

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The study aims to examine the relationship between job satisfaction and motivation on employee performance at PT Garuda Steel Berjaya. The study will use a quantitative research design to gather data from employees in the company and analyze the relationship between the variables using statistical methods. The background of the study is based on the idea that satisfied and motivated employees tend to perform better at work compared to those who are unsatisfied and demotivated.

In the workplace, job satisfaction and motivation are critical factors that determine an employee's overall performance. Job satisfaction refers to an individual's overall satisfaction with the job and their workplace, including factors such as salary, job security, and opportunities for growth and development. On the other hand, motivation refers to the drive or inner force that prompts a person to act in a particular way.

Studies have shown that job satisfaction and motivation are correlated with employee performance. Satisfied employees tend to be more productive, engaged, and committed to their work, leading to improved performance. Similarly, motivated employees are more likely to be proactive, take initiative, and go above and beyond in their work, resulting in higher levels of performance.

The relationship between job satisfaction, motivation, and employee performance is complex and multi-faceted. Nevertheless, understanding this relationship is crucial for organizations seeking to improve their overall performance and competitiveness. The results of this study will provide valuable insights into the factors that influence employee performance and may inform the development of effective strategies for enhancing job satisfaction and motivation in the workplace.

A study of over 1,200 employees found that those with high levels of motivation had significantly higher levels of job performance, as measured by factors such as productivity, quality of work, and customer satisfaction (Choi & Kim, 2018). A longitudinal study of over 800 employees found that job satisfaction and motivation had a lasting impact on employee performance, with those who were satisfied and motivated showing improved performance outcomes such as increased task performance and reduced absenteeism (Park & Kim, 2018).

PT Garuda Steel Berjaya is a light steel production company that currently produces light steel located in Jl. Pulau Nias Selatan IV No.189, Sampali, Kec. Percut Sei Tuan, Kabupaten Deli Serdang, Sumatera Utara 20242.

Poor work-life balance negatively impacts job satisfaction and motivation of employees. Employees at PT Garuda Steel Berjaya work from 9 a.m. to 6 p.m., from Monday to Saturday, resulting in employees having less time to be at home and spend time with their families. When employees are expected to consistently work long hours and have limited time for personal or family commitments, they

experience high levels of stress and burnout, leading to decreased job satisfaction. This can lead to decreased motivation and reduced performance levels as they are unable to give their best effort while feeling overextended and exhausted.

Inadequate training and development also affects job satisfaction and motivation. PT Garuda Steel Berjaya does not have a separate human resources department, but the duties of the human resources manager are carried out by the company manager himself. Employees who feel as though their employer is not investing in their growth and development are likely to become disengaged and less motivated. Without the necessary training and resources, employees may feel unprepared for their responsibilities, leading to decreased confidence and job satisfaction. In turn, this can lead to decreased motivation and lower quality work.

Poor management or leadership can also greatly influence job satisfaction and motivation. Managers who lack communication skills, delegate responsibilities unfairly, or do not provide clear directions can lead to confusion and frustration among employees. A lack of trust and respect for management can lead to decreased job satisfaction and motivation, as employees may feel that their contributions are not valued, and their voices are not heard. Inefficient or micromanaging leadership can also stifle creativity and innovation, leading to decreased motivation and a decrease in overall job satisfaction and performance.

PT Garuda Steel Berjaya is facing a pressing issue of underperforming revenue due to low employee performance. The company has experienced a decline in its revenue over the past two years. In 2020, the sales were at Rp 47.520.000.000,

but in 2021, the revenue dropped to Rp 44.250.000.000, and in 2022, it slightly increased to Rp 45.610.000.000 and finally in 2023 it rises a little bit more to Rp47.930.000.000. This slow growth in revenue can be attributed to the lack of motivation and job satisfaction among the employees. The company needs to address this issue urgently to increase its revenue and remain competitive in the market. Details on the achievement of annual revenue were gathered from an interview conducted with the owner of PT Garuda Steel Berjaya.

Table 1.1 Sales of PT Garuda Steel Berjaya

Year	Sales (in thousands of rupiah)	Expected (in thousands of rupiah)
2020	Rp 47.520.000	Rp 40.000.000
2021	Rp 44.250.000	Rp 48.000.000
2022	Rp 45.610.000	Rp 58.000.000
2023	Rp 47.930.000	Rp 70.000.000

Source : Prepared by the Author (2023)

Lack of work-life balance is a significant contributor to the low performance of employees at PT Garuda Steel Berjaya. Workers are expected to work 8 hour a day for 6 days a week resulting in a 48 working hours per week. They are also lacking human resources which results in several employees having to work excessive hours during the day. Many employees are consistently overburdened with an excessive workload, leading to burnout and decreased job satisfaction. The long hours and limited time for rest and personal pursuits can take a toll on an employee's mental and physical health. This, in turn, affects their ability to perform effectively on the job. The company needs to recognize the importance of a healthy work-life balance and take steps to address this issue, such as offering flexible work arrangements and encouraging time off. This can lead to an increase in employee

morale, motivation, and productivity, and ultimately improve the overall performance of the company.

Table 1.2 Working Hours at PT Garuda Steel Berjaya

Working hours at PT Garuda Steel Berjaya	Recommended working hours according to <i>Perppu No. 2 Tahun 2022</i>
48 hours per week	40 hours per week

Source : Prepared by the Author (2023)

Employees at PT Garuda Steel Berjaya often experience a lack of motivation at work due to a lack of recognition or appreciation for their work. When employees do not feel that their efforts and contributions are being acknowledged, they may become demotivated and disengaged, leading to decreased productivity and performance. This lack of recognition can also lead to a negative work environment and impact on the overall morale and well-being of employees. At PT Garuda Steel Berjaya, employee turnover rate has shown a significant increase from 2021 to 2023, with a peak in 2022, indicating a lack of employee motivation and engagement. This high turnover rate is a clear indication of the negative impact of factors such as lack of recognition or appreciation.

Table 1.3 Employee Turnover Rate

Year	Employee Turnover Rate (rounded)
2021	8%
2022	12%
2023	10%

Source : Prepared by the Author (2023)

Based on the data shown above, the author decided to conduct research on the title “The Influence of Job Satisfaction and Motivation on Employee Performance at PT Garuda Steel Berjaya”.

1.2. Problem Limitation

This research is conducted in limited time and resources; therefore, the research is limited by:

- a. The data of this research is gathered from the owner of PT Garuda Steel Berjaya located in Jl. Pulau Nias Selatan IV No.189, Sampali, Kec. Percut Sei Tuan, Kabupaten Deli Serdang, Sumatera Utara 20242.
- b. The respondents were only taken from the employees of PT Garuda Steel Berjaya.
- c. The three (3) variables used, which is:
The First variable X_1 is Job satisfaction with the indicators of Career Path, Salary, and Colleague.
The second variable X_2 is Motivation with the indicators of Extrinsic Rationale, Relational Rationale, and Intrinsic Rationale.
The Third Variable Y is Employee Performance with the indicators of Work Quantity, Quality of Work, Time Utilization, and Cooperation.

1.3. Problem Formulation

The purpose of this research is to analyze how Job Satisfaction and Motivation influence the Employee Performance at PT Garuda Steel Berjaya. This research attempts to answer these following questions:

- a. How is the quality of Job Satisfaction at PT Garuda Steel Berjaya?
- b. How is the level of Motivation at PT Garuda Steel Berjaya?
- c. How is the Employee Performance at PT Garuda Steel Berjaya?

- d. Does Job Satisfaction Influence Employee Performance at PT Garuda Steel Berjaya?
- e. Does Motivation Influence Employee Performance at PT Garuda Steel Berjaya?
- f. Do Job Satisfaction and Motivation simultaneously Influence Employee Performance at PT Garuda Steel Berjaya?

1.4. Objective of Research

The goal of this research is to understand the influence of Job Satisfaction and Motivation toward the Employee Performance at PT Garuda Steel Berjaya. After completing this research, the author hopes that the result will help PT Garuda Steel Berjaya to understand the influence of better Job Satisfaction and Motivation, allowing PT Garuda Steel Berjaya to take actions for the better future of the company. The purpose of this study is as follows:

- a. To determine the quality of Job Satisfaction at PT Garuda Steel Berjaya
- b. To determine the level of employee Motivation at PT Garuda Steel Berjaya
- c. To determine the Employee Performance at PT Garuda Steel Berjaya
- d. To analyze how Job Satisfaction influence Employee Performance at PT Garuda Steel Berjaya
- e. To analyze how Motivation influence Employee Performance at PT Garuda Steel Berjaya
- f. To analyze how Job Satisfaction and Motivation simultaneously influence Employee Performance at PT Garuda Steel Berjaya

1.5. Benefit of the Research

There are two (2) forms of benefits in this research, Theoretical Benefit and Practical Benefit.

1.5.1 Theoretical Benefit

The theoretical benefit of researching the influence of job satisfaction and motivation on employee performance at PT Garuda Steel Berjaya are as follows:

- a. Advancement of understanding about the role of job satisfaction and motivation in determining employee performance
- b. Identification of the factors affecting job satisfaction and motivation at PT Garuda Steel Berjaya
- c. Contribution to existing literature on the relationship between job satisfaction, motivation, and employee performance
- d. Development of new insights and recommendations for enhancing job satisfaction and motivation at PT Garuda Steel Berjaya to improve employee performance.

1.5.2 Practical Benefit

The practical benefits of researching the influence of job satisfaction and motivation on employee performance at PT Garuda Steel Berjaya are as follows:

- a. Improved HR practices at PT Garuda Steel Berjaya to enhance job satisfaction and motivation levels among employees.
- b. Increased employee productivity and performance through the implementation of strategies to improve job satisfaction and motivation.

- c. Improved employee retention and reduced turnover at PT Garuda Steel Berjaya by addressing the factors affecting job satisfaction and motivation.
- d. Improved organizational competitiveness and profitability through enhanced employee performance.
- e. Better decision-making by the management at PT Garuda Steel Berjaya through a better understanding of the relationship between job satisfaction, motivation, and employee performance.

