

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of Study**

Human resource management (HRM) is a process of dealing with various problems within the scope of employees, employees, workers, managers and other workers to be able to support the activities of an organization or company in order to achieve predetermined goals. Human resources are a very valuable factor, so the company is responsible for maintaining the quality of work life and developing the workforce so that they are willing to contribute optimally to achieve company goals.

Companies need competent and quality human resources, especially in this era of globalization. All business organizations must be ready to adapt and strengthen themselves in order to compete so that they are able to answer all challenges in the future. Human resources in this case are employees who always play an active and dominant role in every organizational activity because humans are planners, actors and determinants of the realization of goals. The things that companies need to pay attention to regarding human resources include employee job satisfaction.

Motivation is available energy that will be released and developed depending on the strength or drive of an individual's needs as well as the situation and opportunities available. Power, affiliation, and achievement are strong motivations within individuals. Motivation is a conscious effort to move, direct, and maintain behaviour in doing something, so as to achieve results and goals. Motivating employees to be as effective and efficient as possible in order to improve company performance is by providing compensation to them. This is

expected to form a pattern of good relations between employees and the company where employees will think that the company they work for can understand and know the life needs that trigger why they work.

Compensation is something that employees receive as a reward for performance results at work, which influences the provision of compensation, namely supply, job demand, the ability and willingness of companies, labor unions, and employee productivity. Compensation programs must be applied evenly and fairly. Compensation is divided into 2, namely financial compensation and non-financial compensation. Parvin and Kabir (2019) in their research said that providing good compensation is one of the key factors in increasing employee job satisfaction.

Employees will be motivated by the compensation provided by the company. Employees will work harder when they feel that their energy and thoughts are appreciated by the company. If the higher the compensation given by the employee, the employee will directly show enthusiasm for work. If employees are lazy at work, then they will not be able to meet their needs, because each employee will have their needs met and need money so that employees will be motivated to work to get compensation. The higher the needs, the greater the employee's desire to get greater compensation to cover all his needs.

Likewise, the implementation of job promotions is intended to increase employee motivation so that they want to work with good work behavior by the company wishes to increase the company's work productivity and ensure the company's success in achieving its goals, where there must be a balance between individual factors and organizational factors in which employees work. the

employee takes shelter and works. If employee performance is high, it will certainly affect the employee's work motivation so that the company or organization can compete in today's increasingly tight world of work. The issue of promotion cannot escape the attention of a leader or superior. (Mangkunegara, 2019).

PT Indomarco is a company that carries out management, product supply, warehouse or stock storage, employee recruitment, and opening job vacancies for Indomaret Aceh Tamiang and others. In running a company's business, it cannot be separated from various problems that must be faced. Companies must be able to compete with developments in this modern era. Apart from that, the company must also be able to compete with companies operating in the same field (storage distributors of basic commodities). PT. Indomarco is a company that operates in the distribution of goods to meet daily needs. Companies that are growing day by day, especially in Indonesia.

The problem in increasing employee work motivation is the attitude and style used by organizational leaders to foster good work motivation among employees. If work motivation or morale decreases, it will cause losses to the organization. Therefore, organizational leaders must quickly find and research the causes that are the source of decreased employee work motivation. Based on observations, it seems that there are still employees who lack enthusiasm for work, sometimes their work is slow, sometimes employees who serve buyers do not respond well to the public, this can also be seen from their appearance. employees who sometimes lack enthusiasm, this shows that this problem can occur due to a lack of motivation of employees at PT. Indomarco Prismaatama (Indomaret).

PT. Indomarco Prismatama Indomaret Aceh Tamiang district has 58 employees at 9 Indomaret stores. The Indomaret employees can be explained in the following table:

**Table 1.1**

**The employees of PT. Indomarco Prismatama Aceh Tamiang Regency**

<b>Store Name</b>	<b>Number of employees</b>
Indomaret Seumadam, Youth Vocational	7
Indomaret Peace, Kuala Simpang City	6
Indomaret Sriwijaya, Kuala Simpang City	6
Indomaret Gampong Round, Karang Baru	7
Indomaret Health, Karang Baru	7
Indomaret Jl. Opak Monument, Simpang Empat, Karang Baru	6
Indomaret Tanjung Mulia, Treasurer	6
Indomaret Tualang Baru, Banyak Payed	7
Indomaret Benua Raja, Rantau	6
<b>Total</b>	<b>58</b>

Source: Reviewed by Researchers, 2023

Based on research observations, a permanent or contract employee receives compensation consisting of basic salary, incentives, bonuses, allowances and facilities. The nominal amount of each employee's income. PT. Indomarco Prismatama Indomaret Aceh Tamiang Regency applies the regional minimum wage as a fundamental benchmark in determining the salary of each employee. Employee satisfaction has not shown optimal results, if studied more deeply this condition is caused by employees who have insufficient compensation due to salary cuts when they lose an item at Indomaret.

**Table 1.2**  
**Employee Salary Data of PT. Indomarco Prismatama**  
**Aceh Tamiang Regency**

<b>Position</b>	<b>Year 2023 (Rp.)</b>
Chief Of Store	Rp. 4,218,400
Store Senior Leader	Rp. 3,800,000
Store Junior Leader	Rp. 3,656,500
Store Crew Boy	Rp. 3,336,000
Store Crew Girl	Rp. 3,336,000

Source: PT. Indomarco Prismatama Aceh Tamiang Regency, 2023

Results of initial interviews with several employees at PT. Indomarco Prismatama Indomaret Aceh Tamiang Regency Region regarding job promotions, they stated that there was a lack of clarity in work performance standards that were used as a reference for carrying out job promotions for employees. The results of the interview can be stated that there are problems related to job promotion, because it is in accordance with the indicators for job promotion.

**Table 1.3**  
**Number of Position Promotions at PT. Indomarco Prismatama**  
**Aceh Tamiang Regency 2021 – 2023**

<b>Year</b>	<b>Number of employees</b>	<b>Employees Who Get Promotions</b>
2021	71	8
2022	65	5
2023	58	4

Source: PT. Indomarco Prismatama Aceh Tamiang Regency

Initial observations related to the physical work environment at PT. Indomarco Prismatama Indomaret Aceh Regency area, the conditions are far from places and public facilities, as well as from the results of interviews with several employees who feel dissatisfied with co-workers in the team, with co-workers who are unprofessional in carrying out the work assigned to them and also communication relations between fellow employees is still relatively low. This will cause employees to do their work less than optimally, if employees are less than optimal in doing their work then this will result in the successful achievement of the goals and survival of the PT company. Indomarco Prismatama is increasingly difficult to maintain.

Furthermore, it was also found that there was a phenomenon of employees being promoted to a higher level without referring to the level of work loyalty possessed by the employee. A number of symptoms are employees who do not have work loyalty but are still promoted to higher levels, while loyal employees are not promoted because they do not have personal connections and preferences with decision-making officials. The number of complaints and dissatisfaction with the type of compensation and promotions received by employees directly or indirectly affects work motivation. It can be seen that employee work motivation in dealing with their work activities is not in line with their expectations. Employee motivation arises both from within and outside themselves to always be motivated to improve the performance and quality of human resource services. Based on the description above, and according to the researchers' empirical experience, the type of compensation and promotions received by employees as management policy tends to influence employee work motivation, so it is necessary to review the

compensation given to employees to increase work morale. and employee work activity to produce good work results, as well as determining appropriate promotions for employees. In fact, every employee will try to work well and seriously if the type of compensation and promotion given is commensurate and in accordance with the employee's desires, hopes, needs and satisfaction.

With regard to the matters above, the author is interested in conducting research on "The Influence of Compensation and Promotion on Work Motivation of PT Employees. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency." In this way, researchers are trying to see how compensation, promotion and work motivation of PT employees. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency.

## **1.2 Scope of problem**

Limiting a problem is used to avoid deviation or expansion of the subject matter so that the research is more focused and facilitates discussion so that the research objectives are achieved. Some of the limitations of the problem in this research are as follows:

1. The scope only includes information regarding compensation, promotion and motivation.
2. The information presented by 58 employees from 9 Indomaret stores in Aceh Tamiang.

### 1.3 Problem formulation

Based on the background explained previously, the research problem formulation is:

1. Does compensation (X1) influence work motivation (Y) at PT. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency?
2. Does promotion (X2) Influence work motivation (Y) at PT. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency?
3. Do compensation (X1) and promotion (X2) simultaneously influence employee work motivation (Y) at PT. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency?

### 1.4 Research Objective

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

1. To determine the effect of compensation (X1) on employee work motivation (Y) at PT. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency.
2. To determine the effect of job promotion (X2) on employee work motivation (Y) at PT. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency.
3. To find out compensation (X1) and promotion (X2) simultaneously influence employee work motivation (Y) at PT. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency.

### 1.5 Benefits of research

By achieving the research objectives, the author will provide the following research benefits:

1. Theoretically

This research can be used as a basis for developing a research model regarding the Influence of Compensation and Promotion on the Work Motivation of PT Employees. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency.

2. Practical

Material used as input for Universitas Pelita Harapan Medan as input for proposals and theses.

3. Academically

This research provides a significant contribution to the author in developing discourse on the world of organizations, especially the Influence of Compensation and Promotion on Work Motivation of PT Employees. Indomarco Prismatama (Indomaret) in Aceh Tamiang Regency.