

# CHAPTER I

## INTRODUCTION

### 1.1 Background of The Study

Along with the development of the times, the problems faced by organizations are becoming increasingly complex. Every organization is faced with complicated conditions that requires the organization to empower all components of HR. Job promotion is one way to utilize human resources efficiently. The human factor is recognized as the main factor in each organization, despite of technological developments is growing rapidly nowadays. However, human factor still plays an important role. Therefore if human administration and arrangement are not well-noted then achievement of organizational goals will undoubtedly be disrupted.

With the promotion target, employees will feel valued, cared for, needed, and recognized workability by superiors so they will produce high output. Job promotion is done to optimize human resources owned by the organization. Besides, promotion of position aims to regenerate human resources in the organization for the sake of survival of the organization. Job promotion is a mean that can encourage employees for better and more excited about performing work in an organizational. There are promotional opportunities that are given by the company to employees. Thus, this creates a desire from employees to motivate themselves. Larger promotions can be seen instead alone will increase income but as a tribute to the ability which is increasing so

to him can be given authority and responsibility greater and wider responsibility, which is, in turn, can increase motivation employee work which also adds inner satisfaction. Promotion is when an employee is transferred from one job to another job responsibility the answer is bigger, the level is deep higher office hierarchy and even higher income (Hasibuan,2016).

Goal promotion is to give satisfaction and recognition of work so far done by employees. Promotion position has a relationship with performance because promotion provides an important role for every employee it even becomes dream and goals that are always expected. Every employee tries to give the best performance for the company with the hope that performance meets the company's expectation, and employees will get rewards in the form of promotions. In making promotional decisions various considerations are needed. If there is a wrong decision in carrying out a promotion, then it will cause side effects that are not good for employees and the company. All of which will result in decreased work motivation so the company hopes to increase productivity will not be achieved. For no negative impact above the leadership of the company, should in evaluating employees to be promoted is subjective may be based on standards that have been set. To be promoted an employee must have good work performance values, high work discipline, enough work experience, and high dedication and loyalty towards the company. For that, company must be able to place its employees on the right position , in accordance with the principle of "The Right Man on the right place". So the company will get and place employees who are really capable to carry out tasks and its responsibilities.

If this is implemented well, tendency for dissatisfaction over decisions made by the company will be minimized, because decisions made by the company are deemed appropriate (Robbins and Coulter, 2017).

Human resources are the main components in an organization that are active planners and actors in every activity of the organization. The strength of an organization lies in its people, not its system, technology, procedures, or source of funds. High-quality human resources will produce high performance for the organization. Performance is the quality and quantity of work of individuals or groups within the organization in carrying out the main tasks and functions which are guided by the norms, operational standards, procedures, criteria, and measurements that have been set or applicable in the organization. Performance is very important because it involves the level of achievement of the implementation of activity in realizing the vision and mission of the organization. The performance of employees as human resources in a company has a very important role. Every company will always try to improve the performance of its employees in the hope that the company's goals will be achieved.

PT. Capella Dinamik Nusantara Medan is engaged in Honda motorcycles and spare parts in Medan. Since November 1986, customers of PT. Capella Dinamik Nusantara Medan provides quality services that meet customer expectations and are in accordance with applicable regulations. The products that are sold are of various types, quality, and prices. The vision of PT. Capella Dinamik Nusantara Medan is to be the motorcycle market leader in distribution, sales, and after-sales service with

good quality and for the sake of customer satisfaction. The mission of PT. Capella Dinamik Nusantara Medan is providing the best service for customer satisfaction and continuous improvement in producing the best quality (Internal Source, 2020).

Based on preliminary surveys at PT. Capella Dinamik Nusantara Medan that the declined in employee performance at this company is reflected in the numbers of employees making work errors caused by declining levels of employee accuracy in carrying out their tasks; the numbers of employees who have not completed their duties on time, and the cooperation among employees is not good.

**Table 1.1**  
**Data of Employee Performance at PT Capella Dinamik Nusantara Medan**

2019				
Grade	Term 1	Term 2	Average	Percentage
A	41	39	40	20.73%
B	117	128	122.5	63.47%
C	35	26	30.5	15.80%
D	0	0	0	0%

Source: Prepared by the writer (2020)

From the above recapitulation table of employee performance at PT Capella Dinamik Nusantara Medan in 2019, we can see that from both terms, more than 20% of employees got very good ratings, and 63.47% of employees got satisfactory ratings. However, there is also almost 16% of the employees who got C grades which means their work performance is just enough, but they are not considered as employees who can perform well in the company. One of the problems which can affect their performance to be this low is the career development.

Business leaders need to understand the key benefits of employee performance so that they can develop consistent and objective methods for evaluating employees. Doing so helps determine strengths, weaknesses, and potential managerial gaps in the business organization. There are several performance managements processes, tools, and approaches companies can take to monitor performance and inspire employees. An effective performance management system requires commitment and dedication from not only the human resources department but from managers and employees. Below, we will explore why we should have appraisals at work, how performance management is changing and the overall importance of performance management to business success. Performance evaluations are never fun, they help business leaders determine performance levels for each employee. Business owners need employees that can get the job done because employee performance is critical to the overall success of the company. Ultimately, good employees are productive, which creates great working environments and increases overall productivity. Evaluations help you establish where you can help employees grow so that they can do even better (Tnned, 2019).

A Job promotion system that is not implemented properly causes employees to lack enthusiasm in improving their performance in the PT. Capella Dinamik Nusantara Medan. The promotion system at this PT. Capella Dinamik Nusantara Medan is based solely on seniority and not on employee criteria who are diligent in complying with company rules and work performance are the triggers that make it difficult for employees to apply and act according to the rules. In addition, the

promotion system is also rarely implemented because if a company experiences a vacancy, it will recruit new employees to occupy vacant positions. For this reason, many employees are not enthusiast about achieving promotion. Many employees whose jobs are not completed on time are the reflection of the company's low employee performance.

Realizing the significant role of job employee performance in the company raises, the writer's decided to conduct a research at PT. Capella Dinamik Nusantara Medan with the "The Influence of Job Promotion towards Employees Performance at PT. Capella Dinamik Nusantara Medan."

### **1.2 Problem Limitation**

Due to the limitation of time and budget, this research will be limited to the discussion about the relation of job promotion towards the employees' performance at PT. Capella Dinamik Nusantara Medan. This research is also limited based on the researcher's knowledge and findings. It is also limited at PT. Capella Dinamik Nusantara Medan.

### **1.3 Problem Formulation**

Based on the observation that is done by the writer during the research at PT. Capella Dinamik Nusantara Medan, the writer finds several problems being faced, which are:

1. How is the job promotion at PT. Capella Dinamik Nusantara Medan?
2. How is the employee performance at PT. Capella Dinamik Nusantara Medan?
3. Does job promotion influence employees' performance at PT. Capella Dinamik Nusantara Medan?

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

The objectives of the research are as follows:

1. To analyze job promotion at PT. Capella Dinamik Nusantara Medan
2. To analyze employee performance at PT. Capella Dinamik Nusantara Medan.
3. To analyze the influence of job promotion towards employees' performance at PT. Capella Dinamik Nusantara Medan.

#### **1.5 Benefit of Research**

From doing this research, the company will know how to motivate the employees of PT. Capella Dinamik Nusantara Medan to give the best performance. If the worker can give the best, so their performance will be better.

##### **1.5.1 Theoretical Benefit**

The research on the company's management is expected to be used as information to help people gain a better understanding on the importance of job promotion and how it influences the employee performance.

### 1.5.2 Practical Benefit

a. Writer

The research can help the writer understands further theories that are taught in university and the reality in the working environment.

b. Company

This research can be a successful aid for to the company to motivate employees to reach their potential growth.

c. Future Researchers

This information can be used as a knowledge for future researchers, to inspire them and help them in the difficulties of their studies.

