

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Organizational performance does not stand alone but it is also largely determined by the performance of human resources as part of an organizational system. The success of an organization depends largely on the quality of human resources. The organization is expected to have qualified employees so that it can win competition in the business world. In addition, performance is a multicomponent concept that can distinguish aspects of the performance process, namely behavioral engagement from expected results. The behavior here indicates the actions a person shows to complete a job, while the aspect of the results states the consequences of the individual's work behavior (Pradhan and Jena, 2018). Performance refers to the level of success in carrying out tasks as well as the ability to achieve goals that have been set, so that performance is declared good and successful if the desired goal can be achieved well.

Compensation is a factor that affects performance while also affecting satisfaction. Employees receive compensation for providing services to the company. Every employee in the organization wants to be paid according to their expectations. If these expectations are met, employees will always be passionate about work. Salary is an important function in the management of human resources, as it is one of the most sensitive aspects of the working relationship. Cases that occur in employment relations include salary issues and various related

aspects such as benefits, salary increases, salary structure, and salary value. The compensation system helps strengthen the organization's key values and encourages the realization of organizational goals (Sutrisno, 2019). According to Mangkunegara (2019), compensation given to employees greatly affects the level of job satisfaction and work motivation, as well as work results. Providing compensation in accordance with the type of work and employee position, the employee will feel satisfied in work. The company must know the factors that can create job satisfaction for employees and be able to provide appropriate compensation, so that employee job satisfaction can be achieved that will improve performance.

Gala Seafood Restaurant, Medan, located in Medan Estate. Gala Seafood Medan is a restaurant that serves seafood that is cooked with a variety of delicious recipes. A variety of foods and a variety of food can be selected by the customer. Gala Seafood Restaurant, Medan groups the focus on Indonesian food with emphasis on materials fish fresh seafood, shrimp, and scallops.

**Table 1. 1 Data Phenomenon of Employee Performance at Gala Seafood Restaurant, Medan**

| <b>Indicator</b> | <b>Results</b>   |
|------------------|--|
| Quantity         | Some employees cannot handle more than one task at a time.   |
| Quality          | Employees cannot finish all tasks neatly   |
| Punctuality      | Employees do not prioritize time discipline on the job seen from the routine employees coming late to the cafe |
| Effectiveness    | Some employees have unsatisfactory work results that sometimes create complaints from customers.               |

Sources: Prepared by the Writer (Gala Seafood Restaurant, 2022)

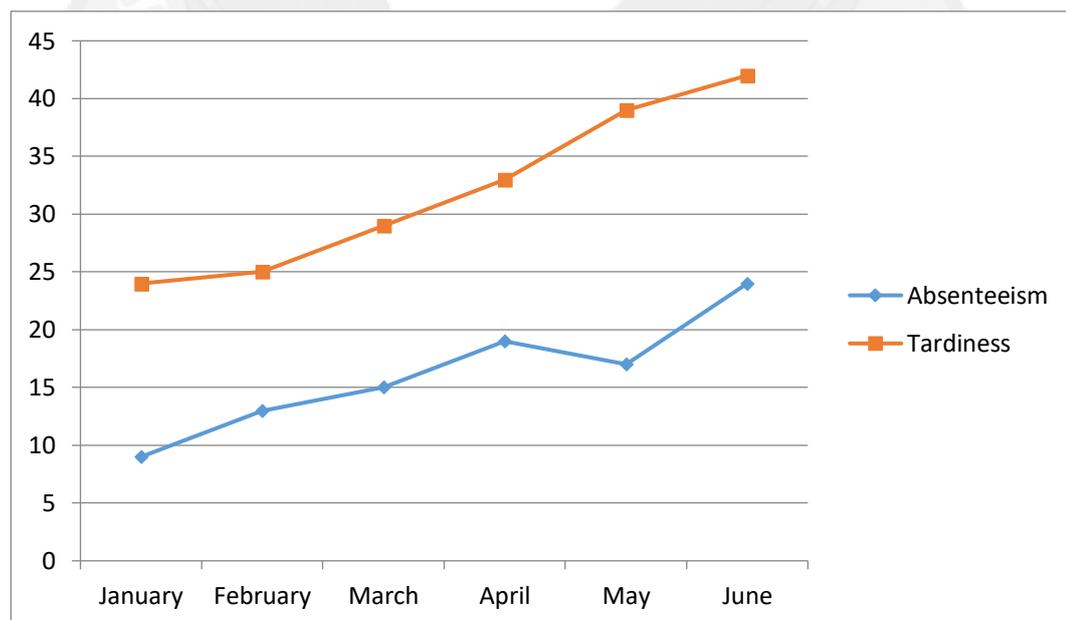
Based on the results of interviews that the employee performance has decreased seen from the quantity, quality, punctuality, and effectiveness are less than optimal.

Based on a survey conducted by Gala Seafood Restaurant, Medan employee performance decline is reflected in the high rate of absenteeism and delays caused by employees to not have a good job in serving customers, triggering customer disappointment.

**Table 1. 2 Number of Absenteeism and Tardiness (January-June 2022)**

| Month    | Absenteeism | Tardiness |
|----------|-------------|-----------|
| January  | 9           | 24        |
| February | 13          | 25        |
| March    | 15          | 29        |
| April    | 19          | 33        |
| May      | 17          | 39        |
| June     | 24          | 42        |

Sources: Prepared by the Writer (Gala Seafood Restaurant, 2022)



**Figure 1.1 Number of Absenteeism and Delay of Employees Gala Seafood Restaurant, Medan (January-June 2022)**

Sources: Prepared by the Writer (Gala Seafood Restaurant, 2022)

Table 1.1 shows that there was an increase in attendance every month in 2022 except in May 2022 there was a decrease in employee absence rates. In addition, employee delays also experienced an increase every month in 2020. This resulted in many jobs being completed not on time and jobs being slow in the

process due to lack of employees. This reflects the level of employee performance at Gala Seafood Restaurant, Medan decreased.

The results of interviews at Gala Seafood Restaurant, Medan conducted with employees regarding employee job descriptions can be seen in the table below.

**Table 1. 3 Data Phenomenon of Job Description at Gala Seafood Restaurant, Medan**

| <b>Indicator</b> | <b>Results</b>   |
|------------------|--|
| Authority        | Work Authority in the style Seafood Restaurant, the field is still narrow due to employees do not understand what the word authority is because of the absence of a clear job description both orally and in writing |
| Responsibility   | Job descriptions that are not clear so that the lack of work responsibilities of employees in the implementation of their duties   |
| Job conditions   | Employees have working conditions that are not in accordance with the position resulting in difficulties in the implementation of employee performance   |

Sources: Prepared by the Writer (Gala Seafood Restaurant, 2022)

Table 1.3 shows that the level of job description applied is still not optimal which can be seen from the authority, responsibility, and working conditions that still have problems that result in decreased employee performance.

In addition, compensation also plays an important role in employee performance. The following interview results related to employee compensation are:

**Table 1. 4 Data Phenomenon of Compensation at Gala Seafood Restaurant, Medan**

| <b>Indicator</b> | <b>Results</b>  |
|------------------|---|
| Salary           | The problem with compensation in this company is the date of receipt of salaries every month which is sometimes irregular as the company sets at the end of the month employees receive salaries while in practice employees sometimes receive salaries on the 1st to 5th |
| Incentive        | The level of incentives has also not been given since the pandemic period so employees are not enthusiastic about carrying out their work   |
| Benefits         | The company does not provide health insurance for all employees   |
| Facilities       | The company does not provide to accommodate the transportation of employees and some damaged work facilities but there is no repair or renewal.   |

Sources: Prepared by the Writer (Gala Seafood Restaurant, 2022)

In terms of workers compensation at Gala Seafood Restaurant, Medan is lacking in providing compensation that satisfies its employees. Some of these problems cause employees to be bored at work and unable to get employee performance in the company as seen from the increasing number of absences of employees in the company.

Based on the explanation above, the writer decides to determine whether the deteriorating performance is indeed caused by job description and compensation through a research entitled “**The Influence of Job Description and Compensation on Employee Performance at Gala Seafood Restaurant, Medan**”.

## **1.2 Problem Limitation**

Due to limitation of time and budget, this research focused on Gala Seafood Restaurant, Medan the independent variable used is the Job Description ( $X_1$ ) and Compensation ( $X_2$ ) and dependent variable used is the Employee Performance ( $Y$ ). Gala Seafood Restaurant, Medan located in Jl. Medan Estate, Kec. Percut Sei Tuan, Kabupaten Deli Serdang, Sumatera Utara 2022.

According to Mathis and John (2018), Job Description indicators are Authority, responsibility, and job conditions. According to Affandi (2018), Compensation indicators are salary, incentive, benefits, and facilities. According to Robbins (2018), Employee Performance indicators are quantity, quality, punctuality, and effectiveness.

### **1.3 Problem Formulation**

Based on the background of the study, the writer formulates several questions, as follows:

1. Does Job Description have a partial influence on Employee Performance at Gala Seafood Restaurant, Medan?
2. Does Compensation have a partial influence on Employee Performance at Gala Seafood Restaurant, Medan?
3. Do Job Description and Compensation have a simultaneous influence on Employee Performance at Gala Seafood Restaurant, Medan?

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

Based on the problem formulation the objectives of this research are:

1. To analyze whether Job Description has a partial influence on Employee Performance at Gala Seafood Restaurant, Medan
2. To discover whether Compensation has a partial influence on Employee Performance at Gala Seafood Restaurant, Medan.
3. To investigate whether Job Description and Compensation have a simultaneous influence on Employee Performance at Gala Seafood Restaurant, Medan.

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

The writer expects that this research can give benefits both theoretically and practically.

### **1.5.1 Theoretical Benefit**

The research result can be used to expand, improve and develop the relevant theories, especially in the Job Description and Compensation and its effect on Employee Performance in hospitality industry.

### **1.5.2 Practical Benefit**

The practical benefits of this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to Job Description, Compensation, and Employee Performance.

2. For the company

To provide useful suggestions for the company in increasing Employee Performance especially by improving the Job Description and Compensation.

3. 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.