

CHAPTER 1

INTRODUCTION

1.1 Background

An organization, by its most basic definition, is an assembly of people working together to achieve common objectives through a division of labor (Mote, 2012). The reason why organizations are formed is because individuals have limited abilities. Organization believes that individual strengths within a group will achieve more than can be accomplished by working individually. People form business organizations because they want to get profit by selling a good or service to consumers. From this statement, we can conclude that company is a business organization.

According to Mote (2012), the core of business organization are information processing systems, where information includes knowledge about products, markets, production methods, management techniques, finance, laws, and many other factors involved in running a business. Nowadays, there are many companies that market their products in more attractive way. Because of this statement, a question is created: which company that can win the customers' heart? So, companies vying to be the best.

Concern in ASEAN countries with the AEC project, every company is forced to compete and shows their best

performances, whether by good quality output, marketing and promotion, or price leader. In this situation, the purposes of all companies are similar, they want to survive and keep their existence in tradeworld. In order to achieve business purposes, company needs human resources. Human resources are the most important asset of a company. The essay that is written by student in UK also said that the success or failure of company is largely dependent on the performances of the employees working therein because the employees dealing directly with customers.

Some people said that the strong capital and technology are the most powerful factors to win the competition. In fact, an abundance of resources such as infrastructures or physical facilities are made meaningless without the support of qualified human resources that directly disrupt the continuity of the business operations (Rafiki & Harahap, 2014). Employees also can have a tremendous effect on sales and profitability, both positive and negative. One good employee can draw 100 customers, if a customer satisfy with the product that is promoted by that employee, so that customer will give recommendation to her friends, but one bad employee can drive away 100 customers because unsatisfied customer will tell about bad opinion to her friends about the product.

Discussing about the quality or performance of human resources cannot be separated from variables that affect it.

According to Thao and Hwang (2013), performance is affected by a number of factors, such as leadership, coaching, empowerment, participation, working environment, training, job stress, organizational culture, motivation, etc.

In doing a business, company consists of employees from various background, behaviors, and place of origin, which certainly have different habits, values and norms. Different individual behavior will greatly affect the performance of the company. But sometimes, this culture differences can cause the disputes between each other if there is not mutual understanding. For this reason, company should have organizational culture to guide employees in same direction to achieve company's goals. Kurnia (2015) stated that organizational culture gives positive and significant impact to employees performance.

The culture in organization is being an essential part of the company because it related to company's life. Organizational culture is philosophy, ideology, values, presumption, conviction, hope, attitude, and norms that are owned by many people and binding in certain communities (Sutrisno, 2015). Organizational culture is specifically determined by team working condition, leadership, characteristic of organization, and administrative process which applies in organization (Koesmono, 2005; in Sutrisno, 2015:02). Organizational culture is important because it

determines how employees should have the appropriate behaviors and how they interact with each other within the organization (Deson&Clouthier,2010). Organizational culture becomes a framework in company. Previous research by Sutrisno stated that behavior is a part of culture that related to performance because someone will get what they want through their behavior.

Individual behavior will appear because there are influences or stimulus from existing environment, both external (such as organizational culture) and internal (motivation), also because of their series of needs. According to Alderfer's **ERG theory** (1969), human's important needs can be divided from Maslow's five human needs into three categories: Existence, Relatedness, and Growth. **Existence Needs** include all materials and physiological desires, such as food, water, air, clothing, safety, physical love and affection. Relatedness Needs encompass relationships with significant others like family, friends, co-workers and employers. This also means to be recognized and feel secure as part of a group or family. Growth Needs encompass internal esteem and self actualization. This includes desires to be creative and productive, and to complete meaningful tasks. Djati (1999:25; in Wijaya, 2014) stated that giving motivation based on employees' dominant needs can increase employees productivity or performance. If company give the right

business motivation, then labor productivity and performance will be higher, so it will be beneficial to both parties. According to Sutrisno (2015), motivation is a form of self-encouragement of employees that can trigger them to do activities related to the job. Research shows that there is a relationship between organizational culture, motivation, and employees' performance.

PT. X is a company that produces cigarettes. This company is also one of the leading tobacco companies in Indonesia. PT. X has good organizational culture practices, this becomes one of the aspects that lead them to the center of shared service projects for the other branches in their affiliates. This company has good performance because of their organizational culture that empowers employees to always create initiatives for improvement. They also have many young, smart, and spirited employees that show high motivation in job achievement that leads to good performance, so there are many employees that are sent abroad to learn how the procedures in other countries or branches and then will help that branch in shared service projects. Based on the background above, the writer decided to do research about: The Impact of Organizational Culture and Job Motivation on Employees' Performance at PT. X.

1.2 Research Questions

Based on the background above, the research questions are:

1. Does the organizational culture affect employees performance at PT. X?
2. Does job motivation affect employees performance at PT. X?

1.3 Research Objectives

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

1. To analyze the impact of organizational culture on employees performance
2. To analyze the impact of employees' job motivation on employees performance.

1.4 Research Significances

1.4.1 Academic Benefits

1. Strengthen the theory about the impact of organizational culture and job motivation toward employees performance.
2. Identify and analyze clearly about the impact of organizational culture and job motivation toward employees performance.

1.4.2 Practical Benefits

1. Provide information for companies who wants to increase the employees performance
2. To provide information for company or as a reference to create creativity and innovative to increase employees performance.
3. To be a reference for managers to make decisions in the future.

1.5 Systematic of Research

Systematic that is used in this scientific research are in the following:

CHAPTER 1. INTRODUCTION

This chapter will provides the background, research questions, research objectives, research significances, and systematic on thesis writing.

CHAPTER 2. LITERATURE REVIEW

This chapter will explain the previous research, theoretical basis, and research hypothesis.

CHAPTER 3. RESEARCH METHOD

This chapter contains the way how to do the research, such as research design, variable identification, operational definition, type and sources of data, data gathering techniques, population, sample, sampling technique, data analyze technique, and hypothesis testing procedure.

CHAPTER 4. ANALYSIS AND DISCUSSION

This chapter shows the result of data obtained which are presented by statistical table and the analysis based on the result.

CHAPTER 5. CONCLUSION AND RECOMMENDATION

This chapter consists of the conclusion of the research and recommendation for company to help them in improving the employees performance.