

CHAPTER I

INTRODUCTION

1.1 Background Of The Study

In the era of globalization today with a dynamic flow of change in every industry and increasingly fierce competitions among competitors, every organization has to perform efficiently and effectively in order to build and maintain their business in the industry. First of all, every organization must be able to manage its human resources optimally so that it has a positive result toward the organization. The organization should continue to improve the management of various systems in managing human resources that lead to organization's goals. Humans develop and manage the implementation of organization's vision and mission which is the best for organization itself and the benefit of society. After vision and mission is developed, in order to be achieved, human resources need to be managed correctly by placing them in the right place and in the right time with the right skills needed in one position so the organization can run efficiently and effectively. Thus, employees as human resources of an organization are one of the most crucial assets that every organization need to take care of to improve their performance.

Every work and responsibility of the employees are for organization development while the work results achieved by employees in carrying out their duties and responsibilities called as employee performance. An employee who has good performance may support the achievement of goals and objectives set by the organization. Therefore, organization need to consider factors that might bring impact to employees' performance, one of the factors that might affect employees' performance is organization culture.

In everyday life, an individual cannot be separated from his environment therefore an individual's personality is shaped by his environment. In order for an individual to have positive attitudes and behavior, there should be recognized norms that every individual must obey as a guideline. This basic understanding

about norms is also applied in every organization. An organization certainly has a set goal and is the obligation of each member of the organization to achieve it as it agreed upon. Organizations have to determine and form norms and values that can accommodate the interests of all parties such as their stakeholders, so that each individual in the organization that has various attitudes and behavior will not collide with each other in carrying out their activities. These called organization's norms and values, named as organization culture in which values, beliefs, assumptions, expectations, missions, languages, traditions and any other forms that unites individuals working inside the organization. Therefore, organizational culture acts as an agreement with the members in an organization so that it facilitates an agreement for mutual interests.

Each organization has different culture that is influenced by various factors such as organizational structure, upper level manager, values or norms that are adhered to in the organization. Organizational culture refers to the mission, values, vision, that is in a company or organization for a long period, or the beliefs of the staffs that may influence their attitudes and behavior in the workplace. Organizational culture that has been applied in each organization may be varied but every organization is believed to have the same goal which is to advance their organization by improving their resources and using them effectively. As for maintaining good employees' performance, organization should also have a good and strong organization culture to be implemented to employees.

Organization culture serves as an advantage if it is congruent with employees' personal values so that employees enjoy being a part of the workplace. A good organizational culture may improve performance as the employees strive to take opportunities provided in order to improve themselves and produce a good performance in accordance with company expectation and organization goals. The culture applied in the organization will shape the character of the organization in carrying out its duties and achieving mutual goals. A good organizational culture should be maintained to improve employees'

performance; conversely if the organizational culture is ineffective then the performance produced by employees will be less maximum. Therefore according to Lok and Crawford (2004) in Jiddah, S., A. (2016), there is a positive effect of organization culture on employee performance.

This research centralizes on hotel industry as human resources plays an important role where most hotels focus on selling services to their guests, precisely the research subject of this study is Grand Mercure Medan Angkasa Hotel. These researches will examine further about whether Grand Mercure Medan Angkasa Hotel's employees are working according to their organization culture and whether there is a relationship between organization culture and employees' performance in Grand Mercure Medan Angkasa Hotel.

As what has been explained above in link with Grand Mercure Medan Angkasa Hotel, the writer notices that there is an occurrence happens in Grand Mercure Medan Angkasa. Since there is a new General Manager namely Mr. Hendra Ngantung, supervising Grand Mercure Medan hotel starting from the end of 2018 by replacing previous General Manager namely Mr. Yoesi Bagus Taruna, thus there is a new organization culture implemented. For example, the uniform of the employees where woman used to wear black stocking but now employees should wear the nude color stocking. The old culture used to choose front desk staffs without looking at physical appearance while the new organization culture focuses more on good physical appearance such as tall and slim to be a front desk staff. Additionally, some of the employees were suddenly being rotated from one department to another department which may cause confusion for instance some employees of front office department were moved to food and beverage services department, some concierges were rotated as stewards. For maintaining good health of the employees, Grand Mercure Medan Angkasa raised the food budget to make sure that their employees have better food served on plate and on every Friday, employees may have dessert for free. Moreover, employees should also take part on morning exercise while the old organization suggested less morning exercise to employees.

The reason behind this research is so that the existing organizational culture can improve employees' performance in the future and also this research hopefully can be useful as study references for future researchers and readers as well. Therefore, because of this reason, the writer became interested in doing the research by the title of "The Effect of Organization Culture on Employees' Performance at Grand Mercure Medan Angkasa Hotel".

1.2 Problem Limitation

Due to time constraint and knowledge limitation of the writer, the writer will conduct research on 70 employees of Grand Mercure Medan Angkasa and the writer will limit the research to only two variables. Variable X (independent variable) which is organization culture with the indicators Accuracy, Hospitality, Responsiveness, and Teamwork and Variable Y (dependent variable), which is employees' performance with the indicators Employees' discipline, Employees' responsibility, Employees' capability, Employees' Courtesy and friendliness.

1.3 Problem Formulation

Formulation of the problem based on the background of the study is as follows:

"Does organization culture have effect on Employees' performance at Grand Mercure Medan Angkasa Hotel?"

1.4 Objective Of The Research

The objective of the research is that the writer can obtain is to find out whether there is any effect of organizational culture on employees' performance at Grand Mercure Medan Angkasa Hotel.

1.5 Benefits Of The Research

The writer conducted research titled "The Effect of Organization Culture on Employees' Performance at Grand Mercure Medan Angkasa Hotel" by thinking about how this research may beneficial to other parties. Therefore in this part, the writer divided benefit into two, which are theoretical benefit and practical benefit. Theoretical benefit means what is beneficial to other external parties

based on theory or explanation or used idea derived from principle of previous study cited in this research. While practical benefit means that external parties will gain benefit by learning this research and used it for actual purposes in the future.

1.5.1 Theoretical Benefit

This research intends to broaden the insights of researchers and readers in the field of management, especially regarding organization culture and its relation to employees' performance. By taking this paper as a reference, the writer also provides and contributes the thought, idea and information for the next researchers who will conduct further research and examine the effect organization culture on employees' performance at Grand Mercure Medan Angkasa Hotel using other internal or external variables, components, or indicators in the future. For the writer, this research can provide deeper understanding of Grand Mercure Medan Angkasa's culture and how it affects their employees' performance.

1.5.2 Practical Benefit

This research is to provide input for Grand Mercure Medan Angkasa Hotel for implementing appropriate organization culture to improve productive employees' performance. It is important to create organization culture that is safe and align to employees' welfare, and also to pay attention to each employee's satisfaction so that employees can work optimally in order to improve their performance in achieving organization goals since the organization's success especially in service industry such as hotel is inseparable from human resources performance.

1.6 Systems Of Writing

The system of writing of this paper is divided into three chapters where each chapter is divided into several sub chapters, it is written clearly in table of content. The systematic outline of writing will be as follows:

Chapter I: Introduction

Firstly, the first chapter of this study starts with brief explanation of the background of the study, continued by briefly explain the problem limitation happened while doing research, problem formulation, objective of the research, benefit of the research, and system of writing.

Chapter II: Literature Review and Hypothesis Development

The second chapter detailing more into the theoretical background, where the basic idea derived from first chapter is supported with previous studies. It is continued by hypothesis development, research model and framework of thinking.

Chapter III: Research Methodology

The third chapter starts with research design, followed by how much is the population and sample and how the data collection is conducted. Operational variable definition that derived from the indicators are to be explained further and lastly is the variable measurement.

Chapter IV: Data Analysis and Discussion

The fourth chapter contains the general view of the research object, data analysis, descriptive statistic which explains two parts which are data quality testing and results of hypothesis testing, followed by discussion.

Chapter V: Conclusion

Finally, the last chapter of this paper consists of conclusion of the research, the implications, and recommendations that may be beneficial for Grand Mercure Medan Angkasa, readers and future researchers.