

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background**

Fulfillment capable human resources and the need of employees in a business or company will influence the performance of employees. It can increase depends on how the human resources work on their job. Employee's performance is also called as job performance. It is about measuring the individual behavior, how the employee can achieve and finish the task given by the company, and describe a specific behavior of the individual. Job performance is the behavior at work side that contributes independently to effective outcomes (Borman et al., 1993). It is important in an organization because it will influence the resistance of the company. If the employee's performance is good, the outcome of the company will be good, otherwise, if employee's performance is bad, the outcome of the company is automatically bad. So, the employee's performance depends on the characteristics, ability, and how the company can motivate employees. That is why the human resource management is really needed and it includes the role important in a company.

HRM is the theory of learning about how to handle and managing people (Collings & Wood, 2009). Moreover, Collings and Wood (2009, p.5) state "HRM is a commonly reflected description for a range of practices associated with managing work and employment relations". In the company, the department that manages people is Human Resource Department. Human Resource Department is one of the important division to help the company solve the human behavior's problems. Although the industry or company is big and has the good goal including developed

technology, if the Human Resource is not good, the company will not manage well. The problem is how HRD can perform their function as well as the expectation of the result from the company's goal. The purpose of HRD in a company is to manage the effectiveness of the people so that the organization can maximize its performance (Collings & Wood, 2009).

Performance can be influenced by personality. The individual's personality nowadays can be differentiated through the types of generation. There are three types of generation in the workplace such as Baby Boomers, Generation X, and Generation Y. The youngest is Generation Y. Baby boomers are those born between the years 1946 and 1964 with the youngest being 53 years old and the oldest being 71 years old as of 2017. Baby boomers are more focus on the wealthiest, most active, and most physically fit generation up to the era in which they arrived, and were amongst the first to grow up genuinely expecting the world to improve with time (Jones, 1980). They assumed diversity, idealist, self-expansive, freedom to seek to achieve, think that future is now and lived in categorization. Generation X born between 1965 until 1979, with the youngest being 38 years old and the oldest being 52 years old as 2017. They tend to accept diversity, self-involved, no link between hard work and success, they think future is closing, start to use technology, multitasking, and friend is not family for Generation X. Generation Y born between 1980 and 1994, with the youngest being 23 years old and the oldest being 37 years old as of 2017. Generation Y employees are confident, civic-minded, fast learners, dislike inflexible work schedules and rigid policies and procedures that control them (Gursoy, Maier and Chi, 2008).

Nowadays is the era of regeneration which means that the workplace is dominated by Generation Y or the youngest generation to

work. Looking at the age and the different perception or different individual between each other, Generation Y has their own characteristics whether good or bad. Some of the good characteristics of Generation Y such as strong sense of community (belonging), high self-confident and tolerance, then the bad characteristics such as narcissist. (William & Neil Howe, 2000, Hoover, 2009, and Twenge, 2007). Generation Y is the person that working for show their creativity, looking for an "enjoy" and "fun" work environment. So they tend not too serious in doing their job (not like the generation before). They really techno-minded and more interaction using gadget although with work-friend. That is some work-motivation of Generation Y.

Performance can be influenced by work-motivation. Mostly might that different generation has different motivation to reach high performance. It means it is important to know the right motivation of Generation Y regarding getting high performance as a company wants. Motivation is a force that makes someone be better, productive, and passionate about doing something which is in this paper research is about working motivation. The theory of motivation such as Maslow's Hierarchy of Needs, Herzberg's Motivator-Hygiene theory, etc.

The role of Generation Y in building this country especially in the workplace is important because most of the employees are coming from Generation Y. It means that it is the challenge of manager or supervisor in handling Generation Y in this era. The manager or supervisor must know how to motivate Generation Y related to good performance and good outcomes for the company. In this case, it happens also in PT. ABC which specializes in consumer goods product. In the development, PT ABC which is built since 1948 (69 years operated), has already formed the value of the

company such as a sense of belonging, unity, value oriented, care and hardworking. At that time, there was people or worker who can be grouped as a Baby Boomers or Generation X but nowadays there are many new employees which are coming from Generation Y. The employees, all generation including Baby Boomers, are pursued to follow the values that are implemented in PT ABC. With the different characters from each generation, they also differ in implementing the values which are using their personal way to do it. The company also got worried because Generation Y has different characteristics with others like Baby Boomers and Generation X. It makes the company does not know what factors that can motivate Generation Y in order to push the employee performance. Considering this situation, the company needs to clearly understand factors that motivate Gen Y employees to improve their performance.

## **1.2 Focus on Research**

Fulfillment the need of employees in a business or company will influence the performance of employees. It can increase depends on how the human resources work on their job. That is why knowing motivation for employees are important especially for Generation Y who is mostly entering the workplace nowadays. So in this research paper, it is focused on determining the factors that motivate Generation Y in order to increase the employee's performance.

## **1.3 Research Question**

Based on the background above, the research questions are:

1. What are factors that motivate PT ABC's Gen Y employees to increase the employee's performance?

2. What are factors that demotivate PT ABC's Gen Y employees to increase the employee's performance?

#### **1.4 Research Objective**

Based on the explanation of the paper above, the purposes of this research paper are:

1. To determine factors that motivate employee especially for Generation Y who mostly working in a company nowadays.
2. To determine factors that demotivate employee especially for Generation Y in order to prevent the employee's low performance when they work at a company.

#### **1.5 Scope of Research**

This study aims to determine some factors related to the increasing employee's performance through generation Y. To do this Case Paper, the researcher will focus on determining the Factors that Motivate Generation Y in order to Increase the Employee's Performance which means this research subject is limited to generation Y who are working on PT. ABC, aging from around 23-37 years old. This research is going to identify what factors that can motivate generation Y to increase the employee's performance in a company. It will be going to investigate the characteristics of Generation Y.

The participant of the research paper is limited to people from Gen Y who works on the project team under the Department of Human Resource Department (HRD). The task of the team ensures that the company's management system is controlled and keep improving continuously. In doing that task, one of the jobs is making a standard procedure for each labor based on their job. Then it will be trained to the labors in all divisions.

There are 8 employees (staff) and 4 are internship persons which are full of Gen Y inside the team with different job description between each other such as design area, assessment area, concept, and planning area, and some workers inside the department are Liaison Officer (LO) for another division. LO means the person that is trusted by the supervisor to handle the labor who is working on that company's factory. One of the responsibilities of the LO is doing the assessment of standard procedure to the labors for checking whether they have already fulfilled the standard procedure or not.

They are demanded to produce the high performance which is getting the right standard procedure with short time but giving the best result and it includes a high risk. It means that the main goal in project team is to ensure that the system of the company in producing the safety goods to be consumption by consumers is based on the International Standard Organization (ISO) so the company sure can get the certificate when it is audited again by ISO team.

## **1.6 Significance of the Study**

Since this result of Case Paper is to determine the factors that motivate Generation Y in order to increase the employee's performance, the researcher divides benefit and advantages for two parties such as:

### **1. Practical Benefit**

To help and provide a suggestion for PT ABC related to the factors that motivate Generation Y in order to increase the employee's performance. In addition, the researcher gives the program related to the factors that motivate Generation Y in order to increase the employee's performance so

the company knows how to handle and work together with employee come from Generation Y.

## 2. Academic Benefit

To give additional information for the company about the factors that motivate Generation Y in order to increase the employee's performance. This Case Paper also can be used as a reference for other related research.

### 1.7 Writing Systematic

The writing systematic in this research is:

#### Chapter 1: INTRODUCTION

This chapter contains the topic and the goal of this research. It includes background, focus of research, research question, research objective, scope of research, significance of the study, and writing systematic.

#### Chapter 2: LITERATURE REVIEW

Theories are described here. It related to the theories that will be used during the research activity. The contains of this chapter are generation gaps, job motivation, employee's performance, and previous study.

#### Chapter 3: RESEARCH METHOD

Research methodology provides the research design, subject of the study, interview survey and informant, data collection technique, and data analysis technique.

#### Chapter 4: FINDING AND DISCUSSION

Finding and discussion consist of research data description, informant characteristics, interview result, and also

discussing the motivation factors of Generation Y employees to increase the job performance.

#### Chapter 5: CONCLUSION AND SUGGESTION

This chapter consists of the conclusion of the research result and the suggestion for management and next researcher.