

CHAPTER I

INTRODUCTION

1.1 Background of Study

Business management must be able to create advantages over others competing business. Today's business environment is increasingly moving from local sales to global sales. Only companies with good performance can survive and compete in the future. Improving performance is a priority part of any existing business activity.

With the rapid development of the economy in line with the current technological developments, companies must increase competition for the current market. The right strategy must be applied to product marketing. If the company does not apply the right strategy, it will be difficult for the company to win competition and survive from others competing companies.

One of the efforts to improve business is to increase sales performance. Sales performance is a matter of great concern to business owners. The company's success in developing its business will depend on the company's sales performance. With good and increasing sales performance, the business probably will make business activities more developed and expand. Good sales performances also help to increase the company's profit in the long run.

Intrapreneurship is a concept that a business owner can encourage and understand his employees for providing any ideas to develop business. Intrapreneurship orientation is a step taken in providing ideas or ideas for

organizational growth and development. A good intrapreneurship process will place employees in every method of making company policies. Employees will be given the freedom to convey ideas and innovations that can be implemented with mutual consent for the company's progress.

The intrapreneurship concept is based on the idea that valuable human capital resides in entrepreneurial employees within existing organizations. In particular, the characteristics of human capital, observable through intrapreneurial behavior, provide a bridge between intrapreneurship and corporate entrepreneurship, either in terms of corporate entrepreneurship as a desired result from the firm's top-level people or in terms of intrapreneurship as self-determined behavior of employees (Blanka, 2019).

Intrapreneurship is the process of entrepreneurship within an existing organizational structure and speaks of intentions and behaviors distinct from traditional practice (Neesen, 2019).

PT. Indokencana Sateriajaya is a company engaged in houseware, located at Jalan Industri No 71A, Tanjung Morawa. Founded by Mr. Harun and Mulia Rimba, the company is run as a family company. At this time the company's sales was in and out of town. The problem of decreasing sales was experienced because the demand for houseware has decreased. In addition, the problem of increasing freight forwarding costs also increased, which has also triggered a decline in company's revenue. The following is the company's sales data for the last 5 years.

Table1.1
Sales data of PT. Indokencana Saterijaya
2015-2019

Year	Sales Target	Sales Achievement	%
2015	10,000,000,000	8,500,500,000	85.01%
2016	10,000,000,000	8,300,100,000	83.00%
2017	10,000,000,000	8,200,200,000	82.00%
2018	10,000,000,000	7,830,500,000	78.31%
2019	10,000,000,000	7,500,500,000	75.01%

Source: PT. Indokencana Saterijaya, 2015-2019

From the sales data, it appears that PT Indokencana Satria Jaya experienced a decline in sales. This happens because the demand for houseware has decreased. In this case, the decline in the company's sales performance was also followed by an increase in the price of raw materials, causing a decrease in the company's revenue. The lack of employees support to assist the company in providing ideas that will develop the company is needed by employees. Therefore, intrapreneurship is needed as a means for employees to develop the ideas needed to help company increase the value of sales which are currently declining.

This is also stated in a previous study by Friana and Indriana (2015) which showed that intrapreneurship has a significant effect on company's growth and improvement. Intrapreneurship as a basic instrument for conversion, accumulation and utilization of resources for competitive purposes. The result is a focus on product development and utilization, administrative innovation and rejuvenation and redefinition of the company to support their business strategies and ensure the company's development.

On the main problem at PT. Indokencana Saterijaya for response to the decline in sales performance by the company, it is necessary to have a good strategy from an intrapreneur orientation in maintaining sales conditions.

Intrapreneur orientation is very necessary in supporting the various decisions taken to maintain the sustainability of the company. The need for intrapreneur orientation is very important to find products with new trends, then innovate products and provide effective marketing methods. With good intrapreneur orientation, the company hopes it will be able to support sales and achieve target set. Intrapreneurship takes ideas from leaders and employees together to be able to provide views and ideas on strategies that can be used to improve the company's sales performance.

Based on the discussion on the background of the problem, the writer wanted to discuss in more detail the effect of intrapreneurship orientation on sales performance, the writer made a study entitled **“The Effect of Intrapreneurial Orientation towards Sales Performance at PT. Indokencana Saterijaya”**

1.2 Problem Limitation

Due to limited time and budget, the writer will limit the problem by conducting research at PT. Indokencana Saterijaya on two variables. The object of this research is employee of PT. Indokencana Saterijaya with the focus of intrapreneurial orientation as independent variable and sales performance as dependent variable.

Problem limitations are intrapreneurial orientation as the independent variable (X) and sales performance as the dependent variable (Y).

Intrapreneurial orientation as the indicators of independent variables includes practicing the principle of intrapreneurial orientation which fosters a

climate of innovation, not too strict and vertical bureaucracy, and encourages intrapreneurship and innovation activities among employees (Alina and Solikin, 2020). Meanwhile, sales performance as the indicators of dependent variables includes rating sales value, growth and market share (Garnida and Hidayat, 2018).

1.3 Problem Formulation

The problem formulation of this research will address the following specific questions, such as:

1. How about intrapreneurial orientation at PT. Indokencana Saterijaya?
2. How about sales performance PT. Indokencana Saterijaya?
3. Does the intrapreneurial orientation have an effect on sales performance at PT. Indokencana Saterijaya?

1.4 Objectives of the Research

The objectives of this research are:

1. To explain about the intrapreneurial orientation at PT. Indokencana Saterijaya.
2. To explain about the sales performance at PT. Indokencana Saterijaya.
3. To analyze whether intrapreneurial orientation has effect on sales performance at PT. Indokencana Saterijaya or not.

1.5 Benefit of the Research

There are two benefits that will be conducted in this research, which can be listed as follows:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is as follows:

1. Enrich the knowledge of the writer by doing the research. Also, increase writer's experience in doing research.
2. As reading material and knowledge for all students at Universitas Pelita Harapan, Medan

1.5.2 Practical Benefit

Practical benefit of this research as follows:

1. To the company

To get information whether the survey that has been made will be useful to improve the company's productivity and to provide useful suggestion or advice for the company.

2. To other people, future researcher, readers

To be a guide in leading the reader to do another research that is compatible with this research.

Also, to gain insight about what is needed to update the relevant data provided from this research, so that reader will get a picture on how to improve the quality of their data.