

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Human resources are very important for the company or organization to manage, regulate, and harness the employees so that employees can function productively to the achievement of the goal. Human resources are one of the factors of production potential, for real. Factors of production human, not just a work physically but it will also work in thought. The optimization of the source human resources becomes the central point of attention of the organization in improving the performance of employees. So it can be said human resources is the source of the

very important or the key factors for the company and achieving company goals.

Employee performance is the result of work that has a strong relationship with organizational strategy goals, and customer satisfaction, and contributes to the economy. Employee performance is about doing the job and the results achieved from that job. Performance is about what to do and how to do it. Employee performance can be viewed as a process or a work result. in period effectively and efficiently. The good and bad of a performance can be seen from the responsibility of each employee

Rewards can be used to influence motivation. By no means are financial rewards the only way to motivate, as many HRM practices aim to motivate (see Human Resource Management). The literature on reward systems has broadened its scope to include nonfinancial rewards, as these are also important to direct and shape desired behaviors (Chiang and Birtch, 2017). Reward system consists of

the policies and mechanisms by which organizations administer employee rewards, for example: by annual pay increases. Reward system should satisfy the goals associated with the strategy of an organization, while at the same time being attractive, cost-effective, and fair. There are many variations possible, as a mix of components that include fixed, variable, and indirect rewards.

The work environment is overall tools and materials encountered, the surrounding environment where the person works, working methods, as well as the settings in it, works both as individuals and as a group. Working conditions are said to be good or as if man can carry out the activities optimal, healthy, comfortably, and safely (Sedarmayanti, 2017). Environmental work less good can be demanding labor and time, and not support the obtaining of work system designs the sequential.

Genzo Café, Medan is a cafe that focuses on giving the best coffee experience to the customers as the owner of Genzo Café, Medan wants to create a cafe brand that could give the customers an experience of consuming a home-brewed coffee bean. Genzo Café, Medan is established on November 6, 2017. The idea behind the establishment of Genzo Café, Medan is based on the owner's passion for the Japanese food. Employee performance is the work of each employee both in quality and quantity in carrying out their duties in accordance with the responsibilities given by Genzo Café, Medan. But in practice, the level of employee performance has decreased.

**Table 1.1 Data Phenomenon of Employee Performance at Genzo Café, Medan**

Indicator	Results
Quantity of work	Employees are not able to complete many tasks that are given by manager and customers wait a long time
Quality of work	Employees do the work not well and decreased employee accuracy and objectivity.
Dependability	Employee not responsible for all tasks and not trusted with work well even if not supervised
Initiative	Employees have a bad attitude for initiative to work quickly so many jobs are completed not in accordance with the time set by the manager
Adaptability	Employee can not adapt to the work regulation and work results are not in accordance with the direction of the manager

Sources: Prepared by the Writer (Genzo Café, 2022)

Table 1.1 shows the decline in employee performance such as decreased employee accuracy, employees are less responsible, less a good level of Work initiative, and less ability to adapt to the rules

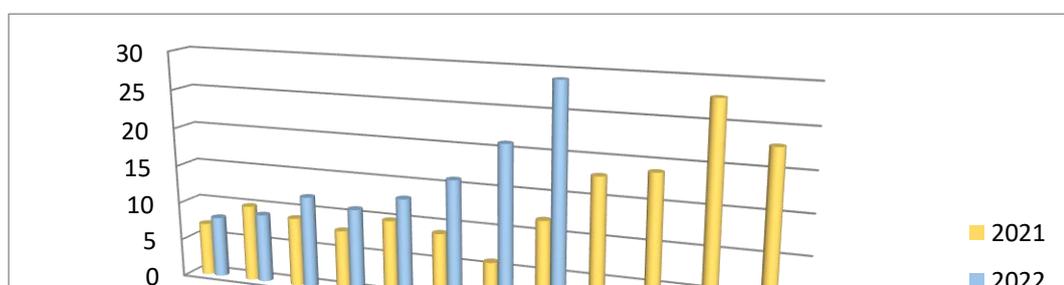
Based on interviews and observations conducted at the beginning of the study in Genzo Café, Medan there is a decrease in employee performance as seen from the number of employee absenteeism and the number of complaints from customer due to negligence committed by employees of Genzo Café, Medan

**Table 1.2 Absenteeism Data of Genzo Café, Medan (January-June 2022)**

Month	2021	2022
January	7 times	8 times
February	10 times	9 times
March	9 times	12 times
April	8 times	11 times
May	10 times	13 times
June	9 times	16 times
July	6 times	21 times
August	12 times	29 times
September	18 times	-
October	19 times	-
November	28 times	-
December	23 times	-

Sources: Prepared by the Writer (Genzo Café, 2022)

Table 1.2 shows that This increase in attendance resulted in suboptimal performance which caused the work to be carried out not on time.



**Figure 1. 1 Absenteeism Data of Genzo Café, Medan**

Sources: Prepared by the Writer (Genzo Café, 2022)

The decline in employee performance also resulted in low satisfaction from customer which can be seen from google's review of Genzo Cafe, Medan.

Here is the appendix google data review of Genzo Cafe, Medan as follows.

**Table 1.3 Online Review at Genzo Café, Medan**

Post Date	Comments
January 2021	I love the dishes they served. Everything tastes good. However, there are roaches and the floor looks dusty. Even the faucet is broken. Nevertheless, the food still tastes good and the price fits the taste.
February 2022	Great place. I'll have to admit the price of the food and drink here is pricy, but the quality and taste of the food do not fail. As a cat person, I liked the teapot and teacup they use to serve tea! The surroundings and atmosphere of the shop are also cozy and comfortable.
May 2021	<i>Saya kecewa karena penyajian makanan yang tidak sesuai pesanan</i>
September 2021	<i>Pelayanan yang terlalu sedikit apabila ketika café ramai sulit melayani dengan cepat</i>
March 2022	<i>Proses take away yang lama</i>
June 2022	<i>Suasana cafe cukup gerah meskipun indoor dan ber-AC. Porsi makanan kecil, dan rasa makanan mengecewakan. Beberapa makanan yang saya order yaitu teriyaki rice bowl, salted egg rice bowl, beef spicy ramen, dan shoyu ramen katsu (kalau tidak salah). Meskipun resto ini mengandalkan ramen nya, citarasa ramen disini agak kurang, tidak gurih dan umami. Oh ya, saya juga pesan indomie goreng dan ini salah satu indomie goreng terburuk yang pernah saya makan. But on the plus side, pelayanan waiter disini sangat bagus.</i>
August 2022	<i>Rasa yang tidak konsisten</i>
	<i>Saya menunggu lama dalam pemberian bill</i>

Sources: Prepared by the Writer (Google Review, 2022)

Table 1.3 shows the performance of employees who have decreased so that there are many bad reviews during 2021-2022 on the performance of Genzo Cafe, Medan.

Based on interviews obtained related to the reward received by employees working at Genzo Café, Medan is less satisfactory. The following data on the phenomenon of reward can be seen below:

**Table 1.4 Data Phenomenon of Reward at Genzo Café, Medan**

<b>Indicator</b>	<b>Results</b>
Praise	Motivation is still little received by employees. A lot of motivation is received in the form of praise from the manager.
Bonuses	Employee does not receive bonus for 2 years due to covid.
Promotion Opportunities	There is no promotion for 2021-2022 and employees do not know the promotion criteria
Facilities	Facilities and benefit that are still less support in toward employees

Sources: Prepared by the Writer (Genzo Café, 2022)

Table 1.4 shows that the reward received by employees is still small, resulting in employees not being enthusiastic about working. This is because the reward given is only in the form of craft money obtained by employees, there is no promotion for 2 years (2020-2021), no bonus receipt for two years, there is also no salary increase, even in 2020-2021 the salary given per day. This is because many employees are not satisfied with the reward given by the owner of Genzo Café, Medan.

Based on the interview that the work environment in Genzo Café, Medan is not good because workspace is quite narrow so the work is hampered, and also employees are difficult to work together because of the conflict caused by their problems so the relationship between employees is less harmonious. As a result, the level of employee performance has decreased.

**Table 1.5 Data Phenomenon of Work Environment at Genzo Café, Medan**

<b>Indicator</b>	<b>Results</b>
Healthy policies	Genzo Café not giving clear policies and laws so I do not know widely about working procedures.
Competent supervisions	Managers sometimes discriminate against employees, and the direction of managers sometimes confuses employees in carrying out tasks.
Delightful colleagues	Some employees cannot work together due to personal conflicts and therefore do not want to help each other
Comfortable work environment	The process of repairing the old toilet damage so that sometimes customers protests, the room is sometimes hot when the cafe is crowded

Sources: Prepared by the Writer (Genzo Café, 2022)

Table 1.5 shows the phenomenon of the work environment that has not supported the performance of employees, causing the process of completing tasks and responsibilities is not optimal.

The description that has been there before, encourages the writer to find out more about whether reward and work environment are indeed the ones causing the deteriorating employee performance. Through the research with the title **"The Influence of Reward and Work Environment on Employee Performance at Genzo Café, Medan."**

## **1.2 Problem Limitation**

Due to limitation of the budget and time this study only discusses the Influence of Reward and Work Environment on Employee Performance at Genzo Café, Medan. In this study, Reward and Work Environment will be the independent variable (X) and Employee Performance will be the dependent variable (Y).

According to Simamora (2018), reward indicators are praise, bonuses, promotion opportunities, and facilities. According to Darodjat (2018), four factors can be used as benchmarks for an ideal work environment, namely healthy policies, competent supervision, delightful colleagues, and comfortable work environment. According to Priansa (2019), namely the quantity of work, quality of work, dependability, initiative, and adaptability.

## **1.3 Problem Formulation**

The problem formulation in this research is as follows:

- a. Does reward have a partial influence on employee performance at Genzo Café, Medan?
- b. Does work environment have a partial influence on employee performance at Genzo Café, Medan?
- c. Do reward and work environment have a simultaneous influence on employee performance at Genzo Café, Medan?

#### **1.4 The objective of the Research**

The objective of this study are as follow:

- a. To analyze whether reward has a partial influence on employee performance at Genzo Café, Medan.
- b. To examine whether work environment has a partial influence on employee performance at Genzo Café, Medan.
- c. To investigate whether reward and work environment have a simultaneous influence on employee performance at Genzo Café, Medan.

#### **1.5 The benefit of the Research**

##### **1.5.1 Theoretical Benefit**

The theoretical benefit of this research is to prove whether reward and work environment will influence employee performance or not. Moreover, this research is also done to gain more knowledge related to the theories about reward, work environment, and employee performance and the relationship of the variables.

### 1.5.2 Practical Benefit

From this study, the Genzo Café, Medan will benefit from this research as they know if there is an influence of reward and work environment on employee performance. If the reward and work environment are sufficient enough, then employee performance will be up to expectations. Some of the benefits are expected:

a. For the writer

The writer as the researcher gets more experience in doing the research and as an addition to knowledge concerning reward, work environment, and employee performance.

b. For Genzo Café, Medan

To provide useful suggestion for the Genzo Café, Medan in increasing employee performance especially improving the reward and work environment.

c. For Readers

To improve reader knowledge about how important the influence of the level of reward and work environment is towards their employee performance.

d. For other researchers

To be an additional reference, reference material for further research, and information to interested parties in assessing the problem the same in the future