

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

Human resource management is an essential component of success in vigorous industrialization. Due to the substantial number of employees, a company should think about how to make optimal and to achieve maximum employee performance. The primary objectives of a company with optimum employee performance is to obtain desirable work productivity. Therefore, the effectiveness of the objectives determined by the company is very dependent on the quality of human resources it is owned (Akbar et al., 2022). This statement is supported by Waskito et al. (2022) where companies are required to have the ability to compete and have more advantages than competitors, so in a company, effectiveness and efficiency are needed to survive in the competition. The company continues to try to increase the potential of employees in various ways to be able to keep up with globalization to support success. This method is expected to increase the output produced by employees so that the company is able to achieve the desired standard. As also cited in the study of Beno et al. (2019), in order to achieve the company's goals, it can be implemented if it is supported by human resources that demonstrate high work performance. To achieve this, the company must be able to create conditions that can encourage and enable employees to develop and improve their abilities and skills optimally.

Therefore, Leonard (2019) explained that employee performance has a very important role for the success of the company as a whole by knowing employee performance, being able to see and determine strengths, weaknesses, and potential managerial gaps in the organization. Performance is generally what indicates how much employees play a role as part of the industry, it includes the quality and quantity of work done, speed of delivery, attendance, and cohesiveness (Asbari, 2020).

In order to create high performance, it is necessary for an organization to increase optimal work of the employees and be able to utilize the potential of human resources possessed by employees to help realize organizational goals, so that they will make a positive contribution to the organizational development. In addition, organizations need to pay attention to various factors that can affect employee performance, in this case it is necessary to have an organizational role in creating a conducive work environment and increase their motivation to encourage the creation of professional attitudes and actions in completing work in accordance with their respective fields and responsibilities (Sembiring, 2020).

Working environment with adequate facilities and infrastructure as well as harmonious working relations between fellow employees and superiors will create a comfortable and conducive work environment. Meanwhile, if the working environment conditions do not support the needs of employees, it can result in employees having difficulty concentrating and working relationships that are not harmonious, which results in a decrease in employee performance. (Sinambela, 2018). Research conducted by Kevin et al. (2019) and Hasyim et al. (2021) examine

variables that influence employee performance and come out with the result that one of the variables, which is work environment shows to be significantly influence employee performance. Where if there is any increase or improvement in work environment, it will also increase the performance of the employees in the organization.

Besides work environment factor, work motivation to encourage employees to get enthusiasm and inspiration to work hard is also important in improving employee performance (Yanuari, 2019). As by Khoeriyah et al (2019), motivation is a factor that encourages a person to carry out a certain activity, therefore motivation is often interpreted as a driving factor for one's behaviour. Every activity carried out by a person should have a factor that drives the activity. Following the study by Mulyadi et al. (2021) and Susanto (2019) found that work motivation has a positive and significant influence towards employee performance, where also stated that the better the motivation of the employees in an organization will help increasing the performance of employees positively as well.

Whilst there have been many studies that found that work environment and work motivation can have a significant influence towards employee performance, nevertheless, there are still many researchers that found inconsistent and contrasts findings regarding the studied variables. Among of the studies were done by Dewi (2019) dan Siagian & Pranoto (2019) which found that work environment has no significant influence towards employee performance. In addition, Mona et al. (2022) come out with the result that showing work motivation not significantly influence employee performance.

Current research was conducted at PT. Anugerah Cahaya Putih that is located in Dusun II Cempedak Lobang, Serdang Bedagai regency, North Sumatera. PT. Anugerah Cahaya Putih is a company engaged in agribusiness that focus on the business in processing cassava into tapioca flour, which the company also in collaboration with MSME entrepreneurs around the Serdang Bedagai Regency in all business sectors. Apart from collaborating and synergizing with MSME's, PT. Anugerah Cahaya Putih also collaborates and synergizing with entrepreneurs so that the products produced by the company can be sold both locally and for export. Therefore, the performance of employees and the resulting productivity is one of the important points that is always prioritized in each period because the company always tries its best to be able to produce the products demanded by business partners and MSME's entrepreneurs on time, according to the quantity and quality that must always meet the desirable standard. Pre-survey has been done by writer back in early January of 2023 at PT. Anugerah Cahaya Putih and from the results of the observations in the relating field, it is indicated some phenomenon that catch the interest of the writer to make a deeper research and understanding of the problem, which is first regarding the work environment that is not perfectly adequate for workers to feel comfortable in the workplace. This is based on the pre-survey that was distributed to 20 employees at PT. Anugerah Cahaya Putih which will be presented below, writer found that the work environment in PT. Anugerah Cahaya Putih is not in accordance with the wishes of the employees that are caused by some facilities and infrastructures that are not well maintained and some not in a good condition that resulting in employees feeling uncomfortable at work.

**Table 1. 1 Pre-Survey Data Regarding Work Environment at PT. Anugerah Cahaya Putih**

No.	Statement	Yes	No
1	The lighting fixtures in my workplace are adequate	11	9
2	The air temperature in this room makes me feel comfortable to work productively	12	8
3	The noise in this place makes me feel comfortable to be actively working	14	6
4	I get security guarantees at work, both inside or outside the work environment	11	9

Source: Pre-Survey at PT. Anugerah Cahaya Putih Data Analyzed by Writer (2023)

Based on the table above, it shows that from several aspects, both equipment, room conditions, comfort in carrying out work and security guarantees, it shows that there are still problems that must be fixed by the company. The problems that occur in the work environment are inadequate lighting and minimum safety guarantees, so that employees feel the work environment at PT. Anugerah Cahaya Putih are not comfortable, especially when the weather is not too bright, and they also feel insecure because employees often lose things. As a result of frequent loss of personal goods, employees feel uncomfortable in doing their jobs, and ultimately have an impact on their employee performance.

Another phenomenon that was found by writer at the related subject is the lack of work motivation of the employees. They don't seem to be very excited or passionate about their work which can be seen on the attendance rate of the employees at PT. Anugerah Cahaya Putih which means there is a decrease in work discipline as a reflection of the low work motivation of employees with their job, as shown on the table below.

**Table 1. 2 Average of Total Employee Attendance**

Month	Total Employees	Total Work Days	Total Absent	Total Attendance (Average)	Percentage
January	54	23	8	53,6	99,2%
February	54	22	2	53,9	99,8%
March	54	26	5	53,8	99,6%
April	54	23	18	53,2	98,5%
May	54	21	11	53,4	98,8%
June	54	25	6	53,7	99,4%
July	54	24	9	53,6	99,2%
August	54	26	16	53,3	98,7%
September	54	26	18	53,3	98,7%
October	54	25	22	53,1	98,3%
November	54	26	27	52,9	97,9%
December	54	23	33	52,5	97,2%

Source: PT. Anugerah Cahaya Putih (2022)

According to Table 1.2 which showing the average of total employee attendance at PT. Anugerah Cahaya Putih from January to December of 2022 were decreased. Even though the decreasing was not so significant which is still 95% above, but as accordance to the company which operating in the processing of cassava into tapioca flour, they depend a lot on the human resource to reach a maximum target productivity every month. The increasing of employee absenteeism may be caused by the lack of motivation of the employees to work. In addition, as per writer's pre-survey on the related subject, writer found that employees often come late in the morning to work. As per business operation was begin at 9AM until 4PM, many employees are discipline to come before 9AM, but there are also many employees that come later than 9AM which is considered as late comers. Data above present that employees may be not have the motivation or

desire to pursue a better work achievement, they just come to work to fulfil their daily routines as employees working in the company and not to pursue any work achievements.

The following table shows the sales data of PT. Anugerah Cahaya Putih which presented how well the performance of the employees working in the related object.

**Table 1. 3 Sales Data PT. Anugerah Cahaya Putih**

No.	Month	Sales Target 2022	Sales 2022	Total Percentage of Sales
1	July	4,000	3,710	92,75%
2	August	4,000	3,740	93,5%
3	September	4,000	3,820	95,5%
4	October	4,000	3,780	94,5%
5	November	4,000	3,695	92,3%
6	December	4,000	3,580	89,5%

Source: PT. Anugerah Cahaya Putih (2023)

Based on Table 1.3 above, it can be seen that the sales that has been targeted by PT. Anugerah Cahaya Putih every month is 4,000 (in tons), however, it shows that the real sales were fluctuate unpredictably, it increases in some months but somehow decrease significantly during the past 3 months at the end of 2022. Data presented above shows that the performance of the employees decreases during the last three months at PT. Anugerah Cahaya Putih which is during October to December. Only the sales of September that satisfy the target that has been determined by the company which reach the minimum of 95%, but also not as maximum as the expected target.

However, a deeper research needs to be done with purpose to prove whether the variables of work environment and work motivation can contribute or not to

improve employee performance since there are still gaps within the theory and facts from previous studies. Hence, the current research will be done in order to fill the gap between the previous studies and also to fill the writer's interest about the phenomenon that occur in the object of this study which is PT. Anugerah Cahaya Putih in regard to the variables of this study.

Accordingly, as based on the background of the study above, the writer will conduct in-dept understanding research with the title as follows **“The Effect of Work Environment and Work Motivation on Employee Performance at PT. Anugerah Cahaya Putih”**

## **1.2 Problem Limitation**

Based on the research background that has been explained previously, the scope of this research should be limited with the purpose to focusing the research on the number of variables that have been identified. The writer will collect and gather the data of this research by distributing questionnaires to the employees of PT. Anugerah Cahaya Putih that are working in the field of processing cassava into tapioca flour of the company, as the subject of this research starting from January 2022 to March 2023. By the reason of time limitation, this research study will be limited to “Work Environment” with five indicators including lighting, air circulation, security, work rules and employee relations. Also, “Work Motivation” as the independent variables (X) with the indicators including physical needs, need for security, social needs, needs for appreciation and need for encouragement to

achieve goals, while “Employee Performance” become the dependent variables (Y) with the indicators consisting of quality, quantity, timeliness, effectiveness and organizational commitment at PT. Anugerah Cahaya Putih

### **1.3 Problem Formulation**

As the writer’s objective is to identify the effect of Work Environment and Work Motivation on Employee Performance, so there are several problem formulations to be answered as follows:

1. Does Work Environment partially influence Employee Performance at PT. Anugerah Cahaya Putih?
2. Does Work Motivation partially influence Employee Performance at PT. Anugerah Cahaya Putih?
3. Do Work Environment and Work Motivation simultaneously influence Employee Performance at PT. Anugerah Cahaya Putih?

### **1.4 Objective of Research**

There are some objectives of the research to solve the problem which by follows:

1. To Identify the effect of Work Environment on Employee Performance at PT. Anugerah Cahaya Putih

2. To Identify the effect of Work Motivation on Employee Performance at PT. Anugerah Cahaya Putih
3. To Identify the simultaneous effect of Work Environment and Work Motivation on Employee Performance at PT. Anugerah Cahaya Putih

## **1.5 Benefit of the Research**

### **1.5.1 Theoretical Benefit**

To develop the understanding and provide information towards the impact of Work Environment and Work Motivation as the independent variables on Employee Performance as the dependent variable

### **1.5.2 Practical Benefit**

The practical benefit of this research is as follows:

1. For the writer, to get knowledges of the influence of Work Environment and Work Motivation on Employee Performance
2. For the Company, to get a better understanding and can adopt or take advantages of the result of this research to improve the Work Environment and enhancing Work Motivation to have a better Employee Performance
3. For other research, this research study can be used as reference of information and sources in doing research related to Work Environment, Work Motivation, and Employee Performance