

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Business has been a major role in our lives and people have been doing it since ages ago. Business is not only about satisfying other people's needs and wants to gain profit, but it is also an important key to improve the economy in a country. Over the years, competition between companies are increasing and each company has been coming up with ways to improve their business to get maximum benefit. There are lots of successful businesses all over the world, but at the same time, there are also a lot of small businesses that collapse before even having the chance to improve their business. The sustainability of company is important and there are lots of factors to determine the sustainability of a business.

One of the most important things to sustain a company is to manage the inside of the company first. The inside of the company includes the system of the organization as well as the employees working inside. To make sure that business runs well, companies need to have a good team to help them realize their goals. How the employees able to finish their task is the key to any success company. The more productive and active in giving ideas employees are in the company, the higher the chance to improve the business performance. That is why the productivity as well as performance of every member in the firm is an important aspect that contributes to the success of the company.

Employees are important part of the company as employees help the firm to reach goals. Every task given to the employee is important in determining the company's success. The productivity of employees plays important role in company. When the productivity level is high, employees are able to produce more outputs with the same amount of resource available. According to Wantao et al. (2018), productivity mediates the relationship between the capability of the operations in a company as well as the business performance.

According to Serdamayanti (2017, p. 58), productivity has two dimensions, which is effectivity and efficiency. The first dimension, effectivity, is related to achieving maximum performance related to quality, quantity and time. While the second dimension, efficiency, is related to the effort of comparing the input with the realization of use, or how the task is done.

Employee productivity is essential in any organizations because to be productive means the employees are able to produce more with the same resources in specific period of time. Productivity growth is important for every company as being productive means the company is able to provide more goods to customers which leads to higher profits. So, when productivity increases, the organization will be able to turn the resources that the company has into revenues, which will help with growth and expansion.

PT Gajah Agro Indonesia is a company that runs in agricultural sector. The company produce coconut shell charcoal and dry konjac chip to be exported to China. In Indonesia, the agricultural sector has always been the biggest contributor of gross domestic product (GDP) that supports the national economy. There are lots

of agricultural company and PT Gajah Agro Indonesia is one of them and has been operating since 2010. Their type of business is only producing and exporting in large quantities. All of their loyal customers are mainly in China.

In a company like PT Gajah Agro Indonesia, the most important thing is to be able to reach production target. Every month, this company set the target of exporting at least 2 containers of coconut shell charcoal (50 ton) as well as 2 containers of dry konjac chip (37 ton). But as it can be seen from table 1.1 and table 1.2, the total production of each product had been fluctuating throughout the months in 2020.

Table 1. 1 Total Production per Month (Coconut Shell Charcoal)

Months (in 2020)	Target	Actual Result
January	50 ton	56 ton
February	50 ton	67.5 ton
March	50 ton	30 ton
April	50 ton	42.3 ton
May	50 ton	35.6 ton
June	50 ton	50 ton
July	50 ton	50 ton
August	50 ton	51 ton
September	50 ton	43 ton
October	50 ton	52 ton
November	50 ton	50 ton
December	50 ton	55 ton

Source: PT Gajah Agro Indonesia (2021)

Table 1. 2 Total Production per Month (Dry Konjac Chip)

Months (in 2020)	Target	Actual Result
January	37 ton	26.7 ton
February	37 ton	41 ton
March	37 ton	17.7 ton
April	37 ton	24.6 ton
May	37 ton	38.4 ton
June	37 ton	40 ton
July	37 ton	40 ton
August	37 ton	42 ton
September	37 ton	32.1 ton
October	37 ton	38 ton
November	37 ton	30 ton
December	37 ton	37 ton

Source: PT Gajah Agro Indonesia, Binjai (2021)

Based on the data above, it can be seen that there is fluctuation in the actual results of the production in PT Gajah Agro Indonesia, Binjai. The lowest peak can be found on March 2020, with 30 tons for coconut shell charcoal and 17.7 tons of dry konjac chip. While entering the year of 2020, the business world was greatly affected by the global pandemic of Covid-19, which forced every business to come up with ways to adapt to the new situation. The dropped production result was caused by the global pandemic and thus, writer will not refer to the data from March 2020 as the company was forced to slow down their production with limited active staffs in the company as most of the staffs were forced to stay at home.

However, starting from April 2020, the company had adapted to the changes and their operational activities had come back to normal. There was significant increase in the production after the lowest peak and the result of next few months in 2020 were seen fluctuating again. According to the company, their number of employees were not changing much throughout 2020. Their number of employees were ranging between 59-63 people throughout the year. From this, the writer can conclude the main problem from their production result was on the low productivity of the employees, not because they were understaffed.

The products of this company are dry products with long shelf life and if the company were to produce more than the expected, the products would be able to be stored, as this company has big storage for the products. According to the general manager of this company, if the company was to export more than 2 containers, the customers in China would gladly accept as much as this company could supply them. The customers in China apparently also supplied from other company with

the reason this company were struggling to supply more. So, if PT Gajah Agro Indonesia, Binjai is able to produce more than 2 containers of each products each month, the profit received will definitely increase.

After some interviews and observation around the company, the writer can see that the problem is the employee productivity. The workers are not as productive as how they are expected to be based on the total production that they need to achieve every month. They are able to reach those targets when they are being pushed or watched by the leader. When the leader is not around, they can be seen slowing down in their work.

One of the most affecting reasons to their low productivity is training system. New employees in PT Gajah Agro Indonesia, Binjai are not given any proper training. They are seen not familiar with the equipment around and they don't really understand how the whole production process takes place. The company relies more on human labor rather than machines and when there are new employees in the production department, they are having trouble achieving daily production goals as the new employees are still not familiar with the work around. Sometimes they even make mistakes that makes them need to redo it again. It slows down the production process and makes the whole team become not productive.

New employees in the company are expected to learn from the senior workers around the company. The problem with the senior workers is that they are not thorough in teaching the new employees. The existing workers have their own job that they need to finish within the day and that makes them reluctant in teaching the new employees. Because they are not properly trained, the production process

is delayed most of the time because of these new employees. In a company, training is important for new employees. Training is done to equip the new workers with the skills and knowledge regarding their job and how to use the equipment around. That way, it will minimize the mistakes done by new workers and will definitely increase their productivity (Putri & Anisa, 2020).

Another factor affecting the productivity is working environment. The working environment includes the physical location as well as the surroundings of the workplace, like the quality of air, noise level, and many others. A positive and comforting workplace will increase the productivity and motivation of them coming to work in the organization. According to Anjum et al. (2018), a bad working environment increases the stress level of employees which might have resulted in lower productivity from the employees. Based on writer's observation, the working environment at PT Gajah Agro Indonesia, Binjai is not really comfortable to work in daily. The office itself is crowded with things all around. There is only one small way for them to walk around the office and when it feels too packed inside. The place where the workers are working in is located near the production place and the noise from the machines can be heard inside the room. Employees there admit they are disturbed by the loud noise of the machine. The cleanliness is not well maintained as well around the office as the water there is not clean. The company chooses to use the ground water instead of tap water to save some costs, but the water filter in the company is not properly taken care of and thus making them reluctant to clean around the office. Another thing is the air circulation in the office. The office is not only crowded with things inside, but it is not well ventilated as

well, making the workers inside the office feel stuffed with their surroundings. The air conditioner inside some of the rooms are not well taken care of and most of the time the air conditioner is not working well. With these, writer can see that the employees working there are not really comfortable with their working environment which makes them reluctant or lazy to work.

So, through this research, the writer wants to discover more about how training and working environment really affect the productivity of employees in a company. That is why the writer comes up with **“The Effect of Training and Working Environment towards Employee Productivity at PT Gajah Agro Indonesia, Binjai”** research title.

1.2 Problem Limitation

For this research, the dependent variable is employee productivity of PT Gajah Agro Indonesia, Binjai. The indicators for employee productivity are ability, improving results achieved, work spirit, self-development, efficiency, work quantity, and accuracy in doing the task.

For the independent variables, training and working environment will be used. The indicators for training are instructor, participants, material, emthod, and objectives. As for working environment variable, the indicators used are air circulation, mechanical vibrations, odor, working atmosphere, and relationship between workers.

The research will be done at PT Gajah Agro Indonesia that is located at Jalan Payabakung no 3, dusun II Setia Makmur Luar, Desa Payabakung, Kecamatan Hampan Perak, Kabupaten Deli Serdang.

1.3 Problem Formulation

Based on the background of study above, the questions in this research are as follow:

1. Do training and working environment simultaneously affect the productivity of employees at PT Gajah Agro Indonesia, Binjai?
2. Does working environment affect the employee productivity at PT Gajah Agro Indonesia, Binjai?
3. Does training affect the employee productivity at PT Gajah Agro Indonesia, Binjai?

1.4 Objective of the Research

The objectives of this research are as follow:

1. To analyze the effect of both training and working environment on employee productivity at PT Gajah Agro Indonesia, Binjai.
2. To analyze the effect of training on employee productivity at PT Gajah Agro Indonesia, Binjai.
3. To analyze the effect of working environment on employees productivity at PT Gajah Agro Indonesia, Binjai

1.5 Benefit of the Research

This writer of this research expect this research to be able to benefit other people theoretically as well as practically.

1.5.1 Theoretical Benefit

The research is able to help people to gain more insight and knowledge regarding the affect that training and workplace quality has on the employees' productivity. Through this research, the writer hope that it can enrich people's knowledge with wide range of information that can be used for other future research as well.

1.5.2 Practical Benefit

The practical benefits expected from this research are as follow:

1. Benefit for company

The result of the research will provide information for PT Gajah Agro Indonesia, Binjai regarding how training and working environment affects the employees' productivity. It will also provide some recommendations and solutions for the problems in this company that can be used to solve the problems.

2. Benefit for other researchers

This result of this research will provide additional information about the impact of training and working environment on employees' productivity and provide literature that researchers can site as empirical evidence regarding training, working environment, and employee productivity.