

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Human resources are very important even cannot be released from an organization or company because it is the key to the success and development of the organization or company. Human resources in the form of human employed as movers, implementers, and planning in all organizational activities or company. Therefore, human resources must be managed in such a way so effective and effective in achieving the mission and goals of the organization (Andronicus and Lim, 2020).

Performance is the result of work in quality and quantity that has been achieved by an employee in developing his duties in accordance with the responsibilities that have been assigned to him. What is meant by quality here is seen in terms of cleanliness, smoothness and accuracy in carrying out his duties and work. Meanwhile, what is meant by quantity is seen from the large number of jobs that must be completed by the employee (Alfiah and Riyanto, 2019).

The success of an organization or company is greatly influenced by the individual performance of its employees. Every organization or company will always strive to improve employee performance, in the hope that the company's goal will be achieved. Therefore, the company always improves employee performance by providing motivation, commitment, and high discipline

at work. Employee performance will run effectively and efficiently if supported by motivation (Ackah, 2018).

Motivation to work is very important for the high and low performance of employees. Organization. Then without the motivation of the employees to work together for the benefit of the organization then the goals that have been set will not be achieved. Conversely, if there is a high motivation of employees, then this is a guarantee of success organization in achieving its goals (As'ad and Masruhi, 2020).

The provision of appropriate incentives and a good way of working so that in the future, the organizational work process can run according to the purpose organization. Incentive is a gift money outside the salary made by the leader of the organization in recognition of employee performance to the company. When the incentive is given the company is right, then the incentives provided will improve employee performance (Aluko, 2019).

PT. Putra Baja Deli was founded in 2004. As relatively new player, PT. Putra Baja Deli are in advantage position to choose the latest and the most efficient technology, hence increasing our competitiveness as well as our ability to produce highest quality steel products the world class steel iron bar with price and quality competitiveness.

Based on interviews and observations conducted at the beginning of the study in PT Putra Baja Deli there is a decrease in employee performance as seen from the number of resignation data at PT Putra Baja Deli.

**Table 1. 1 Tardines Data of PT Putra Baja Deli (2022)**

<b>Month</b>	<b>Total Tardiness</b>	<b>Total Employaa</b>
January	48	138 Employee
February	54	138 Employee
March	34	138 Employee
April	41	138 Employee
May	39	138 Employee
June	48	138 Employee
July	54	138 Employee
August	36	138 Employee
September	39	138 Employee
October	49	138 Employee
November	58	138 Employee
December	64	138 Employee

Sources: Prepared by the Writer (PT Putra Baja Deli, 2023)

Table 1.1 shows that this increase in attendance resulted in suboptimal performance which caused the work to be carried out not on time. This delay reflects the employee does not have good time discipline. This employee delay triggers the work of employees who are neglected due to morning work meetings so that sometimes the need for data or reports cannot be met because employees who have not come to the company

Based on interviews conducted that the decline in employee motivation in the company. Employees still consider that the lack of motivation is given related to compensation in the form of promotion opportunities that are fair to all employees, salary increases, division of labor that is still unclear so that it triggers work laziness. In addition, low work motivation is caused by the head of the division of labor who does not give awards to employees who work by achieving work targets in the form of praise and office facilities. This work motivation phenomenon encourages some employees to choose to resign from the company which can be seen in Table 1.2, namely.

**Table 1. 2 Resign Data of PT Putra Baja Deli (2022)**

Month	Total	Description
January	1	1. No salary increases throughout 2022.
February	0	
March	0	2. The work environment is less harmonious so that the high level of job competition triggers work conflicts.
April	3	
May	0	
June	0	3. Discrimination occurs.
July	5	
August	3	4. Unfair promotion system
September	1	
October	1	5. Lack of career development in this company
November	4	
December	2	

Sources: Prepared by the Writer (PT Putra Baja Deli, 2023)

Table 1.2 shows that low levels of work motivation result in many employees opting out of the company. The low number of employees resigned in 2022. Some of the reasons are related to salary, work environment that is less harmonious, discrimination, promotion system is less appropriate and career development.

In addition, incentives also have problems for employees. Incentives are not given on time every month, the calculation of incentives that confuse employees except the marketing division based on product sales. However, in 2022 the incentives did not increase and the rules for obtaining the amount of incentives were still less socialized by the HRD to all employees. This encourages employees to have low performance which is reflected in the execution of tasks that are not on time. In most companies, salary increases only range from 3-10% depending on employee performance. For incentives, the percentage increase range is 7% -15% from the previous incentive.

**Table 1.3 Data of Employee Performance Appraisal**

Grade	Term 1 (January-June)	Term 2 (July- December)
A	45	34
B	31	27
C	23	30
D	22	26
E	17	21

Sources: Prepared by the Writer (PT Putra Baja Deli, 2023)

Table 1.3 shows that the company is going performance assessment 2 times for 1 year. For the value of A means very good, the value of B means Good, the value of C means well enough, the value of D means less good, the value of E is less. The results of the performance assessment show that still a lot of employees who obtain a value that is less good. Aspects of the appraiser's performance regarding technical knowledge of the work, work quality, speed in completing the work, ability to adjust self, teamwork, communication, work discipline, initiative, responsibility and timeliness

Based on the above explanation, the writer decides to conduct research entitled **“The Influence of Work Motivation and Incentive due to Employee Performance at PT Putra Baja Deli”**.

## **1.2 Problem Limitation**

Due to limitation of time and budget this research focused to PT Putra Baja Deli that Work Motivation ( $X_1$ ), Incentive ( $X_2$ ) and Employee Performance ( $Y$ ). Maslow's hierarchy is as follows (Hamali, 2018) are Physiological, Safety, Social, Esteem and Self-fulfilment (self-actualization). Siagian (2019) the stated indicators of incentive are performance suitability, amount of working time, seniority, justice, qualification. Priansa (2019), the stated indicators in the performance measurement of employees are quantity of work, quality of work,

dependability, initiative, adaptability and cooperation. The division studied is the division of HRD, finance and marketing. Respondents are employees who worked at least 1 year

### **1.3 Problem Formulation**

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

1. Does Work Motivation have a partial influence on Employee Performance at PT Putra Baja Deli?
2. Does Incentive have partial influence on P Employee Performance at PT Putra Baja Deli?
3. Do Work Motivation and Incentive have simultaneous influence on Employee Performance at PT Putra Baja Deli?

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

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

1. To analyze whether Work Motivation has partial influence on Employee Performance at PT Putra Baja Deli.
2. To analyze whether Incentive have partial influence on Employee Performance at PT Putra Baja Deli.
3. To investigate whether Work Motivation and Incentive have simultaneous influence on Employee Performance at PT Putra Baja Deli.

## **1.5 Benefit of the Research**

The writer expects that this research can give benefits both theoretically and practically.

### **1.5.1 Theoretical Benefit**

The research result can be used to expand, improve and develop the relevant theories especially in the Work Motivation, Incentive and its influence on Employee Performance.

### **1.5.2 Practical Benefit**

The practical benefits on this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to Work Motivation, Incentive and Employee Performance.

For the PT Putra Baja Deli.

2. To provide useful suggestions for the company in increasing Employee Performance especially improving the Work Motivation and Incentive.
3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.