

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Business is an activity that people do in order to earn profit or money. Business also not only take place on national boundaries, but also take place across national boundaries because in this modern era, organizations are competing globally which also known as international business. International business is known as business overseas is transactions or activity of product and services between two or more countries.

Organization that know how to use and invest their resources can improve and grow faster, that's why business can't be run by one person, it need management in order to set the strategy of an organization but the results not only depend on management's capabilities, but also on the employees because employee is one of the organization's most important resources. In order to support the organization, employee need to have a good performance which could contribute to organization growth and development to be successful. Employees' performance is one of the thing that could support it because employees' performance is how well the worker execute their jobs or tasks. The employee themselves need to know their employees' performance in order to know their actual performance which could be motivated by it and also could help them to set their goal and improve their performance. Employees' performance is one of the consequences of organization commitment, employee that is committed and loyal to their company has a high organizational commitment.

According to Samsuddin (2018) Commitment is the feeling of responsibility towards the mission of particular job. Organizational commitment is when the employees being committed to work to

achieve the organization goals which also related to employee loyalty. Organizational commitment also known as the individual's psychology towards the organization that they're working for. Organizational commitment also studies about how to improve employees' commitment to their company which will improve the level of employees' performance.

High level of organizational commitment are related to the business performance which also increased the profitability and productivity. According to (Samsuddin, 2018, p.101) the relationship between organizational commitment and employees' performance:

Komitmen organisasi berpengaruh positif dan signifikan terhadap kinerja pegawai. Interpretasi dari hasil ini adalah bahwa variasi perubahan kinerja dipengaruhi secara positif oleh komitmen, atau semakin tinggi komitmen maka akan semakin baik pula kinerja.

Above statement can be translated as Organizational commitment had a positive and significant effect on employees' performance. Interpretation of these results is that variations in performance changes are positively influenced by commitment, or the higher the commitment, then the better the performance.

In order to evaluate the impact of organizational commitment towards employees' performance, the writer decide to research PT. Astajaya Nirwighnata, Medan. PT. Astajaya Nirwighnata is an Indonesian petroleum industry equipment manufacturer company where the main products are cementing accessories and floating equipment, PT. Astajaya Nirwighnata, Medan contend the challenge to become one of most respected producers in Indonesia. This company established in 1988. PT. Astajaya Nirwighnata production site, located in Medan, North Sumatra where in this production site, manufacturing equipment and testing facility is prepared in order to produce the petroleum various equipment with a high capacity of production in order to meet the demand and need of market. Although PT. Astajaya Nirwighnata, Medan is a local company but their clients are not only in domestic but

they also got international clients which are from Egypt, Kazakhstan, Australia, Pakistan and United Arab Emirates. To fulfill their needs and demands PT. Astajaya Nirwighnata, Medan need to maintain and have a good employee performance in the company.

Recently, PT. Astajaya Nirwighnata, Medan faces problem about the performance of its employees. This can be seen from table 1.1 down below:

Table 1.1 The Total Lateness and Absence of Employees in PT. Astajaya Nirwighnata, Medan from November 2018 to April 2019.

Month	Total Lateness	Total Absence
November	9	7
December	17	13
January	15	7
February	11	15
March	19	12
April	29	15

Source: PT. Astajaya Nirwighnata, Medan (2019)

From the table above, shown the total lateness and total absence from November 2018 to April 2019 which was increasing. It showed that the employees were often come late and not present in their workplace which shows a low level of organizational commitment. Those things indicate problems about the employees' performance.

The writer also finds information by doing interview with the manager, he also mentioned that in this recent time the employees' performance has decreased which can be seen from the employees' attitude who postpone their work, come late to the work and not present in the workplace but there are also employees who have made progress in their work performance which can be seen from the employees' enthusiasm in working, discipline and full responsibility with their work.

In order to find out what is the main problem causes employees' performance. The writer also interviewed three of PT. Astajaya Nirwighnata, Medan employees. According to employee A who have worked for 5 years, said that he felt bored with the same job that was

done every day because he had worked for 5 years but did not get a promotion because there was no position he could replace and he said that his manager would give promotion to him last year but until now he was not yet promoted.

According to employee E who have worked for 3 years, said that he felt that he got more work to do rather than before but the salary that he received was not increasing as he hopes and took a long time for him to get a rise in his salary.

Meanwhile another employee H who have worked for 2 years, said that his relationship with his colleague was not close and quite stiff, even though he is not an introvert person and his personality is easy going and but still his relationship with his colleague was not good. Based on the three interviewee, it can be concluded there is some problem about their commitment in organization.

From the interviews that the writer did with managers and employees' of PT. Astajaya Nirwighnata, Medan where indicates that some employees' who are working there did not have spirit of working because there are no potential of promotion and a lot of work to do but hard to get rise in their salary so that the work results are not optimal. If this is left too long without a solution from the company, it will affect the employees' performance then if the employees' performance decreases, the company's objective will be delayed.

Therefore, in order to prove the situation, the writer will do the research in PT. Astajaya Nirwighnata, Medan with the title of **“The Impact of Organizational Commitment towards Employees' Performance at PT. Astajaya Nirwighnata, Medan”**.

1.2 Problem Limitation

Due to time and budget limitations, the writer would like to limit the research to Organizational Commitment as the independent

variable, whose personal factors, situational factors and positional factors (Samsuddin, 2018) and its relation to employees' performance as the dependent variable, whose dimensions are quality of work, promptness, initiative, capability and communication (Samsuddin, 2018) at PT. Astajaya Nirwighnata, Medan. Moreover, in this research the writer will only take back office employees as sample which is 31 employees.

1.3 Problem Formulation

The research question of this final paper is as follow: Is there any impact of organizational commitment towards employees' performance at PT. Astajaya Nirwighnata, Medan?

1.4 Objective of the Research

The following is the research objective of this paper is to identify whether there is an impact of organization commitment towards employees' performance at PT. Astajaya Nirwighnata, Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The result would gain more knowledge in academic area of a company about the Organizational Commitment and Employees' Performance.

1.5.2 Practical Benefit

- a. For the writer, the research will expand and add knowledge about the Organizational Commitment and Employees' Performance.
- b. For the company, the research will give valuable inputs to the company in improving the performance of the employee especially by improving the organizational commitment.

- c. For the researcher, the result from this research can be used as the reference for any studies on similar area.

1.6 Systems of Writing

The following is the systems of writing in this paper:

CHAPTER I: Introduction

This chapter explains about the background of the study, problem limitation, problem formulation, objective of the research, benefit of the research, theoretical benefit, practical benefit, and systems of writing.

CHAPTER II: Literature Review and Hypothesis Development

This chapter explains about the theoretical background, previous research, hypothesis development, research model and framework of thinking.

CHAPTER III: Research Methodology

This chapter explains about the research design, population and sample, data collection methods, operational variable definition and variable measurement, and data analysis method.

CHAPTER IV: Data Analysis and Discussion

This chapter explains about the general view of “research object”, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion.

CHAPTER V: Conclusion

This chapter explains about the conclusion of this research, implication, recommendation.