

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the study**

Human Resources is one of the factors that affect the level of success of an organization or company. Therefore, the quality of human resources needs to be considered in order to optimize the achievement of organizational or company goals. Human Resources in a company which is their employees have a huge role in achieving company success, therefore employee performance is very important for company. Employee performance is an important factor in influencing the success rate of an organization or company. Employee performance is an action taken by an employee in carrying out the task/job assigned by the company. Every form of activity carried out by a company, whether large or small, really needs employees. Human resources are important and determine in the production or service activities of a company because without employees, the company will not run. The fact that humans are the main asset and as the company's spearhead must receive serious attention and be managed as well as possible. This is because employees have the intellect, will, energy, desire, knowledge, feelings, and creativity to achieve the company's vision and mission. Along with increasing competition in the business world, companies need high employee performance. Therefore, companies are required to conduct an analysis of the factors that can affect employee performance (Mangkunegara, 2017).

High performance is expected to make a positive and significant contribution to the company's performance and capabilities. This is because the company is a synergy and collaboration of all employees and the performance of all company unit teams (Suhardono et al., 2019, as cited in Rostina et al., 2020).

Various factors influence employee performance. In general, it can be classified into factors that originate from within the employee and originate from outside the employee. Previous research shows that one factor affecting employee performance is occupational safety and health (K3) (Watoni, 2019). Occupational safety and health are defined as an effort to guarantee workers' integrity and physical and spiritual perfection in a company or communities around the company or a particular workplace.

Apart from occupational safety and health, another factor affecting employee performance from previous research is employee work discipline (Rostina et al., 2020). Work discipline is defined as the ability of workers/employees to comply with the work rules set by the company. Work discipline also refers to the compliance and willingness of workers to comply with any prevailing norms around it (Hasibuan, 2017). Discipline also refers to a condition in the organization where employees conduct them-selves in accordance with the organization's rules and standards of acceptable behavior (Decenzo and Verhulst, 2018).

PT Technindo Contromatra is a leading company in supplying industrial equipment with more than 31 years of experience. Technindo provides Hydraulic

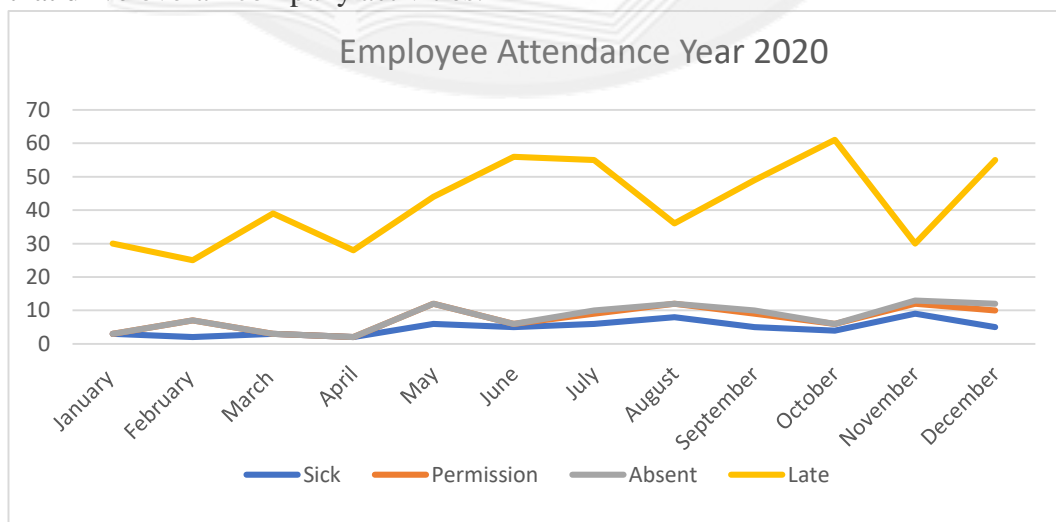
System Supply, Boiler Supply and Repair, Industrial and Engine Automation Supplies, Heavy Equipment, and Other Specialty Trades and Contractors. PT Technindo Contromatra has been known as a leading industrial equipment supplier in Indonesia. The company is strengthening its services to consumers so that it can compete with other companies. PT Technindo Contromatra is engaged in selling units in the palm oil industry, including boilers, turbines, generators, industrial and engine automation, and hydraulic systems. In addition, the company also sell heavy equipment products such as wheel loaders to oil palm plantations. It is noted that there are four brands as agents of the company, namely Advance Boiler, Bosch Rexroth Hydraulic, Deutz Genset, and Changlin Wheel Loader. In addition, the company also sells other products and spare parts needed by the mining, oil and gas, and energy and electricity industries. PT Technindo Contromatra was founded by two siblings that are Buyung and Chandra Wijaya in 1989, until now Chandra Wijaya was one of the directors at PT Technindo Contromatra. Chandra Wijaya, while Buyung is the owner of the company and also prepare the succession to his children, because the company is already more than 25 years than this company can also be categorized as a family business. One of the PT Technindo Contromatra philosophy is human resources as their main assets, and the company believes that employee is an asset to support the company operates to achieve customer satisfaction and grow of the business. In order to achieve the company philosophy, the companies must pay attention to their employee.

**Table 1.1 Job Appraisal Summary Report**

Employee Performance	Scale	Year 2019		Year 2020	
		Number of Employees	Percentage	Number of Employees	Percentage
Very Good	A	49	44,95%	34	31,2%
Good	B	48	44,04%	65	59,63%
Average	C	12	11,01%	10	9,17%
Deficient	D	0	-	0	-
Bad	E	0	-	0	-
Total		109	100%	109	100%

Source: Prepared by the writer (2021)

Recently, the company is facing a problem in their employee performance, it can be seen from the table above that the ratio percentage of employee performance is declining from year to year, which the majority of employees performance only in B scale (good) and different from previous year which majority is A scale (very good). Decreasing in employee performance can lead to decreasing of company overall performance because employee is the main part of the company that drive overall company activities.



**Figure 1.1 Employee Attendance of PT Technindo Contromatra Year 2020**

Source: Prepared by the writer (2021)

**Table 1.2 Employee Attendance in PT Technindo Contromatra**

Month	Number of Employee	Sick	Permission	Absent	Late	Working Days
January 2020	109	3	-	-	27	20
February 2020	109	2	5	-	18	25
March 2020	109	3	-	-	36	25
April 2020	109	2	-	-	26	25
May 2020	109	6	6	-	32	18
June 2020	109	5	1	-	50	25
July 2020	109	6	3	1	45	26
August 2020	109	8	4	-	24	24
September 2020	109	5	4	1	39	26
October 2020	109	4	2	-	55	26
November 2020	109	9	3	1	17	25
December 2020	109	5	5	2	43	25

Source: Prepared by the writer (2021)

From the Employee Attendance table and figure above, it can be seen that the data is fluctuate that are more to the rising of the late, sick, absent and permission from the employees in the company. The fluctuation in the employee attendance can become an indication that there are many employees that are not discipline to obey the working rules that has been set by the company. Employees that are not discipline to comply the rules of the company will result in a decreasing of the employee performance in the company which can be seen in table 1.1 that there are decreasing of employee performance during year 2020. Employees which is less discipline will result in a decrease in overall company performance since employees are the one who drive company activities.

**Table 1.3 Occupational Safety and Health Summary**

<b>SOP Violation</b>	<b>Description</b>
Not using safety helmet	There are few employees that work in the field without using safety helmet that violates the SOP of the company.
Not using boots	There are few employees that work in the field without using boots that violates the SOP of the company.

Source: Prepared by the writer (2021)

Besides that, after doing observation and interviewing one of employees in the company, there are still many employees especially that are working in the fields not using the safety helmet and boots in the workplace that violates the SOP (Standard Operating Procedure) of the company. Employees that are not obey to use the safety helmets and boots while doing their job according to the SOP, will cause the employee to have more risk since the workplace is prone to accident, this will cause decreasing of the employee performance and decreasing of efficiency of employees when doing their job.

Employees that are not using safety boots and helmets in the workplace are employees that are not obey the company SOP which means that employee discipline when doing their job is low, this also match with the table 1.2 which shows that employee work discipline in the company is fluctuate that are more to decreasing of the employee discipline. Employees discipline to obey the SOP and the rules set by the company is important because if the employees discipline increase, it will affect the employee performance that cause the increase of overall performance of the company.

Furthermore, the company nowadays more aware especially in the occupational safety and health sector. Based from the interviews from the employees, the

company nowadays more aware of the employee discipline to comply with the rules and regulations set by the company, because the company afraid it can cause decreasing of the employee performance that will also cause the decreasing of the company overall performance. Based on the observation, data, and the interview, the writer then interested and decided to do a research based on the topic of occupational safety and health, work discipline and employee performance, not only for the writer own interest but also the writer hope that this research will help for the company to help them solve their problem and also for references for future researcher who research with the similar research topic and industry. Therefore the writer is interested in researching further at PT Technindo Contromatra, Medan with the title **“THE EFFECT OF OCCUPATIONAL SAFETY AND HEALTH AND WORK DISCIPLINE ON EMPLOYEE PERFORMANCE AT PT TECHNINDO CONTROMATRA, MEDAN”**. This study aims to analyze the effect of occupational safety and health and work discipline on employee performance at PT Technindo Contromatra.

## **1.2. Problem Limitation**

As the result of the research will be less accurate if the research is not being limited. Due to limitation of budget and time, the writer decides to conduct the research by setting up several limitations, such as:



- a. This research data is gathered from the head office of PT Technindo Contromatra located at Jalan Bawean No.180, Medan, Sumatera Utara, Indonesia.
- b. Due to geographical, time, and cost constraints, the respondents were only taken from employee that are working in the field from PT Technindo Contromatra, Medan, Sumatera Utara, Indonesia.
- c. The research only uses three (3) variables, which are:
  1. Occupational Safety and health as Variable X1 (independent variable) which the indicators are employee condition, working environment, employee protection, use of work equipment and commitment and policy.
  2. Work discipline as Variable X2 (independent variable) which the indicators are compliance with rules, responsibility, adherence to standard of works, timeliness and work ethically.
  3. Employee Performance as Variable Y (dependent variable). Which the indicators are work discipline, work constraint, efficiency, quantity and quality.

### **1.3. Problem Formulation**

Analyzing how Occupational Safety and Health and Work Discipline affects the Employee Performance at PT Technindo Contromatra is the intention of the research. Therefore, this research attempts to answer the following questions:



- a. How is the Occupational Safety and Health provided by PT Technindo Contromatra, Medan?
- b. How is the Work Discipline provided by PT Technindo Contromatra, Medan?
- c. How is the Employee Performance in PT Technindo Contromatra, Medan?
- d. Do Occupational Safety and Health and Work Discipline affect Employee Performance simultaneously at PT Technindo Contromatra, Medan?

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

Understanding the important role of Occupational Safety and Health and Work Discipline in affecting the Employee Performance at PT Technindo Contromatra is the main goal of this research. Upon completion of this research, it is hoped that it will be better understand how Occupational Safety and Health and Work Discipline affect Employee Performance. Hence, the purpose of this study are:

- a. To find out how is the Occupational Safety and Health provided by PT Technindo Contromatra, Medan.
- b. To find out how is the Work Discipline provided by PT Technindo Contromatra, Medan.
- c. To find out how is the Employee Performance in PT Technindo Contromatra, Medan.

- d. To determine how Occupational Safety and Health and Work Discipline affect Employee Performance at PT Technindo Contromatra, Medan.

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

Theoretical Benefit and Practical Benefit are the two (2) forms of benefits in this research.

### **1.5.1. Theoretical Benefit**

As far as the educational context is concerned, the accomplishment of this research will stand as a means of extra learning about the effect of occupational safety and health and work discipline on employee performance. As a result, it can improve future educational discussions on similar topics and enrich the writer's understanding.

### **1.5.2. Practical Benefit**

The writer expects that this research will deliver three (3) benefits, which are as follows:

- a. For the writer, this research would improve experience and knowledge in the areas of safety and health, as well as work discipline, with employee performance in a real-world situation.
- b. For the company, this research would help the company improve its performance by integrating occupational safety and health and work discipline throughout the system.

- c. For other researchers, this study would serve as a reference for other researchers looking into a similar subject.

