

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this era of globalization, every company is required to have the ability to compete as business competition is getting more intense. The competence of the company's human resources determines its development because the human aspect plays a vital role in a company's success, not only depend on availability of fund and technological aspect. The success or failure to achieve an organization's goals is determined by how the organization handles its human resources.

Every company depends on their employees to help them run the business well. Human resources is the primary resource that company can't replace with other resources. Without them, the company would not operate properly although the various necessary equipment is available since humans are the one who drive and develop the company. Human resource plays vital role in the company as the outcome of the implementation of management functions depends on the performance of its human resources. Thus, each company will aim to maximize employee performance.

Employees are required to work optimally in terms to achieve company's goals. It needs good human resources performance that by their talents and responsibilities, can easily respond to the shifts that come and be able to work in in new ways to be able to compete with competitors. Thus, HR management must consider how to improve human resources in order to boost employee productivity

and grow the business since it is among the most important elements for organization to achieve the company's goals.

According to (Prasadja Ricardianto, 2018), performance is the degree to which a program of actions or policies has been implemented in order to achieve specific objectives, such as the organization's vision and mission goals, as outlined in the strategic plan. Employee performance is determined by the quality and amount of work completed by an employee in carrying out tasks in line with his or her responsibilities. (Nofriansyah, 2018).

Discussing about employee performance, there are several factors that can influence them. One of the factors are motivation. The research that conducted by (Supriyanto, 2018) found that work motivation has positive influence and significant to employee performance. Motivation as an encouragement is one of the important factors in carrying out work optimally. (Hasibuan, 2017) stated that motivation is a stimulant of desire and the driving force of a person's willingness to work because each motive has a specific goal to be achieved. Motivation is a sort of encouragement that instills passion in employees, allowing them to contribute more to the company's success. Employee motivation is crucial because it triggers them to work optimally where they will exert their abilities to perform several activities that become their responsibility in the pursuit of managing goals and various pre-determined organization objectives. Without motivation, employees are reluctant to work optimally. When employees are motivated, they will work more productively, and it will boost work effectiveness and efficiency.

Aside from motivation, work environment also influences employee performance. Work environment is referred as everything in the office that effects employee actions in working and completing tasks. According to (Sutrisno, 2016), the overall work facilities and infrastructure surrounding employees performing their job that can influence their performance referred as work environment. A pleasant work environment influences employee performance outcomes (Al-Omari & Okasheh, 2017). Employee's work environment must be considered in order to increase employee performance as it is very influential on the employees who perform the working process. Unpleasant and unsupportive work environment will degrade the performance of employees. On the other hand, employees will work more optimally in a pleasant work environment. Hence, it is necessary for each organization to provide a conducive work environment for its employees to perform optimally and give good performance for company so it will increase company performance.

CV Tirta Abadi Lestari Medan is the object of this research. CV Tirta Abadi Lestari was established in 2007 by Drs. Suwandi in Tandam. CV Tirta Abadi Lestari is a bottled water industrial company. This company produces bottled drinking water under the brand IE Quality, and it is specialized in producing drinking water in cup packaging. After several years of operation, the business grows and prospers so Drs. Suwandi expanded the business to other city in Indonesia which is Aceh. Currently, CV Tirta Abadi Lestari has 2 branches throughout Sumatera which is Medan and Aceh. CV Tirta Abadi Lestari Medan is in Jl. Jelutung No 19 Pasar III Cina, Tandem. It is a family business that is on second stage which now is ruled by

Ryan Kristianto, whom is his son. Due to age factor, his father retired and passed his position to his son to continue the business.

Table 1.1 Production Data at CV Tirta Abadi Lestari, Medan from 2017-2020

Year	Production Target	Number of Production	Percentage	Description
2017	45.000 cups	47.200 cups	104,89%	Achieve
2018	47.000 cups	44.160 cups	93,96%	Not Achieve
2019	45.000 cups	40.470 cups	89,93%	Not Achieve
2020	40.000 cups	34.610 cups	86,53%	Not Achieve

Source: CV Tirta Abadi Lestari

As the company adapts to the globalization era, which expects high employee performance, there are numerous challenges that can obstruct the company's goals. Recently, CV Tirta Abadi Lestari is facing the decreasing performance of their employees. This is seen from Table 1.1 shows that CV Tirta Abadi Lestari tend to unable achieve the production target that has been determined. The data shows that the percentage of production number is declining from year to year.

Employee performance decreases as a result of a lack of motivation at work. Many employees become lethargic while performing their jobs, arriving late and taking excessively long breaks. Thus, it has an impact on reducing working hours, causing a decrease in employee performance and the targets were not achieved. Employees are less active in doing their work so that production targets are not achieved. This is due to lack of motivation provided to employees, causing them to work perfunctory which result in poor employee performance. Employees who is less motivated don't have high enthusiasm to compete and achieve the predetermined targets.

The writer conducted a preliminary survey and interviews with numerous employees, and the results of the interviews revealed that they aren't fully motivated as the motivation such as salary, bonus and recognition or appreciation is insufficient. Salary is one of the most essential motivators for employees to perform optimally, hence the amount of salary paid has an impact on their performance. Salary issues are identified as one of the reasons for this company's lack of ideal employee performance. The employees' salaries in the company are Rp 3,000,000 which is still below Regional Minimum Wage (UMR) and there is no increase in their salary for the past few years. Yet, there are also cuts in employee salaries without being told the reason to them. In addition, there is lack of attention from the superior to the needs of employee recognition and appreciation. The lack of company appreciation for employees who perform well, as well as career growth issue such as promotion opportunities that some employees feel unfair since not all employees get the same promotion opportunities so that employees aren't motivated to work with their full potential. Moreover, employees receive bonuses only once a year and the nominal isn't in accordance with the employee's performance which make them less motivated in performing their task.

Furthermore, the work environment at CV Tirta Abadi Lestari doesn't support the employees to work comfortably. This can be seen from there are several problems that occur, one of which is lack of lighting. Lack of lighting is the primary cause of poor work quality and efficiency, since it leads eyes to get tired quickly, creating an uncomfortable environment that prevents employees from performing their tasks to their full potential. Employees are also disturbed by noise in the

workplace created by the sound and vibration of the machine during the water treatment process, which disrupts their concentration and peace of mind. As the result, employees can't carry out their job optimally since employees become less focus in working. Furthermore, the air temperature is stuffy due to lack of air conditioner. Employees have difficulty concentrating in an overheated workspace which results in they can't work optimally. On other hand, the work relationship between superiors and employees as well as between fellow colleagues isn't good where it is seen from the lack of interaction between subordinates and superiors such as offering guidance and encouragement to attain goals which result in poor employee performance.

Based on the problems arise, the writer is interested in conducting a research and the research is to analyze how motivation and work environment can effect employee performance. The research will be in the form of thesis entitled “**The Effect of Motivation and Work Environment on Employee Performance at CV Tirta Abadi Lestari, Medan**”.

1.2 Problem Limitation

Due to limitation of time and budget, the writer would like to set some limitations as follows:

1. The data of this research is gathered from the head office of CV Tirta Abadi Lestari Medan located at Jl. Jelutung No 19 Pasar III Cina, Tandam.
2. Due to time constraint, the respondents were only taken from the employees of CV Tirta Abadi Lestari that are in Tandam, North Sumatra, Indonesia

3. The research focuses on three variables, where Motivation as variable X_1 (Independent Variable) whose indicators are: salaries, reward, work facilities, work performance, recognition from superiors, and passion, Work Environment as variable X_2 (Independent Variable) whose indicators are: temperature, lighting, safety, noise, smells, and work relationship, and Employee Performance as variable Y (Dependent Variable) whose indicators are: quantity of work, quality of work, tasks implementation and responsibility.

1.3 Problem Formulation

Based on the background of the study, this research aims to answer the following questions:

1. Does motivation have effect on employee performance at CV Tirta Abadi Lestari?
2. Does work environment have effect on employee performance CV Tirta Abadi Lestari?
3. Do motivation and work environment have simultaneously effect employee performance at CV Tirta Abadi Lestari?

1.4 Objective of the Research

The followings are the aim of conducting this research:

1. To determine how motivation effect employee performance at CV Tirta Abadi Lestari.
2. To discover how work environment effect employee performance CV Tirta Abadi Lestari.
3. To explain how motivation and work environment simultaneously effect employee performance at CV Tirta Abadi Lestari.

1.5 Benefit of the Research

The benefits of conducting this research are as follows:

1.5.1 Theoretical Benefit

The benefits from this study can be used for further knowledge and contribute to academic field. In addition, this research can contribute to a deeper understanding and improve educational discussion about motivation, work environment and employee performance.

1.5.2 Practical Benefit

Aside from theoretical benefit, there is also practical benefits which is beneficial for the writer, company and researchers.

1. For the company

This research may give an input or additional information for the company regarding how motivation and work environment can effect employee performance which will help company to improve their employee performance.

2. For the writer

This research can lead to a further understanding and knowledge of the relationship between motivation and work environment with employee performance in real life.

3. For the researchers

It is hoped that this research can be used as references and give them broad insight especially about the topic of the research.