

CHAPTER 1

INTRODUCTION

1.1. Background of the Study

Raw material will effect on a company production. The product be will be equal with the demand of the customer and the grade of the quality. PT Bintang Terang was focusing on plastic bag producing commonly use in supermarket. Overtime also needed when there was special event like al-Fitr, Christmas and Chinese New Year. Plastic bags accounts for nearly half of all plastic waste generated globally, and much of it is thrown away within just a few minutes of its first use. When discarded in landfills or in the environment, plastic can take up to a thousand years to fully decompose. The environmental impacts of the widely used plastic bags have prompted environmental managers, researchers to clamor for use of alternative bags instead, but this seems to be contrary to the wish of plastic bag consumers. The displeasure of plastic bag consumers over alternative bags prompted this review of plastic bags and its alternatives. Many environments friendly alternatives to plastic bags exist, such as, paper bags, jute bags, bio-plastic bags which are reusable and biodegradable bags. Paper bags are environment friendly alternative to plastic bags. It has been suggested that the natural fibers of paper and its recyclability creates a positive image of the paper bags (Jalil and Mian, 2017).

Understanding how the number of hours worked impacts labor productivity is a crucial part of comprehending labor demand, and it has significant consequences for working-hour legislation and business management. The impact

of working hours on labor productivity is still largely unclear. Worker fatigue could set in after a number of hours worked, so that the marginal effect on productivity of an extra hour per worker starts decreasing (Pencavel, 2015). It's also possible that marginal productivity does not vary with working time, thus output is proportionate to the number of hours worked, if neither of these effects applies or if both cancel each other out.

Succession is a sensitive theme to be overcome. Management transition and structure are the main issues that must be discussed to ensure the longevity of family business businesses. As a result, other subjects with the possibility of family conflict are easier to overcome once they are defined. Management succession is an important moment in family business life. Succession is one issue that needs to be analyzed with an eye from the perspective of family, management, and ownership to accurately understand the point of view of the various stakeholders. The results of an organization's or investment's operations over a particular period of time are referred to as business performance. It refers to the completion of a work in terms of correctness, completeness, cost, and time, as evaluated against pre-determined recognized criteria. Business performance is a metric that measures how well a company can generate good results over time when compared to the results of competitors. As a result, an efficient firm outperforms comparable entities in terms of achieving long-term business goals. The degree to which a thing is being or has been completed is reflected in performance. Measuring an organization's total success frequently corresponds with its financial performance.

Four weaknesses in Indonesian family business, namely financial structure,

strategic planning, business risk management and succession planning, were found in a previous study. Most of the key points in the family business path was the substitution of the patriarch or succession. Not a few family companies will hold up when the transition of management collapsed. This is where the importance of early planning for the next generation lies.

PT Bintang Terang is a company engaged in plastic production sector. This company was created by Mr.Philbert in 2012, he as the director of the company and he also prepared the succession of his children to take over his company. The company provide many services. The company also recognized the increasing challenges of meeting the ever-changing and more complex customer needs. The office is located at Jalan Binjai Km.10,5Medan.

The company's performance at PT Bintang Terang has decreased. This is reflected in the decline in company sales for the last 3 years, namely 2018 to 2020. The following is the sales table of PT Bintang Terang, namely

**Table 1. 1Sales Data of PT Bintang Terang
2018-2020**

Year	Total Sales
2018	18,511,830,500
2019	16,128,697,700
2020	15,806,963,500

Sources: PT Bintang Terang, 2021

In 2018, total sales were Rp18.511.830.500 while in 2019 it decreased to Rp16.128.697.700 while in 2020 Rp15.806.963.500. In 2020, the company's performance has decreased quite significantly, this is due to the main factor of the Covid pandemic where the company has not been able to adapt to the economic system in 2020.

The quality of human resources refers to the knowledge, skills, and abilities where this is the basis that is required for a company to be able to improve employee performance. The performance itself is a result of a person during a certain period in carrying out tasks such as standard yield work, the target or targets or criteria that have been determined in advance and has agreed (Robbins, 2018). Also, Sari (2017) on “*Analisis Kualitas Sumber Daya Manusiaterhadap Kinerja Perusahaan pada PT Waskita Beton Precast,TbkBatching Plant Bandara Palembang.*”,fromthe results of this study can be that there is a strong and positive relationship between the quality of the sourcehuman resources and employee performance. Where the quality of human resources is the basis of required for a company to be able to improve the performances. Where the performance wasitself is the result of the whole person during a certain period incarry out task based on the target or the target company.

Robbins (2018), the quality of human resources refers to the knowledge, skills, and abilities where this is the basis that is required for a company to be able to improve employee performance. The performance itself is result of person overall during a certain period in carrying out tasks such as standard yield work, the target or targets or criteria that have been determined in advance and has agreed.

On the company's PT Bintang Terang decline in the quality of resources, but focus more on human resources quality. This is reflected in the number of employees has not been enabled in support of his position today as more a director without work experience, level of quality work is also decreased so that the

often error in the production and often the amount of production that cannot be achieved.

Table 1.2
Error Production PT Bintang Terang

Year	Production Error	Description
2018	5	1. Error the amount of goods the production of which exceeds booking 2. Error use of plastic material 3. The error using this type of material plastic 4. Errors in the information order code
2019	7	
2020	9	

Sources: PT Bintang Terang, 2021

In the world of work nowadays, companies have to do various ways to manage and improve employee performance in such a way that in accordance with the company's expectations. One of the examples is to maximize the process of setting up and the recording of working hours of employees so that the employee can make the clock work as one of the references in the success and the progress of the company. Prayudi (2018), hours of work not in accordance caused a decline in the spirit of the employees, if condition this is happening continuously, it will cause a work culture that does not better like lack of discipline, not want to develop themselves because there is no time, the lack of interaction among employees which lowers the level of cooperation, of course it is not good against the performance of employees and the future of the company.

Employees at this company less adhere to the rules of working hours as sometimes it comes too late so sometimes interfere with the activities of the company in particular production. In addition, the number of employees who are often negligent in the timely completion of the job is result in employees experiencing the buildup of their duties. Often employees' overtime but have the results of the work is not completed on time. Then the planning of the job

completion time less firmly given, so many employees who are negligent in completing the work on time.

Tabel 1.3
Data Collection Report 2020 PT Bintang Terang

Work Division		01	02	03	04	05	06	07	08	09	10	11	12
		The Dates Each Month											
Accounting	Target	02	02	02	02	02	02	02	02	02	02	02	02
	Realization	03	04	06	04	05	05	04	03	05	04	06	07
Marketing	Target	31	28	31	30	31	30	31	31	30	31	30	31
	Realization	01	02	02	01	03	04	31	01	03	03	02	04
HRD	Target	31	28	31	30	31	30	31	31	30	31	30	31
	Realization	02	01	04	01	01	02	03	02	02	02	04	03
Production	Target	31	28	31	30	31	30	31	31	30	31	30	31
	Realization	01	03	01	02	01	04	03	08	06	05	04	02

Source: PT Bintang Terang, 2021

From the data above, it shows in the table that age is affecting the working time and productivity in PT Bintang Terang. The workers come from 3 levels of ages. There are young, middle age and experience. The company must be able to apply the most appropriate composition of employees and working hours in order to obtain optimum results. Productivity can be seen in the data as middle age and young workers can used full time work effectively, but the younger age is a little higher in production. However, the experience age or older generation can only work 70% effectively from the full working time.

1.2. Problem Limitation

As the result of the research will be less accurate if the research is not being limited. Due to limitation of time and budget, the writer decides to conduct the research by setting up several limitations, such as:

- a. The data of this research is gathered from the head office of PT Bintang Terang located at Jalan Binjai Km.10,5Medan, Sumatera Utara, Indonesia.
- b. Due to geographical, time and cost constraints, the respondents were only

taken from the employees of PT Bintang Terang that are located in Medan, Sumatera Utara, Indonesia.

- c. The research only uses three (3) variables, which are: Employee Quality as Variable X1 (independent variable), Working Time as Variable X2 (independent variable), and Company Performance as Variable Y (dependent variable).

1.3. Problem Formulation

Analyzing how Employee Quality and Working Time impact Company Performance at PT Bintang Terang Km.10,5Medan is the intention of the research. Therefore, this research attempts to answer the following questions:

- a. Does Employee Quality affect Company Performance at PT Bintang Terang, Medan in PT Bintang Terang, Medan?
- b. Does Working Time affect Company Performance at PT Bintang Terang, Medan in PT Bintang Terang, Medan?
- c. Do Employee Quality and Working Time simultaneously affect Company Performance at PT Bintang Terang, Medan?

1.4. Objective of the Research

Understanding the important role of Employee Quality and Working Time in impacting the Company Performance at PT Bintang Terang is the main goal of this research. Upon completion of this research, it is hoped that it will result in better understanding of how Employee Quality and Working Time impacts Company Performance. Hence, the purposes of this study are:

- a. To find out how is the Employee Quality affect Company Performance at PT Bintang Terang, Medan in PT Bintang Terang, Medan.
- b. To find out how is the Working Time affect Company Performance at PT Bintang Terang, Medan in PT Bintang Terang, Medan.
- c. To determine how Employee Quality and Working Time affect Company Performance at PT Bintang Terang, Medan.

1.5. Benefit of the Research

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

1.5.1. Theoretical Benefit

As far as the educational context is concerned, the accomplishment of this research will stand as a means of extra learning about the correlation between human resources quality and working time towards company performance. As a result, it can enrich the writers understanding and improve future educational discussions of the similar topics.

1.5.2. Practical Benefit

The writer expects that this research will deliver three (3) benefits, which are as follows:

- a. For the writer, this research would improve the experience and knowledge in the relationship between Employee Quality and Working Time towards Company Performance in real-life setting.
- b. For the company, this research would serve as a foundation for improving the company's performance by integrating Employee Quality and Working

Time throughout the system

- c. For other researchers, this research would be able to stand as their references when they conduct research on similar topic.

