

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

At this time, in order to compete with competitors in gaining market share, companies must have different advantages comparing to other competing companies. For example, by having employees who are motivated to work productively. Because by having employees who have high motivation, the company can beat its competitors. However, having employees who have high motivation are only possible by applying the right human resource management concepts and techniques.

Motivation of employees is vital in any organizations to ensure high productivity, customer satisfaction and also the satisfaction of the employees themselves leading to the growth of an organization as a whole.

Work motivation is a process where the need to encourage someone to do a series of activities that lead to achieving certain goals. A goal that is successfully achieved will satisfy or fulfill those needs (Rahmadita, 2013). The more appropriate the business on giving motivation, the higher productivity the labor will show, the result will benefit both parties, companies and employees.

High employee motivation will have a positive impact on the company and will affect the creation of organizational commitment. Referring to the meaning of motivation, those people without motivation do not have high work results. In general, every company has high expectations so that its employees can improve their performance better and effectively in carrying out responsibility for

their work. The company can give awards to employees who have done the best performance for their company.

Motivation is one of the most important concepts in human resource management. Employees in an organization can perform their task well when they have the interests and enthusiasm into the work itself. Both of them will develop gradually when the employers themselves realize their obligations and responsibilities to their employees while leading, controlling or supervising them with authority as well as respect to the employees. Those employees with a good working spirit will try to perform better in their jobs while those who, while in the process, lack motivation and lose the spirit will have their performance taken a backseat.

According to Riniwati (2016, p.194):

Motivasi kerja adalah derajat kerelaan individu dalam menggunakan dan memelihara upaya untuk mencapai tujuan perusahaan. Motivasi merupakan proses yang berhubungan dengan psikologi yang mempengaruhi alokasi pekerja terhadap sumber daya yang dimiliki untuk mencapai tujuan tersebut. Motivasi berpengaruh terhadap efektivitas dan produktivitas atau dapat dikatakan motivasi meningkatkan kinerja.

It can be explained that work motivation is the degree of individuals' willingness in using and maintaining their efforts to achieve the company's goals. Motivation is a process related to psychology which affects the allocation of workers to the resources they have in order to achieve these goals. Motivation is also believed to influence work effectiveness and productivity, or, in other words, motivation improves performance.

Performance is generally interpreted as a person's success in carrying out a job. Employee performance is the result of work achieved by someone in carrying out the tasks assigned to him. Employee performance includes quality and quantity of output and reliability in work. Employees can work well if they have high

performance so they can produce good work. Performance is the real behavior displayed by employees in carrying out work and the results achieved from the work. Performance is the level of work results of employees in achieving the requirements of the work given, in other words, performance is the work of employees both in terms of quality and quantity based on work standards that have been determined.

Performance is a result of work achieved by a person in carrying out tasks assigned to those based on skills, experience of sincerity and time. Thus, human resource motivation is important. Therefore, it is necessary to know and understand things that can increase the motivation of human resource work. Three key elements in motivation include business, organizational goals and needs, meaning that individual organizations are said to have work motivation if individual behavior in their efforts meets needs, directed in accordance with organizational goals.

Based on the description above about work motivation and employee performance, this study is conducted to determine the effect of work motivation on employee performance in an organization.

PT. Alam Oil Indonesia is a company that engages in the distribution of palm oil products in Indonesia and foreign countries. It was established in 2000 and its office is located at Jalan Orion No. 57. The company has a total number of 47 employees. PT. Alam Oil Indonesia started its business in exporting palm oil products such as fatty acid, shell and kernel to few Asian countries. Since 2016, the company has also engaged itself in distributing cooking oil of both small packaging and medium-size packaging to most small towns at the outskirts of Medan.

The writer observes that the productivity level of the employees is not bad but can still be maximized. Some of the employees are said to come late to work, have longer lunch break than

necessary, etc. The table below will show the target achievement and the actual results of sale for cooking oil in year 2017.

Table 1.1 Sales of Cooking Oil in year 2017

Month	Actual Sales	Target	Percentage of achievement
January	1327	2000	66%
February	1250	2000	62%
March	1453	2000	68%
April	1367	2000	65%
May	1312	2000	71%
June	1424	2000	76%
July	1589	2000	79%
August	1532	2000	76%
September	1486	2000	74%
October	1413	2000	70%
November	1528	2000	76%
December	1504	2000	75%
Average	1432	2000	71%

Source: Internal Data of PT. Alam Oil Indonesia (2017)

Based on the table shown above, it can be seen that the productivity of employees who are in charge in selling the cooking oil has not reached its maximum level. The sales of cooking oil have never reached the target as expected by the company. The percentage of target varies from 62% at the lowest in February to 79% at the highest in July.

Although the sales of the cooking oil do not represent the level of productivity at PT. Alam Oil Indonesia, it can give a relative insight on the productivity level of the company. In those 2 years that the company engaged in the cooking oil business, the company has managed to achieve the target by 71%. Although it is not on its peak level, that number of target achievement is considerably good. A good level of sales will not be achieved without a good level of productivity especially in this era where market is competitively challenging. The

level of productivity is important and that is why there is a need to find out whether motivation is one of the factors that can greatly influence employees' productivity in order to maintain and increase their performance.

Based on this background of study, the writer is interested to conduct the research with the title as follows: **“The Impact of Motivation on Employees' Productivity in PT. Alam Oil Indonesia.”**

1.2 PROBLEM LIMITATION

Due to limitation in time and ability, the writer determines some limitation on this study into motivation as independent variable and employees' work productivity as dependent variable, while sampling is also limited only to the office employees of PT. Alam Oil Indonesia.

1.3 PROBLEM FORMULATION

Based on the background of study that has been described previously, the problem that is being discussed in this research is: “Is there any impact of motivation on employees' productivity level at PT. Alam Oil Indonesia?”

1.4 OBJECTIVE OF THE RESEARCH

The purpose of doing this research is to know whether there is an impact of motivation toward employees' productivity level at PT. Alam Oil Indonesia.

1.5 BENEFIT OF THE RESEARCH

The benefits of this study are divided into two, namely theoretical and practical.

1.5.1 THEORETICAL BENEFIT

Theoretically, to writer and reader, the result of this research is expected to be a reference or input for the development of communication science and improve the study of entrepreneurship, especially to determine the impact of motivation towards employees' productivity.

1.5.2 PRACTICAL BENEFIT

Practically, to the company, the results of this study are expected to be input for PT. Alam Oil Indonesia especially in decision making to determine company's policy, helping PT. Alam Oil Indonesia to solve its problems and increase sales. This research is also expected to assist other parties in presenting information to conduct similar researches.

1.6 SYSTEMS OF WRITING

In the system of writing, the author will briefly describe each chapter in sequence. The order of writing the chapters is to be presented as follows:

CHAPTER I : INTRODUCTION

This chapter describes the outline, the direction of purpose, and the research grounds for the authors in doing research: Background of the study, Problem limitation, Problem formulation, Objective of the research, Benefit of the research

(Theoretical and Practical benefit) and Systems of writing.

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter explains further about the theory on which the author is based, which includes Theoretical background, Previous research, Hypothesis Development, Research model and Framework of thinking.

CHAPTER III : RESEARCH METHODOLOGY

This chapter describes about Research design, Population and sample, Data collection method, Operational variable definition and variable measurement, Data analysis method.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

This chapter describes about General view of “Research Object”, Data analysis (Descriptive statistic, Result of data quality testing and Result of the hypothesis testing), Discussion.

CHAPTER V : CONCLUSION

This chapter describes about Conclusion, Implication and Recommendation.