

CHAPTER I

INTRODUCTION

1.1 Background of the Study

During the situation of Covid-19 pandemic nowadays, the competition among businesses in this recent globalization environment is tighter to follow the changes of the business and market development areas. Organization needs to ensure the business sustainability to take advantages and maintain the flow of changes, the organization must be flexible, innovative, and adaptable to provide and supporting the high level of organizational culture among the employees.

PT. Bakrie Sumatra Plantations Tbk is a family business and one of the oldest plantations and the largest latex producer companies in Indonesia. PT. Bakrie Sumatra Plantations Tbk engages in palm oil, rubber and oleochemicals. It is one of the oldest natural rubber producers in Indonesia which was founded in 1911 as the first plantation is in *Kisaran*, North Sumatra. The headquarter of PT. Bakrie Sumatra Plantations Tbk is on *Jalan Ir Juanda, Kisaran, Asahan*.

Table 1.1 shows the company turnover data, where there are more employees out than in. From the data below, during the year 2017-2020, the total of employees declines and there was only one employee that got a level up in 2020. The majority employees left PT. Bakrie Sumatera Plantations due to the normal retirement, and behavioral exclusion. According to the data, during year 2017-2020, there are 73 of employees

out, which consist of 19 employees who applied to leave the company by themselves, 48 employees that were out due to normal retirement, 2 employees because of early retirement and 4 employees who were terminated by the company. Meanwhile, the employees rarely got promotion to the next positions and during 2017-2020, only 1 employee got level up in year 2020. In addition, the company does not improve the employees continuously, also rarely conduct knowledge sharing, capturing external ideas and talent development.

Table 1.1
Turnover Data at PT. Bakrie Sumatera Plantation, Tbk
2017-2020

	2017	2018	2019	2020
EMPLOYEES IN	1	0	8	0
EMPLOYEES OUT	15	18	16	24
LEVEL UP	0	0	0	1
TOTAL EMPLOYEES	206	193	239	152

Source: Compile from various data by the authors

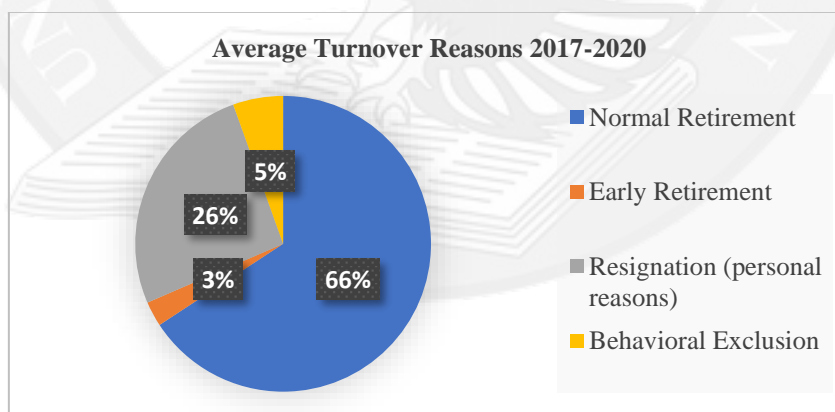


Figure 1.1 Average Turnover Reasons 2017-2020

Source: Prepared by the authors.

According to Joseph & Kibera (2019), organization's culture has a significant impact on the organization behavior, challenges, strategy that

necessary for the performance because it will affect the organizational performance efforts. Firms should develop a corporate culture that is sufficient for improvements to succeed and that is creative in order to become more competitive.

According to Champoux (2020), organizational culture is known as a complicated and serious detail in organizations that will give the strong effect for the members of organization. It consists of the values, norms, rites, rituals, ceremonies, heroes, and scoundrels in the organization's history. Value sharing and a structuring of experiences in an organization is critical aspect in organization culture.

According to Mangkunegara (2013), employee performance refers to the quality that is used to measure the quality and quantity of work achieved by an employee in carrying out duties and responsibility. Albeit (2015) declared that the performance of the employees in organization is very critical and should become priority because it will affect the organization in achieving its goals and objectives. Lunenburg (2011) investigated the relationship between organizational culture and performance and stated that organizational culture is the set of shared values, beliefs, and norms that influence the way employees think, feel, and behave in the workplace, and therefore organizational cultures can enhance the employee's performance. Organizational culture on employee performance for the organization as an entire mechanism to set a common

shared value that systematically will determine the organization behaviors and reaching a higher level of success for the organization.

The employees in PT. Bakrie Sumatera Plantations Tbk tend to be monotonously stuck to their current positions and do not have encouragement to increase their skills. Organizational culture is very critical and becomes the key to behavioral indicator in establishing accountability goals as the basis for organizational health.

Employees with self-initiated behaviors will aim to change and improve. The author would like to find out the factors that cause the employees are monotonous to the current positions and to measure the organizational health index of the company. The author of this study aimed to explain **”The Effect of Organizational Culture on Employees Performance at PT. Bakrie Sumatra Plantations Tbk in Sumatera Utara”**

1.2 Problem Limitation

This research is only limited to investigate the effect of “Organizational Culture” on “Employees’ Performance” at PT. Bakrie Sumatera Plantations Tbk. This research is limited only to the Estate Data, finance, Infrastructure and Workshop, QHSE, HRD, and Security at the headquarter office in Kisaran.

1.3 Problem Formulation

In this research study, the problem that will be examined are:

1. How is the organizational culture that implemented at PT. Bakrie Sumatera Plantations Tbk?
2. Does organizational culture have effect on the employees' performance of PT. Bakrie Sumatera Plantations Tbk?

1.4 Research Objective

In this research study, here are some objectives of the research, which are:

1. To measure the organizational culture in PT. Bakrie Sumatera Plantations, Tbk.
2. To examine the relationship between organizational culture and Employees' performance in PT. Bakrie Sumatera Plantations Tbk.

1.5 Benefit of The Study

1.5.1 Theoretical Benefits

This research study is expected to develop and contribute more about the "Organizational Culture" and the "Employee Performance" theory. This study is also hopefully to be useful in a theoretical way for other parties who encounter the same problematic topic.

1.5.2 Practical Benefits

Some of the benefits are expected for:

1. Company

This research is expected to encourage the organization to improve the employees' self-initiated behaviors.

2. Researchers

This research is intended to be useful as a reference, to provide and give more information as an additional reference in carrying out further research.

3. Authors

Through this research study, the author is able to know and understand better about the organizational culture, employee performance and their relationship. This can help the author in the real work implementation and gives a positive impact and benefit for the future.