

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Human resources are one of the variables that contribute to a company's success, whether in the field of F&B or any other industry. Human resources will oversee the company's operations and ensure that it continues to meet its objectives. Human resource management is critical for a company's success in achieving its objectives. The company's operations will operate smoothly if it has human resources who are qualified, skilled, and motivated to run the business as efficiently as possible, especially in this pandemic where everything is challenging and unpredictable.

Every company, in every industry, requires the presence of potential human resources, both leaders and employees in the task and supervision patterns that are the determinants of accomplishing company goals. The current availability of human resources necessitates optimal thinking. Quality education, the provision of diverse social services, and adequate employment possibilities are all required for the community to have reliable human resources. Social discontent will result from deficiencies in the provision of these services, which will influence community security. Human resource capability is currently low, both in terms of intellectual abilities and technical capabilities.

There are numerous companies in this period of globalization, including manufacturing and service industries, with services being particularly important in

the hospitality industry. Companies need skilled and qualified employees to compete competitively in this era of globalization, and companies need to encourage them with compensation, work discipline, and motivation so that they can provide work performance in the form of the highest possible work productivity to achieve company goals.

Productivity refers to an employee's ability to complete tasks according to standards, completeness, cost, and speed. In order to improve overall effectiveness and efficiency, an organization's human resources must be used efficiently and effectively (Hanaysha, 2018). Employee productivity is critical in the workplace; if employees are productive, the firm is said to have met its objectives; if employees are not productive, the company is said to have fallen short of its objectives. Compensation, work discipline, and motivation all have a role in employee productivity. Employees must meet work criteria in order for productivity to be achieved. An employee is said to be productive if he or she can finish the task that has been arranged for him or her within a particular amount of time. The decrease in employee productivity is also reflected in the absenteeism and tardiness at Opal Coffee Griya Medan.

**Table 1. 1 Data of Absenteeism and Tardiness at Opal Coffee Griya Medan (January-September) 2022**

<b>Month</b>	<b>Total Employees</b>	<b>Late Employees</b>	<b>Tardiness Total (Days)</b>
January	29	3	5
February	25	2	2
March	25	5	6
April	29	3	1
May	30	3	8
June	35	5	6
July	35	3	8
August	36	5	9
September	36	7	12

Sources: Opal Coffee Griya Medan (2022)

Table 1.1 shows that absenteeism and tardiness that occur reflect decreased employee productivity at Opal Coffee Griya Medan. The decline in employee productivity can be seen from the low level of work initiative so that many jobs are not completed quickly and on time.

According to Siryantika and Wibawa (2020), the positive influence of compensation on employee work productivity. Compensation has a different impact on employee performance and organizational effectiveness depending on the compensation and performance management strategies in place at each company. The brightest employees are generally attracted to organizations that pay well and provide opportunities for progress. Many employees complain about salaries due to the absence of salary increases in the last 3 years and even salaries also depend on covid. If covid is high and strict government rules result in cafe operations being hampered by employee salaries becoming daily. In addition to salaries, incentives are also quite low so that they do not trigger a high level of employee morale and the time of receipt of salaries and incentives is less timely every month.

Agustini and Dewi (2019), the positive influence of work discipline on employee work productivity. All activities carried out without discipline will provide unsatisfactory results that are not in line with expectations. Employees' everyday activities are heavily reliant on their ability to maintain discipline. Employees with high work discipline will continue to work well even if they are not supervised by superiors, will not steal work time to do things that are not related to work, will obey existing work regulations with high awareness without

feeling coerced, and in the end, employees with high work discipline will have better productivity than lazy employees. The level of work discipline that has decreased is seen from the number of employees Opal Coffee Griya Medan who are late due to company rules that are not applied properly so that employees are less behaved in regulating working operational time. In addition, the penalties received by employees are still discrimination.

One of the most basic issues in every business is motivating people to be dedicated to their employment and put up their best efforts toward achieving the organization's objectives. According to Santoso and Ramadhan (2020), the positive influence of work motivation on employee work productivity. Employees are the most valuable resource, and how an organization manages its employees to keep them motivated is the most difficult task. Employees can be motivated by the company's support, which can be both financial and non-financial. Companies that do not motivate their employees are more likely to fail to meet corporate goals, whereas companies that motivate their employees are more likely to succeed in attaining company goals. Employees who lack the drive to work and are uninterested in their jobs show a decline in productivity. Employee motivation is still lacking because so far employees only get rewards in the form of employee praise from superiors and the Opal Coffee Griya Medan. This leads to low employee productivity.

Based on the background described above, the researchers are interested in conducting research for permanent employees of Opal Coffee Griya Medan under

the topic “**The Influence of Compensation, Work Discipline and Motivation on Employee Productivity at Opal Coffee Griya Medan.**”

## **1.2 Problem Limitation**

Due to the limitation of time and budget this research focused on Opal Coffee Griya Medan the independent variable used is Compensation (X1), Work Discipline (X2), and Motivation (X3), and the dependent variable used is Employee Productivity (Y). Opal Coffee Griya Medan is located in T. Amir Hamzah No.56 C, Helvetia Tim., Kec. Medan Helvetia, Kota Medan, Sumatera Utara 20124.

Compensation indicators are salary, bonuses, and allowances (Anwari, 2018). Indicators of work discipline are always coming and going home on time, doing all the work well, and obeying the rules (Hasibuan, 2018). In addition, indicators of work motivation are responsibility, opportunities, recognition of performance, and challenging work (Fadillah, 2018). Indicators of employee productivity are ability, improving results achieved, morale, quality, and efficiency (Sutrisno, 2019).

## **1.3 Problem Formulation**

Based on the background of the study, the writer formulates several questions, as follows:

- a. Does Compensation have a partial influence on Employee Productivity at Opal Coffee Griya Medan?

- b. Does Work Discipline have a partial influence on Employee Productivity at Opal Coffee Griya Medan?
- c. Does Motivation have a partial influence on Employee Productivity at Opal Coffee Griya Medan?
- d. Do Compensation, Work Discipline, and Motivation simultaneously influence Employee Productivity at Opal Coffee Griya Medan?

#### **1.4 The objective of the Research**

Based on the problem formulation the objectives of this research are:

- a. To analyze whether Compensation has a partial influence on Employee Productivity at Opal Coffee Griya Medan
- b. To discover whether Work Discipline has a partial influence on Employee Productivity at Opal Coffee Griya Medan.
- c. To analyze whether Motivation has a partial influence on Employee Productivity at Opal Coffee Griya Medan.
- d. To investigate whether Compensation, Work Discipline, and Motivation have simultaneously influenced Employee Productivity at Opal Coffee Griya Medan.

#### **1.5 The benefit of the Research**

The writer expects that this research can give benefits both theoretically and practically.

### **1.5.1. Theoretical Benefit**

The research result can be used to expand, improve, and develop relevant theories, especially in compensation, work discipline, motivation, and its influence on employee productivity in the hospitality industry.

### **1.5.2. Practical Benefit**

The practical benefits of this research are:

a. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge regarding compensation, work discipline, motivation, and employee productivity.

b. For the company

To provide useful suggestions for the company in increasing employee productivity especially by improving compensation, work discipline, and motivation.

c. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.