

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays, the competition between organizations in the market is very tough as the economic condition might varies from time to time. Entrepreneurs must strive for the survival of their business and avoid failure in order to achieve their business objectives. According to Allen (2015), entrepreneurs are creative people who create innovation that brings beneficial effect for customers and contributed for the growth of economics. Entrepreneurs play an important role in supporting the economy because the existence of their business creates job opportunities and reduces unemployment.

As the world revolve, the amount of new ventures and starts up will keep on growing. The phenomenon of increasingly fierce competition within organization results in every organization strives to perform better than the competitors. However, to be able to maintain their competitiveness towards their competitors, entrepreneurs and organization have to keep developing and following the changes together along with the help of the employee workforce who plan, implement and evaluate operational performance (Josephine & Harjanti, 2017). Thus, the current economy is focusing on the growth of creative economy era which the main problem for organization is not the capital but the quality of the human in producing products that are able to fulfill what market wants (Desmaryani, 2018).

According to Larasati (2018), human resource is a central factor within an organization because an organization was established based on vision, mission and objectives for human interests and the implementation of the mission is being done by human. It means that human is a strategic factor in every activity of the organization or institution. Human Resource Department might be one of the most important asset of an organization because employees who work within an organization give the biggest contribution on bringing achievement for the organization. Hence, it makes many researchers to consider Human Resource Management in formulating policies (Riniwati, 2016). Organizations might be expected to be capable in optimizing their human resource management. As the result, competent employees are needed by every organization in order to do their job correctly and accurately which could help organizations in achieving their objectives.

It is likely to be important for every organization and business owners to learn on enhancing their human resource and every factors that might affect how well their employees perform as well as monitoring the progress of the work of the employees. If managers or business owners identify what are the factors that influencing the performance, it will potentially help them to encourage the employees in doing their work because they know what is the problem that hindered employees to perform better and might take an action to solve any problem that happen to affect the performance of the employees.

On the other hand, working environment might be one of the most essential elements that could influence employees in doing and completing their tasks as it

is a place where employees do their activities every day. If an organization is able to create a positive yet comfortable working environment, probably it will help employees to increase their productivity. According to Afandi (2016), a conducive working environment will make employees to feel safe, make them work optimally yet be encouraged to finish their work and poor working environment will decrease employees' performance such as tardiness, stress, carelessness, inadvertence and low productivity.

According to Shaleh (2018), employee performance is the work of an employee during certain period which compared with various possibilities such as standards, targets or criteria that has been determined and agreed meaning that the level of employees' performance will be an indicator towards the effectivity and efficiency of an organization in achieving their goals that has been set. The performance of an individual employee will lead to the performance of collective employees which will end up affecting the performance of the organization. Thus, what employees do and how well they perform will significantly impact the outcome of the organization (Shaleh, 2018).

PT Bank Mestika Dharma Tbk as the research object is a local bank with its headquarter located at Medan, North Sumatera and is a family business that's currently in the stage of sibling partnership as the shares are owned by Halim Family (89.44%), Individuals (0.05%) and Public (10.51%). PT. Bank Mestika Dharma Tbk focuses their business in retail banking with the principal of prudential banking. PT. Bank Mestika Dharma Tbk offers various types of services in order to satisfy their customers starting from funding to lending and will always be

improving their service quality from time to time. In order for the company to be able to keep up with the quality of their services, employees must perform well in order to meet the company's expectation.

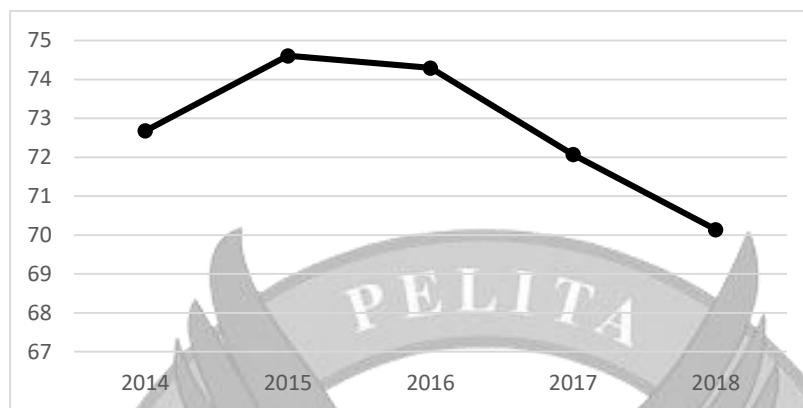


Figure 1.1 Average of Employees' Annual KPI

Source: Data Processed by the Writer (2020)

From the data above, we can see the annual data of employees' Key Performance Indicator (KPI). The evaluation is done annually to know how well employees perform each year. The scores of the KPI are given by the supervisors or managers of each department and there will be certain factors that will deduct the score such as absenteeism, tardiness and mistake done in doing the works. The data shows fluctuation on the performance of the employees from year 2014 to year 2018 meaning when employees didn't work well, it will give impact to their KPI scores. Therefore, organization should be considering factors that are affecting the employees' performance and one of the factors might be the working environment of the employees. A positive work environment might make employees feel good about coming to work and this provides the motivation to sustain them throughout the day. In the daily operation, the condition of the working environment that might be a hurdle for employees in working are piles of files messed up inside the working office, the room temperature, lighting, noises, inadequate area in the office that

limits employees' movement and the relationship between co-workers. Thus, these problems might have resulted in employees could not complete their deadline on time, negligence on their task, procrastinating the work and it might eventually make a decline in employees' performance.

Based on the phenomena stated, the writer decided to find out if working environment of a company will influence employee's performance and the writer will write the research in the form of final paper entitled **“THE INFLUENCE OF WORKING ENVIRONMENT TOWARDS EMPLOYEES' PERFORMANCE AT KANTOR PUSAT PT BANK MESTIKA DHARMA, TBK”**. This research is hoped to be able to bring positive benefit in enhancing employees' job performance so that company could achieve their objectives.

1.2 Problem Limitation

In order to be more focused on this research and the limited sources, the writer determines limitation on this study to working environment as independent variable and employees' performance as dependent variable. Moreover, the writer will as well limit the research object where the research will only take place in the headquarter office of PT Bank Mestika Dharma, Tbk.

1.3 Problem Formulation

Based on the background study above, the writer can take problem formulation as follows:

1. How is the condition of employees' working environment at Kantor Pusat PT Bank Mestika Dharma, Tbk?
2. How is the employees' performance at Kantor Pusat PT Bank Mestika Dharma, Tbk?
3. Does working environment influence employees' performance at Kantor Pusat PT Bank Mestika Dharma, Tbk?

1.4 Objective of Research

The purpose of this study is:

1. To know if the employees are comfortable with their working environment.
2. To identify how well the performance of employees.
3. To know if working environment will influence employees' performance.

1.5 Benefit of the Research

The benefit of this research will be divided into two which are:

1.5.1 Theoretical Benefit

This completion of this study is expected to give a better understanding about how a working environment of employees' surrounding will impact the employees' performance. Thus, this study is expected to be an extra knowledge for future researchers or readers who will conduct the similar topic.

1.5.2 Practical Benefit

1. For Future Researchers

This research is expected to bring additional references in learning the work environment of employees and how it influences their performance.

2. For PT. Bank Mestika Dharma Tbk

This research is expected to be a platform to give information about working environment and employees' performance at Kantor Pusat PT Bank Mestika Dharma Tbk so that it can become the concern for the leaders in making future policies.

