

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Human resources are critical to the success of every company, and they are dependent on them to fulfill organizational objectives. It also determines whether or not an organization advances. Therefore, the development of human resources, which is planned and sustainable, is needed by every organization. An organization needs qualified human resources who will continue to advance the organization as a means of improving employee performance. So, to realize the goals of the organization, every employee is required to work optimally so that it can satisfy the customers. When the customers feel satisfied, they will certainly become a loyal customer and by doing that it helps the organization to improve and advance.

In this globalization era, companies are facing the pressure to change and adapt to survive and succeed in the current and future business competition. Competition in the business world is increasing every moment, therefore, the company should evaluate every aspect of the company especially in employees' performance because the existing performance measures are perceived to be less effective. The performance that is sought by a company on a person is depending on the ability, motivation, and individual support received. If an individual can work effectively, the company will also continue to work effectively. Some of the organization managements have made improvements on efficiency structure by giving additions and refined a number of old performance measurement indicators

and built a series of new performance indicators that focus on the performance measurement in order to effectively motivate workers, by giving rewards for the success in achieving the company's goals.

According to Shadare and Ayo (2018) in Busro, a internal and external factors affect an employee's performance, including the quantity of work completed in a single working day, the quality in compliance with the procedures and discipline, reliability in carrying out their duties, daily work attendance, the willingness to coordinate with others to complete given tasks.

Darmadi (2018) states that motivation is a personal condition that increases a person's performance to engage in specific actions to accomplish a goal. If the company wants to achieve an optimal performance that is in accordance with the targets that have been set then the employees must be motivated by the company for them to commit their time, energy, and ideas to the task.

PT Budijaya Makmursentosa was established on 2004. There are offices in Medan and Jakarta, but the main office is located at Jln Sangir Talaud I KIM IV Desa Pematang Johar, Labuhan Deli, North Sumatra. PT Budijaya Makmursentosa is a family-owned business that has been passed to the second generation. The family members are involved in running the business. And their wife, husband, and cousins are working in the company as well. Family members as owners or majority stakeholders in a company often making deep interventions to their company by ignoring principles of business management.

The company is engaged in providing industrial instruments, hardware, and mechanical engineering such as sealing, lubricants, valves, instruments, shredding

press, flow, and controls. To gain goodwill and respect from their customers, PT Budijaya Makmursentosa aspires to create a reputation for outstanding quality, fast and polite services using the most cost-effective solution. PT Budijaya Makmursentosa aims to be the company with the best performance in Indonesia.

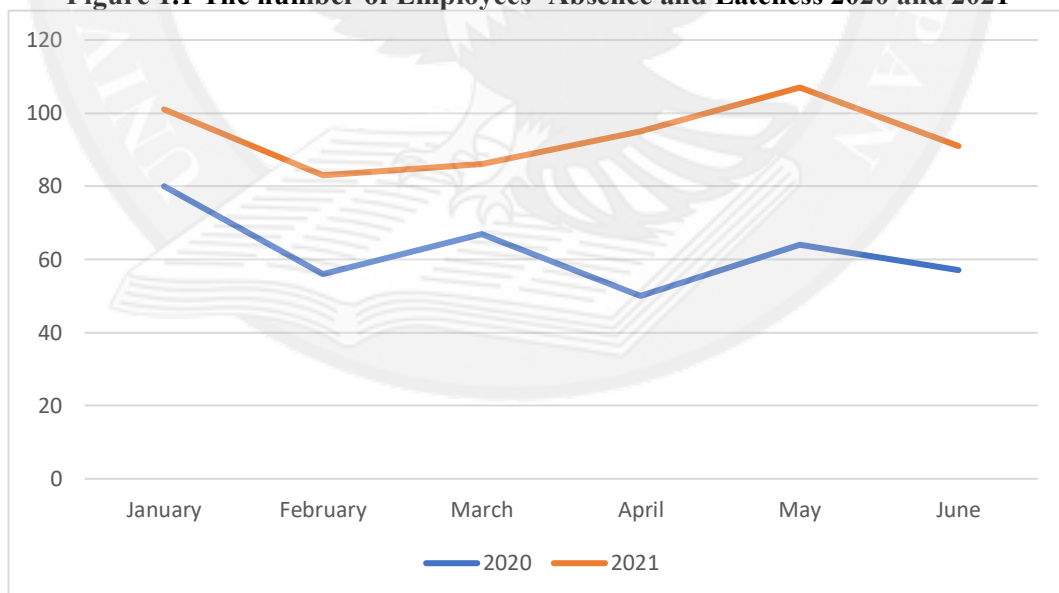
The employees' performance can be seen from their discipline of time and their attendance. Table 1.1 shows the number of absences and tardiness are as follow:

**Table 1.1 The Number of Employees' Absence and Lateness 2020 & 2021**

Months	Number of Employees Comes Late		Number of Employees Absence		Total	
	2020	2021	2020	2021	2020	2021
January	67	88	13	13	80	101
February	51	67	5	16	56	83
March	59	74	8	12	67	86
April	43	81	7	14	50	95
May	55	92	9	15	64	107
June	46	79	11	12	57	91

Source : Prepared by the writer (PT Budijaya Makursentosa ,2021)

**Figure 1.1 The number of Employees' Absence and Lateness 2020 and 2021**



Source : Prepared by the writer (PT Budijaya Makursentosa ,2021)

As we can see that the highest total number of employees' absences and lateness occurred on June 2021 is 91. It has a significant increase compared to the

previous year. The company also tolerates tardiness for 5 minutes each day and if more than that the employee will be sanctioned by cutting salaries or compensation. So also with absence, the company tolerate and not cutting the salary if the employee can prove sick letter. The level of indiscipline of the employee is quite high. The table and figure above make clear that in the period January - June 2021 PT. Budijaya Makmursentosa indicates the level of tardiness and absenteeism, relatively fluctuating, but has increased these last few months. Comparing to 2020, it can be said that tardiness and absenteeism have been increasing. The total number of an employee of the company is 107, which indicates more than half employees will be late or absent in a month.

Based on an interview with Kharis Affandi Nasution as sales supervisor, the company does not motivate the employees to increase their performance. For lateness and absenteeism, they will directly cut the salary and would not receive incentives. Therefore, mostly the employees' do not have enough motivation to perform better for the company. Another factors that cause the decreasing in employees' performance because the company are not give opportunity for career growth, sometimes they cannot act fairly and so much more that cause the employees are demotivated.

In this research, the writer will focus on work motivation as independent variable and employees' performance as dependent variable. The reason is because work motivation is a important factor that can affecting the outcome which is employees' performance. If an employee is motivated, they are more likely to do a good job and work hard. So there are strong a relationship between work motivation

and employees' performance. Employees' performance have a direct impact to business growth because employees are representing the company. A poor performance of employees can drive away customers, lack of follow-up can lead to missed business opportunity. Absenteeism and tardiness can put a strain on your other employees.

The writer will do research based on the background of the study using the following title: **“The Influence of Work Motivation on Employees' Performance at PT Budijaya Makmursentosa, Medan.”**

## **1.2 Problem Limitation**

Because the writer wants to focus on a specific aspect of the problem and do qualified research, problem limitation is required. There are other factors that may also affecting the employees' performance, such as work motivation, leadership, and etc. Due to the limitation of time, ability, and knowledge, this research will focus on work motivation as an independent variable and employees' performance as a dependent variable who work in PT Budijaya Makmursentosa. According to Flynn (2011) as cited Rahaman et al. (2020), the indicators of work motivation are financial payment, working atmosphere, fairness, safety, and opportunity for career growth. Further, according to Aryana and TJ (2017), the indicators of employees' performance are quality of work, quantity of work, duties, and responsibility. The total population in this research is 107 employees. The amount of sample taken is calculated using Slovin formula and the results is 85. The sampling technique used is proporationate sampling. According to Hayes (2020),

proportionate sampling divides the population proportionally into sub-populations and is carried out randomly. So the sample taken in each department is determined by their proportion in overall population.

### **1.3 Problem Formulation**

Based on the background of the study, the writer can identify the problem are as follows:

- a. How is the work motivation provided by PT Budijaya Makmursentosa, Medan?
- b. How well the employees have been performing at PT Budijaya Makmursentosa, Medan?
- c. Does work motivation have influence on employees' performance at PT Budijaya Makmursentosa, Medan?

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

The following are the reasons for conducting this research:

- a. To describe work motivation provided by PT Budijaya Makmursentosa, Medan.
- b. To evaluate the performance of employees at PT Budijaya Makmursentosa, Medan.
- c. To analyze whether work motivation has influence at PT Budijaya Makmursentosa, Medan.

## **1.5 Benefit of the Research**

This research benefits both related and unrelated parties. The research's benefits are divided into two categories: theoretical benefit and practical benefit, as follows:

### **1.5.1 Theoretical Benefit**

The theoretical finding of this research is expected to contribute to the development of theories, especially on work motivation and employees' performance. In addition, research is also done to get more knowledge related to the theory of work motivation, employee performance, and relationship of work motivation and employees' performance and actualization of the theory in the real business world.

### **1.5.2 Practical Benefit**

The research is expected to deliver the following practical benefits, based on the objective of the research:

- a. For the writer, this research would help to provide the writer additional knowledge and experiences in entrepreneurship especially in the of work motivation toward employees' performance, either theoretically or in a real-life setting.
- b. For the company, this research would help to see if the employees' performance is influenced by their work motivation. The result can be taken

into consideration in determining or developing the policies and strategies that are related to human resources to improve employees' performance.

- c. For other researchers, this research would help to become a scientific reference, especially in the field of entrepreneurship.

