, an organization will be able to measure their journey in achieving their goals and to assess the contribution of an employee to the organization. The contribution of an employee to the organization will be the guideline for the success of an organization. There are several ways to improve employee performance in organization such as work discipline and leadership.

According to Sinambela, (2019) work discipline is the individual's ability to work consistently in accordance with applicable regulation within the organization. Absenteeism is part of the work discipline regulation. If the employee absenteeism is low will result in high levels of employee productivity which will also have an impact on the employee's performance as well, vice versa if the employee absenteeism is high will result in low levels of employee performance as well.

According to Pawirosumarto, et al., (2017) leadership is the characteristic of a head that is able to encourage the individual he leads to a better direction. Good leader will help their subordinate if the subordinate face struggle in doing their task, through this experience leader will be able to increase their subordinate spirit of work which impact on the employee performance as well, vice versa if the leader let their subordinate solve the struggle by themselves without suggestion from the leader this will reduce the employee performance since they aren't motivated.

CV. Karimun is the private business engaged in manufacturing and selling furniture made from teak wood with good quality, such as living room chair, dining

table, cupboard, etc. CV. Karimun first established in 2016 by Mrs. Melina and located in Jalan Rahmadsyah Gg Kemala II No. 14, Medan, North Sumatera. In this business they also provide service to the customer to customize the furniture according to their request.

**Table 1.1. Report Average Percentage of Employee Late Data at CV. Karimun**

<b>Year</b>	<b>Average Percentage of Employee Late</b>
<b>2017</b>	24.3%
<b>2018</b>	27.7%
<b>2019</b>	44.3%

**Source:** Prepare by writer, based on the report absenteeism data at CV. Karimun (2021)

Based on the table 1.1. above, it can be seen the average percentage of employee late from year 2017 until 2019 continues to increase and a drastic increase occurred in 2019 around 16.6%. From this report absenteeism will show decreasing in employee performance.

**Table 1.2. Report Data Amount of Production Achieved of CV. Karimun**

<b>Month</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Jan	107	105	94
Feb	99	102	97
Mar	105	100	100
Apr	108	95	95
May	97	97	96
Jun	99	104	92
Jul	102	101	94
Aug	101	105	96
Sep	104	96	90
Oct	95	93	86
Nov	97	99	87
Dec	99	95	86
<b>Total</b>	1213	1192	1113

**Source:** Prepare by writer, the report amount production achieved at CV. Karimun (2021)

Based on the table 1.2. above, it can be seen the production achieved from the division production is decreasing within past three year from 2017. From year 2017 the to 2018 there are decrease the amount of production as many as 21

furniture, while within 2017 to 2019 there are decrease the amount of production as many as 100 furniture which is decrease in amount 0.08% from 2017.

Based on the interview conducted with the employee, leader sometimes can't provide any solution to the problem and lead the employees sometimes face difficulties thus reducing the inspire of working and lead employee lazy to fulfil their task and sometimes done permit without inform before. From this we know that discipline and leadership influencing employee performance and this prove by research conducted by Pawirosumarto, et al., (2017) state that discipline and leadership significant influence employee performance.

If this problem has not been solved for long term cause decreasing employee performance for long term as well, thus this will cause negative impact for the company itself especially in achieving their goals.

Based on the description of the problem above, this encourages writer to discuss the research with the title **“The Effect of Work Discipline and Leadership Towards Employee Performance at CV. Karimun”**.

## **1.2. Problem Limitation**

Due to the limitation of time, budget, knowledge, and access towards this company, the writer will limit the research and will only focus discuss about the work discipline and leadership as independent variable (X1 and X2) and employee performance as dependent variable (Y) at CV. Karimun.

In this research, the indicators that used in the variable of work discipline as the first independent variable consists of punctuality, utilization of facilities, job

responsibility and obedience. For the indicators of leadership as the second independent variable consists of challenge the process, inspiring, work together, be a model of solution and motivating. And for the indicators of employee performance as the dependent variable consists of work quality, productivity and responsibility.

### **1.3. Problem Formulation**

Based on the observation that has been done at CV. Karimun, the writer can formulate some research question as follow:

1. How is the work discipline at CV. Karimun?
2. How is the leadership at CV. Karimun?
3. How is the employee performance at CV. Karimun?
4. Does the work discipline have effect towards employee performance at CV. Karimun?
5. Does the leadership have effect towards employee performance at CV. Karimun?
6. Does the work discipline and leadership have simultaneously affected towards employee performance at CV. Karimun?

### **1.4. Objective of the Research**

The objective of this research are as follows:

1. To find out about work discipline at CV. Karimun
2. To find out about leadership at CV. Karimun

3. To find out about employee performance at CV. Karimun
4. To find out how the effect of work discipline towards employee performance at CV. Karimun
5. To find out how the effect of leadership at CV. Karimun
6. To find out how the simultaneously effect of work discipline and leadership towards employee performance at CV. Karimun

## **1.5. Benefit of the Research**

### **1.5.1. Theoretical Benefit**

Through this research will provide a further understanding of the material that has been obtained during the session, especially about how work discipline and leadership effect employee performance.

### **1.5.2. Practical Benefit**

#### **a. For the Writer**

Through this research give more understanding and the importance of work discipline and leadership also the right way of implementation for the successful own business.

#### **b. For the Company**

Through this research useful for the company to find out the reason of employee late and improve their leadership, through this nor only increase employee performance also employee satisfaction.

**c. For the Other Researchers**

This research expected useful for them to give some innovation when doing the research about how work discipline and leadership effect employee performance in the future.

