

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the current business environment, the concern of the companies is not only focusing on the products or services produced, but the companies also concern about the employees because it is believed that by focusing also on the employees will bring many positive advantages for the company's growth. One of the way which companies can do to be seen as the companies that concern about the employees is by following the regulation which settled by the government, for example the amount of salary paid beside adding some other benefits to make the employees comfortable to be in the workplace. Although the government of Surabaya already settled the regulation about regional minimum wage, there were still many companies that were not following the regulation (Hakim, 2009). However, there were some companies that followed the salary regulation made by the government. One of the companies was PT. X.

PT. X was established in 1972, originally started from a family business named CV X. The company now is categorized into one of the biggest ice cream company in Indonesia, with approximately have 500 employees. The company also ranked as the second leader of ice cream market share in Indonesia, gaining 30% of the total ice cream market share, while the top leader gains 50% (Larasati & Sumartomdjon, 2011).

As a big company, PT. X gave the salary exceed the regional minimum wage for the employees and equal for the contractors. On the other hand, PT. X also treated the employees well. Both contractors and employees received IDR 5.200,00 per day for the transportation to the company (Hakim, 2009). Based on observation when visiting PT. X, the employees also provided by organic food for lunch. All employees are treated the same wherever division or position employees have. Use the same room, eating utensils, table, and chair, also have the same menus. PT. X have two working shift, and since it cares about the employees safety, the women employees will be provided with free transportation which deliver the employees from the company to house. Not only about the

salary and lunch, the company also provide another benefits such as: free medical service, bonuses, and holiday allowance. From all the argument above, it can be concluded that PT. X always tried to boost employees' motivation and provide good working environment.

Budiyanto and Oetomo (2011) defined that job satisfaction can be accomplished by providing motivation to employees. Motivation encourages a person internally towards the actions which helps people to achieve preferred task effectiveness (Saleem, 2010). The company should help the employee to have the working motivation so that employees can do the job properly, in order to fulfill the needs. Budiyanto and Oetomo (2011) also stated that work environment also has relationship to job satisfaction. Work environment is the sum of the interrelationship that exists within the employees and between the employees and the environment in which the employees work (Taiwo, 2010). Concluded from the observation in PT. X, the company has good work environment. The places which used by the employees to work is clean and comfortable. The locations of each room are also strategic, for the example the location of cafeteria is on the second floor, which is far from the production and waste. The employees do not need to worry because the facility is clean. The company also provided free ice cream inside the cafeteria for the employees.

Whenever the employees get satisfaction, according to Robbins (1998) in Budiyanto and Oetomo (2011), employees are more likely to speak positively about the organization, help others, and far exceed normal expectations in work. Therefore it can be concluded that job satisfaction is very important for a company because it can help its employees to achieve best without feel pressured. Job satisfaction is defined as reaction to what the employees receive from the job, such as the work environment. Job satisfaction will lead the employees to have good job performance. Job satisfaction is important in a company because if the employees satisfy about the job, then the employees will do the best for the company to reach the goal (Gordon *et al.*, 2010).

Based on previous research, job satisfactions influence the job performance of employees. It is found that the job satisfaction are affecting job performance, employees tend to have passion to do the job better when satisfy

about it. The bigger job satisfaction, the better performance that the will give. Job performance is defined as the behavior evaluated in terms of its contribution to the organizational goals and objectives (Churchill *et al.*, 1976). Job performance will determine the company performance. If the employees' job performance is high, then productivity will also higher. And then, it will bring up company performance to be higher also. Job performance will determine the employees' productivity.

As one of the biggest company, PT. X has done some actions to boost its employees' satisfaction by supporting employee motivation and by providing a good working environment. From the previous researches, there are gap results between one research with another research. Since there are contradictive results from the previous research, it should be interesting to conduct this research.

One research by Budiyanto and Oetomo (2011) stated that job motivation and work environment have non-significant positive effect on job satisfaction. Meanwhile another research has result that there is a significant effect between job motivation and job satisfaction by Khalid *et al.* (2011). The predicted relationship between job motivations on job satisfaction is accepted and found positively significant for both public companies and private companies and for the total sample if combined the relationship is still found to be positively significant. While study of Sardz'oska and Tang (2011) stated that work environment has positive significant effect on job satisfaction.

Based on the phenomenon and theoretical review by previous researches the researcher conducted a research entitled **“The Effect of Work Environment and Job Motivation on Job Satisfaction and Job Performance in PT. X”**.

1.2 Research Problems

From the statement above, it should be interesting to conduct the research since there are gaps between previous researches. The problem set as follow:

1. Does job motivation have positive effect on job satisfaction in PT. X?
2. Does work environment have positive effect on job satisfaction in PT. X?
3. Does job satisfaction have positive effect on job performance in PT. X?

4. Does job motivation have positive significant effect on job performance in PT. X?
5. Does work environment have positive significant effect on job performance in PT. X?

1.3 Research Objectives

Based on the research problem, the objectives of the research are as following:

1. To determine the effect of job motivation on job satisfaction in PT. X.
2. To determine the effect of work environment on job satisfaction in PT. X.
3. To determine the effect of job satisfaction on job performance in PT. X.
4. To determine the effect of work environment on job performance in PT. X.
5. To determine the effect of job motivation on job performance in PT. X.

1.4 Research Contributions

There are advantages that can be gained from the study, such as:

1.4.1 Theoretical

To enrich the knowledge of Human Resource Management especially the relation between work environment and job motivation on job satisfaction and job performance. This study also can be reference for the future study.

1.4.2 For PT. X

For PT. X, the manager or upper management can know the relation of work environment and job motivation on employee job satisfaction and job performance so that the company could make some improvement.

1.4.3 For Researcher

As the implementation of the knowledge learned from the bachelor study in the practical aspect through scientific research and also as the final requirement to complete bachelor study.

1.5 Research Limitations

The study is limited to employees of PT. X located in Surabaya, East Java, Indonesia. Employees of PT. X here are also limited to the employees who are an

office staff. This study only research about the job performance from specific variable, which are job motivation and work environment and job satisfaction, without considering any other variables. The result of study is true when *ceteris paribus* condition is applied, means that other factors hold stable, such as inflation rate, political situation, and so on. The study will be conducted in March – April 2012.

1.6 Research Outline

The outline for this study based on following:

Chapter I: INTRODUCTION

This chapter explains briefly about background of the case, research problem, research objective, advantages of the research, and research limitation.

Chapter II: LITERATURE REVIEW

This chapter explains about the theories used by the author, relationship between variables, and hypothesis will be tested in the study.

Chapter III: RESEARCH METHODOLOGY

The main point of this chapter is research design. This chapter explains about method used by the researcher to analyze the data, population, sample, and sample selection. This chapter also explains about operational definition and instrument used in the study.

Chapter IV: RESULTS AND DISCUSSION

This chapter explains about the result of the study by first describing company profile, description of survey respondents, descriptive analysis of research variables, and data analysis.

Chapter V: SUMMARY, CONCLUSION, AND RECOMMENDATION

The main point of this chapter is explaining the summary, conclusion, and recommendation.