

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The purpose of each company is to make a profit by obtaining maximum profit so that future survival can be guaranteed. Maintaining the company's survival means also needing human beings as human resources because this factor has an important role in carrying out each of its activities either as planners, actors or determinants of the realization of the company's objectives. In other words, human resources must be utilized as best as possible so as to provide satisfactory employee performance for the company.

Hasibuan (2017) explained that employee performance is the result of the work done by employees based on the skills, experience, conscientiousness, and time spent performing tasks. Performance is very important for the company because with the high performance of workers and employees, the work given or assigned to it will be able to be completed in a shorter time or faster, and also high performance automatically makes employees feel happy in working, so that it is less likely that employees will move to work elsewhere.

Creating good employee performance is not easy because an employee is said to have good performance when having responsibility for every job given by the leadership, besides being able to complete the task on time and can achieve every target set by the company. Employee performance can be made if the factors that influence it, for example, preparing and remuneration can be very much obliged

and acknowledged by all representatives inside an association or organization.

One factor that affects employee performance is training. Training for employees is an interaction of encouraging certain information, abilities, and perspectives, so representatives can be more capable as per the work principles and can play out the responsibility better (Hamali, 2016). Training usually refers to the development of vocational skills that can be used immediately. The success of a company conducting training in a company will make employees more qualified so that employee performance can improve by providing good work results.

According to Edison (2017) mentioned that compensation is the result that employees earn for the services they contribute to their work. They donate what they think is valuable, both energy and knowledge. Compensation is likewise as a trade-off for any work done by representatives of the organization. This is on the grounds that pay is one of the significant components in the accomplishment of an organization. If the compensation received is greater, then the performance of employees will increase. And conversely if the compensation received is smaller, then the performance of employees will decrease.

Training give employees new experience that can be used to improve work performance to become better and meet the standards. Besides that, compensation can help in increasing motivation because it is as a reward that employees received which help in improving the work performance (Steward & Brown, 2019).

The research object of this research is The Royal Idi Hotel which located at Jl. Banda Aceh – Medan, IDI Rayeuk, East Aceh. This hotel has been established for four years. They are the first hotel with three stars in East Aceh Regency which

provide a complete and luxurious facilities which provide 75 rooms with 4 different types of it. This hotel accommodates all tourists who want to go to Banda Aceh and official trips from the government because the hotel is located close to the head office of the East Aceh government. To show their hospitality, hotel need to have a qualified employee in which management can support them with training and compensation to boost the performance.

With the high level of competition of hotel causes every company must be able to competent. This is the role of employees to improve the performance in order to provide the best results. Employees are required to pay attention to the results of work, work knowledge, initiative, mental dexterity, attitude, and time discipline so as to increase the growth of The Royal Idi Hotel. Here is an overview data of employee tardiness shown at The Royal Idi Hotel in recent years are:

Table 1.1 Yearly Data of Employee Tardiness

Years	Number of Tardiness	% of charge
2017	172	-
2018	165	-4.07%
2019	176	6.67%
2020	193	9.66%

Source : Prepared by the writer (The Royal Idi Hotel, 2021)

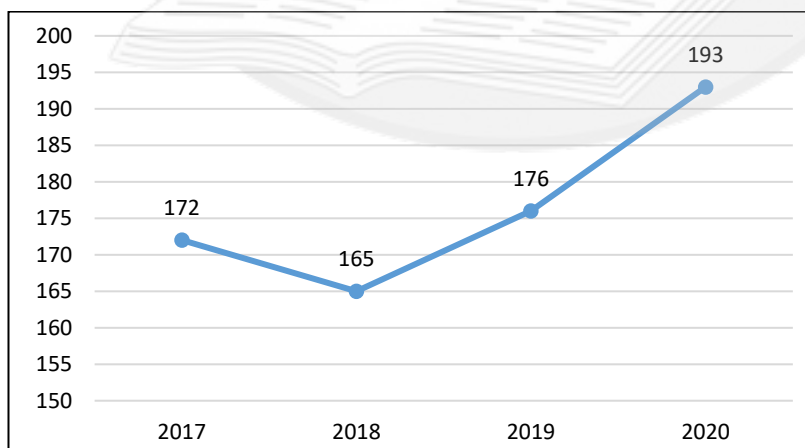


Figure 1.1 Number of Tardiness

Source : Prepared by the writer (The Royal Idi Hotel, 2021)

From the table and figure above, it is known that the number of late employees during work at The Royal Idi Hotel from 2017 - 2020 where the number of work tardiness in 2017 as much as 172 times and in 2018 decreased to 165 times or decreased by 4.07%. In 2019 it increased to 176 times or increased 6.67% and in 2020 increased again to 193 times or increased 9.66%. So, an increase in employees' work tardiness is due to employees' performance problems, a decrease in employees' performance because employees do not have good initiatives in helping colleagues to complete work on time, are not serious or disciplined in carrying out their responsibilities which result in not being able to complete the work properly. In addition, their living place rarely crossed by public transportation and most employees do not have vehicle facilities.

The decrease in employee performance can be due to a lack of job training. Based on observations at The Royal Idi Hotel, the writer obtained information on training issues from a table of employee records that participated in a special training program by The Royal Idi Hotel, East Aceh over the past few years.

Table 1.2 Yearly Data of Employees Special Training Program at The Royal Idi Hotel, East Aceh

Training Year	Total Number of Employees	Training Participants	Training participation rate	Topic
2017	45	40	88.89%	Team building, service and hospitality training
2018	55	46	83.64%	Understanding and resolving guest problem
2019	56	38	67.86%	Cross training
2020	56	25	44.64%	Language and communication skill

Source: Prepared by the writer (The Royal Idi Hotel, 2021)

From the table above, it can be seen that there is a decrease in hotel employees' satisfaction of training due to training problems, such as employees feel

that the training provided to them can't help in improving their knowledge or skills to complete work on time, training sessions makes them unmotivated because the material discussed is not varied, trainers do not understand employees (does not provide assistance when needed), and also the time period in carrying out training which is only once a year, causing employees not to have sufficient knowledge in carrying out work in accordance with their responsibilities, which makes work results not optimal.

Besides training, another problem that allegedly causes employee performance to decrease is compensation. Based on observations at The Royal Idi Hotel, the writer received information about compensation during 2017-2020.

Table 1.3 The Royal Idi Hotel Employee Compensation During 2017-2020

Years	Salary	Bonus	Incentives	Allowances	
				Health	Retirement
2017	Available	Available	Not available	Limited	Not available
2018	Available	Available	Not available	Limited	Not available
2019	Available	Not available	Available	Limited	Not available
2020	Available	Not available	Available	Limited	Available

Source: Prepared by the writer (The Royal Idi Hotel, 2021)

From the table above, it is known that there are compensation issues at The Royal Idi Hotel from 2017-2020. This is because employees feel that the salary received by employees is not in accordance with their work, protection given to employees such as health insurance or limited pension plan is only given to outstanding employees, there is no guarantee of bonuses for employees having additional work time.

Based on description above, the writer want to conduct the research with title **“The Effect of Training and Compensation on Employees’ Performance at The Royal Idi Hotel, East Aceh”**.

1.2 Problem Limitation

The problem limitation is utilized to stay away from anomalies or extending of the topic so the exploration is more coordinated and works with the conversation so the examination destinations will be accomplished. Due to limited time and ability, the writer set the limits on Training and Compensation as independent variables (X) and Employees' Performance as dependent variable (Y). Indicators of job training are Types of Training, Training Objectives, Materials, Methods Used, Participant Qualifications, Coach Qualifications, and Time (Number of Sessions) (Mangkunegara, 2017), Compensation indicators are wages and salaries, incentives, allowances, and facilities (Afandi, 2018). And employee performance indicators are work results, job knowledge, initiatives, mental dexterity, attitude, and time discipline and attendance (Hamali, 2016). The research was conducted in The Royal Idi Hotel, East Aceh. The population and samples used are all employees who working at The Royal Idi Hotel during 2020.

1.3 Problem Formulation

To analyze whether how training and compensation affect the employee performance at The Royal Idi Hotel, East Aceh. Therefore, the writer formulates some research questions:

- a. How is the training provided to employees at The Royal Idi Hotel, East Aceh?
- b. How is employees' compensation at The Royal Idi Hotel, East Aceh?
- c. How is the employees' performance at The Royal Idi Hotel, East Aceh?

- d. Does training have effect on employees' performance at The Royal Idi Hotel, East Aceh?
- e. Does compensation have effect on employees' performance at The Royal Idi Hotel, East Aceh?
- f. Do training and compensation have simultaneous effect on employees' performance at The Royal Idi Hotel, East Aceh?

1.4 Objective of the Research

The objectives of this research are to determine the effect of training and compensation on employees' performance at The Royal Idi Hotel, East Aceh.

- a. To assess the training provided to employees at The Royal Idi Hotel, East Aceh
- b. To describe employees' compensation at The Royal Idi Hotel, East Aceh
- c. To evaluate the employees' performance at The Royal Idi Hotel, East Aceh
- d. To analyze whether training have effect on employees' performance at The Royal Idi Hotel, East Aceh
- e. To explain whether compensation have effect on employees' performance at The Royal Idi Hotel, East Aceh
- f. To investigate whether training and compensation have simultaneous effect on employees' performance at The Royal Idi Hotel, East Aceh

1.5 Benefit of The Research

Based on the objectives of the research to be achieved, this research is

expected to have benefits in education both directly and indirectly. The benefits of this research are as follows :

1.5.1 Theoretical Benefit

By doing this research, theoretically, the writer hope it can give a better understanding on what hotel need to do in boosting the employee performance, also get to know the effect of training and compensation on employees' performance, and the result is expected to contribute to the relevant existing theories.

1.5.2 Practical Benefit

The Practical benefits of this research are:

- a. For the writer, this research is expected to increase and deepen knowledge insights in the field of hospitality in connection with the effect of training and compensation on employees' performance and can practice it in the world of work.
- b. For other researcher, the results of this research are expected to be useful as a comparison and input and consideration materials to conduct research in the future.
- c. For Pelita Harapan University, as reference material and additional data to conduct further research related to hospitality management.
- d. For The Royal Idi Hotel, the results of this research are expected to be useful as reference and comparison materials as well as consideration materials in improving employee performance in the future.

- e. For other hotel, this research can provide input in human resource management and provide input on how big the effect of training and compensation in improving employees' performance.

