

CHAPTER I

INTRODUCTION

1.1. Background of Study

A company will increase its performance when it has the existence of good cooperation and relationship between management, employees and its working environment. The increase of employee performance will automatically increase the company's performance. The performance achieved by an employee that must be able to provide an important contribution for companies in terms of quality and quantity and it is very beneficial for the company interests in the present and future. The company has its own goals and objectives to obtain maximum profit. Human resources are one of several factors which is potential for the success of company, considering human resources is the determinant of company activities namely planning, organizing, and decision making. Therefore, the success of an organization in carrying out its operational activities will not be apart from the quality of its human resources.

Factors that can improve employees' performance as researched by the researcher through various sources can be concluded as training and development, working conditions, and their satisfaction on the job. From the above factors, therefore, board of managements should understand what is needed and know the desires that make employees satisfied and increase their productivity, including the bonus they should receive if the target or purpose of the work is achieved.

Along with the development of science, knowledge becomes more advanced. In related to this, companies are expected to be able to make employees more skilled and trained in doing their jobs. Therefore, the company initiate to organize training and development programs for employees because it makes them more confident, satisfied and appreciate their job, as well as capable in improving the employees' performance. Truitt (2011) in the journal entitled "The Effect of Training and Development on Employee Attitude as it Relates to Training and Work Proficiency", showed that those employees who fully agreed that they received effective coaching and those who fully agreed they received meaningful coaching felt that they demonstrated an increase in job proficiency. Training is intended to improve current working achievements, while development is to improve current and future working achievements. Training intended to help employees to carry out the current job to become well. Development represents an investment of future-oriented development for employees.

The working conditions are very important to the organization. If the employees have negative perception of their working conditions, they are likely to be absent, have stress-related illness, and their productivity and commitment tend to be low. They like working conditions, which are similar to the conditions that they have in their homes. The studies that have dealt with the working conditions as a factor of job satisfaction shows that employees prefer working conditions which are not dangerous and unpleasant (Robbins, 1998). On the other hand,

organizations have a friendly, trusting, and safe environment, experience, greater productivity, communication, creativity, and financial health (Kriesler, 2001).

Productivity is related to working conditions, which in turn related to absenteeism, retention, the adoption of new methods and technologies. All of these things are related to how people are trained, encouraged that generally treated within the system (Hamilton *et al.* 2003, p.4). In the journal by Aisha *et al.* (2013) which is entitled “Effects of Working Ability, Working Condition, Motivation, and Incentive on Employees Multi-Dimensional Performance” revealed the findings that variables of incentives, motivation, and working conditions have a significant effect on employee performance. Furthermore, the results also uncover the issue that motivation, such as perception of effort, and working conditions, including facilities and workload had a negative effect on employee performance in term of quality and quantity of work, level of attendance, and time management.

Employees’ job satisfaction can support their work productivity. The more they are happy with the current job they are doing, the more productive they are with the work. Many researchers have studied the correlation between the job satisfaction and performance because it is of key interest to the entire management in a global setting. Pugno and Depedri (2009) in the journal entitled “Job Performance and Job Satisfaction” found that performance was found to be positively correlated with job satisfaction, whereas effort was assumed to be a disutility in the theory. Economic incentives were not found to be the main motivations of job performance; in some cases, indeed, they were even counter-

productive. The key idea behind this framework was that intrinsic motivations and self-esteem helped explain both job satisfaction and job performance. The employer could thus adopt, more friendly actions, besides using incentives and controls to enhance employees' performance. Job satisfaction is one criterion for establishing the health of an organization; rendering effective services largely depends on the human source (Fitzgerald *et al.* 1994) and job satisfaction experienced by employees will affect the quality of service they render. The impact of other variables on efficiency, such as infrastructures and internal relationships is also widely recognized. Job satisfaction of employees plays a crucial factor in determining job performance. Highly performing individuals will be able to assist organization to achieve its strategic aims thus sustaining the organization competitive advantage (Dessler, 2013).

PT. Aseli Dagadu Djokdja is one of the merchandise company's related to the community. The company offers products in the form of souvenirs that make it as a community's identity. The number of products provided a company identically with the brand “*Dagadu*” makes it a tough competition in the current merchandise market with other similar companies. In order to grab market share requires that employees are given the best service to customers. Therefore, in order to support the performance of employees, the company should have training and development programs regarding to increase employees competencies, and also working environment play an important role in advancing the employees' performance.

From the description above can be drawn the conclusion that the quantities

of merchandise products offered by PT. Aseli Dagadu Djokdja make employees must give the best to the customers and the company. Outstanding ability to work as well as high loyalty, sense of belonging, and to work effectively and efficiently will not be achieved in the absence of a strong and positive working environment from the company also how satisfied those employees. As from above description, the researcher is interested in conducting a research with the title: **“The Analysis of the Influence of Training Development, and Working Condition on Employees Performance with Job Satisfaction as an Intervening Variable in PT. Aseli Dagadu Djokdja, Yogyakarta”**

1.2. Problems Identifications

The intention and purpose of this research namely:

1. To determine the influence of training and development toward job satisfaction partially.
2. To determine the influence of working condition toward job satisfaction partially.
3. To determine the influence of training and development toward employees' performance partially.
4. To determine the influence of working condition toward employees' performance partially.
5. To determine the influence of job satisfaction toward employees' performance partially.

6. To determine the influence of training and development toward employees' performance through job satisfaction simultaneously.
7. To determine the influence of working condition toward employees' performance through job satisfaction simultaneously.

1.3. Problems Formulations

Based on the background of the problems described above, the problem can be formulated as follows:

1. Is there any influence of training and development toward job satisfaction partially?
2. Is there any influence of working condition toward job satisfaction partially?
3. Is there any influence of training and development toward employees' performance partially?
4. Is there any influence of working condition toward employees' performance partially?
5. Is there any influence of job satisfaction toward employees' performance partially?
6. Is there any influence of training and development toward employees' performance through job satisfaction simultaneously?
7. Is there any influence of working condition toward employees' performance through job satisfaction simultaneously?

1.4. Problems Limitations

The results of this research and the generalization of those results may be limited by the following factors or conditions:

1. The population was limited for better understanding with staff in the organization.
2. The results of the research are dependent on the willingness and ability of the respondents to accurately complete and return the survey to the researcher.
3. The conclusion of this research would be limited and constrained to unique factors associated with this company. Consequently, the conclusion may not be the same as other companies.

1.5. Research Objectives

The purpose of this research is to investigate the relationship between human resource function, which is training and development, and working conditions on employee performance. A further subsidiary aim is to investigate the relationship of job satisfaction as an intervening variable effecting employee performance. In order to address these objectives, the researcher explores the nature of training and HRM practices: its benefits and advantages to different employees. Based on background and problem above, the researcher concluded the objective of this research:

1. To know whether training & development has an influence on job satisfaction partially.

2. To know whether working condition has an influence on job satisfaction partially.
3. To know whether training and development has an influence on employees' performance partially.
4. To know whether working condition has an influence on employees' performance partially.
5. To know whether job satisfaction has an influence on employees' performance partially.
6. To know whether training and development has an influence on employees' performance through job satisfaction simultaneously.
7. To know whether working condition has an influence on employees' performance through job satisfaction simultaneously.

1.6. Research Contributions

The result is expected to have the following benefits:

1. For Authors

In addition to knowledge of the actual situation in the organization and are expected to apply the knowledge acquired during the course, so it can apply the theories learned in real life.

2. For Company

As a matter of evaluation for management to determine whether the presence of Training and Development, Organizational Culture and Work Discipline applied for is appropriate to increase employee performance.

3. For Institutions

As an additional reference for those who want to discover or further investigate the development of human resources associated with the Training and Development, Organizational Culture and Work Discipline.

1.7. Definition of Terms

1. Training and Development: Training and Development refer to systematic processes initiated by the organization resulting in the relatively permanent changes in the knowledge, skills, or attitudes of organizational members (Kraiger, 2002).

2. Working Condition: Gerber (2003, p.44) defined working condition as: “Working conditions are created by the interaction of employee with their organizational climate, and includes psychological as well as physical working conditions”. According to business dictionary, the term working condition refers to working environment and all existing circumstance affecting labor in the work place, including job hours, physical aspects, legal rights and responsibility organizational climate and workload.

3. Job Satisfaction: Job satisfaction is a positive emotional state that comes from the feeling of pleasure that an employee finds from his or her current job (Locke, 1976).

4. Employee Performance: Employee Performance can be defined as a strategic

and integrated approach to delivering sustained success to organizations by improving the performance of the people who work there and by developing the capabilities of teams and individual contributors (Armstrong, 2006).

1.8. Systematic of Writing

The thesis is divided into five chapters in order to provide clarity and elaboration on the discussion of the relationship between independent variables and dependent variables.

Chapter I: INTRODUCTION

This chapter contains the problem uncovered by the researcher and provide sample background on the topic. The chapter constitutes an introduction to the whole thesis, the hypothesis, and the statement of the problem in order to present the basis of the research. Moreover, the chapter also have a discussion on the scope of its research as well as the significance of the research to society in general and specific effects on the management of firms.

Chapter II: LITERATURE REVIEW

This chapter discusses the relevance of the research in the existing literature. It shall provide studies on effective employee training and development programs, working conditions, job satisfactions, human resource management and performance management.

Chapter III: RESEARCH METHOD

This chapter describes the methods and procedures used in the research. This chapter comprised of the presentation of the utilised techniques for data

collection and research methodology. Similarly, it also contains a discussion on the used techniques in data analysis as well as the tools used to acquire the said data.

Chapter IV: DATA ANALYSIS AND DISCUSSION

This chapter describes an analysis on the tabulated data. Afterwards, the data were statistically treated in order to uncover the relationship of the variable involved in the research. With this data, the research seeks to address the statement of the problem noted in the first chapter.

Chapter V: CONLUSSIONS AND RECOMMENDATIONS

This chapter comprised of three sections, the summary of the findings, the conclusions of the research, and the recommendations. With these three portions, the chapter will be able to address the verification of the hypothesis stated in the initial chapter of the research.

