

# CHAPTER 1

## INTRODUCTION

### 1.1. Background

Business is a dynamic thing that can change everytime without limitation. In order to win in the competition, the business should able to adapt with changing and give the best fast respond. The best respond can be done if the business have qualified human resources.

Human resource is one of the important part of the business in order to make change to the business to achieve the business goals. In that case, the compnay need to know how to direct the employee well to work maximally. In order to achieve that, the company should have skillful and high professionalism employee. Because of human resource is very important in a business, the company should be concern about this things.

Nowadays, globalization era have make the company becoming more technologist in managing and operating the business activity but, human resource is very needed by the company to handle the problem that cannot be solved by technology. For example, the employee should know how to operate the machine, it must need more qualified employee. The more qualified and skilled employee, the more human resource aspect that need to be concern about.

Performance of the employee affected by many factors at the work place. Performance is the art of the employee to do their job within the defined boundaries. One of the factors that affect the employees' performance is the monetary factors

at the work place, like impact of pay-for-performance and fixed-salary compensation on employees' performance (Saeed *et al*, 2013). Many studies before found that the mediating effect of job satisfaction on job performance. Ali *et al* (2014) found that there is significant effect of the role of job satisfaction as mediating on employees' performance.

Monetary factor or incentive is one of the best way to improve the employees' working performance because it can motivate someone to work as well and as maximal as they can. Incentive means as a incentive to the employee because they have good working performance to the company (Siagian 2003).

Robbins (2001) defined that incentive system was paid into the intrinsic rewards and extrinsic rewards. Intrinsic rewards include the participation in decision-making, job autonomy, greater responsibility and personal growth. Extrinsic rewards can be divided into two: (1) the financial rewards (eg, bonus, bonus, etc.). (2) The non-financial rewards (such as: welfare, holidays, etc.).b) Urbanski (1986), incentive system was divided into four categories, namely, money-based incentive system, travel system, the system of four prizes and commendations system.

There are many company of truck container in Padang. Such as CV. Anfath, PT. AMI, UD. Helindo, CV. LA, CV. BSL, CV. Went By Pass, CV. Karya Utama, CV. Sukapaseban, and CV. Satria Nusantara. All of the company have almost 30 employees. Almost all of the employee is a non undergraduate people. The manager hard to find the good ways in order to increase the employees' performance and also the manager want to know whether the incentive program that doing by

company is appropriate or not to increasing the employees' performance. The owner of CV. Went By Pass, Ir. Erwen said that there may be a failure in adapting the incentive program in the company, the performance of the employee seems like nothing different. In case of that, the researcher take the incentive system to the survey to try whether it affect directly to the performance of the employees or not.

Based on the description of the background that have been outlined above, researchers interested to analyze and know more about the effect of the financial and non financial incentive that can be describe systematically in a research with heading **“Effect of Financial and Moral Incentive on the Employees' Job Performance by using Job Satisfaction as Mediator on Truck Container Industrial in Padang”**.

## **1.2. Problem Statement**

Questions that guide this research include:

- How does the financial incentive affect the employees' performance?
- How does the moral incentive affect the employees' performance?
- Does job satisfaction can be a moderator between both incentive and employees' performance

## **1.3. Objective of the Research**

- To determine and analyze whether is there any significant effect between incentive and employees' performance
- To examine the impact of moral incentive on employees' performance
- To identify the mediating role of job satisfaction to incentive and employees' performance

#### 1.4. Contribution of the Research

This research is expected to give benefit for related parties, especially:

- For Companies

Companies use this study as a material consideration in the quest to improve employee performance.

- For Authors

This research can increase knowledge and broaden horizons, especially relating to the factors that affect the employees' job satisfaction on incentive.

- For the Other

With the research is expected to increase knowledge about the aspect that can affect the job performance of the employee by giving financial and non-financial incentive.

#### 1.5. Scope of the Research

Based on the problem statement, this research will be limited to explain and analyze how the financial and non-financial incentive can affect directly to the employees' performance in truck container industry in Padang. The researcher limits the research context by focusing on the employee of the company.

## **1.6. Outline of the Research**

In order to make it easier and make moderate the forwarding of content, this research is divided into five chapter, they are:

### **CHAPTER I: Introduction**

Elaborating on the background of the problem, formulation of the problem, limiting the problem, research objectives, the benefits of research, and systematic thesis.

### **CHAPTER II: Literature Review**

This chapter contains descriptions of theoretical variables that include the theories that support and underlie the variables used in the research and framework.

### **CHAPTER III: Research Methods**

Explaining about research method which discussing about research design, population and sample, data collecting method, operational of variables, data processing, data analysis method and data analysis.

### **CHAPTER IV: Result and Discussion**

Explain about validity and reliability test, analyzing the influence of financial incentive and moral incentive on employee performance by using job satisfaction as mediator to the employee of truck container companies in Padang.

## CHAPTER V: Conclusion, Limitation, Implication, and Recommendation of Research

On this chapter, researcher will explain about conclusion of research, suggestion of research, limitation of the research, and recommendation for further research.

