

## **CHAPTER I**

### **INTRODUCTION**

#### **A. Research Background**

The success of an agency or organization is not only determined by the capital and facilities it has, but also by the availability of reliable human resources. The human resources owned by a company must of course be able to work optimally to achieve company goals. Every agency or organization requires human resources who are physically and spiritually healthy, have a good mentality, discipline, enthusiasm, abilities and expertise in accordance with the challenges and needs of the world of work (Nitta, 2013).

Improving the quality of employee resources is very urgent and needs to be carried out in a planned, directed and sustainable manner in order to improve capabilities and professionalism. The objective of developing the quality of employee resources is to improve the operational performance of employees in carrying out governmental tasks. In addition, the high quality of employee resources will lead to the birth of a strong commitment in completing routine tasks according to their respective responsibilities and functions more efficiently, effectively and productively.

One of the causes of decreased employee performance in an institution/organization is due to a discrepancy between the level of ability possessed by employees, with the development of needs and the dynamics of the problems faced by an increasingly competitive world of work. Many parties argue that among the factors that affect the decline in employee capabilities is the lack of attention from agencies/organizations in providing appropriate education and training programs for their employees (Turere, 2013).

In this case, there is actually a very close relationship between individual performance and agency performance. In other words, if the individual/employee performance is good, it is likely that the institution's performance will be good too.

Employee performance will be good if he has high skills, is willing to work because he is paid or is paid according to the agreement and has hopes for a better future. Employee performance is the result of their perception of their work. In addition, employee performance is the result of their perception of their work. Based on several factors in the work environment, such as the working conditions experienced by employees, policies and procedures, leadership style, work group relationships, and additional benefits. On the other hand, high or low employee performance is also influenced by employee compatibility with one's personality (Stepanus, 2014).

In a company, of course, has a target that must be achieved by its employees. Each employee has duties and responsibilities assigned by the company to be completed. To be able to complete the tasks assigned by the company, of course, every employee must have the ability in terms of hard skills and soft skills. According to Tegar, (2014) hard skills are the ability to master science, technology, and technical skills related to their field of knowledge.

Hard skills are mastery of science, technology, and technical skills related to their field of knowledge. Hard skills are technical skills that are inherent or required for certain professions, for example: mechanical engineers need skills to work with machinery, programmers must master programming techniques in a certain language (Kadek, 2012)

Hard skills (technical and academic skills) are indeed important in a job. However, if it is not supported by good soft skills, it is not surprising that after decades of work, one's performance does not increase. Very different from those who have good soft skills, their achievements will gradually continue to rise to a higher level. Seeing the importance of soft skills, of course, it is very necessary to know the reality of the development of soft skills needed in the world of work. The results of research by NACE (National Association of Colleges and Employers) in 2005 which stated that in general labor users needed work skills in the form of 80% soft skills and 20 hard skills (Kadek, 2012).

Soft skills are a person's ability to motivate himself and use his initiative, have an understanding of what is needed to be done and can be done well, useful for overcoming small problems that arise suddenly and can continue to survive if the problem has not been resolved. Although soft skills are inherent in a person and it takes hard work to change them, soft skills are not stagnant, these skills can be optimized with training and honed by work experience. The concept of soft skills is the development of a concept that has been known as emotional intelligence. Soft skills are abilities beyond technical and academic abilities that prioritize intrapersonal and interpersonal skills (Widiastuty, 2014).

Soft skills and hard skills are complementary. Hard skills are the infrastructure and soft skills are the superstructure. A building is said to be complete if the infrastructure and superstructure exist. The main thing that needs to be considered and observed is bringing together soft skills and hard skills for the continuity and success of a professional as a university graduate who will face the world of work. (Rilman, 2013).

This issue is interesting to raise in line with the development of phenomena that occur in the world of work today which not only require academic and professional competence (hard skills), but also intrapersonal and interpersonal skills (soft skills). Soft skills are so important because many companies or agencies not only need a workforce that is smart and able to do the tasks given. Companies and agencies now also want a workforce or employees who are able to communicate, socialize, hardworking, smart, adapt to the work environment, and have the ability to work together with colleagues and superiors (Purnami, 2013).

The ability of an employee is an important thing that must be possessed by an employee to support his work. In a company, the ability of an employee is needed to be able to provide maximum results. In this day and age the use of applications is very easy in work. But there is a problem that occurs in the CV. Kharisma Jaya where employees were found who were still unable to operate Microsoft as a data

management application. These problems will certainly have an impact on the output produced by each employee.

The level of education can have an impact on mindset and decision-making at work. But on CV. Kharisma Jaya has many employees who have only graduated from high school. Based on data obtained from managers at the company, it was found that many employees lack initiative at work and lack initiative in providing constructive solutions or suggestions for the company. The following is data related to the level of education of CV employees. Kharisma Jaya:

**Table 1.1 Education Level of employee on CV. Kharisma Jaya**

Education Level	Number of Employee
Bachelor Degree (S1)	12
High School Education (SMA)	26
Total	38

*Source : Data based on CV. Kharisma Jaya*

From the data in table 1.1, it can be seen that out of a total of 38 employees owned by CV. Kharisma Jaya 26 of them graduated from high school or equivalent and as many as 12 employees graduated from S1. This comparison between employees with bachelor's degrees and high school graduates of its equivalent can certainly be one of the factors that can influence employees' decision-making abilities and also their performance in providing suggestions or constructive input to the company. From these problems, researchers are interested in conducting research entitled "*the influence of hard skills and soft skills on employee performance*"

## **B. Formulation of The Problem**

Based on the description above, the research problem that will be studied in this study is the system and procedures of hard skills and soft skills on employee performance. The specifications of the main problems in this study include:

1. Do hard skills affect employee performance?
2. Do soft skills affect employee performance?
3. Do hard skills and soft skills affect employee performance?

## **C. Research Purposes**

Based on the explanation of the formulation of the problem above, the writing of this study aims to:

1. To find out and analyze the effect of hard skills on employee performance
2. To find out and analyze the effect of soft skills on employee performance
3. To find out and analyze the effect of hard skills and soft skills on employee performance

## **D. Benefits of Research**

The results of this study, both directly and indirectly, are expected to be useful both theoretically and practically.

### **1. Theoretical Benefits**

With this research, it is hoped that it can be used as reference material for other researchers who wish to raise topics such as this research and provide additional knowledge, one of which is in terms of hard skills and soft skills.

### **2. Practical Benefits**

In addition to theoretical benefits, this research is also expected to provide empirical evidence regarding the effect of hard skills and soft skills on employee performance. If the results of this study indicate

that variables have a positive influence on employee performance, then companies can take advantage of the results of this study to uphold hard skills and soft skills as an effort to improve employee performance. But if the results of this study show that the variables do not affect employee performance, then the company can reconsider what should be better to improve employee performance.

