

Chapter I

Introduction

1.1 Background of the Study

Nowadays, the increasing human population makes the competition in the business world even tougher than before. The emergence of people who are increasingly creative also makes many ideas appear in various companies that are competing, it is undeniable that these brilliant ideas are also created by divisions within the company in order to meet the goals or targets of management. So it is also needed more and more capable human resources in terms of quality, quality is also included in the sense of being able to operate technology because it is undeniable that technology plays an important role in today's companies. According to James A. F. Stoner (2019), so that human resources can be managed in such a way, every company has a human resource management division whose tasks are to select, organize, train, motivate, control all employee activities to get maximum results.

Human Resources (HR) is one of the key factors in an organizational activity that supports the economy. According to Louis A. Allen (2018), organization is defined as the process of cooperation between a group of people to achieve a specific goal. In this collaboration, members interact and influence each other, because humans are the planners, actors, and determinants of the realization of organizational goals. The goal will not be achieved without the active role of employees even though sophisticated tools or machines are available.

According to Wesley (2017), the effectiveness and progress of the organization is determined by human resources (HR). In order for the effectiveness and progress of the organization to be achieved, it requires potential leaders and employees who have high abilities and skills. However, the organization must also be managed optimally so that the performance of human resources (HR) increases. The quality and quantity of work performed by employees has an influence on the performance of human resources (HR) in a particular organization. Performance will be considered good if it meets organizational standards and can support the achievement of organizational goals. In order to improve employee performance, the organization must strive continuously to improve the capabilities of its human resources.

According to Rahmahani (2016), when employees who work have a good performance, the process of achieving goals will run smoothly. Many factors affect the performance of human resources (HR), including leadership in organizations, organizational culture, compensation, motivation, work climate and so on. In this study, two factors that influence the performance of human resources (HR) will be discussed, namely leadership and motivation.

The first factor identified as affecting performance is leadership. According to Fahmi (2017), "Leadership is a science that comprehensive review of how to direct, influence, and supervise others to carry out tasks in accordance with planned orders. Leadership is a leader's way of directing, encouraging, and managing all elements in the organization for the achievement of goals. Based on the theory of leadership traits, one of the characteristics of a leader is having a higher intelligence

than the one being led. Leadership has a major influence on organizational progress. One of the most important factors that determine organizational success is the quality of the leader. A good leader is able to influence his employees to have confidence, optimism, and a great commitment to organizational goals. In this case, the leadership must be serious in fostering and directing all employees and prospective employees in their environment in order to improve employee performance towards organizational goals.

The second factor also identified as affecting employee performance is motivation. According to Hafidzi et al (2019) stated that motivation is the provision of a driving force that creates enthusiasm for one's work so that they are able to work together, work effectively, and with integrity with all their efforts to achieve satisfaction. Motivation is something that is the main thing that drives someone to work. According to Sedarmayanti (2017) motivation is a force that encourages a person to take an action or not which is essentially internal and externally positive or negative, work motivation is something that gives rise to work motivation / enthusiasm / encouragement to work. With regard to human resources (HR) which is the main tool in the smooth running of the organization, employees must be given motivation related to their nature, because motivation is the most important part that encourages employees to work in accordance with a predetermined process. Motivation can arouse enthusiasm so that employees can do work effectively and are integrated with all their efforts to meet individual needs and achieve organizational goals. How much work motivation also depends on the intensity of motivation given through responsibility at work, achievements, and independence

in action. But there are also motivations that influence an individual to engage in work that leads to goals as satisfaction. Employees will be moved to do all the work given while devoting themselves through all work because of the comfort and pleasure based on strong motivation.

The subject of this research is PT.Bank Mestika Dharma. Bank Mestika Dharma, or simply Bank Mestika, is a private city bank situated in Medan, Indonesia. It was founded on April 27, 1955, and so celebrates its birthday on April 27. The bank's main office is located at Jalan Kiai Haji Zainul Arifin Number. IDX: BBMD as the primary board of directors has been officially listed on the Indonesian Stock Exchange as the status of a foreign exchange bank registered as a public business at 118 Madras Hulu, Medan Polonia, Medan (the capital city of North Sumatra) since 8 July 2013. This bank expands its branch service network, which includes one branch office, twenty sub-branch offices, one cash office, and thirty ATM machines located across the city of Medan and its surrounding region (Medan City and Binjai City). *Maju Bersama Anda and Melayani Segala Jasa Perbankan Dengan Mudah dan Cepat* is the slogan and motto.

PT Mestika Benua Mas owns 89,44 percent of the shares of Bank Mestika Dharma Tbk and has a stake of 5 percent or more. According to the Company's Articles of Association, the scope of Bank Mestika Dharma's activities is to provide banking and other financial services. On January 5, 1995, Bank Indonesia approved Bank Mestika Dharma as a foreign exchange bank.

As of June 28, 2013, Bank Mestika Dharma had received an effective statement from the Financial Services Authority (OJK) to make a public offering of

430,000,000 shares of Bank Mestika Dharma with a nominal value of Rp200,-per share at an offer price of Rp1. 0.380 pence per share On July 8, 2013, these shares were listed on the Indonesian Stock Exchange (IDX). PT. Bank Mestika Dharma Tbk offers a wide range of services to its customers, from finance to loans, and they are always aiming to enhance their service quality. Employees must perform well in order to meet the firm's expectations and allow the company to maintain the quality of their services.

Table 1. 1 Indicator SKI from 2016 to 2020

Year	Indicator SKI							
	Financial Target		Customer Care		Internal Process		Learning & Growth	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
2016	Min 3.5	3.2	Min 3.5	3.0	Min 3.5	3.4	Min 3.5	3.4
2017	Min 3.5	3.4	Min 3.5	2.9	Min 3.5	3.5	Min 3.5	3.4
2018	Min 4.0	3.1	Min 4.0	3.2	Min 4.0	3.7	Min 4.0	3.8
2019	Min 4.0	3.2	Min 4.0	3.3	Min 4.0	3.7	Min 4.0	3.7
2020	Min 4.0	3.3	Min 4.0	3.3	Min 4.0	3.6	Min 4.0	3.7

Sources: Prepared by the writer (2021)

From the table above, we can see the annual data of employee's Key Performance Indicator (SKI). The scores of the SKI are given by the supervisors or managers of each department and there will be certain factors that will deduct the score such as the financial target, customer care, internal process that done in doing the works. The data shows that the performance of the employees from year 2016 to year 2020 can never be achieved meaning when employees didn't work well, it will give impact to their SKI scores. Financial targets are closely related to the company's income and expenses. Companies must be able to manage finances well so that their finances are stable, including from sales activities related to bank products such as sales of time deposits, loans, insurance, and bonds. Customer Care

is related to the way the company serves customers. In this case, every customer must be treated properly. So, they are satisfied with the services provided. The existence of good service will certainly increase customer loyalty to the bank. On the other hand, if the service is bad, consumers will definitely look for another bank that has a better system. In the internal process, the company assesses the size and synergy of each work unit. Company leaders must regularly observe how the internal conditions in the company. The abilities and expertise of each employee will result in good internal business processes. Learning and Growth related to employees which is an important element that must be maintained by the company. Because, without employees, the company's growth and development process will face many obstacles. In addition to the presence of employees, the company also needs to pay attention to what kind of work systems and procedures need to be implemented within the company. It's good if all elements are controlled and well coordinated so that there is harmony during the business.

Therefore, organization should be considering factors that are affecting the employees' performance and the factors that affecting the employees' performance might be leadership and motivation. Lack of motivation from employee could affect their performance when they're doing their job that contains reduction in productivity, decline in quality of work, increased employee absence, and high employee turnover. Leadership serves several functions crucial to the success of an organization. By inspiring and motivating teams and coordinating personal actions for the advancement of a common goal, leaders help their companies achieve excellence.

All banks certainly have human resources who work in the marketing sector and frontliners as the spearheads in serving customers. Marketing is in charge of serving customers related to bank products, such as insurance and deposits. Marketing is always required to achieve the targets set by the Bank for them. Meanwhile, the frontliners, consisting of Customer Service and Tellers, are tasked with serving cash and check transactions as well as opening accounts from customers. Recently, various banks in Indonesia have demanded that their frontliners also be able to offer products to customers while they are serving their customers. Problems arise when frontliners are not used to the demands of the Bank. This was due to various reasons, namely the lack of motivation from the frontliners. Because according to them, offering products is not their job, but is a marketing task and frontliners also do not have targets that must be met like marketing so they are not motivated to offer products. They prefer not to try to offer products to customers and stay in the zone they control. Yet if they succeed in offering a product, they will get an incentive from that target.

The success or failure of employees in work performance can be influenced by the leadership of their superiors. Communication skills in this company, leaders are less assertive and how to speak too fast so that perceptions between leaders and employees are not in line, which results in problems in achieving goals. An example of this problem is when the leader holds a meeting or discussion forum, the leader gives directions to his employees, but the intent and purpose that is conveyed from the leader to the employee cannot be understood so that there is a conflict, this is because the way the leadership is delivering it is too fast, besides that the leader is

also often heard using a foreign language which makes it difficult for employees to understand what the leadership has conveyed to employees.

Having realized on the importance of the leadership and motivation on employee performance, the writer is interested to conduct a research with the title of **“The Influence of Leadership and Motivation on Employee Performance at PT Bank Mestika Dharma Tbk, Kisaran”**

1.2 Problem Limitation

Based on the background and avoiding misunderstanding of the research being studied, the problem boundaries are needed to provide limits and directions for this discussion. The constraints that will be studied focus on the influence of leadership and motivation that have an impact on employee performance at PT. Bank Mestika Dharma, Tbk Kisaran Branch.

In order to be more focused on this research and the limited sources, the writer determines limitation on this study, as follows:

1. The data of this research is gathered from PT Bank Mestika Dharma Tbk, Kisaran located in Jalan HOS Cokroaminoto, Kisaran.
2. The respondents were only taken from employees of PT Bank Mestika Dharma Tbk, Kisaran that are located in Kisaran.
3. The research only uses three (3) variables, which are Leadership as Variable X1 (independent variable), Motivation as Variable X2 (independent variable) and Employee Performance as Variable Y (dependent variable).

1.3 Problem Formulation

- a. Does leadership influence employee performance at PT. Bank Mestika Dharma Tbk, Kisaran?
- b. Does motivation influence employee performance at PT. Bank Mestika Dharma Tbk, Kisaran?
- c. Does leadership and motivation simultaneously influence employee performance at PT. Bank Mestika Dharma Tbk, Kisaran?

1.4 Objective of the Research

- a. To discuss how leadership influence employee performance at PT Bank Mestika Dharma Tbk, Kisaran.
- b. To discuss how motivation influence employee performance at PT Bank Mestika Dharma Tbk, Kisaran.
- c. To discover how leadership and motivation simultaneously influence employee performance at PT Bank Mestika Dharma Tbk, Kisaran.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

This research is expected to provide benefits to knowledge and insight for the writer and the reader. Also expected to contribute to the development of knowledge and further research in the field of management and human resources (HR) in general. This research can be used as a reference or reference for future researchers of the same type which is useful for developing research on human resource management for the community and students.

1.5.2. Practical Benefit

- a. For writer this research is expected to expand knowledge and experience, and be able to put the theories learned in the lecture into practice in the real world.
- b. For companies, the results of this study can be used as a consideration in the decision-making process and policies that will be taken by the company, especially regarding the leadership and motivation of employees in the company.
- c. For other researchers, this research can expand knowledge and can be used as a reference in similar research and as additional information for those in need.

