

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Business nowadays forces the company to create high level of employee performance for company development. Company should be able to build, organize and increase performance in its environment. The achievement of company's goal depends on many factors like capital, modern technology, or well-equipped facilities and infrastructure. It also depends on people who carry out the work starting from planning, executing, until evaluating which is able to utilize the vital resources owned by company. The success of a company is greatly influenced by the performance of its employees. A good company acknowledges its employees and tries to improve their performance. It is because the company knows that if its employees have a high performance; it will affect company performance too in order to achieve company's goals Sharma (2016).

The organization itself is a place where people gather, work together rationally and systematically, in utilizing organizational resources efficiently and effectively in achieving the goals that have been aimed. The directed collaboration is carried out by following the pattern of interaction between each individual or group in interacting inside and outside the organization. Interaction pattern is harmonized with various rules, norms, beliefs, certain values as determined by the organization. The interaction pattern within a certain time will form a shared habit or form an organizational culture that always controls the members inside the organization,

thus a strong organizational culture is a shaper of high organizational performance (Schein, 2018).

Effective performance management is essential to businesses. Through both formal and informal processes, it helps them align their employees, resources, and systems to meet their strategic objectives. It works as a dashboard too, providing an early warning of potential problems and allowing managers to know when they must make adjustments to keep a business on track. Strong performance management rests on the simple principle that “what gets measured gets done.” In an ideal system, a business creates a cascade of metrics and targets, from its top-level strategic objectives down to the daily activities of its frontline employees. Managers continually monitor those metrics and regularly engage with their teams to discuss progress in meeting the targets. Good performance is rewarded; underperformance triggers action to address the problem (Cantillion, 2017).

CV Jaya Makmur Perkasa is a company engaged in the distributor pipe brand invilon. Efforts to improve and innovate in accordance with the demands of the global condition is one of the rules CV Jaya Makmur Perkasa each activity to play a strategic role in the national economy.

Some of the competitors of the company in Medan such as CV Jaya Pipa, PT Multiplas Prima Jaya, CV Erwina Kharisman, CV Medan Artha Karyawa and PT Growth Pamindo.

In this company CV Jaya Makmur Perkasa, there was a decrease in performance which was reflected in the decrease in company revenue.

**Table 1.1**  
**Revenue Data at CV Jaya Makmur Perkasa**  
**2016-2020**

Year	Revenue Total (Rp)
2016	7.657,420,000
2017	6.784,105,000
2018	5.867,620,000
2019	5.783,087,000
2020	3.174,170,000

Sources: CV Jaya Makmur Perkasa, 2021

Table 1.1 shows the income decrease in this company. This explains that the company cannot maintain the revenue that continues to increase so that it reflects the decline in performance CV Jaya Makmur Perkasa.

An entrepreneur is a person who undertakes a venture with some profit potential and involving a considerable amount of risk and therefore, entrepreneurship is the venture undertaken by the entrepreneur. The most obvious example of entrepreneurship is the starting of a new business. Entrepreneurship can be of varying degrees and is not necessarily alike. It can be categorized into various subcategories, starting with small and home businesses to multidimensional industries that were started from the ground level. here are certain characteristics of entrepreneurship that make for a successful venture. So, the author will talk a little about these traits that an entrepreneur must possess in order to be successful. While there can be as many characteristics of entrepreneurship as there are people in this world with opinions, there are some characteristics that are considered indispensable or necessary in an entrepreneur. These are listed here as follows innovation, visionary, leadership, open minded and confident, ability to take risks and well informed (Hiscox,2018).

CV Jaya Makmur Perkasa entrepreneurship is still not innovative in its development, such as not utilizing social media properly in helping to market products and companies to be more developed and advanced, superiors still think monotones in the buying and selling process, the ability to take risks is still present, seen from the lack of product brands. offered and according to the level of consumer loyalty to the product brand. Companies that do not take the risk of adding more product brands so that consumers can have more choices, still do not have a good level of leadership, seen from still emotional in handling employee work mistakes.

Based on the above information, researcher is interested in conducting research with the title "**The Effect of Entrepreneurial Characteristic towards Business Performance in CV Jaya Makmur Perkasa.**"

## **1.2 Problem Limitation**

Due to the limitation of time and knowledge, this research will be limited only on the discussion about "The Effect of Entrepreneurial Characteristic towards Business Performance in CV Jaya Makmur Perkasa". The independent variables used in this research is an Entrepreneurial Characteristic while the Business Performance as the dependent variable. Then this study was conducted in CV Jaya Makmur Perkasa which located at jalan Gandhi Medan

## **1.3 Problem Formulation**

Based on the observation that is done by the writer during the research at CV Jaya Makmur Perkasa, the writer finds several problems being faced as follows.

1. How is the application of Entrepreneurial Characteristic in this company CV Jaya Makmur Perkasa?
2. How is the business performance of the company CV Jaya Makmur Perkasa?
3. Is there an effect of Entrepreneurial Characteristic on Business Performance in CV Jaya Makmur Perkasa?

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

The following are the research's goals:

1. To analyze the Entrepreneurial Characteristic in this company CV Jaya Makmur Perkasa.
2. To analyze the business performance of the company CV Jaya Makmur Perkasa
3. To analyze the effect of Entrepreneurial Characteristic on Business Performance in CV Jaya Makmur Perkasa.

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

The company will learn how to get the best performance from the workers as a result of this investigation. If a worker can offer his or her all, the worker's will improve.

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

The Practical aspect and uses of theoretical study. The research on the management can help student to have better understanding the problem that the company is facing, and this information might solve the

company's problem and allow researchers to achieve their academic mission.

### **1.5.2 Practical Benefit**

#### a. Writer

The investigation may assist the writer in comprehending more university theories as well as the actuality of the Entrepreneurial Characteristics.

#### b. Company

This research could be a useful tool for the organization to encourage people and help them attain their full potential.

#### c. Future Researchers

This research can be used as a resource for obtaining related information and assisting in the completion of future research projects that are related to the research topic.