

# CHAPTER I

## INTRODUCTION

### 1.1 General Description

In 1998, Zhou Jianwen, the founder of PT MITRA LESTARI SEJATI, founded his company with his wife in Bandung. PT MITRA LESTARI SEJATI initially produced Partially Oriented Yarn, Drawn Textured Yarn, and Intermingled Textured Yarn. Then the growing era of PT MITRA LESTARI SEJATI produced other products, which was Textile spare parts such as screens and cloth medicine. Due to his urge to create new innovations and customer demands, in 2014, PT MITRA LESTARI SEJATI expanded the business and created a new factory which was PT SUNNY TEXTILE INDUSTRIES, a company which produced log fabrics such as spandex, non-spandex, knitting and woven. different companies under one same management.

To achieve high quality textile production, PT MITRA LESTARI SEJATI does not ignore the responsibility to maintain environmental sustainability. Due to this reason, in 2003, PT MITRA LESTARI SEJATI constructed a wastewater installation (IPAL/*Instalasi Pengolahan Air Limbah*) on an area of 4000 m<sup>2</sup>. The costs spent for the manufacture of IPAL and the development until 2007 was 4 billion rupiah. In further developments, IPAL continues to experience improvements and additional installations directly proportional with production increasement. The capacity of PT MITRA LESTARI SEJATI IPAL is currently capable of managing liquid waste of 5000 m<sup>3</sup> per day (maximum). PT MITRA LESTARI SEJATI IPAL has provided satisfactory output in managing liquid waste from its products.

The objective of PT MITRA LESTARI SEJATI is to be able to provide satisfaction to the three main stakeholders of the company, which are customers, employee's and shareholders. In achieving the agreed performance is by empowering work units dealing directly with customers. PT MITRA LESTARI SEJATI strategy is to optimize the company's resources under management control with the expectation that it can increase the company performance right away by implementing an efficient company restructuring plan.

### **1.1.1 Company Logo**

PT MITRA LESTARI SEJATI has a logo that represents a company that's always moving dynamically based on innovation, quality, and technology — it appears on the circle with two lines. While the blue color on the logo represent trust and reliability. The logo of this company is as follows:



PT. MITRA LESTARI SEJATI  
Textile Accessories

**Figure 1.1 Company Logo**

*Source: Company's Data Internal, 2020*

### **1.1.2 Company Vision and Mission**

#### **Vision**

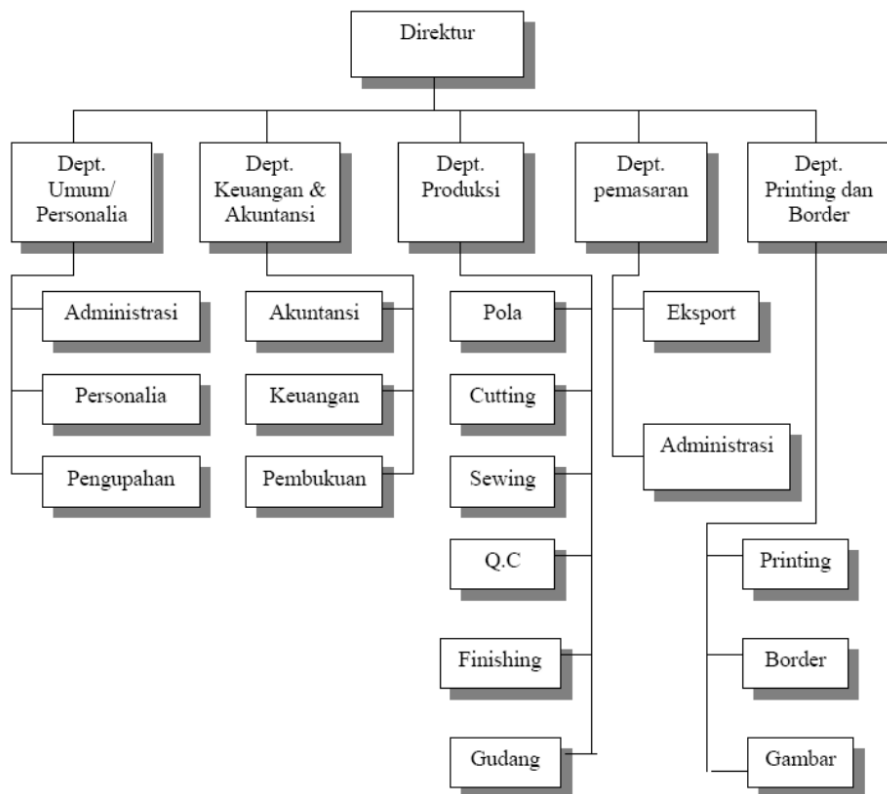
To become one of the leading and most profitable yarn producers in Indonesia.

#### **Mission**

To increase customers satisfaction with high quality products and services through strong leadership.

### **1.1.3 Organizational Structure**

The organizational structure of this company is as follows:



**Figure 1.2 Organizational Structure of the Company**

*Source: Company's Data Internal, 2020*

The details of job description of each position are as follows:

- a. Director
  - 1) Leading the company by issuing company or institutional policies.
  - 2) Select, assign, supervise the duties of employee's and the head of the department (manager) or deputy director.
  - 3) Approve the company or institution's annual budget.
  - 4) Submit reports to shareholders on the performance of the company or institution.
- b. General / Personnel Department
  - 1) Labor recruitment coordinates with labor supply.
  - 2) Socialization and coordination.
  - 3) Prepare work agreements with new employee's.
  - 4) Compile the attendance list.
  - 5) Prepare internal and outgoing letters.
  - 6) Renew / update and record data.

c. Finance and Accounting Department

- 1) To find out and calculate the profit and loss that has been obtained by the company.
- 2) To provide information that can be useful for company management.
- 3) Can help determine the rights of each party who has an interest in a company, be it internal or external.
- 4) To supervise and control various kinds of activities that occur in the company.
- 5) And to assist the company in achieving its predetermined targets.

d. Production Department

- 1) Organize and coordinate employee's in the production section to operate production machines according to machine operating standards in making production results.
- 2) As a control center for production targets to create or produce product results according to the achievement targets set by the company.
- 3) Make and create product results according to the quality and quantity that has been set by the company.
- 4) Providing all the facilities needed by production machine operators with regard to the production process.

e. Marketing Department

- 1) Create a Request or Demand.
- 2) Customer satisfaction.
- 3) Market Share or Market Share.
- 4) Increased Profits.
- 5) Good Product Imaging in Public Eyes.
- 6) Creating New Customers.
- 7) Satisfying Customers.

f. Printing and Border Department

- 1) Operate a printing machine in order to produce quality printing.
- 2) Operate border machines to produce quality borders.
- 3) Make an image design.

## **1.2 Background of the Study**

Humans always take active and dominant roles in every organizational activity, because humans become planners, doers, and determinants of the realization of the goals of organizational activities. This goal would not be possible without the active role of employee's no matter how sophisticated the tools the organization has. Therefore, the success of an organization is determined by the quality of its human resources. The importance of human resources plays important role in mobilizing and synergizing other resources to achieve organizational goals.

The human resources importance is supported by Tjutju and Suwatno (2008:1) which explains that part of management science which focuses its attention on regulation of the role of human resources in the activities of an organization and also HRM considers that employee's are the main assets of the organization that must be managed properly and plays an important role in carrying out activities to achieve goals. Thus, HR management is naturally more strategic for the organization in achieving the objectives that have been set.

Research conducted by Rachmaliya and Efendy (2017) states that performance shows the level of success of employee's in carrying out their duties and responsibilities. Thus, organizations need to emphasize on human resource management to produce high performance which will improve overall organizational performance. According to Dahlan et al (2017: 69-75) human resource management is one of the important factors in producing high quality human resources. The ability of an organization is highly dependent on the availability of human resource management in carrying out its work, human resources, in this case employee's who have knowledge and skills in their respective fields for which they are responsible.

The performance of an employee plays an important role for an organization, because the performance of each employee is a contribution to the achievement of the performance of each function of the organization and in its turn, the performance of organizational functions contributes to the achievement of the performance of the organization / company. The low performance of employee's in an organization can result in obstruction of an organization in achieving its goals (Sedarmayanti, 2007: 21).

To get an overview in this study, the author has conducted a field observation by conducting interviews with HR and Organizational Managers, also distributing questionnaires to 10 employee's regarding job satisfaction and employee performance.

The following are the results of a preliminary questionnaire to respondents who are employee's of PT. MITRA LESTARI SEJATI:

**TABLE 1.1**  
**PRE-QUESTIONNAIRE QUESTIONS AND RESULTS**

<b>Variable</b>	<b>Indicator</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
Job satisfaction (X)	Satisfaction with given job load	4	5	1	0	0
		40%	50%	10%	0	0
	Satisfaction with the suitability of basic salary	3	7	0	0	0
		30%	70%	0	0	0
	Satisfaction with promotion opportunities	2	8	2	0	0
		20%	80%	20%	0	0
Satisfaction with interactions with boss	2	4	2	0	0	
	20%	40%	20%	0	0	
Satisfaction with cooperation between employee's	5	5	0	0	0	
	50%	50%	0	0	0	
Employee performance (Y)	Ability to work on target	6	3	1	0	0
		60%	50%	10%	0	0
	Employee's can complete work in accordance with procedures	4	3	3	0	0
		40%	30%	30%	0	0
	The covered work can be completed within a predetermined time	6	2	2	0	0
		60%	20%	20%	0	0
	Ability to reduce errors made at work	3	5	2	0	0
		30%	50%	20%	0	0
Attendance Punctuality	5	4	1	0	0	
	50%	40%	10%	0	0	
Bosses appreciating employee's work	5	2	3	0	0	
	50%	20%	30%	0	0	

*Source: Questionnaires Distributed (2020)*

Based on table 1.1, it can be seen that none of the respondents chose Disagree and Strongly Disagree in all variables. However, some respondents choose neutral, which indicates that respondents feel doubtful about this indicator. This shows that the employee's are still in doubts in job satisfaction and employee performance variables. Employee's think that the company has provided a salary that is in accordance with the workload given, but it is better if it is increased because the more satisfied the employee's are, the performance will also increase.

Based on the employee's opinion, the company has provided a work position in accordance with their respective portions, but it is better if employee's get a promotion opportunity. It will make employee's more satisfied, moreover, the performance will also increase

To be able to reduce employee's performance errors, the company can provide job trainings and workshops to improve the quality of employee's work.

TABLE 1.2

PT MITRA LESTARI SEJATI EMPLOYEE'S PERFORMANCE INDEX

<b>Year</b>	<b>Individual Performance Achievement</b>	<b>Classification of Individual Performance Standards</b>	<b>Explanation</b>
2016	68.10 %	P2(<80%)	Good
2017	59.20%	P3(<60%)	Fair
2018	67.40%	P2(<80%)	Good
2019	56.90%	P3(<60%)	Fair

*Source: Company's Data Internal (2020).*

Note:

(P1<100%) = Excellent

(P2<80%) = Good

(P3<60%) = Fair

(P4<40%) = Poor

*Source: Company's Data Internal (2020).*

Table 1.2 is the result of internal interviews with HR and Organizational Manager and it shows the percentage of employee performance scores or Individual Performance Standards (SKI) which fluctuates from 2016 to 2019. Unstable and changing conditions or circumstances occurred. There was a decrease of 8.90% in 2017, then an increase of 8.20% in 2018 and another decrease in the following year. However, if seen from the trend, the employee performance index has decreased from 2016 to 2019. The data listed in table 1.2 are obtained from the measurement instrument used by PT MITRA LESTARI SEJATI to measure how far the performance of each employee. Determining the target for each individual starts from the Badan Usaha Milik Swasta aspiration meeting, followed by determining the Key

Performance Indicators (KPI), then the unit performance standard for each unit or division and the Individual Performance Standard.

Individual performance standards can be said to be good if the results of these performance standards are in accordance with the job descriptions and work goals. Where, if every employee of PT MITRA LESTARI SEJATI will get a 100% indicators if each employee meets the set target. The performance indicators is divided into five classifications that will be used for rank evaluation consisting of achievement scores and competency scores. The classification consists of P1 if the individual performance standard value is 100%, P2 if the individual performance standard value is <80%, P3 if the individual performance standard value is <60%, and P4 if the individual performance standard value is <40%. Then it can be analyzed that in 2018 the employee performance index is in the second classification, which is P2.

Therefore, every employee at PT MITRA LESTARI SEJATI is expected to be able to work to meet the predetermined performance targets which are classified into one of the individual performance indicators classifications. According to Panjaitan & Winarno (2019) one way to retain employees is by maintaining job satisfaction. It can be said that there is a reciprocal relationship between employee performance and job satisfaction which can improve employee performance. So that job satisfaction is an important thing that must be felt and owned by every employee because it can directly influence the employees behavior at work.

Luthans (2015: 46) suggests that job satisfaction is a positive perception that employees have about their work. Where, employee's who have high job satisfaction feelings will also have positive feelings about their work so that someone who is satisfied in their work will have high motivation, commitment to the organization and work participation, which will improve their performance. Dissatisfied employees can be high, medium or low producing ones and they will continue the level of achievement that gives them satisfaction. So it cannot be generalized that if employees are satisfied with their work, they will definitely be high performers. Job satisfaction has a direct and significant effect on employee performance (Sari & Susilo: 2018, 34-35). Based on research, this shows that when employees are very satisfied with their work, salary, co-workers or others as stated, they will perform optimally. When all aspects of job satisfaction related to employee's can be fulfilled by the company, the employee's will optimize their work for the company. Job satisfaction is said to cause



an increase in performance so that satisfied employees will be more productive. In addition, job satisfaction can be caused by performance or work performance, so that more productive employees will get satisfaction. If job satisfaction is not fulfilled, the employees performance will be low, so that the company's goals cannot be fulfilled optimally. One of the steps that can be taken by leaders to motivate their employee's is to create job satisfaction (Riska & Wardhana, 2018: 2).

Job satisfaction is a general attitude towards someone's job which shows the difference between the amount of rewards received by workers and the amount they believe they should receive (Robbins, 2003: 78). Job satisfaction is a pleasant or unpleasant emotional state in how employee's perceive their work (Handoko, 2001: 193).

Job satisfaction is a person's happy feeling for his job which is manifested in the spirit of work. If someone feels satisfaction in their work, it will certainly make them enthusiastic in carrying out their work. If employees in the company have high enthusiasm, this will make it easier for employees to achieve the goals set by the company (Mathis & Jackson, 2006: 209)

Based on data obtained from internal documents through interviews with HR and Organization Managers, PT MITRA LESTARI SEJATI experienced a decrease in the number of employees from 2016-2019. Due to low employee performance, the company goals are not maximally fulfilled. One of them is the factor of age, health and job satisfaction which are not fulfilled by the company.

TABLE 1.3  
NUMBER OF PT MITRA LESTARI SEJATI PERMANENT EMPLOYEE'S

<b>Year</b>	<b>Number of Employee's</b>
2016	50
2017	55
2018	53
2019	49

*Source: Company's Internal Data (2020)*

The data in table 1.3 is the result of an internal interview with the HR and Organization Manager and it can be seen that PT MITRA LESTARI SEJATI has decreased the number of employees from 2016 to 2019. Therefore, based on the

information obtained, the reduction in the number of employees can be an indicator that the Job Satisfaction in PT MITRA LESTARI SEJATI is experiencing problems that can impact the achievement of company goals and targets.

Regarding to employees job satisfaction, the author conducts a survey of 10 employees with the following list of questions:

TABLE 1.4  
PT MITRA LESTARI SEJATI EMPLOYEE SATISFACTION INDEX

No	Questions	SA	A	N	D	SD
1	The comfort condition in the place I work at is adequate	8	2	0	0	0
		80%	20%	0	0	0
2	The salary I receive is equal to the tasks I do every month.	1	9	0	0	0
		10%	90%	0	0	0
3	Clear regulations from the company regarding promotion.	3	7	0	0	0
		30%	70%	0	0	0
4	Company policy in placing me is suitable to my skills.	5	2	3	0	0
		50%	20%	30%	0	0
5	Clear directions are given while I am working.	9	1	0	0	0
		90%	10%	0	0	0

*Source: Company's Data Internal (2020)*

Table 1.4 is the result of the questionnaire distributed to 10 employees of PT MITRA LESTARI SEJATI as a sample and shows the average job satisfaction index of PT MITRA LESTARI SEJATI. Based on the data in table 1.4 which presents the results of measuring the level of job satisfaction of the employees of PT MITRA LESTARI SEJATI, it can be seen that the index on all aspects of job satisfaction is measured. So it can be concluded that the job satisfaction index for four years, from 2016 to 2019, can be said to be stable and good when seen from the questionnaire distributed on September 16, 2020.

Based on the results of the interview data that has been obtained, it can be identified that there is a phenomenon of employee's job satisfaction and employees performance which has fluctuation since 2016-2019. Therefore, based on the description above, the writer wants to know whether or not there is a mutual influence between job satisfaction and employee performance. So the authors are interested in doing research entitled **“EFFECT OF WORK SATISFACTION ON EMPLOYEE'S PERFORMANCE IN PT MITRA LESTARI SEJATI”**

### 1.3 Statement of the Problems

Based on the background described above, the statement of the problems in this study are as follows:

- a. How is the employee's job satisfaction at PT MITRA LESTARI SEJATI?
- b. How is the performance of employee's at PT MITRA LESTARI SEJATI?
- c. How are the effects of job satisfaction on employee's performance at PT MITRA LESTARI SEJATI?

#### **1.4 Purpose of the Study**

The objectives to be achieved in this study are based on the statement of the problems previously stated, which are:

- a. To observe and to analyze employee's job satisfaction at PT MITRA LESTARI SEJATI.
- b. To observe and to analyze the performance of employee's at PT MITRA LESTARI SEJATI.
- c. To observe and to analyze the effect of job satisfaction on employee's performance at PT MITRA LESTARI SEJATI.

#### **1.5 Benefits of the Study**

Based on the objectives to be achieved, this research is expected to provide benefits both directly and indirectly. The research benefits are as follows:

##### **1.5.1 Theoretical Purpose**

This research is expected to be useful to add information, become empirical evidence, and become a reference in conducting studies on topics related to the problem.

##### **1.5.2 Practical Purpose**

The results of the research that have been done are expected to have positive impacts in practical aspects.

###### **a. For the Company**

The results of the research can be used as information about the effect of job satisfaction and employee engagement in the company, as well as being taken into consideration in determining the policies that will be implemented by PT MITRA LESTARI SEJATI to improve employee's performance.

###### **b. For the Author**

This research is used as a comparison between the theory studied and the reality, and its implementation in the field.

c. For the Readers

Research is expected to be useful as reference material and information in research related to job satisfaction, employee engagement, and employee performance.

## **1.6 Organization of the Thesis**

Writing systematics aims to facilitate the understanding and review research. In this research, the systematics of writing consists of five chapters, each of which can be explained in outline as follows:

### **Chapter I Introduction**

This chapter describes in general, brief, and concise about the contents of the research. This chapter includes: General Description, Background of the Study, Statement of the Problem, Purpose of the Study, Benefit of the Study, Organization of the Thesis

### **Chapter II Literature Review**

This chapter contains a clear, brief, and concise summary of the results of the literature review related to the research topics and variables used as a basis or reference in preparing a framework for thinking and formulating research hypotheses.

### **Chapter III Method Of Research**

This chapter describes the approaches, methods and techniques used to collect and analyze data. Data analysis techniques must be relevant to the research problem.

### **Chapter IV Research Results and Discussion**

This chapter, the results of the research and discussion are described systematically in accordance with the identification of the problem and the research objectives. In discussing the results of data processing, the scope of the research and the limitations of the research and the common thread of interpretation must be clear.

### **Chapter V Conclusions and Suggestions**

This chapter, conclusions are presented on the results of data analysis related to the answers to research questions. The research conclusions are written sequentially according to the research problem and question.