

# **CHAPTER I**

## **INTRODUCTION**

### **A. Background**

The phenomenon of employee performance in Indonesia is an initial goal of a success or failure of work programs that have been set in an organization. Performance is an important and interesting part of an employee because it proves to be very important benefits. An institution wants its employees to work really serious in accordance with their abilities to achieve good work results. Without having good performance from all employees, then success in achieving goals will difficult to achieve.

Basically, performance in the work environment of a Government Organization experiences is a rapid level of development. It causes high competition among civil servants. Improving the performance of the government apparatus is one of the development strategies for a country in carrying out its governance process. Based on article 21 paragraph 2 of Law Number 48 of 2009 concerning Judicial Power, it is stated that the provisions concerning the organization, administration and finance of the judicial part as referred to paragraph 1 for each judicial environment is regulated in accordance with the specific environment of each judiciary.

Achieving organization goals is influenced by the employee performance of the organization itself. To satisfy the performance, the organi-

zation makes a lot of efforts but does not pay attention to satisfaction of employees. If employees are satisfied, they will be more capable in doing their jobs (Ahmad, Wasay, Malik, 2012). So from that, the organization needs potential and qualified human resources, both in terms of leaders and employees in the pattern of duties, responsibilities, usage in accordance with the rules and supervision which is the determinant of achieving corporate goals (Dewi, 2012).

Performance of the employee is considered as what an employee does and what he does not do. Employee performance involves quality and quantity of output, presence at work, accommodative and helpful nature and timeliness of output (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014).

The Yogyakarta court is a first-level judicial institution that is responsible for carrying out the duties and functions mandated by laws or the people as stakeholders of the highest sovereignty. The Yogyakarta court is the implementation of judicial power in charge of organizing the judiciary to uphold law and justice as well as being the front guard of the supreme court in Yogyakarta.

As an effort to carry out this role, performance is one of the main focuses that must be considered. To measure employee performance, the Yogyakarta District Court conducted a performance assessment. Work behavior assessment is carried out to measure the quality of employees work employees.

Besides that, employee discipline is very important to be carried out by every employee to be able to accomplish each stage so that all is completed on time with optimal results. Work discipline can be interpreted as the awareness and willingness of someone to obey the organization or organizational regulations and social norms that applied, where employees always come and go home on time and do all their work well (Hasibuan, 2013).

Employee discipline is also supported by the presence of skills because the better skills employees have, the higher performance they will have. The organization wants employees who have strong soft skills and also hard skills.

The concept of Islam has taught that humans must work and have good performance so that they can produce something good, for themselves, others and their organizations. In accordance with At-Taubah Al-Quran verse 105 which states that :

وَقُلْ أَعْمَلُوا فِيسِرَى اللّٰهُ عَمَلِكُمْ وَرَسُولِهِ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَىٰ  
 عِلْمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ ﴿١٠٥﴾

Meaning: "And Say:" Work on you, then Allah and His Messenger and the believers will see your work, and you will be returned to (Allah) Who knows the unseen and the real, then He tells you what you have done."

It contains a noble message that we as human, should work well and honestly to full fill the life. Because every behavior in work will produce charity, big or small sins that will later be demonstrated on the Day of Judgment and will get accountability in the hereafter. This verse is closely related to employee performance so that we work with *halal* and try according to our abilities, because believers are forbidden to be lazy.

Wirawan (2009) stated the dimensions of performance are the qualities of a job or activities that occur in the workplace that are conducive towards measurement ". The performance dimension provides a tool for describing the overall scope of activity in the workplace. Meanwhile, responsibility and obligation provide a depersonalization description. Performance dimensions are grouped into three types, namely work results, work behavior, and personal characteristics related to work.

Sedarmayanti (2007) states that performance is a system used to assess and know whether an employee has carried out his work as a whole, or can also be interpreted as a combination of work results (what must be achieved) and competence (how someone achieves it).

Therefore, appropriate strategies are needed in the organization, especially strategies related to employee performance. Employees can improve their performance if they know what is expected when they participate how and when employees are assessed for their work.

In the work environment, the attitude of employees of Yogyakarta District Court is required to comply official regulations. However in reality, there are still some employees who do not comply with the rules that have been set. Some employees are still late returning to the office after recess, choosing assignments that are not suitable with their responsibility so that the number of jobs for employees is not commensurate. The lack of effectiveness due to the use of working hours.

Problem that is currently happening in Yogyakarta District Court is the disproportionate comparison number of employees between the registrar office and the secretariat office. The number of employees in the registrar office is 47 employees while in the secretariat section there are only 20 employees with the different workloads. The workload in the secretariat office is more than in the registrar office, it makes the uneven employee performance. However, many employees choose to move from their proper duties. For example, the secretarial employees move to the registrar office to obtain higher salary. This makes the work pile up which cause rush when there are changes or sudden demands.

The manifestation of the current performance accountability is the development of a performance accountability system in the form of LAKIP (Government Agency Performance Accountability Report). LAKIP is used as a tool to measure the level of performance success. Performance measurement system using LAKIP (Government Agency Performance Accountability

Report) in the Yogyakarta district court is not yet effective to measure the quality of employee or organizational performance, several problems can be identified in the preparation of LAKIP such as the not-yet optimal internal performance evaluation carried out. program logic flow and logical performance and Determination of performance both main performance and target performance or program performance that is not yet results oriented.

The main duties of the registrar can not be separated from the main duties of the court to receive, examine, listen and settle cases while the secretariat has the task of carrying out support in administration, organization, finance, human resources, as well as facilities and infrastructure in the office environment.

In general, employee performance could have a decline that occurs due to decreased work motivation within oneself and the existence of opportunities to commit fraud. Internal control is very important to provide protection for the entity against employee weaknesses and to reduce the possibility of errors and actions that are not match the rules. Dewi (2012) stated that a organization that has been running should monitor all its operational activities. If the internal control is weak, it will result the insured of organization's wealth, security and operational activities as well as in compliance with established policies are in efficient and in effective.

Internal Control Systems (ICS) affect employee performance, this research conducted by Dewi (2012). Achieving good corporate of internal

control will certainly increase the productivity and performance of employees. Dewi (2012) stated that internal control is a process designed to provide reasonable certainty regarding to the achievement of management objectives about the reliability of financial report, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

If the internal control system is not good or can be said it is weak, it causes the reports in the organization less reliable. Policies that have been made or determined by the government can not be implemented properly if the internal control system in the organization is bad (Dewi,2012).

As stated previously, the performance of a organization to achieve organization goals is influenced by the performance of employees within the organization itself. One of the factors in influencing employee performance is the organizational climate. Organizational climate or organizational atmosphere will create a quality of work-life that is conducive to achieve organizational goals. The important role of the qualified work is to change the work climate so that organizations or companies technically and humanly bring a better quality of work life.

Motivation is also an important element in organizational climate behavior because individuals will be motivated to conduct organizational climate behavior if the person perceives the behavior as a way to achieve certain results. Some major factors which have more effects on the level of motivation,

productivity is the one of them. If productivity is best then at the end quality is increase.

This research is a replication and modification of previous research conducted by Chandrasari (2017) with the title “The Effect of Organizational Climate, Motivation, and Discipline Which is Reinforced by Skills Towards the Performance of LPPS Indonesia Employees”. The differences between the previous research and this research is the existence of an internal control system as an independent variable. Adding internal control systems variable that is due to the need for good internal control of the organization to increase productivity and performance of employees.

Based on the description and previous research described above, this study intends to conduct a research entitled "**THE EFFECT OF INTERNAL CONTROL SYSTEM, ORGANIZATIONAL CLIMATE, MOTIVATION AND DISCIPLINE THAT ARE STRENGTHENED BY THE SKILLS ON EMPLOYEE PERFORMANCE.**"

## **B. Research Scope**

Based on the background that has been explained, so that the research is more directed. Because of the limited ability of researchers, this study is limited to only the influence of the internal control system, organizational climate, motivation and discipline strengthened by skills in Yogyakarta District Court Employee Performance.



### **C. Research Question**

Based on the background that the researcher has described above, the formulation of the problem in explaining this study are as follows:

1. Does the internal control system has a positif effect to the employee performance in Yogyakarta District Court?
2. Does the organizational climate has a positif effect to the employee performance in Yogyakarta District Court?
3. Does the motivation has a positif effect to the employee performance in Yogyakarta District Court?
4. Does the organizational climate has a positif effect to the employee discipline in Yogyakarta District Court?
5. Does the motivation has a positif effect to the employee discipline in Yogyakarta District Court?
6. Does the employee discipline has a positif effect to the employee performance in Yogyakarta District Court?
7. Does skills reinforce employee discipline has a positif effect to the employee performance in Yogyakarta District Court?

### **D. Research Objective**

Based on the formulation of the problem above, the purpose of the research is to obtain information about:

1. To examine the influence of internal control system to the employee performance in Yogyakarta District Court.
2. To examine the influence of organizational climate to the employee performance in Yogyakarta District Court.
3. To examine the influence of motivation to the employee performance in Yogyakarta District Court.
4. To examine the influence of organizational climate to the employee discipline in Yogyakarta District Court.
5. To examine the influence of motivation to the employee discipline in Yogyakarta District Court.
6. To examine the influence of employee discipline to the employee performance in Yogyakarta District Court.
7. To examine the influence of skills reinforced with employee discipline to the employee performance in Yogyakarta District Court.

## **E. Significance of the Study**

### **1. Theoretically**

- a. After the research done based on the theories that have been obtained during the lecture the results are expected to add to the writer's knowledge practically about the problems faced by companies and organizations.

- b. The results of this study are expected to be able to help the learning process and application to the science of the public sector and can be a reference for further research related to employee performance

## **2. Practically**

The results of this study are expected to be a reference for companies in an effort to improve employee performance related to internal control system, organizational climate, motivation, and discipline, thus the organization can make improvements for the following years.

## **3. Decision Making / Policy**

The results of this study can be used as input to add to the discourse on the implementation of employee performance in the organization, especially those related to internal control system, organizational climate, motivation, and discipline

