

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Nowadays, the globalization era affects our lives in almost every aspect, one of it is in the business sectors. Because of globalization, the business world has come to an advance with the existence of technologies. Companies who are failed to follow the technological changes, will surely fail to compete with its competitors. Globalization also tests the companies' ability to survive and win among its competitor. Many years ago, it was quite difficult to start a business, however due to technology, people can start a business wherever and whenever they want. Because of these massive competitors number, companies are forced to be more and more creative in order to outpace their competitors (Esra, 2017).

According to Ruzgar & Ulgen (2017), human resources are one of the most important aspects in a business that contributes the business' success. Human resources are managed under a department, namely human resources department to manage all of the employees' related aspects. The human resources department also needs to ensure that all of the employees can meet the company's job expectation through training or probation process. The employees are demanded to give their best performance and actively contribute to increase the company's welfare.

High performance employee will be able to carry out all of their duties and responsibilities effectively and efficiently. It is very important for a company to

have a high performing employees in order to achieve business success. However, employees are able to perform well only if they are satisfied with their job. This is why job satisfaction are one of the most essential areas to ensure the employee can consistently perform well. An unsatisfied employee will resulted in a low performing results and also high employee turnover rate in the company (Ruzgar & Ulgen, 2017).

Ezinwa et al. (2019) explained that job satisfaction is an affective, emotion or feeling whether employees are pleased with their job or not. A person with a high level of job satisfaction have a higher chance to perform better, while a person who is dissatisfied with their job will find it difficult to perform well in the workplace. Flynn, M. et al. (2017) also mentioned that job satisfaction influences organizational commitment which affects employee retention and turnover.

According to Ezinwa et al. (2019), employee performance is defined as a function of individual skill and abilities and effort in a given situation. Employee performance is also a result of work that given to the employees which measured based on the company's criteria.

As explained by Dipboye (2018, p.198), a high degree of job satisfaction could reflect a rewarding work environment that increases employee's intrinsic motivation and thereby increases performance.

CV. Sinar Permata Deli, Medan or as known as SPD Communication is a company that provides an integrated marketing solution for business partners. Their works include Media and Advertising, Creative Solution, Production Unit,

Post Production, Brand Activation and Digital Marketing. The company was established in 1989, located at Jalan Putri Merak Jingga No 17E, Medan 20111.

The company is a family-owned business, which was established by Mr. Ali Joko, the first generation owner. Currently, the second generation family is involved in the business, which is Mr. Windoko, son of Mr. Ali Joko. Mr. Windoko is currently working as a General Manager in the company, helping his father to run the family business.

After conducting an observation in the company, the author realizes that there are problems in the human resources area at CV. Sinar Permata Deli, Medan. As a service-based company, they heavily rely on the employee to serve clients. However, the owner realizes that there is a change of behavior in the employees. The task given to the employees are not finished on time and can not meet the company standard, which resulted in client's complaint. The employees tend to make a lot of mistakes in designing and handling client's social media account, so lots of revision need to be done. The employees can not meet the deadline to submit their work because of their absences and tardiness.

According to Nwobia & Aljohani (2017), the effect of job dissatisfaction are absenteeism and tardiness, lack of interest and high turnover rates. The changes of employee behaviour can be seen through the attendance data below:

Table 1.1 Employee's Attendance Data in 2018, 2019 and 2020

Year	Month	Total Number of Lateness	Total Number of Sick	Total Number of Permission
2018	January – June	11 employees	6 employees	5 employees
	July - December	15 employees	2 employees	8 employees
2019	January – June	17 employees	3 employees	10 employees

	July - December	16 employees	5 employees	11 employees
2020	January – June	40 employees	5 employees	10 employees
	July - December	54 employees	9 employees	14 employees

Source: CV. Permata Deli, Medan (2021)

The table above is the attendance data in CV. Sinar Permata Deli, Medan from 2018 to 2020. From 2018 to 2019, it can be seen that the number of lateness and permission increases, but sick rate remains stable. However, in 2020, the number of lateness increases significantly, from 35 employees in 2019 to 94 employees in 2020.

In addition, the turnover rate of CV. Sinar Permata Deli, Medan can be seen through the data below:

Table 1.2 Employee's Turnover Ratio in 2018, 2019 and 2020

Year	Total Employees' in a Year Beginning	Total Employees' Resigned in a Year	Employee Turnover Ratio
2018	45	4	8.88%
2019	45	7	15.55%
2020	44	8	19.04%

Source: CV. Permata Deli, Medan (2021)

The table above shows the employee turnover ratio in CV. Sinar Permata Deli, Medan from 2018 to 2020. From 2018 to 2019, it can be seen that the employee turnover ratio is on 8.8 percent. However, in 2020, the employee turnover ratio increases drastically, from 15.55 percent in 2019 to 19.04 percent in 2020.

In the company, the employees often complain as they are not satisfied with their job. Some of the factors are workload problems, supervisors problems, appreciation and job recognition problems and also salary and bonus.

Moreover, the author has conducted an interview with some of the employees in CV. Sinar Permata Deli, Medan. Due to some circumstances, the name of employees will remain anonymous. The first employee with “N” initial mentioned that their workload is too many. They even need to work at home after the office hours (after 5 pm and on weekend) to handle clients and can not fulfill their worklife balance. The second employee with “S” initial, explained that they do not get a job recognition about their effort of working even after they have completed their job well. The third employee with “R” initial, stated that the company can cut the employee’s salary without a clear calculation and explanation, the same goes with their bonus. Furthermore, three of the interviewees also mentioned that they are not satisfied with their job as their supervisor tend to ask them to complete multiple tasks in limited time frame, so they feel their job is a burden.

Employees that are not satisfied with their job, will be less productive in carrying their tasks and job responsibilities. It will surely affect the company success negatively. This is also because CV. Sinar Permata Deli, Medan is a service company, by which they need to deliver a consistent result to their clients. If the employee kept changing, the company will find it difficult to provide the best result to the clients.

Based on the explanation above, the author intended to conduct a research study with the title **“The Influence of Job Satisfaction towards Employee Performance at CV. Sinar Permata Deli, Medan”**

1.2 Problem Limitation

Due to the limitation of time, budget, knowledge and resources the author has, this research study will only limit and explain more about “Job Satisfaction” effect towards “Employee Performance” at CV. Sinar Permata Deli, Medan. The scope of research study is limited to job satisfaction as independent variable (X) and employee performance as dependent variable (Y).

1.3 Problem Formulation

Based on the background of study explained above, the author can formulate some research questions as follow:

1. How is the job satisfaction at CV. Sinar Permata Deli, Medan?
2. How is the employee performance at CV. Sinar Permata Deli, Medan?
3. What is the influence of job satisfaction towards employee performance at CV. Sinar Permata Deli, Medan?

1.4 Objective of the Research

The purpose of this research study can be explained as follows:

1. To analyze job satisfaction at CV. Sinar Permata Deli, Medan
2. To investigate the employee performance at CV. Sinar Permata Deli, Medan
3. To discover if job satisfaction have an effect towards employee performance at CV. Sinar Permata Deli, Medan

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

From this research study, the author can gain a deeper understanding about this topic and the research study can be useful for another researchers in understanding the influence of job satisfaction towards employee performance. Furthermore, the author also expects this research study can be used by another parties who are facing the same problematic topic in theoretical way.

1.5.2 Practical Benefit

The practical benefits of this research study can be explained as follows:

1. For the company, this research study is expected to be capable in helping CV. Sinar Permata Deli, Medan to increase their employee performance
2. For the author, the research study can be used to improve the author's understanding about job satisfaction and employee performance

For other researchers, The author also expects that this research study can help and contribute to other parties that encounter the same problematic topic. This research study is intended to help researchers in future research about these particular topic.