

CHAPTER I

INTRODUCTION

1.1 Background of The Study

In terms of management, management is the process of getting ready, being dynamic, regulating, inspiring, driving, and directing the HR assets and data of an association to consistently achieve its goals. Planning, organizing, mobilizing, and controlling are the several actions that make up management, according to Daft (2021). All of this is done to establish and meet goals or objectives that must be met by making use of all available resources, including human and non-human resources.

The existing state of human life has been impacted by the current period of globalization. Technology progress goes hand in hand with the growth of globalization. Technology is advancing so quickly that it has the potential to influence everything that occurs around us. The only way to easily access information is through technology. The development of commerce, cultures, languages, and other areas of global development can all be learned through the use of technology. Even within corporations, society has been significantly impacted by these technological advancements. Additionally, because employees are less focused on their task as a result of technology, it has a significant impact on employee performance. As a result, the organization needs to motivate its people and adopt a leadership style. As a result, and not just due to advancements in technology, the complexity of the needs on a worldwide scale are now more

important than ever in running a firm. Any organization must be aware of the effects of these changes and be ready to mitigate and adapt to their effects because changes will always occur.

Due to rising commercial competition, every company is seeking to improve its human resources in order to survive and prosper in a competitive market. Companies shouldn't solely rely on technology, state-of-the-art equipment, or suitable premises to achieve goals because those resources are ineffective without highly skilled, aggressively priced labor. Therefore, the existence of human resources within a company has a substantial impact on the success or failure of the organization. Every company has a human resource management department, which is responsible for selecting, organizing, instructing, motivating, and monitoring all staff actions to ensure the greatest results. Many businesses view their people resources as their most important asset and rely heavily on them. The talents of human resources must be balanced with the significance of their involvement in accomplishing organizational goals. In order for human resources to do all tasks allocated to them perfectly and deliver flawless outcomes, both in terms of quantity and quality, it is necessary to thoroughly examine their abilities.

Employee performance includes all actions taken to advance an organization's operations, and employees' contributions are crucial to the success or failure of a corporation. In order to accomplish organizational goals without breaking the law, morals, or ethics, individuals or groups of people must do their duties inside an organization in accordance with their particular authority and

responsibilities, according to Fauzi and Hidayat (2020). One of a company's most crucial variables is employee performance since strong employee performance helps improve the company's business. Companies must position employees appropriately to ensure that their performance is maximized. There are a number of reasons why employee performance is crucial for the business. For starters, with high employee performance, the assigned job will be finished on time and possibly even sooner. Second, a productive workforce will have less absenteeism and indolence. Third, the organization will profit from strong employee performance because people enjoy working there. The most precious asset of the organization and one that plays a significant role is employee performance.

A transformative leadership style is one of the factors that might alter employee performance. Robbins and Judges (2021) define transformational leadership as a leader who offers tailored intellectual and academic engagement and stimulation. When transformational leaders do their job, they work for higher and more just values, like unity, hatred, or hatred, in an effort to empower their people. The relationship that the leader has with his or her followers is one of trust and belief in the leader. Although transformative leadership has several definitions, it may be widely accepted. The faster the organizational goal can be reached through improved staff performance, the more clever the transformational leader appears to be. Because motivation affects corporate performance, individuals will drive organizational performance, and members of organizations' individual and collective behavior will have a significant impact on that

performance. The organization's leader is in charge of everyday member motivating, which must be done (Pratama, et.al., 2020).

A person's motivation is a driving force that will materialize a behavior in order to achieve the goal of self-satisfaction, according to Ma'ruf and Chair (2020). A number of variables, including motivation, affect employee performance. The high performance of a company's personnel will be significantly impacted by each employee's motivation. Raflianto (2020) argues that motivation is essential because it generates, disseminates, and promotes human behavior that aims to be enterprising and get the best results. A person might get driven from inside or from the outside. For instance, intrinsic motivation happens when a person succeeds in achieving their goals and then remains motivated. If someone continually doesn't achieve their goals, they might keep working until they do or get desperate, which has a direct effect on how well these employees perform (Nur and Sjahrudin, 2019).

Lack of motivation on the side of employees, which originates from himself, his colleagues, and his superiors, causes challenges with employee performance. Employees may experience this due to the complexity of their work schedules and the busy leaders in the workplace, which can make them feel less rested and engaged in their work. This can lead to employees slamming, which affects the completion of tasks that are not done on time (Sudarso, et.al., 2020).

PT Sinar Logam Medan is the subject of this investigation. A family-run company called PT Sinar Logam Medan distributes automotive parts. David, the proprietor of the business, started it in 1995, and it is situated on Jalan Logam in

Medan. His son, Daniel, now serves as the company's manager after operating for roughly 27 years. Because the proprietors are aging and want a change in the workplace structure, the company is entering its second age. Since PT Sinar Logam Medan consistently follows industry trends and customer demands, the author chose PT Sinar Logam Medan as the study's subject because this company places a premium on employee performance. In order to support employee performance, leaders need to set a good example for their team members and inspire them to work hard.

A company's objective in any business is to serve or satisfy its clients. Effective management of the business is what enables businesses to provide customer happiness. The management of the business is based on the success of its employees in satisfying customers. Employees must therefore be the company's first priority in order for them to perform at their highest level. Employees feel appreciated in the workplace and develop into valuable assets when priorities are set for them. However, as a result of the ongoing effects of globalization, leaders are required who can implement changes for the benefit of workers' performance and job motivation.

Table 1. 1 Employee Data from 2018 to 2021

Description	Years (tahun)			
	2018	2019	2020	2021
Number of Employees	135	128	127	115
Resign Employees	7	10	8	14
New Employees	6	3	7	2
Total Lateness	130	156	142	167
Total Absenteeism	116	127	138	151

Sources: Prepared by the writer (2022)

According to the aforementioned data, it is clear that there is a large turnover rate and that both numbers—lateness and absenteeism—are rising year. Employees' lack of motivation at work may be the root of this. Because they do not receive special recognition for their efforts, employees lack the drive to put in extra effort because they don't feel valued, which lowers employee motivation at work. This may also be a result of the company's established leadership style, thus a fresh leadership approach is required so that it can accommodate staff development. This transformational leadership can keep up with the times and understand what is needed by the company and employees so that they can transform the company into a better direction and reduce things that have happened in recent years. Employee performance is largely determined by work motivation and leadership style that makes them comfortable working in the company.

The number of employees who are unable to meet their job objectives and the number of employees who refuse to work extra are as follows:

Table 1.2 The Number of Employees That Cannot Achieve Job Target and The Number of Employees That Do Not Want to Conduct Overtime Work

Description	2018	2019	2020	2021
The Number of Employee That Cannot Achieve Job Target	15	17	20	25
The Number of Employee That Do Not Want to Conduct Overtime Work	45	47	48	51

Sources: PT Sinar Logam Medan (2022)

The organization does not apply a transformative leadership style and retain staff motivation, as shown in the table above. The growing number of

employees who are unable to meet their job objectives demonstrates that the organization is not properly implementing transformational leadership by not giving employees instructions on how to meet their objectives. The growing number of employees who object to working overtime demonstrates that the business does not keep up its efforts to encourage workers to put in extra hours so that projects can be completed in accordance with plans.

The competitor of the company is as follows:

Table 1.3. Competitor of PT Sinar Logam Medan

Company	Location
Sahabat Motor.	Jln. Sukaraja no. 7 J Medan.
UD Philip Diesel.	Jln. Sampali no. 40 Medan.
PT Utama Toyota Makmur.	Jln. Yose Rizal no. 49 Medan.
PT Mitra Kencana.	Jln. Gunung Krakatau no. 9 a Medan

Source: PT Sinar Logam Medan (2022)

Competitor companies show competition which can result in a decrease in company income. Competition in the car spare parts industry shows quite tight competition due to an increase in the number of cars that require vehicle maintenance. The company tries to maintain sales by making sales out of town and selling with a credit system so that some customers are willing to make transactions with the company. Price competition can also cause companies to try to determine affordable prices. Sales promotions such as sales discounts will also benefit the company.

Employee performance shows an important thing because employees work to achieve company goals. The importance of this research on employee performance because employees need to work optimally so that companies can carry out business activities in achieving company goals. Companies need to maintain employee performance so that business activities can run as expected.

Employees are an important element in the company so that employee performance plays a role in achieving company goals such as sales and business development. Companies need to determine the proper method in maintaining employee performance.

Based on the information, the author determines that motivation and transformational leadership style will have an impact on employee performance. The author will write the research as a final paper with the title “**The Influence of Transformational Leadership and Work Motivation Towards Employee Performance at PT Sinar Logam Medan**”. Writer hopes that this research can improve employee performance for the company and have a positive impact on employee performance.

1.2 Problem Limitation

Due to the limited sources, the writer will limit the variable used in this research, which is, transformational leadership and work motivation as independent variables and employee performance as the dependent variable. The indicators of transformational leadership is idealized influence, inspirational motivation, intellectual stimulation and individual consideration. (Pratama, et.al., 2020). The indicators of work motivation is want to achieve goal, a sense of responsibility, willingness to move forward and appreciation. (Situmeang, 2022). The indicators of employee performance is quality of work, productivity, responsibility and attendance. (Indrasari, 2017). Furthermore, the research object will take place on PT Sinar Logam Medan Medan that located at Jl. Logam, Sei

Rengas II, Medan Area.

1.3 Problem Formulation

Based on the background of study above, this research aim to answer following questions as follows :

1. How is transformational leadership at PT Sinar Logam Medan?
2. How is work motivation at PT Sinar Logam Medan?
3. How is employee performance at PT Sinar Logam Medan?
4. Does transformational leadership influence employee performance at PT Sinar Logam Medan?
5. Does work motivation influence employee performance at PT Sinar Logam Medan?
6. Do transformational leadership and work motivation influence employee performance at PT Sinar Logam Medan?

1.4 Objective of the Research

Based on the background of study above and problem formulations, the objective research is as follows :

1. To analyze the transformational leadership at PT Sinar Logam Medan.
2. To analyze work motivation at PT Sinar Logam Medan.
3. To analyze the employee performance at PT Sinar Logam Medan.
4. To analyze that transformational leadership will influence employee performance at PT Sinar Logam Medan.

5. To analyze that work motivation will influence employee performance at PT Sinar Logam Medan.
6. To analyze that the transformational leadership and work motivation will influence employee performance at PT Sinar Logam Medan.

1.5 Benefit of the Research

Benefit of the research divided become 2 (two), which are :

1.5.1 Theoretical Benefit

The advantage is that this research will help us better understand how motivation at work and transformative leadership affect employee performance. Additionally, the researcher expects that this research will be influential and helpful for subsequent studies on a related subject.

1.5.2 Practical Benefit

1. For the writer

This research can give the writer more understanding and increase the knowledge about importance of employee performance in real life.

2. For PT Sinar Logam Medan

This research is expected to support PT Sinar Logam Medan in determining the impact of transformational leadership and work motivation on employee performance, allowing employees to provide better service to customers.

3. For the research

This research will serve as additional references for them and will provide them with significant knowledge, particularly concerning the research topic.