

CHAPTER I

INTRODUCTION

1.1 Background

In this era of globalization, companies are required to be able to compete professionally. One of the important strategies that companies can do to be able to compete with human resource management. Human resources are a strength in the success of an organization or company, especially companies engaged in banking. Companies need to carry out a strategy to optimize human resource management in order to produce competent human resources so that later it can improve employee performance. Compensation is an important and strategic policy in an organization because it is directly related to increasing morale and employee performance in a company. Salary is a payment or service delivery made by employees which is generally paid regularly per month (Mulyadi, 2013). Research by Hameed et al., (2014) states that salary has a positive influence on employee performance. However, this is in contrast to the research of Gunawan and Amalia (2015) which states that salary has a negative effect on employee performance. Compensation is very important for employees, because the size of the compensation is a measure of employee performance. If the compensation system provided by the company is fair enough, employees, especially marketers, can work more productively and increase their responsibility in carrying out the tasks assigned by the company. Therefore compensation is an important factor to motivate employees to improve their performance. Motivation is one of the factors that encourage someone to do a certain activity. Murty and Hundiwinarsih (2012) state that a motivated employee will be energetic and enthusiastic, and conversely, an employee with low motivation will often display discomfort and displeasure with his work which results in poor performance and unreachable company goals. One of the reasons for employee work motivation is the provision of appropriate compensation. Individual characteristics are the attitudes or behavior of a person in carrying out a given task where these attitudes and

behaviors affect their performance. A leader must know the characteristics of his sales force in order to easily direct and motivate him to work. Therefore, the leadership style of a leader will greatly influence performance improvement. Leaders will influence organizational commitment and performance because they can lead employees to achieve the results of organizational goals (Yeh and Hong, 2012).

This study will try to determine how much influence the salary and tenure on employee performance at UED-SP Bengkalis District, is one of the Villages as the implementer of the Village Empowerment Program (PPD) in the Village Economic Business, Savings and Loans (UED-SP).

Village / Sub-District Economic Business Institutions (UED SP) in several villages / wards are microfinance institutions (LKM) formed by the Village / Sub-district through deliberations to manage Village Business Funds (DUD) and funds originating from (APBD) regional government. The business undertaken by the Village Economic Business Institution / Sub-District Savings and Loan (UED SP) is to manage village business funds and lend money to all people who carry out economic business either individually or in groups. As a community empowerment institution based on savings and loans such as the Village Economic Business Institution / Kelurahan Savings and Loans (UED SP) to be at the forefront of helping the community's economic efforts to be more advanced and independent in achieving welfare, it also has a function to empower the economy of the poor so that they get out of the cycle of poverty. 16 Economic Business Institutions / Savings and Loans Village (UED SP) have a strategic role in helping the process of improving the community's economy through empowering the community's economy in order to achieve the goal of developing a whole community and improving community welfare (Lusiana, 2014).

Based on these circumstances, it is necessary to have Human Resources (HR), especially marketers who support the activities of lending. This statement is reinforced by the research results of Mphil et al. (2014) and Negash et al. (2014) which states that compensation and its components such as payment, promotion, recognition, working conditions and benefits have a positive effect on employee

performance and motivation. In addition to providing compensation, one that has an effect on improving performance is tenure. The period of work (Nainggolan et, al (2012), Wirawan, et, al (2014), & Pamungkas et, al (2017)) for someone to work is the length of time they work. The longer the working period of a worker, the skills and ability to do the job should increase. The experience of a person carrying out a job continuously can increase his technical maturity. The tenure is the level of one's mastery in the implementation of technical aspects of the equipment and work techniques. There are several factors that determine whether an employee is experienced or at the same time as an indicator of work experience, namely the length of time / working age, level of knowledge and skills and mastery of work and equipment. According to Mangkunegara (2013), performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him.

Seeing from the above background, the author is interested in conducting research with the title "The Effect of Salary and Working Period on Employees Performance at Bengkalis District.

1.2 Problem Formulation

Based on the background of the problem above, the problems in this study can be formulatied as follows:

1. How does salary influence on employees performance at UED-SP Bengkalis District ?
2. How is the effect of working period on employees performance at UED-SP Bengkalis District ?
3. How do salary and working period influence on employees performance at UED-SP Bengkalis District?

1.3 Research Objectives

The purpose of this study is to obtain an in-depth picture and provide empirical evidence regarding the effect of salary and working period on employee

performance at Bengkalis district. Based on the background and problem formulations, this research was conducted with the aim of:

1. To determine the effect of salary variables on employees performance at UED-SP Bengkalis District
2. To determine the effect of working period variables on employees performance at UED-SP Bengkalis District
3. To determine the effect of salary and working period variables on employees performance at UED-SP Bengkalis District

1.4 Research Benefits

The Research which is conducted by researcher will provide several benefits and uses for various parties, including:

1. For writers
Can increase knowledge as a provision in applying the knowledge that has been obtained in college in the real world of work.
2. For the company
It is hoped that the research results can provide valuable information for companies in better HR management and all policies that are directly related to HR aspects.
3. For Readers
The results of this study are expected to add information and references for all parties who need it.

1.5 Scope and Limitation Problem

So that the research does not become broad and the scope is clearer, the following are the limitations of the research problem:

1. The study only focuses on the effect of salary and working period employees performance at UED-SP Bengkalis District.
2. The research was conducted on employees of UED-SP Bengkalis District by taking data using questionnaire data.

1.6 Systematic Report Writing

The writing of these results can be described in each chapter, namely as follows:

CHAPTER 1 : INTRODUCTION

This chapter includes background problems, problem formulation, research objectives, research benefits, scope and limitations of the problem, and writing systematics.

CHAPTER II : LITERATURE REVIEW

This chapter discusses previous research, theoretical foundations, and frameworks of thought.

CHAPTER III : METHODOLOGY AND RESEARCH COMPLETION PROCESS

This chapter contains the location and time of research, research subjects and objects, types and sources of data, data collection techniques, data analysis techniques, research models, types of research, understanding of concepts and operational variables, as well as research schedules and budgets.

CHAPTER IV : RESULTS AND DISCUSSION

This chapter contains the results of the discussion and the limitations of the research results.

CHAPTER V : CONCLUSIONS AND SUGGESTIONS

This chapter contains conclusions and suggestions as a final description of the research.