

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Productivity is the ability to get the maximum benefit from the facilities and infrastructure available by producing optimal outputs even if possible. Work productivity is a problem that must receive serious attention from the company, because an increase in employee productivity will not occur by itself, but there must be a business and participation from both the company and the employee itself. If employee productivity is high, then employees can show the higher number of output or results with the same number of resources (Darodjat, 2015).

According to Palvalin (2017), “The effects of changing work environment are also related to the wellbeing of the employees and the workplace is a driver for productivity. This involves job satisfaction, appreciation, work engagement and also, work-life balance. All of these are related to the productivity of an individual worker which is known to be one of the most important factors for good organizational performance. It is also important that managers are aware of this and able to measure how changes in work environment provides an impact on their worker’s productivity.”

CV. Indojoya Makmur, Medan is a family-owned business that produces wood-based Sofa, table, chair and wardrobe. The company was founded by a couple named Mr. Edi and Mrs. Irawati in 1998. Family-owned business can be defined as any businesses which the majority of ownership lies within a family and there are two or more family members involved. CV. Indojoya Makmur can

be categorized as a family-owned business because the company is owned and managed by a family, which is Mr. Edi and Mrs. Irawati. By the end of 2020, the total number of employees, the company has employed, totaled 37 employees with two years or more working experience, man and female and 20 years or older as the category. The company is located at jalan Rukun no. 3. The company has expanded since its first started and now it has opened a warehouse for distribution on Riau region which is at Pekanbaru city.

This research was conducted at CV. Indojaya Makmur, Medan which is engaged in furniture manufacturing. At CV. Indojaya Makmur, Medan there is a decreased in employee productivity which can be seen from the increase in absenteeism, decreased employee accuracy in carrying out and completing tasks and responsibilities, as well as decrease in employee morale at work that is seen to disrupt production, causing consumer disappointment resulting a decrease in furniture sales. In addition, the declined in employee work productivity at this company is reflected in the increasing in absenteeism of employees at work and decrease in the production results.

The following employee absenteeism data and production results data at CV. Indojaya Makmur, Medan:

Table 1.1
Absenteeism Data 2018-2020

Year	Absence	Permission	Sick
2018	17	97	95
2019	54	161	103
2020	109	312	139

Sources: CV. Indojaya Makmur, Medan, 2021

Table 1.2
Production Results in Box Data 2018-2020

Year	Sofa	Table and Chair
2018	786	697
2019	641	643
2020	564	408

Sources: CV. Indojoya Makmur, Medan, 2021

From the interview with Mrs. Irawati, she stated that the decline in production was related to the increase in employee's absent, which can be inferred as a decrease in productivity of employee. Table 1.2 shows a drop in production that are caused mainly by the increase in absent, as it can be seen from table 1.1. Productivity levels experience problems also due to the low level of morale so that the implementation of tasks is not completed on time.

According to Akintayo (2017), "organizational environment refers to the immediate task and national environment where an organization draws its inputs, processes it and returns the outputs in form of products or services for public consumption. The task and national environment include factors such as supplier's influence, the customer's role, the stakeholders, sociocultural factors, the national economy, technology, legislations, managerial policies and philosophies. All these go a long way in influencing people's psych and attitude towards work.

As employee works for a company, they will naturally spend around 9 hours or more a day at their workspace in order to fulfill their job's responsibilities. Thus, a work environment can greatly influence the psychology and productivity of the employees (Pandey, 2017). In CV. Indojoya Makmur, the work environment is less supportive, as production waste such as remains foams

are loitering on the floor without being thrown and the sound of air compressor is noisy which distract employee's concentration in doing their work, which lowers productivity. The relationship between senior worker and junior worker are strained as harassment occurs frequently, which hinders the productivity of the employee in producing the necessary quantity of products that are needed by the company. This harassment also contributed to increasing absence at CV. Indojoya Makmur, as it lowers employees' work-spirit, self-development and decrease in production.

The work environment is a factor that directly affects employee work productivity. A conducive work environment provides a sense of security and allows employees to work optimally, carefully, passionately, and creatively. The work environment has a direct effect on employees in completing responsibilities to the company. The work environment in this research consists of physical and non-physical work environment. Uncomfortable physical work environment such as lack of work facilities, narrow workspace, lack of air conditioner, and lack of security in workplace make the employees uncomfortable in completing their work and task. Uncomfortable non-physical work environment such as the relationship between employees is less close so that there is a decrease in employee satisfaction at work (Opperman, 2016).

The work environment in CV. Indojoya Makmur, Medan is not supportive as it cannot support employee productivity. Work environment problems are frequently complained by workers are the noise caused by production machines, such as compressors, less harmonious relationship between senior employees and new employees where employees who have longer employment period do not

want provide explanations or assistance in completing the work of new employees.

Based on the above information, researcher is interested in conducting research with the title “The Effect of Work Environment on Employee Productivity at CV. Indojoya Makmur, Medan.”

1.2 Problem Limitation

In order that the discussion does not deviate from the existing problems, this research will be limited on the discussion about “The Effect of Work Environment on Employee Work Productivity at CV. Indojoya Makmur, Medan”. This research is also limited based on researcher’s knowledge and findings. On this research, work environment will be the independent variable (x) involving work facilities, workspace, physical and non-physical work environment. Employee Productivity will be dependent variable (y) involving employee outputs. According to Sutrisno (2016: 211), to measure employee productivity we need an indicator which is ability, increase in the results achieved, work spirit, self-development and quality. According to Darodjat (2015: 168-169), there are four factors that can be used as benchmarks for an ideal work environment, namely Healthy Policies, Competent supervision, Delightful Colleagues and Comfortable Work Environment.

1.3 Problem Formulation

Based on the observation that is done by the writer during the research at CV. Indojoya Makmur, Medan, the writer finds several problems being faced as follows.

1. How is the work environment at CV. Indojaya Makmur, Medan?
2. How is the employee productivity at CV.Indojaya Makmur, Medan?
3. How does the work environment effect employee productivity at CV.Indojaya Makmur, Medan?

1.4 Objective of the Research

The objectives of the research are as follows:

1. To analyze the work environment of employees at the company CV. Indojaya Makmur, Medan.
2. To analyze the work productivity of employees at CV. Indojaya Makmur, Medan
3. To test the effect of the work environment on employee work productivity at CV. Indojaya Makmur, Medan.

1.5 Benefit of the Research

From doing this research, the company will know how the worker gives the best performance. If the worker can give the best, so the performance of worker or service will be better.

1. Theoretical Benefit

The Practical aspect and uses of theoretical study. The research on the management can help student to have better understanding on the problem that the company is facing, and this information might solve the company's problem and allow researchers to achieve their academic mission.

2. Pratical Benefit

a. Writer

The research can help the writer to understand further theories that are taught in university and the reality in the working environment.

b. Company

This research can be a successful aid for to the company to motivate employees and reach their potential growth.

c. Future Researchers

This research can be used as a reference to gain related information and help in difficulties for the next research that is related with the research topic.

