

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

The human resources department plays a critical role in ensuring employees are engaged, fulfilled, and performing to the best of their abilities. No matter the organization's industry or size, a dedicated human resources staffer or department is key to ensuring its employees often called a business's greatest asset are thriving (Lasmahadi, 2018).

Kaswan (2019), argues that loyalty employees have a positive impact on growth company. The creation of high employee loyalty is the expectation of the company. The company will treat employees not only as its assets but also as partners in achieving common goals. Loyalty can be seen from the willingness of employees to excel, work in the company for a long period of time, until retirement, a sense of responsibility in completing tasks, and employees are expected to have high discipline.

Job Satisfaction is the extent to which a person's needs are met in a job (Togia, et al, 2004).The importance of employee job satisfaction has an impact on the results of the work of more qualified employees and the attitude and actions of employees who are enthusiastic in work (Kaswan. 2020).

Human resources are the driving force of creativity and innovation in a company which will increase the reputation and profit of the company in the long term. With good cooperation, salaries affect the satisfaction of each employee.

Besides, the success of a company in achieving optimal targets is determined by how big the company is to continue to change and survive in the competition (Hasibuan, 2018). In this continuous competition, companies can have an advantage if they produce goods or services that can meet expectations and satisfy their customers, in this case the authors conducted research on CV Medan Jaya, Medan and also a family business company that was established on 2001, was founded by Mr. Sumardi as CEO of CV Medan Jaya, Medan.

In this case, one of the main competitive companies is CV Medan Jaya, Medan is CV Sumatera Jaya in Medan. One of the reasons CV Sumatera Jaya in Medan is said to be the main competitor because the company produces the same distribution sparepart.

**Table 1. 1 Comparison of CV Medan Jaya, Medan and CV Sumatera Jaya in Medan**

	<b>CV Medan Jaya, Medan</b>	<b>CV Sumatera Jaya in Medan</b>
Since	1996	2003
Production Type	Sparepart	Sparepart
Managing Director	Mr Apillo	Mr Muhammad Jaya
Vision	To be the best and most complete spare parts trading company professionally managed.	Being a reliable partner of spare parts companies that are able to provide complete spare parts, with the best quality and price
Mission	Always provide the best service for consumers and strive to become a Leading Provider of truck and heavy equipment parts. Provide complete, quality parts and good after-sales service by implementing a transaction warranty system. Continuously develop a variety of innovative products and services to serve and satisfy all our stakeholders. Make every effort to become an integrated company with leading standards in Corporate Social Responsibility.	Helping customers meet the needs of spare parts with exceptional service, providing heavy equipment repair solutions with the support of experts in their fields.

Sources: CV Medan Jaya, Medan and CV Sumatera Jaya in Medan (2023)

CV Medan Jaya and CV Sumatera Jaya in Medan have the same company field only for the year established CV Medan Jaya, Medan in Medan is superior in 1996.

CV Medan Jaya in Medan also experienced a decline in employee loyalty. This is reflected in the many employees who opt out of the company. The following data of employees resign of CV Medan Jaya that:

**Table 1. 2 List Yearly of In and Out Employees CV Medan Jaya in Medan**

<b>Year</b>	<b>Out</b>	<b>In</b>	<b>Total Each Year</b>
2019	3 People	2 People	39 People
2020	5 People	3 People	37 People
2021	3 People	3 People	37 People
2022	6 People	4 People	35 People

Source: CV Medan Jaya in Medan (2023)

Based on the table 1.2 above, it can be seen that the employees of CV Medan Jaya in 2019 amounted 39 employees, but in 2020, employees at CV Medan Jaya decreased to 37 employees, then in the following year, the company experienced a decrease in employees by 2 people. Some reasons to resign more because employees want to find better job opportunities at other companies.

From the data above, it can be seen that the decrease in the number of employee loyalty is due to the increasing number of employees leaving on personal initiatives, not because of layoffs from the company. It is important to know the factors that influence employee loyalty at CV Medan Jaya. As a result, variables that have significant influence in developing employee loyalty in CV Medan Jaya will be examined from workers who still maintain in the company, specifically as many as 35 employees.

The importance of job loyalty for companies is to encourage productivity, improve the company's image, accelerate production, part of the company's growth

plan, many people are interested in working for the company (Hasibuan, 2018). The importance of employee loyalty on results company performance, at CV Medan Jaya the company already increased their attention to business while always maintain their transparency and prioritize employee recognition in order to maintain employee loyalty and satisfaction against the company.

Job Loyalty is the willingness of employees to participate in achieving organizational goals through ability, skills, thoughts, and time and keep organizational secrets and do not take actions that harm the organization as long as the person is still an employee (Sudimin, 2018). For example, every employee who works at CV Medan Jaya really intends to keep working at CV Medan Jaya so that they are less interested in looking for other jobs outside (HRD CV Medan Jaya, 2023).

Employee satisfaction is an important variable that is able to give an opinion about general emotion and thinking forms of employees about their job and workplace. Thus, employee satisfaction refers to expectations of the employee about the workplace and his attitudes forward his job. As a result, job satisfaction is a function of the extent to which one's needs are satisfied in a job (Togia et al., 2018). Job satisfaction is very important for employees to stay happy and also give their best level. Satisfied employees are those who are very loyal to their organization and stick to it even in the worst case scenario employees do not work because of any coercion but because employees dream of taking their organization to a new level. Employees must be passionate about their work and passion comes only when employees are satisfied with their job and the organization as a

whole. Employee satisfaction leads to a positive atmosphere in the workplace. People rarely sleep or complain and concentrate more on their work (Hamali, 2018).

Job satisfaction is the effective direction towards desired results. Job satisfaction is the level of pleasure felt by someone for their role or work in the organization. (Hasibuan, 2018). For example, at CV Medan Jaya can be seen in the spirit of employee who always satisfied when work hard and doing every job (HRD CV Medan Jaya, 2022).

Empowerment is the intrinsic motivation and self-efficacy of people affected by leadership behavior, job characteristics, organizational structure, and their own needs and values (Supriyanto, 2019). For example, at CV Medan Jaya, Employees feel that they are involved in decision-making when working meetings and empowerment programs are carried out in accordance with the employee's position.. (HRD CV Medan Jaya, 2023).

Working conditions are everything around employees that can have an effect on carrying out tasks that have been charged by the company (Tulus, 2018). For example, at CV Medan Jaya, employees feel the division of labor in accordance with the position so that employees carry out the job well, supported nyman working environment where between employees have a harmonious relationship, leaders who do not put too much pressure in the work. (HRD CV Medan Jaya, 2023)

Rewards implies that when a reward is offered after a behavior occurs the probability of that behavior occurring again increases (Pavlov and Skinner, 2016)

For example, at CV Medan Jaya, Employees receive salaries in accordance with their work so that in terms of compensation employees are very satisfied, each year has a salary increase so that employees feel the spirit of work and the provision of incentives to employees when achieving work targets and the purchase of THR (HRD CV Medan Jaya, 2023)

Team Work is the process of working in a group that must have an attitude of responsibility, communication intensive, task-focused, and responsive to achieve organizational goals. (Arifin, 2018).

For example, at CV Medan Jaya, Employees feel able to work well together because they have a good relationship with colleagues, low work conflict and employees help each other in overcoming work problems (HRD CV Medan Jaya, 2023)

Training is the process of teaching skills that a new employee needs to do his job (Dessler, 2016). For example, at CV Medan Jaya, employees feel job training facilities that are related to work and as needed so that employees are helped and can develop. (HRD CV Medan Jaya, 2023)

Based on the explanation above, the writer decides to conduct a research entitled **“The Influence of Empowerment, Working Condition, Reward, Teamwork and Training towards Job Satisfaction and Job Loyalty on CV Medan Jaya, Medan”**.

## 1.2 Problem Limitation

Based on the background described above, the authors need to limit the problem with the aim that the discussion of the problem is not too broad.

This research will focus on:

1. The research will focus on several variables including empowerment, working condition, reward, teamwork, training, job satisfaction and job loyalty.
2. The Data of this research is gathered from CV Medan Jaya located at Jalan Sutrisno No 47 Medan.
3. Subjects of research on all employees who work at CV Medan Jaya in Medan from all parts.
4. The population in this study were women and men domiciled in Medan, aged 18 to 60 years, who worked more than 1 year and totaled 35 employees (including permanent employees) from all divisions at CV Medan Jaya, Medan.

## 1.3 Problem Formulation

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

1. Does empowerment have a significant influence on job satisfaction at P CV Medan Jaya, Medan?
2. Does the working condition have a significant influence on job satisfaction at CV Medan Jaya, Medan?
3. Does the reward have a significant influence on job satisfaction at CV Medan Jaya, Medan?

4. Does the teamwork have a significant influence on job satisfaction at CV Medan Jaya, Medan?
5. Does the training have a significant influence on job satisfaction at CV Medan Jaya, Medan?
6. Does job satisfaction have a significant influence on job loyalty at CV Medan Jaya, Medan?

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

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

1. To determine the influence of empowerment on job satisfaction at CV Medan Jaya, Medan.
2. To determine the influence of working condition on job satisfaction at CV Medan Jaya, Medan.
3. To determine the influence of reward on job satisfaction at CV Medan Jaya, Medan.
4. To determine the influence of teamwork on job satisfaction at CV Medan Jaya, Medan.
5. To determine the influence of training on job satisfaction at CV Medan Jaya, Medan.
6. To determine the influence of the job satisfaction on job loyalty at CV Medan Jaya, Medan.

#### **1.5 Benefit of the Research**

This research can give benefits both theoretically and practically.

### **1.5.1 Theoretical Benefit**

The theoretical benefits from the results of this study can be used as additional information and as a reference to carry out further research related to empowerment, working condition, reward teamwork and training towards job satisfaction and loyalty.

### **1.5.2 Practical Benefit**

The practical benefits on this research are:

1. CV Medan Jaya, Medan is expected to provide additional information and as material for consideration in making decisions related to human resources and performance appraisal of employee satisfaction and loyalty, so that in the future the results of this research can help CV Medan Jaya, Medan, especially in the HRD section to become a company which has employees with high levels of satisfaction and loyalty.
2. The author is expected to be able to increase knowledge about HR with the aim that it will be useful when he comes to the world of work later by applying the knowledge of HR that has been obtained in college.
3. For the Faculty of Management, Pelita Harapan University, Medan, the results of this study can be used as library material and add references for students and younger generations at the Faculty of Economics, Pelita Harapan University.
4. For other parties, the results of this study are expected to be knowledge for readers and can be a consideration for companies that are facing the same problem.