

CHAPTER II: REVIEW OR RELATED LITERATURE

2.1 THEORETICAL REVIEW

2.1.1 THE DEFINITION OF MANAGEMENT

Same with the others study that related with human relation, management is difficult to be explained. In the reality, there is no definition about management that accepted as a universal. Definition of management is very wide, so there is no definition that used by people as consistent one.

Management in a company has a wide range, include all aspect of company's live. There's no organization or company that didn't have management, because organization itself is management. Several definition of management suggested by the economic theorist, like:

- ♦ James A.F.Stoner (T. Hani Handoko,1997:8)

Management is the process of planning, organizing, leading, and controlling the work of organization members using all available organizational resources to accomplish performance goals.

- ♦ Luther Gulick (T. Hani Handoko, 1997:11)

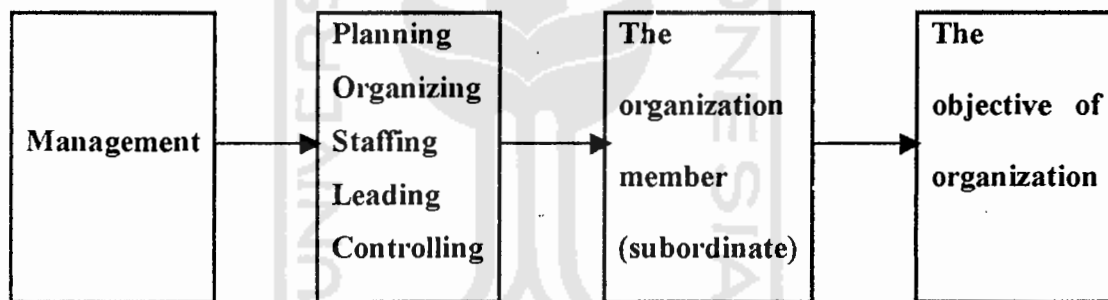
Management is knowledge of systematic effort to understand why and how people work together to achieve objective and make the work value to human being.

- ♦ And the other definition about management (Robbins and Coulter, 1996: 8)

Management is the process of getting activities completed efficiently and effectively with and through other people.

According explanation above, we can conclude that basically management is process of people who work together to determine, interpret and achieve companies objective with perform the function of planning, organizing, leading, and controlling. Figure 2.1 shows the management functions concept.

Figure 2.1 The Management Functions Concept



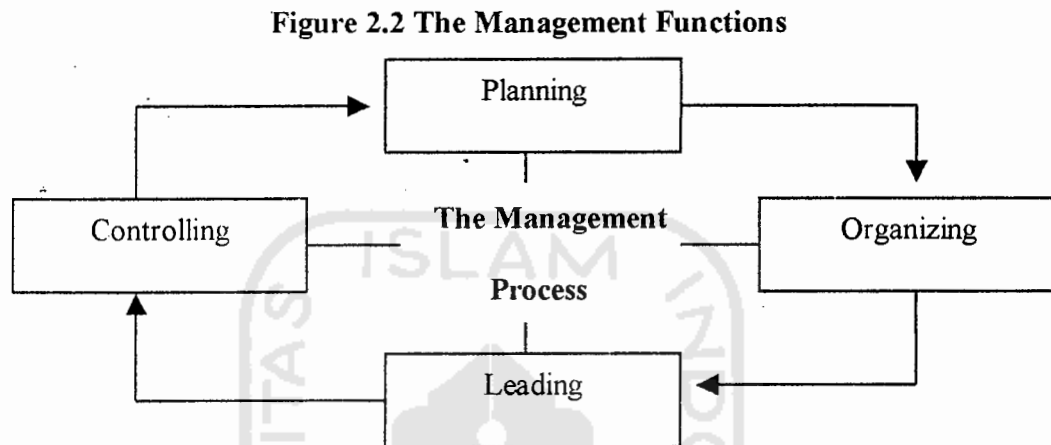
Source: T. Hani Handoko, 1997:10

2.1.2 FUNCTION OF MANAGEMENT

Success in the management process requires a capability to recognize problems and opportunities, make good decisions, and take appropriate action.

This must be done in respect to each of four basic management functions and

shared by all managers: planning, organizing, leading, and controlling. And in figure 2.2 shows four basic of management functions.



Source: Schermerhorn, 1996:11

1. Planning is the process of setting performance objectives and determining what actions should be taken to accomplish them. Through planning, a manager identifies desired work results and identifies the means to achieve them.
2. Organizing is the process of assigning tasks, allocating resources, and arranging the coordinated activities of individuals and groups to implement plans. Through organizing, managers turn plans into actions by defining jobs, assigning personnel, and supporting them with technology and other resources.

3. Leading is the process of arousing people's enthusiasm to work hard and direct their efforts to fulfill plans and accomplish objectives. Through leading, managers build commitments, encourage work efforts that support goal attainment, and influence others to apply their best efforts in the organization's behalf.
4. Controlling is the process of measuring work performance, comparing results to objectives, and taking corrective action as needed. Through controlling, managers maintain active contact with people in the course of their work, gather and interpret reports on performance, and use this information to plan constructive action and change.

2.1.3 THE DEFINITION OF HUMAN RESOURCES MANAGEMENT

Human resources Management is the effective management of people at work. Human Resources Management examines what can or should be done to make working people more productive and satisfied.

Human Resources Management is specially charged with programs concerned with people-the employees. Human Resources Management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals.

Human Resources Management consists of the numerous activities, including:

1. Equal employment opportunity compliance
2. Job analysis

3. Human resources planning
4. Employee recruitment, selection, motivation, and orientation.
5. Performance evaluation and compensation
6. Training and development
7. Labor relations
8. Safety, health, and wellness.

The Human Resources function today is much more integrated and strategically involved. The importance of recruiting, selection, training, developing, rewarding, compensating, and motivating the workforce is recognized by the managers in every unit and functional area of an institution. Human Resources Management and every other function must work together to achieve the level of organizational effectiveness required to compete locally and internationally.

□ **Objectives of the Human Resources Management function.**

The contributions Human resources Management makes to organizational effectiveness include following:

1. Helping the organizational reach its goals
2. Employing the skills and abilities of the workforce efficiently
3. Providing the organization with well-trained and well-motivated employees
4. Interesting to the fullest the employee's job satisfaction and self-actualization

5. Developing and maintaining a quality of work life that makes employment in the organization desirable
6. Communicating Human Resources Management policies to all employees
7. Helping to maintain ethical policies and social responsible behavior
8. Managing change to the mutual advantage of individuals, groups, the enterprise, and the public.

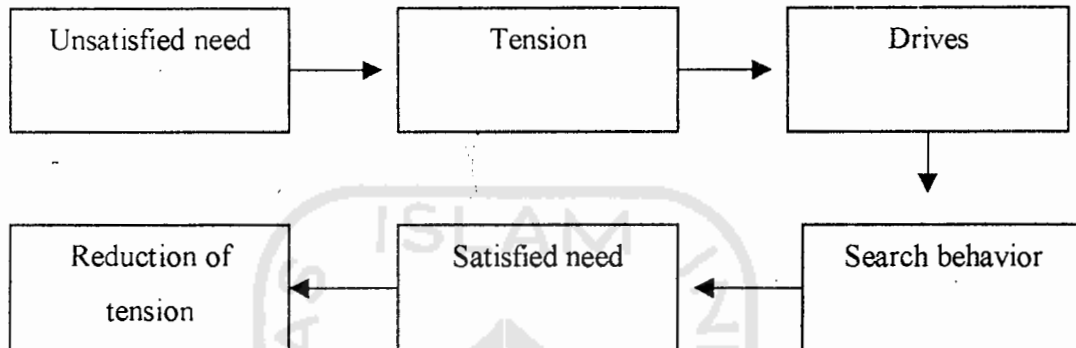
2.1.4 THE DEFINITION OF MOTIVATION

The world of motivation is ubiquitous in the conversations of people such as managers who are in the positions of authority. Motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need (Robbins, Coulter, 1999:484). Although, in general, motivation refers to effort toward any goal, here it will refer to organizational goals because our focus is on work-related behavior. Three key elements in our definition are effort, organizational goals, and needs.

The effort element is a measure of intensity or drive. A motivated person tries hard. But high levels of effort are unlikely to lead favorable job performance outcomes unless the effort is channeled in a direction that benefits the organization. Therefore, we must consider the quality of the effort as well as its intensity. Effort that is directed toward, and consistent with, the organization's

goal is the kind of effort that we should be seeking. Finally, we will treat motivation as a need-satisfying process, as shows in figure 2.3

Figure 2. 3 The Motivation Process



A need means some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives generate a search behavior to find particular goals that, if attained, will satisfy the need and reduce the tension.

We can say that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher the effort level. If this effort leads to the satisfaction of the need, it reduces tension. Because we are interested in work behavior, this tension-reduction effort must also be directed toward organizational goals. Therefore, inherent in our definition of motivation is the requirement that the individual's needs be compatible and consistent with the organization's goals.

And the others definition about motivation is a term that describes forces within the individual that account for the level, direction, and persistence of effort expended at work (Schermerhorn, 1996:344). Simply put, a highly motivated person works hard at a job; an unmotivated person does not. A manager who leads through motivation does so by creating conditions under which other people feel inspired to work hard.

2.1.5 THEORIES OF MOTIVATION

Motivation that direct to the increasing of productivity influence by several factors. Motivation affected by internal factors and external factors. For the study about internal factors will be explained in the hierarchy of needs theory by Abraham Maslow, and for the external factors will be explained in the two-factors theory by Herzberg.

- ♦ Maslow's Hierarchy of Human Needs

Abraham Maslow's work in the area of human "needs" is a key foundation. Maslow identified the five levels of needs:

- a. Physiological needs: The most fundamental of all needs, according Maslow, are physiological needs. Some common examples are food, clothing, and shelters. A person deprived of everything would want to satisfy these basic needs first. Safety, social, esteems, and self-actualization needs would be, at least for the moment, of secondary importance.

In the workplace, many organizations try to satisfy these needs by providing cafeterias, vending machines, adequate ventilation, lighting, heating, and other physical facilities. In addition, the firms pay workers a salary with which they can meet these needs by purchasing food and clothing for themselves and their families.

Although there are many physiological needs, the most basic would give prime attention until satisfied and then would be replaced by other physiological demands with greater need strength.

- b. Safety needs: These are of two types. First, there is the need for survival; this need is so great that many of the laws in our society are designed to protect lives. Second, there is the need for security; this need has physical and physiological dimensions. On the physical side, businesses often provide safety equipment and safety rules for protecting workers on the job. They also provide accident, health, and life insurance to help meet safety needs. The physiological aspect of safety is evident in workers' desire for secure job in a predictable environment. Individuals who work in government bureaucracies often fall into this category. They want guaranteed employment. Their pay may not be very high, but they are assured of a steady job. Other people find such safety in business bureaucracies where the firm may not pay well, but it just about guarantees continued employment to anyone with minimum performance.

- c. Social needs: When Physiological and safety needs are basically satisfied, social needs become importance motivators. The need involves interaction with others for the purpose of meaningful relationship. On the job, interaction often occurs among people who work near one another and come into frequent daily contact. Over time, they build up friendships and look forward to the interaction. In their personal lives, people fulfill social needs when they meet their neighbors and socialize with them regularly.

Business firms try to meet this need by allowing workers to interact and talk with each other. On assembly lines, workers know they can do their routine jobs and interact at the same time. In retail and banking firms, there is an increased opportunity for interaction because the workers carry out their jobs by socializing to some degree with the customers.

It is important to note that in boring, routine work, social affiliation helps make the job more bearable. When such interaction occurs, morale is higher and productivity tends to remain at least within tolerable ranges. However, when social interaction is denied, workers tend to fight the system by restricting work output or by doing no more than is required by their job descriptions. Allowing the personnel to fulfill social needs on the job often helps prevent these negative behaviors.

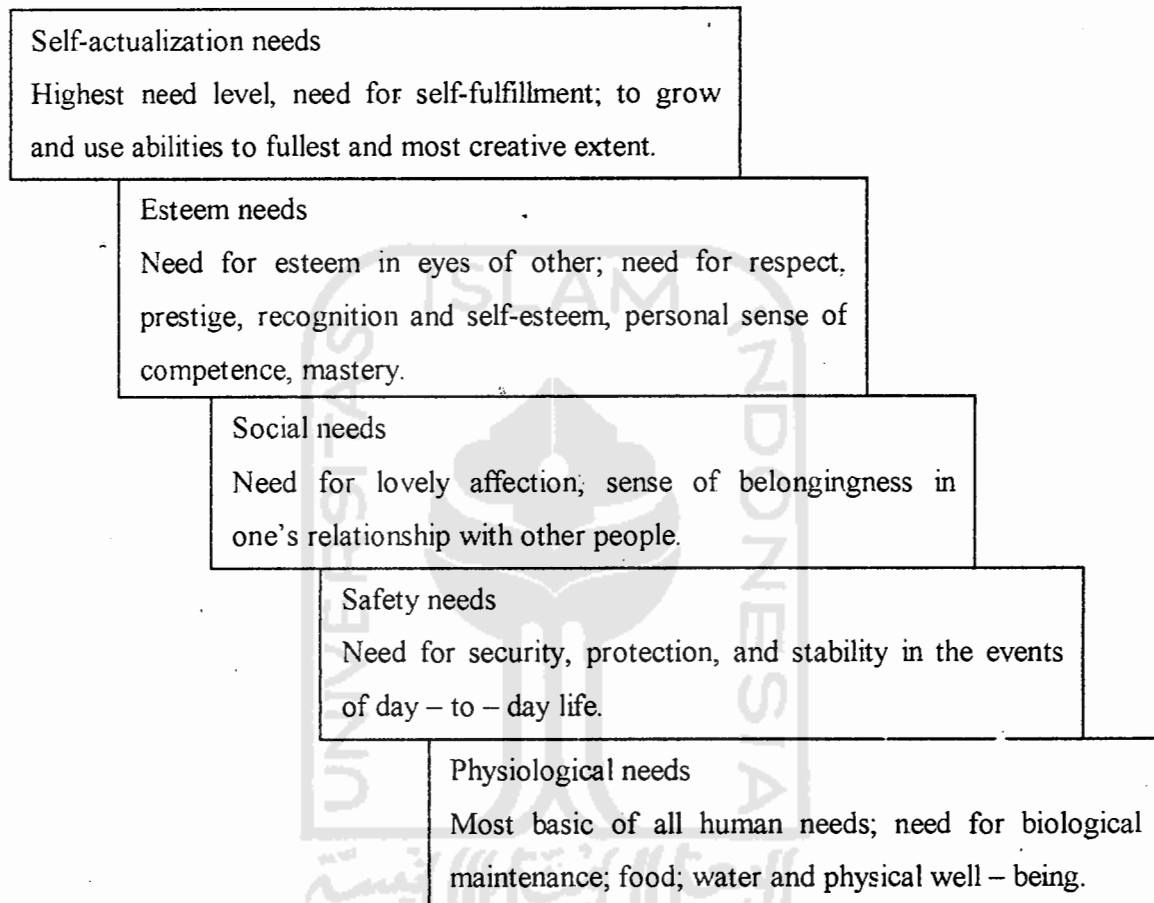
- d. Esteem needs: when social needs are basically satisfied, esteem needs come in to play. People need to feel important, and self-esteem and self-respect are vital in the process. Esteem is much more psychological in nature than the other three needs we have discussed. We can give a person food, clothing, shelter, protection, and social interaction. However, the esteem with which individual regard themselves is mostly a function of what they allow themselves to believe.
- e. Self-actualization needs: When all the other needs are basically satisfied, self-actualization needs manifest themselves. Because people satisfy this need in so many different ways, behavioral scientists know less about it than the other needs. However, there are two motives related to self-actualization, competence, and achievement.
- Competence is similar to power in that it implies control over environmental factors. On the job, the competence motive reveals itself in the form of a desire for job mastery and professional growth. The individual begins matching his or her abilities and skills against the environment in a contest that is challenging but that can be won. Organizations that provide meaningful, challenging work help their people meet this need.
- Achievement is the desire to attain objectives. On the basis of David C. research (Hodgetts,1999:40), he has set forth of following

characteristics of high achievers: (1) like situations in which they can take personal responsibility for finding solutions to problems; (2) tend to be moderate-risk takers; and (3) like concrete feedback on their performance so they know how well they are doing.

Maslow suggested that people try to satisfy the five needs in sequence (Schermerhorn, 1996:34). In the terms of figure 2. 4, they progress step by step from the lowest level in the hierarchy to the highest. Along the way, a deprived need dominates individual attention and determines behavior until it is satisfied. Then, the next higher level need is activated, and progression principle cease to operate. The more this need is satisfied, the stronger it grows. Maslow's theory implies that managers who can help people satisfy their important needs at work will achieve the productivity.

Maslow separated the five needs into higher and lower levels. Physiological and safety needs were describes as lower-order needs, while social, esteem, and self-actualization were described as higher-order needs. The differentiation between the two levels was made on the premise that higher-order needs are satisfied internally, whereas lower-order needs are predominantly satisfied externally. In fact, the natural conclusion from Maslow's classification is that, in times of economic prosperity, almost all permanently employed workers have their lower-order needs substantially met.

Figure 2. 4 Maslow's Hierarchy of Human Needs



Source: Schermerhorn, 1996:34

♦ **The Two-Factors Theory**

To see its application to the motivation of personnel, we must turn to Frederick Herzberg' two-factor theory. Herzberg(Hodgetts,1999:44) conclude

that motivation consists of the factors: hygiene and motivators and shown in figure 2. 5

Figure 2. 5 The Two- factor Theory

<u>Hygiene factors (environment)</u>	<u>Motivators (work it self)</u>
Salary	Recognition
Technical supervision	Advancement
Working condition	Possibility of growth
Company polices and administration	Work it self
Interpersonal relation	

source:Hodgetts, 1994:44

The factors associated with negative feelings Herzberg called hygiene factors. Illustrations included salary, technical supervision, working conditios, company policies and administration, and interpersonal relations. Herzberg called these environment-related factors hygiene because, like physical hygiene, they prevent deterioration but do not led to growth. Herzberg felt that if you give people higiene factors, you will not give them motivation but you will prevent dissatisfaction. Herzberg believes hygiene can affect performance. Note that when hygiene factors are satisfied, workers

perform at less than capacity. When these factors are not satisfied, performance drops. Thus, hygiene will not bring about an increase in productivity, but it will prevent decline.

The factors associated with positive feelings Herzberg called motivators. Illustrations included recognitions, advancement, and the possibility of growth, achievement, and the work itself. Herzberg termed these factors motivators because he felt they caused increases in performance.

To really improve job satisfaction in the workplace, Herzberg advises managers to shift their attention away from hygiene factors and toward the motivator's factors. And one major reason that Herzberg's two-factor theory has been so well accepted by managers is that it applies Maslow's need concept to the job. Herzberg suggests using hygiene factors to help people attain their lower-level needs and he recommends motivators to meet upper-level needs.

2.1.6 THE DEFINITION OF PRODUCTIVITY

A main goal of any organization or company is to be productive. Some organizations successfully reach this goal, while others fail. Although each successful organization or company follows a different formula, some common productivity principles are found in all successful organization, such as training and development, company wide communication, and trust in employees. Training programs help workers to develop new skills and problem solving techniques.

In simple terms, productivity can be defined as output per hours (Anthony, Perrewe, Kachmar, 1996:419). But this is far too simple. Productivity comes in various forms. For example, some define productivity as the change in unit labor costs, or how much item costs to produce. Others suggest that productivity is the value of production over paid hours. This ratio determines profitability as well as productivity. Whichever way productivity is defined, it's used to determine whether the firm has been successful.

2.2. THEORETICAL FRAMEWORK

The theoretical framework that will discuss is concentration about gives motivation by managers to employee, which it can influence, the work productivity. The ability of managers to motivate, influence, direct, and communicate with the workers will determine the effectively of managers. So managers must think the ways to motivate the workers in order to implement the activity and increases job satisfaction of workers. The part of direction and developing organization starting with give motivation, because managers can't direct the workers except they are motivating to follows the managers.

In organization or company at least has two expectations, one side is employee's expectation, and the other side is company's expectation. The employee's expectation is can fulfill their needs or even family's needs. Whereas, company also has expectation that is employees can fulfill company's objectives.

To decrease differences between employee and company's expectation, so needed the process of integration, which this process done to know and understand what employees needs. So thus, managers can apply the motivators to push the employees working to fulfill their needs but still aimed to the company's objectives.

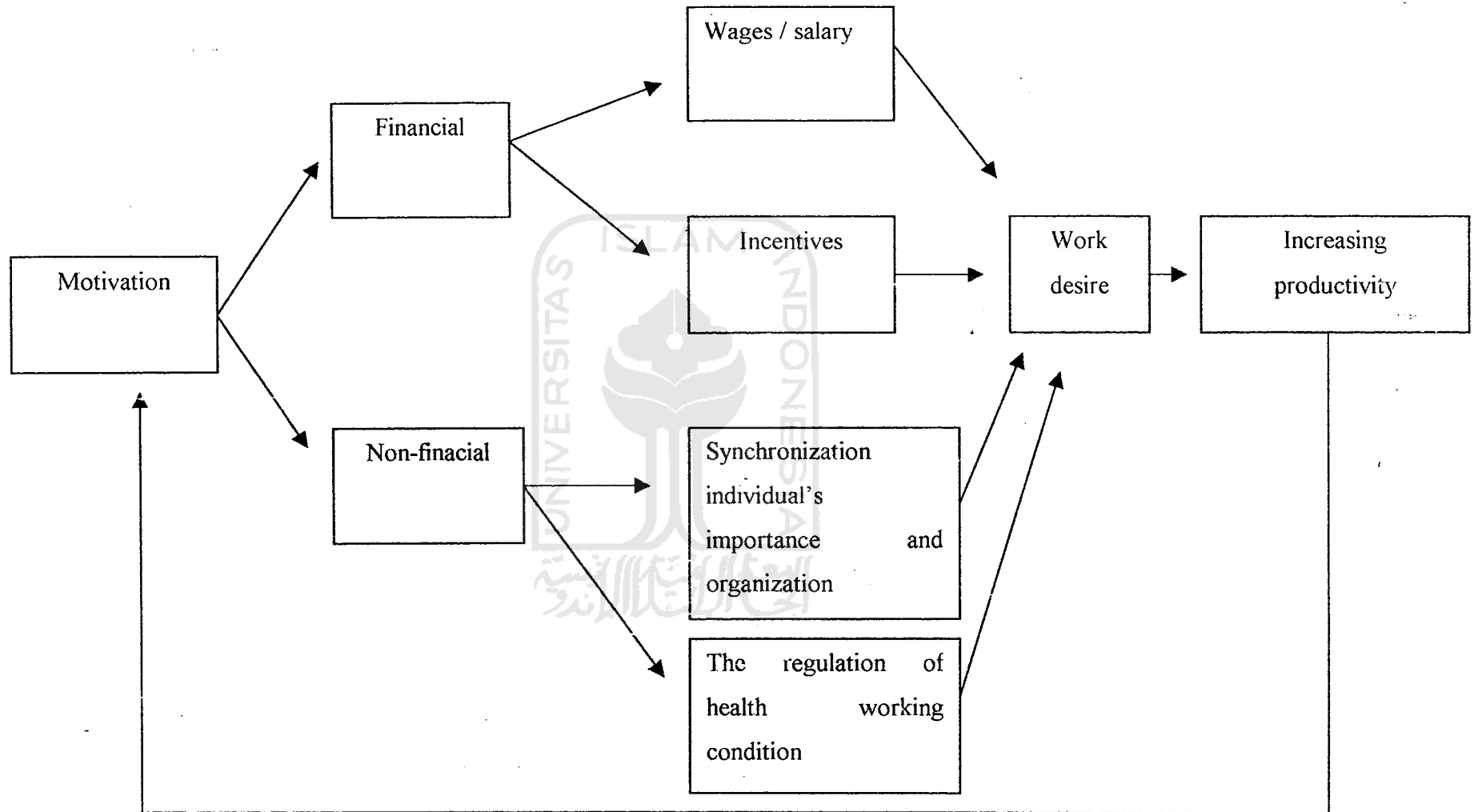
Motivation has close relationships with the productivity, if organization can motivate the employees, it give a good result for company that is the work productivity of employees will increase, in figure 2. 6 shows the relations between motivation and work productivity. And also to know the relation between motivation and productivity, J. Ravianto who copied Robert A. Sutermaister's opinion expression, as follow (J. Ravianto,1995:12):

1. Productivity approximately 90% is depend on work performance and for 10% is depend on technology development and raw materials.
2. Work performance of workforce itself 80%- 90% is depend on the motivation to work and 10%- 20% is depend on their ability.
3. Next, he said, motivation of work it self 50% is depend on social condition, and 40% is depend on their needs and 10% is depend on their conditions.

Figure 2. 6 The Relations Between Motivation and Work Productivity

Source: Indriyo. G Rosudarmo, 1993: 60

Figure 2. 6 The Relations Between Motivation and Work Productivity



2.3 HYPOTHESES FORMULATION

Because of this thesis emphasizes on the influence of motivation to the work productivity, therefore the hypotheses are based on those facts.

And the hypotheses are:

- ♦ There is a tight and positive correlation between motivation and work productivity.
- ♦ Internal and external motivation gives a bigger contribution to the work productivity of employees.

