

# CHAPTER I

## INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

Human resources have become a strategic resource in this era of globalization, gaining viable competitive benefits. Human capital is the distinguishing factor between a successful business and a big business. Human resources are the cornerstone of every organisation and are also the organization's primary resources. The difference between a successful business and a big business is human capital. Training and development are an important function of the management of human resources (HRM) for effective use of human resources. Effective education and growth means investing both instant and long-term returns on an organization's human resources.

Human resources are regarded to be one of company organizations ' most important resources. As companies become more aware of the increasing percentage of knowledge employees in companies, human resources become more critical. Human Resource Development (HRD) relates to a scheduled method for enhancing the efficiency of the organization through training and development of its employees.(Khalaf *et al*, 2016).

The fact that staff are the backbone of every organisation is of excellent importance. Whether the organisation is large or small, staff are the real determinants of the success or incompetence of an organisation. A well-trained workforce is therefore essential to ensuring that the workplace has the correct staff who have been skilled and trained to carry out their duties correctly.

The issue here, however, is that the economy is very dynamic, and companies are anticipated to yield more than they previously had. All this demand puts pressure on executives and their staff have to press for better performance and efficiency levels. However, it is vital for staff to receive the appropriate training required to have a

productive workforce. In exchange, companies are forced to adopt updated worker training policies occasionally to boost worker productivity.

Training is a central component in improving efficiency and can enhance person and organisational skills. Training is essential to unlock the potential possibilities for growth and development to attain a competitive advantage. Training programs are intended to help staff learn

more advanced technology and to gain solid abilities to manage newly implemented technical equipment's tasks and basics. Training facilitates abilities upgrading and leads to increased engagement, wellness and feeling of membership, thus directly increasing the competitiveness of the organization. (Bhat, 2013).

Training is essential, improves efficiency and increases productivity and ultimately puts businesses in the best place to compete and remain in the forefront. Previous studies show the beneficial effects on worker and organisational performance of training programs.

Business owners require staff who can achieve the work since the company's general success depends primarily on employee performance. Corporate leaders must know the main advantages of staff performance in order to establish coherent and objective techniques for assessing staff. This enables to determine strengths, weaknesses and prospective management gaps in the company. While performance assessments are never enjoyable, they assist company leaders to determine levels of performance for every worker.

A multidimensional structure and an incredibly important criterion for determining organisation's success or failure is the phenomenon of worker performance. Employees are a company blood flow and the most precious resources of any company, as they can achieve or break the reputation of the organisation and have a negative effect on profits. In many fields, developing nations, such as Indonesia, have bad worker efficiency.

Ministro Cafe which is located on S. Parman Street, No.308 Medan is a cafe with food - wine - lounge concept in Medan. The appearance of foods here are so attractive and good looking, such as: crispy tortilla chips, mushroom alfredo, premium new zealand oxtail, and many other western food. The local food can also be found in here, such as: fried rice and fried noodle.

From the results of observations and interviews with HRD at Ministro Cafe Medan, it can be said that the work performance of Ministro Cafe Medan is currently still low. Some of the following shows the quality of work of employees who are still low, including:

- a. Lack of work discipline, such as the presence of employees who are not serving the customers during working hours. For example: chatting with coworkers, chatting on the telephone during working hours or just relaxing, also often the employees who appear to be present are not on time.
- b. The lack of initiative from employees, such as lack of employee initiative to complete tasks and responsibilities more quickly in each section, causing the delay in a given job, even the presence of employees who do not do anything if not told by the superiors.

In evaluating employee performance, companies must choose their own performance assessment standards, so that the performance evaluation of employees in the company can be as objective as possible. The data obtained from Ministro Cafe Medan by the researcher about the employee performance are as follows:

**Table 1.1 Employee Performance Assessment Standards at Ministro Cafe Medan**

No.	Category	Percentage (%)
1.	Very Good	86% - 100%
2.	Good	71% - 85%
3.	Moderate	57% - 70%
4.	Low	31% - 56%
5.	Very Low	< 27%

Source: Ministro Cafe Medan (2019)

Based on Table 1.1, according to the data from Ministro Cafe, Medan, it can be seen that the standard of assessment in the company was seen based on percentage: very good performance got a percentage between 86% - 100%, while the good criteria got a percentage of 71% - 85% and the medium category earned a percentage of 57% - 70%. The low and very low categories are in the percentage of 31% - 56% and below 27%. From the performance appraisal standards of Ministro Cafe, Medan, the results of the annual performance recapitulation from 2016 to 2018 are as follows:

**Table 1.2 Results of Employee Performance Assessment at Ministro Cafe Medan During 2016-2018**

No.	Year	Assessment Result	Category
1.	2016	72,34%	Good
2.	2017	64%	Moderate
3.	2018	53,33%	Low

Source: Ministro Cafe Medan (2019)

Based on interviews that the researcher did with some of employees at Ministro Cafe, Medan, the training was held because employee performance declined so that it impacted on employee performance. The training held at Ministro Cafe, Medan, such as: standard of appearance, how to dress, how to greet guests, how to serve food, and the overall steps of service. The training participants are all employees according to the program that will be used as training. This is an effort from Ministro Cafe, Medan to make employees able to master their work. From the research above, there are problems related to employee performance. If training is not carried out seriously, it can become a serious problem in the future, especially the results of employee performance.

Therefore through this study, the researcher wants to analyze the effect of training on employee performance at Ministro Cafe, Medan which located on S.Parman Street No.308, Medan City - North Sumatera and write it in this thesis entitled “**Effects of Training on Employee Performance in Ministro Cafe Medan**”.

## **1.2 PROBLEM LIMITATION**

In order for research conducted more focused and easily in collecting and processing data, the scope of research is limited as follows. There are so many cafes in Medan. This study is only limited to a cafe, that is Ministro Cafe, Medan which is located on S. Parman Street, No.308 Medan - North Sumatera. The independent variable is training and dependent variable is employee performance.

## **1.3 PROBLEM FORMULATION**

Based on the description on the background of the study above, the research questions in this study is: Does Training Effect on Employee Performance in Ministro Cafe Medan?

## **1.4 RESEARCH OBJECTIVE**

The research objective is to discover if training have effect on employee performance in Ministro Cafe, Medan.

## **1.5 BENEFIT OF THE RESEARCH**

### **1.5.1 Theoretical Benefit**

Theoretically, the results of this study are expected to be useful to strengthen the theory in about management marketing, especially about the influence of training towards employee performance in a restaurant or cafe.

### **1.5.2 Practical Benefit**

The practical benefits expected from this research are as follows:

1. For the writer

This research can provide an overview and knowledge about management marketing, especially about the effect of training on employee performance in a cafe or restaurant.

2. For the company

This research is expected to be used as a suggestion to give more attention about training factor in order to increase the level of employee performance.

3. For the future researchers

The results of this research are expected to be used as a source of references who concerned in conducting related research in the future.

## **1.6 SYSTEM OF WRITING**

The researchers compiled the writing with the following details:

### **CHAPTER I : INTRODUCTION**

This chapter contains the background of the study, problem limitation, problem formulation, objective of the research, research benefits, and the systems of writing.

### **CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

This chapter discusses various concepts and theoretical basics related to the concept of training and employee performance.

### **CHAPTER III : RESEARCH METHODOLOGY**

This chapter will describe the research design used, the object of research, the method of data collection performed, and the method of data analysis.

#### CHAPTER IV : DATA ANALYSIS AND DISCUSSION

This chapter describes the overview of the research objects discussed in this study and describes the data analysis and the detailed discussion.

#### CHAPTER V : CONCLUSION

This chapter contains the conclusions of what has been described in the previous chapters and also contains suggestions for improvement for research development related to this research topic.

