

CHAPTER I

INTRODUCTION

1.1 Background of Study

As a human being, people are always met with business activities in which one person pay with money in exchange for goods or services to survive. Over the years, a lot of small businesses emerge and some of them can grow into successful business. These days, companies are getting more and more competitive. It can be seen from the evolving business environment and the fast- developing technology which encourages company to compete with other company. The business nowadays is not only about providing services or products for customers, but companies need to find ways to compete with other company for the customers. With the fierce competition, companies are forced to come up with most effective strategies to achieve their goals.

To realize the goals, company need to manage inside the company first. It includes the management, structure of the business, the goals of the business, as well as the people working inside. The main core of a business is the people working inside. Employees are the greatest assets in developing business. These people will conduct daily operational activities in a business and the better the employees are in performing their job, the better the results are which in return will benefit the company. Employees are the one who make sure that the company is achieving its goals. Therefore, the management of human resource in a company is important. This human resource management are to prepare

employees to give their best in working by giving them training, comfortable working environment with facilities, chances for promotion, and other form of benefit to motivate employees.

Performance itself means the quality and quantity of work that are able to be achieved by employees while carrying out the job in accordance to the responsibilities given to them (Razak, Sarpan, & Ramlan, 2018). The more quantity that a worker can achieve with the expected quality, the more benefit or profit that the company is able to gain. Companies need to make sure that the welfare of each employee are met. When an employee is comfortable enough to work, the employees will always give the best in finishing the job.

PT Citra Hanochs Niagantara Medan is a company which specializes in designing, producing, and selling lightbulb or lamp products. This company is famous for the energy-saving lightbulb, halogen, halide metal lightbulb, and LED lightbulb. The products of this company are widely distributed to all over Indonesia and this company even manage to export their products overseas. This company is known as a B2B company, in which the products are distributed to sellers who will resell these products to consumers. Over the past few months in 2020, PT Citra Hanochs Niagantara Medan has been experiencing low quality of employee performance. The performance of employees was not satisfying enough in average. Below is the data of employee appraisal from employees in this company in which the employee appraisal is routinely done every month to every worker in the company.

Table 1. 1 The Average Score of Employee Appraisal at PT Citra Hannochs Niagantara Medan

Month	Average Score
January 2020	90
February 2020	92
March 2020	89
April 2020	85
June 2020	87
July 2020	92
August 2020	93
September 2020	93
October 2020	90
November 2020	89
December 2020	92
January 2021	90
February 2021	85
March 2021	87
April 2021	84
May 2021	88
June 2021	90
July 2021	89
August 2021	92
September 2021	90
October 2021	95
November 2021	90
December 2021	89
January 2022	89
February 2022	90
March 2022	91
April 2022	93
May 2022	94
June 2022	90

Source: PT Citra Hannochs Niagantara Medan (2021)

Based on table 1.1 above, it can be concluded that the average score of employee appraisal at PT Citra Hannochs Niagantara Medan each month was not as stable as it was expected to be. Instead of increasing or staying stable each month, the score was fluctuating. The highest peaks were in October 2021, with the total average score 95 and the lowest peak was found in April 2021. This data

shows that there are indeed problems in the performance of employees at PT Citra Hannochs Niagantara Medan.

The first two months in 2021 were showing improved results from employees, but entering the third month, the score started to drop. However, the dropped score was due to the global pandemic which forced some of the employees to work from home, which affects their performance in whole. The score was starting to increase in the fifth month of 2021, in which the company had been able to adapt to the new rules of working in this global pandemic situation. Even though this company has successfully adapted to the global pandemic, the fact that this company is not able to achieve high average score of appraisals each month becomes a problem. It is better if the company were able to have high score of appraisal or at least, the score needs to be stable and not drop too much.

One of the things that affect the performance of employees is the level of motivation that the workers have. The more motivated employees are, the more willing these people are in contributing themselves in the business operations. According to Lecturer (2018), motivation is the level of energy that moves an employee to achieve organizational goals. In other words, it is like movement of encouragement. When someone has positive mental attitude towards their work situation, it will also strengthen their motivation to achieve maximum performance.

At PT Citra Hannochs Niagantara Medan, most employees were not motivated enough to work hard. Some complained about the unreasonable

workload with tight deadline which made the employees feel exhausted. Not only that, the head of certain department also was not communicative enough that makes it hard for the subordinates to follow-up regarding the job. There were also no reward and recognition system, even after the employees manage to finish more than what are expected from the employees. Promotion opportunity is small and employees are mostly stuck with their job with little chance to advance. Employees were also complaining about some of their co-workers that seem to not work as hard as they were but being paid the same, making them feel unfair with the whole working system. With those reasons, writer could see that most of the employees were not feeling motivated enough to work the best. When employees were not motivated enough, surely these people will not put maximum effort in finishing the task.

For this research, the dependent variable will be employee performance at PT Citra Hannochs Niagantara Medan. This variable is chosen for this research because the performance of employees is crucial to the business performance of the company. The better the performance of each employee is, the higher chance for the company to get better business performance in which will increase the profit of the company.

As for the independent variable, motivation is chosen as it has great effect on the performance of employees in company. The ability of company to motivate the workers to put maximum effort in job is crucial. With motivation, it can give a driving force for workers so that they can work more effectively and are more

integrated with their efforts to achieve satisfaction. The more motivated the employees are, the better output that the employees can give.

Therefore, the writer would like to explore more about how motivation influence employee performance in a company through this research. The research will be done at PT Citra Hannochs Niagantara Medan to find more about effect of motivation towards employee performance. Therefore, the writer comes up with **“The Effect of Motivation Towards Employee Performance at PT Citra Hannochs Niagantara Medan”** research title.

1.2 Problem Limitation

The object of this research is PT Citra Hannochs Niagantara Medan which is located at Jalan Kejaksaan No. 5-D, Petisah Tengah, Medan, North Sumatra. The independent variable (X) in this research is motivation with the indicators that are achievement, recognition, challenge, responsibility, involvement, opportunity, and development. The dependent variable (Y) of this research is employee performance with indicators quality of result, timeline of result, attendance, and ability to cooperate. The retrieval of data will be done by interviews and distributing questionnaires to 197 employees out of 387 employees of PT Citra Hannochs Niagantara Medan with simple random sampling method and the data analysis tool that will be used is quantitative, descriptive, simple linear regression and causal method. The data will be analyzed by using SPSS 25.0

1.3 Problem Formulation

The following are the problem formulation for this research:

1. How is the motivation of employees at PT Citra Hannochs Niagantara Medan?
2. How is the employee performance at PT Citra Hannochs Niagantara Medan?
3. Does motivation have significant influence towards employee performance at PT Citra Hannochs Niagantara Medan?

1.4 Objectives of the Research

The objectives of this research are as follow:

1. To know and analyze the motivation of employees at PT Citra Hannochs Niagantara Medan.
2. To know and analyze the employee performance at PT Citra Hannochs Niagantara Medan.
3. To analyze the effect of motivation towards employee performance at PT Citra Hannochs Niagantara Medan.

1.5 Benefit of the Research

The benefit of the research can be divided into two types, which are:

1.5.1 Theoretical Benefit

This finding of this research can be referred as guidance for future researchers with their research regarding the influence of motivation towards employee performance. This research will be able to provide more knowledge which will enrich people's insight for their future research.

1.5.2 Practical Benefit

The practical benefit of this research is expected to be as follows:

1. Benefit for company

The result of this research will be able to help company to identify their problems and to offer solutions regarding the problems. This research will provide information on how the motivation level of PT Citra Hannels Niagantara Medan has influence over employee performance.

2. Benefit for other researchers

The findings of this study will be able to provide future researchers with literature that researcher can cite as empirical evidence regarding motivation and employee performance.