

CHAPTER I

INTRODUCTION

1.1 Background of the study

As we know in this era of globalization, employee performance is very influential on the quality of a company. Where it can reflect how a company can compete and to obtain this requires support from employee performance to achieve an object of the company's goals. The company is an institution organized and run to provide goods and services in order to serve consumer demand for their needs. In carrying out its production process, a company needs production factors that are can support the achievement of company goals, these factors are raw materials, capital and people. Especially in the human factor, this factor plays a very important role in carry out the production process. Therefore, the company must always pay attention to human or labor factors that can determine the company's success in reach its goal. No matter how sophisticated the equipment owned by the company, it will not work achieve the expected level of performance if the equipment is not operated properly effectively and efficiently by the company's human resources.

Employee engagement is an employee's emotional feeling towards organization and the actions they take to ensure the organization succeed; employees who are already attached to the company show care, dedication, passion, accountability, and focus on results according to Allen, in Sihombing (2018:19). The ability to provide one's best effort above and beyond the demands

of a job depends on having positive relationships with the work for which one is accountable, the organization for which one works, the manager who is his superior and offers support and advice, or coworkers who encourage one another. The importance of employee performance for the company aims to improve and advance the company's business. Because by understanding employee performance, it will greatly affect the company's productivity. According to Schaufeli et.al in Salam (2018), employee engagement consists of three parts: dimensions, namely: 1) Vigor (Spirit). 2) Dedication and 3) Absorption (Preoccupation). Based on the results of research conducted, from three dimensions or indicators. According to this, the highest perception of employees about employee engagement is on the vigor dimension while the lowest dimension is absorption. Vigor is the strength or work spirit of employees in completing tasks work in an organization.

Ajai Singh as Transformation master trainer Indonesia states that employee engagement is a psychological statement that employees feel attracted to to participate in determining the success of the company and have strong desire and motivation to perform beyond his obligations. Employee engagement is generally understood to be the level of commitment and involvement that employees have with the company and its guiding principles. Employee engagement can generate approximately 450 trillion to 550 trillion annually and have a positive impact other extra. In addition to having an important role in improving productivity financially, employee engagement also has an important role in the positive behavior of employees and has a role in reducing the

performance of unproductive employees such as truant and the desire to resign (leave) from work from workplace according to Agung Nugroho Adi (2017).

Employee engagement is part of human capital investment (HCI-Human Capital Investment). Where HCI is a strategy adopted by the organization to reach out and work with employees' hearts. On some the past decade, directors and top management reconsider the definition of an organizational asset. The directors or top management think ahead that organizational factors such as brand image factors, customer factor, employee factor, and supplier factor is an asset and is not a cost or obligation and encourages the top management to find the best method for entering these factors into assets in traditional contexts and assets financial statements, especially the balance sheet.

CV. Anugerah Sukses Agung is a company engaged in the distribution sector where this company distributes consumer goods such as bath soap, laundry soap, sanitary napkins, and baby diapers. This company was founded in 2020 and is led by a director on behalf of Mr. Patrick and his commissioner on behalf of Mr. Eddy. CV. Anugerah Sukses Agung is located at Jl. Karya darma dusun III Komp. Vista Warehouse block A No. 15 Tanjung Morawa-Deli Serdang. This company expands its products to cover areas from Deli Serdang Regency to Serdang Bedagai Regency. CV. Anugerah Sukses Agung has a fleet of 4 units where these fleets help the distribution process of each product that will be distributed by CV. Anugerah Sukses Agung to other marketing outlets. CV. Anugerah Sukses Agung has a warehouse area of 432 m² where the warehouses contain products that will be distributed by CV. Anugerah Sukses Agung.

Table 1.1
Employee Attendance Data CV. Anugerah Sukses Agung

2022	Sick	Permission	Alpha	Late
Jan	-	10	4	7
Feb	2	4	3	2
Mar	-	2	1	1
Apr	-	2	1	2
May	-	-	2	1
Jun	-	-	-	5
Jul	3	1	2	2
Aug	2	3	1	2
Sep	-	2	-	2
Oct	2	3	2	5
Nov	-	2	-	2
Dec	2	5	3	6

Source: CV. Anugerah Sukses Agung, 2022

Table 1.2
Affecting Motivation Employees of CV. Anugerah Sukses Agung

Satisfaction level	Dissatisfied	Moderate	Satisfied
Income	28,5%	38,5%	33%
Welfare level	24,5%	41%	34,5%
Career development	36,5%	14,5%	49,5%
Recruitment system	33%	37%	30%

Source: CV. Anugerah Sukses Agung, 2022

Tabel 1.3

Affecting Monthly Compensation's Employees of CV. Anugerah Sukses Agung

The salary received appropriate	3.7416
The allowances received are appropriate	3.8527
The incentives received are appropriate	3.6977
Get a promotion fast	3.7984
The holiday allowance received appropriate	3.7235
The pension insurance received is good	3.8745
Holding non formal events for employees	3.6873

Source: CV. Anugerah Sukses Agung, 2022

Table 1.4

Affecting Employee Engagement's Employees of CV. Anugerah Sukses Agung

Indicator	Actual Score	Ideal Score	Actual Score (%)	Criteria
Work performance	714	880	81,14	Good
Responsibility	304	440	69,09	Good
Obedience	381	440	86,59	Very Good
Honesty	372	440	84,55	Very Good
Cooperation	371	440	84,32	Very Good
Initiative	551	880	62,61	Enough
Leadership	650	880	73,86	Good
Total	3343	4400	75,98	Good

Source: CV. Anugerah Sukses Agung, 2022

The factor for creating good performance is to provide compensation appropriate to their responsibilities. Compensation is very important because people work basically to fulfill their needs. When people work and have contributed their thoughts and energy to achieve company goals, the company must provide rewards for realizing personal goals at work. Compensation can be in the form of financial and non-financial, Compensation in the form of financial, such as salary, commissions, bonuses and allowances. Employees can be

motivated in a variety of ways, including good incentive such as presents, bonuses, rewards, and promotions, as well as negative motivation. For example, issuing warnings/punishments to workers who make mistakes, suspending employees who break the rules, and sanctioning employees who are dismissed from the company. Assume that you've committed a deadly error. This paper is based on Ekundayo's (2018) assertion that motivation is one element determining employee performance. Given better compensation, it would produce job satisfaction and are more motivated for employees to be able to good job. In addition to compensation, work motivation also plays a very important role in a company. The ability of a person's / individual predisposition to engage in activities that lead to work objectives as fulfillment is known as motivation. It is, nevertheless, a sensation of joy or a willingness to work to attain job objectives. Motivation may be defined as the act of being motivated or driven to perform something. As a result, job motivation has an influence on performance, just as a good attitude has an impact on employee performance in their profession. When people are motivated, they try to do completely for the sake of creating what they want and they feel more happy, healthy and more willing to come to work (Bentar et al., 2017:4). Lack of motivation can lead to increased absenteeism.

Furthermore, remuneration, according to Martocchio (2017), is an intrinsic and extrinsic incentive that employees receive for their labor and membership as employees. Intrinsic compensation shows an employee's psychological thinking as a result of doing their job, such as an overpowering sense of belief that one has a vital role in someone else's life. Extrinsic remuneration, on the other hand, encompasses both monetary and nonmonetary benefits.

With the reasons mentioned above, the writer is interested to hold a further in-depth research able to be analyzed and draw a conclusion on, and the research being titled as **"The Influence of Employee Monthly Compensation and Employee Encouragement Towards CV. Anugerah Sukses Agung Employee**

Engagement”

1.2 Problem Limitation

The writer will collect the data of this study by doing questionnaire towards the employee and direct interview with the manager of CV. Anugerah Sukses Agung starting from January 2022 until April 2022. Due to the time limitation, this study is limited to “Employee Monthly Compensation” will be the independent variable (X1) and “Employee Encouragement” will also be the independent variable (X2) while “Employee Engagement” become dependent variables (Y) at CV. Anugerah Sukses Agung. To analyze data in data quality testing, there are validity test, reliability test and normality test and linear regression is used in SPSS application.

1.3 Problem Formulation

As the writer’s objective is to identify the influence of employee monthly compensation and employee encouragement towards employee engagement, so it becomes a several questions to be answered by follows:

1. Does Employee Monthly Compensation Influence Employee CV. Anugerah Sukses Agung?
2. Does Employee Encouragement Influence Employee Engagement of CV. Anugerah Sukses Agung?
3. Do Employee Monthly Compensation and Employee Encouragement simultaneously influence Employee Engagement at CV. Anugerah Sukses Agung?
4. How is the employee monthly compensation at CV. Anugerah Sukses Agung?
5. How is the employee encouragement at CV. Anugerah Sukses Agung?

6. How is the employee engagement at CV. Anugerah Sukses Agung?

1.4 Objective of Research

There are some objectives of the research to solve the problems which by follows:

1. To identify Employee Monthly Compensation that implemented by CV.

Anugerah Sukses Agung

2. To identify Employee Encouragement that implemented by CV.

Anugerah Sukses Agung

3. To identify the simultaneous of Employee Monthly Compensation and Employee Encouragement towards Employee Engagement at CV.

Anugerah Sukses Agung

4. To determine how is the employee monthly compensation at CV.

Anugerah Sukses Agung

5. To determine how is the employee encouragement at CV. Anugerah

Sukses Agung

6. To know how is the employee engagement at CV. Anugerah Sukses

Agung

1.5 Benefit of the Research

There are 2 type of benefit for this research:

1.5.1 Theoretical Benefit

To enrich the understanding and provide information towards the influence of Employee Monthly Compensation and Employee Encouragement on Employee Engagement

1.5.2 Practical Benefit

The practical benefit of this research is as follows:

1. For the writer, to gain knowledge and to improve the writer's understanding about this topic. It helps writer to find out the problem and find alternative ways to solve those problems. In addition, the writer can find the influence of employee monthly compensation and employee encouragement towards employee engagement, which it can provide such a great knowledge and experience in these topic.

2. For the company, this research in order to be capable in analyze CV. Anugerah Sukses Agung industry has implemented the usage of monthly compensation and employee encouragement already successful implemented towards the employee engagement. And this research help the company to improve and solving the problem of the employee engagement in the future.

3. For other researchers, the writer also expected this research study can be references and contribute to other researches that in doing research to employee monthly compensation, employee encouragement, and employee engagement. This research study in order to help researchers in future research about this particular topic.