

Analyzing Production Issues Causes Through The Social Dimension Of Operations Management (A Case Study of CV Eka Abadi)

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ABSTRACT

This thesis investigates the root causes of production inefficiency at CV Eka Abadi, with a specific focus on the social dimension of operations management. The study explores how factors such as employee satisfaction, training and development, business ethics, and occupational health and safety influence production efficiency. By employing a mixed-method research approach, data were collected through questionnaires and semi-structured interviews with production workers and management. The findings reveal significant correlations between these social factors and production outcomes, highlighting the need for improved management practices in these areas to enhance productivity. The research contributes to the existing body of knowledge by emphasizing the importance of the human element in operational efficiency and provides practical recommendations for CV Eka Abadi to address their production challenges. Future research should consider longitudinal studies to capture the dynamic nature of these social factors and their long-term impacts on production efficiency

Keywords: Operations Management, Social Dimension, Employee Satisfaction, Employee Training and Development, Business Ethics, Occupational Health and Safety

INTRODUCTION

Nowadays, Operations management is known as the collection of tasks that converts inputs into outputs, which produces value in the form of goods and services (Heizer et al., 2017). To maximize an organization's profit, it is concerned with transforming labor and materials into goods and services as efficiently as possible. A company can increase its competitiveness and avoid wasting time and resources on non-strategic activities by using an efficient operations management technique.

However, there is a key aspect of operations management that is often left out, which is the social dimension of human resources. Because better operations management models may result by adding a recognized aspect of human behavior into the analysis. For instance, a lot of traditional operations models assume that humans are just like machines, that is, that they are practically the same and that the only performance difference in people is random (Conway et al., 1988; Hillier & Boling, 1967). Yet, individuals vary in abilities, speed, and numerous other aspects (Boudreau et al., 2003).

The social dimension of operations management includes measuring Employee Satisfaction, Employee Training and Development, Business Ethics, and Occupational Health And Safety. According to (Locke & Dunnette, 1976), job satisfaction is defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. This appraisal involves a comparison between what one wants from a job and what one actually receives. The degree to which an individual values different aspects of their job (such as pay, autonomy, or work conditions) influences their level of satisfaction or dissatisfaction when expectations are met or unmet.

Another important tool that helps people and organizations achieve their short- and long-term goals and objectives is employee training and development. It offers many more benefits in addition to improving attitudes, abilities, and knowledge. Aside from employee training and development, business ethics in operations management also provides benefits as it comprises moral standards and values applied to the administration of a business's day-to-day operations.

The role of occupational health and safety in operations management encompasses various factors aimed at ensuring the well-being of workers by preventing workplace injuries and diseases. The effectiveness of OHS systems is often linked to the robustness of national legislative frameworks and the level of regulatory oversight. Deficient OHS systems can lead to increased workplace accidents and occupational diseases, which not only impact individual workers but also have broader social and economic consequences.

CV Eka Abadi is currently facing an operations management issue which resulted in delays and failure of numerous productions. The main suspect of this issue is in human resources in which there could be some inefficiency in the production process. Moreover, because there are only a few workers at CV Eka Abadi, the inefficiency is very visible on the outputs that the workers produce. The current output of every worker per day is below or perhaps far below the expected outputs targeted by the management. However, there are some days when workers meet their expected outputs.

To find out the root cause of this issue, this study is going to delve into the human resources aspect specifically on the social dimension of operations management. The social dimension will include discussions on Employee Satisfaction, Employee Training and Development, Business Ethics, and Occupational Health and Safety. This research is going to explore the probability of the social dimension as the cause of the issue

THEORETICAL BASIS

Operations management involves a series of activities to generate value through producing goods and services by converting inputs into outputs. As proposed by Heizer & Render (2014), this definition describes operational management as managing systems or processes that produce goods or services by transforming input into output. Various inputs, such as capital, labor, and information, are utilized to create goods or services through one or more transformation processes, such as storage, transportation, or repair. Generally, operational management is defined as the process of working to achieve pre-established goals effectively and efficiently by utilizing people through planning, organizing, leading, and controlling, while leveraging available resources (Jumadi, 2003).

Productivity

Productivity is the result of using resources effectively to produce specified outputs, such as goods or services (Stainer & Stainer, 1995). It is a key measure of efficiency and is often quantified by the ratio of output to input. However, achieving high productivity involves more than just maximizing output; it also entails optimizing processes, minimizing waste, and continuously improving operations. By leveraging resources efficiently and implementing innovative strategies, businesses can enhance their productivity levels and maintain a competitive edge in today's dynamic markets. According to Nugroho (2021), Productivity involves comparing the achieved results (output) to the total resources used (input), so it can be formulated as $\text{productivity} = \text{output} \div \text{input}$. Then according to Gomes (in Nugroho 2021), his research results show that productivity is greatly influenced by factors such as knowledge, skills, abilities, attitudes, and behavior of workers in the organization. This suggests that productivity is closely related to the physical and mental conditions of workers.

Social Factors

Employee Satisfaction

According to Locke & Dunnette (1976), job satisfaction is the one that is most commonly applied in scientific research, which interprets it as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. Consistency and emotional stability are suggested by job satisfaction (Aniței et al., 2013) and a favorable outlook on their employment, coworkers, and working environment (Wyrwa & Kaźmierczyk, 2020).

Employee Training and Development

Employee training and development stands out as a key driver utilized to support both individuals and organizations in reaching their short-term and long-term goals and objectives. Beyond just enhancing knowledge, skills, and attitudes, it brings forth numerous other advantages. Nassazi (2013) outlines several common benefits of employee training and development, including boosting employees' morale, confidence, and motivation, reducing production costs as individuals become more efficient and minimizing waste, fostering a sense of security, subsequently lowering turnover and absenteeism facilitating employees' participation in the change process by equipping them with the necessary competencies to adapt to new and demanding situations, creating opportunities for recognition, higher compensation, and advancement and assisting the organization in enhancing the availability and quality of its workforce.

Business Ethics

Business ethics in operations management includes moral principles and values that are exercised in the management of a company's operational activities. According to Sonny Keraf in Ali (2020) in business ethics applies the principles that business actors should obey, namely the principle of autonomy is the ability to make decisions and act on knowledge of what is good to do, and take moral responsibility for decisions made. Then honesty principles, in which effort will not last long if it is not based on integrity, because honesty is the key to a company's success. Next is the principle of justice, that all those involved in the economy should be treated by their rights. The principle of mutual benefit, in this way, all parties strive to conduct business mutually profitably and competitively. Lastly, Moral Integrity Principles provide a foundation for business, and businesses need to

maintain their company's reputation for doing business and remain the best company that can be trusted.

Occupational Health and Safety

Over the past three decades, the significance of occupational health and safety has grown significantly. The creation of the Occupational Safety and Health Administration (OSHA) in 1970 underscores the fundamental need for workplace safety for all workers. An effective occupational health and safety initiative involves collaboration among management, staff, administrators, and healthcare experts, fostering an ongoing, dynamic approach that cultivates a safety-oriented workplace culture (Suparna and Jaiswal, 2021).

The objective of the occupational health and safety program is to ensure a secure and healthy work environment. Additionally, it safeguards the well-being of the broader community, who might encounter occupational hazards or be impacted by the working environment (Correll, 2020).

RESEARCH METHOD

This research study uses the mixed-methods research method where based on Sweetman et al., (2010), mixed-methods research is defined as the gathering, analysis, and integration of quantitative and qualitative data in a single research or in a program of inquiry. Its basic qualities include collecting both quantitative (closed-ended) and qualitative (open-ended) data.

In this research study, the main goal is to survey the production employees' opinions on CV Eka Abadi's efforts regarding the social dimension applications namely Employee Satisfaction, Employee Training and Development, Business Ethics, and Occupational Health and Safety and gain more information on the employees' opinions through conducting interviews. Therefore, the author decided to employ the explanatory sequential design to process and analyze the topic of this study.

While concurrent mixed methods gather and analyze both the quantitative and qualitative data at roughly the same time, sequential mixed methods data is analyzed in a specific order that aims to explain or build upon the findings of one approach with the other approach (Creswell, 2013). In the sequential explanatory design, the quantitative phase is normally prioritized. According to Wipulanusat et al. (2020), After gathering and analyzing the quantitative data, researchers employ qualitative techniques to acquire a deeper understanding and interpretation of the quantitative findings from the initial part of the study. The study's main methodology would be the analysis of quantitative data. This strategy was justified by the fact that the quantitative data and the statistical analysis that followed offered a broad grasp of the topics being studied. In the qualitative phase, the statistical results were further clarified and explained by delving further into the perspectives of the participants

RESULTS AND DISCUSSIONS

Employee Satisfaction

When employees feel financially secure, supported by management, and work in a clean, safe, and comfortable environment, they are more likely to be motivated and

engaged. This motivation translates into higher productivity, better performance, and a stronger commitment to the company's goals. In essence, by investing in these areas, the company not only improves the well-being of its employees but also drives its own success through a more satisfied and effective workforce.

Employee Training and Development

While the company's current training initiatives provide a solid foundation, there is a clear need for extended training periods and enhanced support for self-learning to ensure all employees are adequately skilled and efficient. Addressing these areas can lead to better-prepared employees, improved productivity, and higher overall efficiency in the company's operations. By continuously investing in the development of their workforce, the company can maintain a competitive edge and achieve long-term success.

Business Ethics

The company's emphasis on politeness and mutual respect, along with a clear hierarchical structure, plays a crucial role in fostering a respectful and well-organized work environment. These ethical practices not only enhance employee satisfaction and engagement but also contribute to overall business efficiency by promoting effective communication, collaboration, and accountability. This integrated approach to business ethics supports the company's operational goals and drives its success.

Occupational Health and Safety

The company's emphasis on OHS, reflected in the high rating of 86, demonstrates its commitment to creating a safe and healthy workplace. By providing comprehensive health and safety facilities, regular emergency training, and necessary PPE, the company ensures that its employees are well-protected and prepared to handle potential risks. This strong focus on health and safety not only enhances employee well-being but also plays a crucial role in maintaining consistent production efficiency, ultimately contributing to the company's operational success and sustainability.

CONCLUSIONS

The research underscores that a well-rounded approach to managing the social dimensions of operations is critical for enhancing overall business performance. Employee satisfaction, effective training programs, adherence to business ethics, and a robust OHS framework collectively contribute to creating a supportive and efficient working environment. These elements are interlinked and together they foster a motivated, skilled, and safe workforce, which is essential for sustaining productivity and achieving long-term operational success. By addressing the identified areas for improvement, particularly in training and development, CV Eka Abadi can further enhance its operational efficiency and employee satisfaction. Continuous investment in these social dimensions will not only improve employee well-being but also drive the company's growth and competitive advantage in the market.

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