

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The development of companies in this era of globalization presents various challenges and increasingly complicated competition. The Covid-19 pandemic that has occurred in the period 2020 until now has made entrepreneurs face quite severe challenges that have never happened before. This certainly affects the company's ability to improve its ability to maintain stability in terms of company income so far.

The business sector that was initially affected and suffered the most from the COVID-19 outbreak was the tourism sector, such as travel, hotels, restaurants, flights, and related MSMEs. In addition, export and import trade is due to the disconnection of the international trade chain. However, in later developments, in a fast tempo various economic and financial activities were also affected. Production and investment have been disrupted, MSMEs and the informal sector have declined, unemployment has increased, and people's incomes have decreased, especially for the low-income group or the poor. Second, the spread of the corona virus outbreak, either directly or indirectly, will also affect the cash flow conditions and financial performance of most economic players. Whether it's small, medium or large scale (Lutfi & Verawaty, 2020)

In order to maintain business continuity in order to survive in these quite difficult times, effective and optimal employee performance is needed in carrying

out work. Employee performance is the result of employees in carrying out work in the company. Performance as a concept lacks a generally accepted definition. Consequently, the concept of Performance has been perceived from different angles. For example, from the perspective of process, performance signifies the process of change from inputs to output with the purpose of realizing a specific outcome. (Ameen and Baharoom, 2019)

Training is needed as an effort to improve employees' work skills through various methods taught to employees. Training refers to a planned effort by a company to facilitate learning of Job-related competencies, knowledge, skills, and behaviors by employees. The goal of training is for employees to master the knowledge, skills, and behaviors emphasized in training and applying them to their day-to-day activities. Traditionally, companies have relied on formal training through a course, program, or "event" to teach employees the knowledge, skills, and behaviors they need to successfully perform their job. Development is similar to training, except that it tends to be more future-focused. Development refers to training as well as formal education, job experiences, relationships, and assessments of personality, skills, and abilities that help employees prepare for future jobs or positions (Noe and Kodwani, 2018).

Work discipline is the willingness of employees to obey the rules in the company. With employees who are able to work with discipline, it will be easier for the company to form employees who understand and follow the rules of the company. The role of human resources for the organization is not only seen from how much work productivity results, but also from the quality of work produced.

Therefore, the increase in contributions that can be given by employees to the organization cannot be separated from employee work discipline. The continuity of the activities of an organization needs to pay attention to the existence of human resources because they can be an effective profit center for the organization, society, and other stakeholders (Taohid et al, 2021).

PT Sawit Nagan Raya Makmur was established in September 2014 and is run with the concept of a family company by Mrs. dr. Lenny, MBA. The company has production sites in Lamie, Darul Makmur, Nagan Raya, Aceh with products including: Crude Palm Oil (Main Product), Palm Kernel (Side Product), Shell (Side Product). Currently the company is run with the concept of family management where all important positions in the company are run by the family and children of Mrs. Lenny as the founder of the company.

PT Sawit Nagan Raya Makmur was chosen as the research location because the company experienced a decrease in employee performance as seen from a decrease in the company's production. The current condition of the COVID-19 pandemic has hampered palm oil production in 2020 and this has caused the company's production to experience a decline. In addition, the decline in world oil prices in 2020 due to the covid pandemic also caused the company to experience a decrease in production as follows.

Table 1.1

Total CPO Production of PT Sawit Nagan Raya Makmur

Year	Production Amount/ Ton
2016	32000
2017	34000
2018	34000
2019	30000
2020	28000

Source: PT Sawit Nagan Raya Makmur, 2016-2020

From the data on the number of productions, it shows that the company has a stable amount of production and there is a decline only in 2020 due to the corona pandemic which has an impact on the production of the company. In the company's production performance, the company has decreased performance due to the covid 19 pandemic and the decline in world oil prices that had occurred also resulted in a decrease in the value of CPO which would also have an impact on the company's revenue. This was also reported by various news media stating the impact of the pandemic on CPO prices. The price of crude palm oil (CPO) continued its weakening trend with a deep correction in line with the pace of world crude oil. The decline in CPO prices is still related to market concerns about the wider spread of the corona virus or Covid-19.

(<https://market.bisnis.com/read/20200312/94/1212477/penyebaran-virus-corona-meluas-harga-cpo-anjlok-lagi>)

Employee performance that is still less than optimal occurs because of training that is not carried out by the company on a regular basis. The training is only carried out for the production section and is not carried out for other work sections such as the sales department to get maximum results. During this pandemic, the company did not carry out training to all divisions in the company and resulted in the company being unable to maintain performance in sales and production in the company. The following is data on training activities at PT Sawit Nagan Raya Makmur organized by the company for employees.

Table 1.2
Employee Training Methods at PT Sawit Nagan Raya Makmur

Training Type	Training Time	Held on	Problems in Training
Production	Implemented in teaching production employees to master the latest production machines and avoid accidents while working in the production department	Held 2 times a year for production employees	Training methods that are not suitable for production employees as seen from declining production
Finance	Implemented for the office to improve the ability to work in handling company finances	Conducted by official training institutions 3 times a year	The material taught is not in accordance with the work in the finance department
Sales	Implemented in the sales department with the aim of increasing sales	Conducted by sales management training institute every 2 years	The training instructor does not teach the method that is suitable for the company's sales
Leadership	Implemented for special employees who are appointed as leaders in carrying out leadership to other employees	Taught by special guidance institutions	Only select employees in the manager section and do not include employees in other sections
On the job training	Implemented when employees carry out work and are taught by seniors in carrying out their duties	Taught by senior employees to deal with conditions that arise at work	Senior employees who do not teach job training to new employees

Source: PT Sawit Nagan Raya Makmur, 2021

This could be seen that PT Sawit Nagan Raya Makmur has applied a training system for the employees. Employees were undisciplined during the training time especially for the employees that have been working for some period, which could indirectly be a cause of customer dissatisfaction. Problems that arise in training include training methods that are not in accordance with the company's working conditions, training instructors who provide training not based on working conditions in the company, training that is not given evenly to all employees and senior employees who do not fully teach skills in working to new employees.

In employee work discipline, even though the company applies strict regulations to employees in carrying out their work, there are still violations of

regulations by employees. This can be seen in the following table of employee work violation data.

Table 1.3
Employee Work Regulation Violation Data

Years	Number of Job Violations	Violations Committed
2016	21	1. Employees do not attend without clear news
2017	28	2. Employees are late for work
2018	26	3. Employees do not comply with applicable work regulations
2019	27	4. Employees don't get the job done properly
2020	28	5. Employees do not follow directions from company leaders

Source: PT Sawit Nagan Raya Makmur, 2016-2020

From the violation of regulations that occur, it shows that employees who work still have poor work discipline. This can be seen from employees who are still quite often in violation of regulations in working at the company. Violations of regulations that occur show that the discipline that arises from employee self-awareness is not good.

Problems that arise in training include employees who cannot absorb training materials properly, such as: employees who are not able to use production machines properly, have difficulty completing financial reports correctly, and are unable to do work quickly. While the discipline problems experienced by employees such as: employees who are late in coming to work, employees who violate regulations such as eating in the work room and not completing directions from the leadership correctly, not doing the assigned tasks and arguing with superiors at work.

Based on this discussion, the writer decides to conduct research entitled **“The Effect of Training And Work Discipline Towards Employee Performance at PT Sawit Nagan Raya Makmur”**

1.2. Problem Limitation

In this study, the writer will limit problems for training and work discipline on employee performance at PT Sawit Nagan Raya Makmur as the main problem of this study. Problem limitations are training and work discipline and as the independent variable (x) and employee performance as the dependent variable (y).

For independent variable the indicator for training is using from Mangkunegara in Sudaryo et, al (2018) which is instructor, participants, material, method, purpose and target. Indicator for work discipline is using from Hasibuan (2016, p. 194), which is about: exemplary leadership, retribution, justice, punishment, firmness. Indicator for employee performance is using from Edison et al (2016, p,195), which is about: targets, quality, completion time and obedience.

1.3. Problem Formulation

Based on the background of the study, the question to be answered in this research are as follows:

- a. How is the training at PT Sawit Nagan Raya Makmur?
- b. How is work discipline at PT Sawit Nagan Raya Makmur?
- c. How is the employees' performance at PT Sawit Nagan Raya Makmur?
- d. Does training have partial effect on employees' performance at PT Sawit Nagan Raya Makmur?
- e. Does work discipline have partial effect on employees' performance at PT Sawit Nagan Raya Makmur?
- f. Does training and work discipline effect employee performance at PT Sawit

Nagan Raya Makmur?

1.4. Objectives of The Research

The purposes in doing this research are as follows:

- a. To describe the training at PT Sawit Nagan Raya Makmur.
- b. To describe about work discipline at PT Sawit Nagan Raya Makmur.
- c. To evaluate the employees' performance at PT Sawit Nagan Raya Makmur.
- d. To analyze whether training on employee performance at PT Sawit Nagan Raya Makmur.
- e. To determined whether work discipline on employee performance at PT Sawit Nagan Raya Makmur.
- f. To investigate whether training and work discipline have effect on employees' performance at PT Sawit Nagan Raya Makmur.

1.5. Benefit of The Research

Benefits of this research can be listed as follow:

1.5.1. Theoretical Benefit

The theoretical benefit of this research is as follow:

- a. For writer, the result of this research are expected to contribute to the exciting theories relevant with training, work discipline and then effect to employee performance.

- b. For PT Sawit Nagan Raya Makmur, this research as information about whether the survey that has been made will be useful to improve the company's performance.
- c. For other researcher, to be a guide in leading the researcher to do other research that is compatible with this research.

1.5.2. Practical Benefit

The practical benefit of this research is as follow:

- a. Reading material for all students at Universitas Pelita Harapan, Medan
- b. Also, to gain insight into what is needed to update the relevant data provided from this research, so the reader will get a picture of how to improve the quality of their data.

