

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

The Covid-19 pandemic has disrupted almost all business sectors that exist today. The social restrictions imposed have reduced business activities due to the social restrictions imposed by the government. In addition, the decline in consumer interest in buying also makes it difficult for companies to carry out their business activities.

The company's success in improving business performance is to improve the performance of employee performance. In the current business conditions, it is quite difficult to develop the operations and performance of the company. Employee performance because of the work given to employees in carrying out their duties and responsibilities.

In terms of supporting the ability of employees to have good performance, namely through organizational culture. Organizational culture is a set of habits that one or a number of employees have in carrying out their work in the company. According to Isa, Ugheoke, & Noor (2016), a well-established organizational culture acts as a powerful equipment to provide innovative ideas, motivates employee's behaviors, and improves performance. When an individual's worth value and organizational culture are well synchronized, it will greatly affect the extent of individual and organizational performance.

An example of company that established good organizational culture is Zoom video communication company. Reiners (2019) stated that new hires of the Zoom company first paired with the mentor to learn about the organizational culture and during weekly meetings, they acknowledge a workmate who supported them and share updates about it for showing appreciation. Zoom often arrange events for employee to bring child, parents, or loved one to the workplace so that workmate can meet the people who motivate them in their lives. Zoom makes a steady effort to develop a good organizational culture within the company.

Transformational leadership is a leadership model in which the leader and his subordinates strive to achieve organizational goals with high morale and motivational abilities. This leadership model changes and transforms values into teamwork. Transformational leaders are central in an organization. A leader can be said to be a transformational figure if he has a level of trust, dedication, and obedience from his subordinates. Transformational leadership is indicated by the way a leader confronts the work operation system, motivates a shared vision or objective, allows others to act to set an example, and encourages followers. Transformational leadership is leadership that motivates subordinates to work surpass their personal delights, and is able to have a intense effect or impact on followers. Effective leadership in organization can causes an improvement in employee performance, so that the leadership style implemented in leading an organization is very prominent on job performance results (Maskurochman, Nugroho, & Riyadi, 2020).

According to Duggan (2018), throughout the last 50 years, transformations in information technology have significantly changed the way businesses operate. Companies established by transformational leaders including Apple, IBM, Intel, and Microsoft. Steve Jobs, Bill Gates and another hardware and software company leaders have changed not only the computer industry but also the way other businesses operate too. Transformational leaders at Google allow them to provide search engine and cloud computing infrastructure while those at Amazon and eBay overtop online transactions.

PT Tani Perkasa Kimindo Medan is an Indonesian family business company established in 2014. The supporting argument that defines the company as family business company is that the company the ownership of this company are siblings and each of them has important task to control the whole company. The company is a family business run by the first generation, and the owners are willing to give the ownership authority to the next generation in case one day they want to retire. This company is located at River Valley Residence no. 12, Medan. The company focuses on agriculture products distributions (fertilizer, pesticide, and many more products that support plantation).

Job performance is described as the individual activities and acts that contribute to an organization's ability to achieve its objectives. Job performance is often conceptualized in contemporary studies as a phenomenon comprised of three distinct categories, or dimensions, of performance behaviors: role performance, contextual performance, and counterproductive work behavior (Sverke et al., 2019).

The current performance of PT Tani Perkasa Kimindo Medan is quite good. However, the company does not have a stable performance from year to year. The company's revenue has increased and decreased from 2020 to 2022. This shows that the company has not been consistent in maintaining their performance. The following is the employee income data at the company.

**Table 1.1**  
**Revenue Data of PT Tani Perkasa Kimindo Medan 2020-2022**

Month/ Year	Company Revenue		
	2020	2021	2022
January	2,150,000,000	1,950,000,000	1,850,000,000
February	1,950,000,000	2,353,000,000	1,653,000,000
March	1,820,000,000	1,853,000,000	1,000,000,000
April	1,750,000,000	1,720,000,000	1,000,000,000
May	1,950,000,000	1,650,000,000	1,035,000,000
June	1,880,000,000	1,680,000,000	1,280,000,000
July	1,820,000,000	1,620,000,000	1,610,000,000
August	1,820,000,000	1,720,000,000	1,420,000,000
September	1,720,000,000	1,620,000,000	1,520,000,000
October	1,920,000,000	1,520,000,000	1,512,000,000
November	1,820,000,000	1,720,000,000	1,535,000,000
December	1,650,000,000	1,550,000,000	1,510,000,000

Source: PT Tani Perkasa Kimindo Medan, 2020-2022

This income data doesn't really relate to the research but only as references because one of the factors that affect company's income is employee performance, so we can get a bit picture of the employee performance.

In the income achieved by the company, the income achieved tends to decrease and is not stable in showing an increase in income. The decline in income is more consistent than the increase in income. This shows that the company has an unstable performance in its business operations. In addition, the performance of employees in terms of attendance and work absences during the pandemic is still

not too good, to clarify employee performance during this pandemic, employee attendance data will be provided at the company during the following pandemic

**Table 1.2**

**WFO and WFH Employee Attendance Data in 2021**

Months	Amount of Employees	Working Days	Attendance Target	Lateness		Absence		Arrive On Time	
				Amount	%	Amount	%	Amount	%
January	73	26	1898	85	4.48%	34	1.79%	1779	93.73%
February	73	24	1752	82	4.68%	30	1.71%	1640	93.61%
March	73	25	1825	81	4.44%	32	1.75%	1712	93.81%
April	73	25	1825	83	4.55%	27	1.48%	1715	93.97%
May	73	20	1460	82	5.62%	32	2.19%	1346	92.19%
June	73	25	1825	121	6.63%	50	2.74%	1654	90.63%
July	73	26	1898	43	2.27%	20	1.05%	1835	96.68%
August	73	23	1679	40	2.38%	12	0.71%	1627	96.90%
September	73	26	1898	45	2.37%	13	0.68%	1840	96.94%
October	73	24	1752	41	2.34%	15	0.86%	1696	96.80%
November	73	25	1825	38	2.08%	16	0.88%	1771	97.04%
December	73	24	1752	39	2.23%	15	0.86%	1698	96.92%

Source: PT Tani Perkasa Kimindo Medan, 2021

From employee attendance data during the pandemic, employees have a total absenteeism of 2.74% for absenteeism and 6.63% for lateness. The number of absences and delays that occur shows that employees have not had a good performance in working in the company.

In the organizational culture that is carried out in carrying out work based on the results of interviews with employees and leaders in the company, it is still found that employees are less able to work optimally because of the company culture in pandemic era that provides the amount of work that exceeds the employee's working time so that the work is not completed on time and errors are found. in work caused by employees doing a large amount of work and employees

being less conscientious in their work. The company culture that provides work outside of the employee's working hours makes it difficult for employees to work optimally in carrying out their work. The following is data from a table in a comparison of organizational culture before the pandemic and after the pandemic.

**Table 1.3**  
**Company Culture at PT Tani Perkasa Kimindo Medan**

<b>Company Culture Before the Pandemic</b>	<b>Corporate Culture After the Pandemic</b>	<b>Strengths</b>	<b>Weaknesses</b>
Working from the Company	Work from Home	Employees can work more flexibly	Lack of control over employees
Conducting meetings with co-workers directly	Conducting Meetings Online	Ease of conducting online meetings	Difficulty in communication among coworkers
Report works directly to management	Report work from WhatsApp or email	Ease of reporting work results	Reporting of work results is not timely
Working Hours and Entry Hours follow the provisions of the company	Working hours are longer than normal working hours in general	Employees can perform tasks remotely	Working hours to work from home are getting longer
Normal number of jobs	The amount of work is readjusted between coworkers who enter the office and those who work from home	Work can be completed even through work from home	More work than usual

Source: PT Tani Perkasa Kimindo Medan, 2021

From the corporate culture before and after the pandemic, the company has a significant cultural difference during this pandemic in accordance with the provisions made by the government. The implementation of the new culture also has advantages for employees as well as disadvantages in various ways that have never happened before. With the new organizational culture, the work results of employees will also be different from before and have an impact on the performance of employees in carrying out their work.

Adjusting these various needs, especially in dealing with the various impacts that arise due to the COVID-19 pandemic such as vulnerability for elderly workers, it is very important for a leader to apply a transformational leadership

pattern. When leaders become aware of a crisis such as a pandemic, they can begin to think about how to respond to the event. However, they are not able to respond as in a normal emergency where actions are usually taken according to a pre-arranged plan. In a crisis where there is a lot of unfamiliarity and uncertainty, major adjustments need to be made to respond effectively. Responses can be broad, not only temporary measures (for example, the implementation of a “work from home” policy, but also adjustments to existing business practices (such as implementing new tools or ways to help the collaboration process), which can be useful to keep the business running. even after the crisis has passed, what leaders need when a crisis occurs is not a pre-planned response but a behavior and mindset that can prevent overreaction to the crisis and how to deal with the challenges ahead.

This company has two highest leaders, the director whose name is Mrs. Lina and manager whose name is Mr. Harlin, for this research, the discussion of transformational leadership would be focused on Mrs. Lina because she has the most quality for a transformational leader, although Mr. Harlin also has it but it is not standing out.

The writer decides to conduct research with the title “**The Influence of Organizational Culture and Transformational Leadership on Employee Performance at PT Tani Perkasa Kimindo Medan**”. The writer has personal interest in doing the research to know the importance of organizational culture and application of transformational leadership in affecting the employee performance, and to decide whether the current organizational culture and leadership style is already right for the company, and to know how strong the relation of

organizational culture and transformational leadership toward affecting the employee performance.

## **1.2 Problem Limitation**

In this study, it will limit the problem of employee performance at PT Tani Perkasa Kimindo Medan and the application of organizational culture in which employees are given jobs beyond working hours and transformational leadership in companies that are less close to employees who work in the company.

The indicator for transformational leadership is using from Yukl in Muhammad (2016) which is: charism, ideal influence, inspiration, intellectual stimulation, and individualized attention. The indicator for organizational culture is used from Afandi (2016) which is about: implementation of norms, implementation of values, faith and philosophy, implementation of code ethics and implementation of ceremony. The indicators for employee performance are from Kawiana (2020) which are about: morale, quality of work, featured products, success, accountability.

## **1.3 Problem Formulation**

To analyze whether organizational culture and transformational leadership influence the employee performance at PT Tani Perkasa Kimindo Medan. Therefore, the writer formulates some research questions:

- a. How is the organization culture at PT Tani Perkasa Kimindo Medan?
- b. How is transformational leadership from Mrs. Lina at PT Tani Perkasa Kimindo Medan?



- c. How is the employees' performance at PT Tani Perkasa Kimindo Medan?
- d. Does organization culture have partial influence on employees' performance at PT Tani Perkasa Kimindo Medan?
- e. Does transformational leadership have partial influence on employees' performance at PT Tani Perkasa Kimindo Medan?
- f. Do organization culture and transformational leadership have simultaneous effect on employees' performance at PT Tani Perkasa Kimindo Medan?

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

The objectives of this research are to determine the effect of organization and transformational leadership on employees' performance at PT Tani Perkasa Kimindo Medan.

- a. To describe the organization culture at PT Tani Perkasa Kimindo Medan.
- b. To describe transformational leadership at PT Tani Perkasa Kimindo Medan.
- c. To evaluate the employees' performance at PT Tani Perkasa Kimindo Medan.
- d. To analyze whether organization culture has partial influence on employees' performance at PT Tani Perkasa Kimindo Medan.
- e. To explain whether transformational leadership has partial influence on employees' performance at PT Tani Perkasa Kimindo Medan.

- f. To investigate whether organization culture and transformational leadership have simultaneous effect on employees' performance at PT Tani Perkasa Kimindo Medan.

## **1.5 Benefit of the Research**

Benefits of this research can be listed as follow:

### **1.5.1 Theoretical Benefits**

By doing this research, theoretically, the writer hope it can give a better understanding on what company need to do in boosting the employee performance, also get to know the effect of organization culture and transformational leadership on employees' performance, and the result is expected to contribute to the relevant existing theories.

### **1.5.2 Practical Benefits**

The practical benefit of this research is as follow:

- a. For the writer, this research is expected to increase and deepen knowledge insights in the field of management in relationship with the effect of organization culture and transformational leadership on employees' performance and can practice it in the world of work.
- b. For other researcher, the results of this research are expected to be useful as a comparison and input and consideration materials to conduct research in the future.
- c. For Universitas Pelita Harapan, as reference material and additional data to conduct further research related to management study program.

- d. For PT Tani Perkasa Kimindo Medan, the results of this research are expected to be useful as reference and comparison materials as well as consideration materials in improving employee performance in the future.
- e. For others, this research can provide input in human resource management and provide input on how big the effect of training and compensation in improving employees' performance.

