

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Family owned business has been a crucial substance in business cycle for a long time. Nowadays, many family businesses do not realize that they are not optimizing their employees potential in working which causes the lack of efficiency in terms of family business performance. Employees performance can be increased by being given motivation from the managers.

Similar to theory mentioned in a journal of Public Policy and Administration Reserach Vol.5, No.3, 2015, a framework which was developed in the 1930s by psychologist Kurt Lewin provided the foundation of many of the approaches that followed afterwards. He argued that there are three major styles of leadership, which are: autocratic leadership, a style where leaders make decisions without consulting their team members, even if their input would be useful; democratic leadership, a style where leaders make the final decisions, but they include team members in the decision-making process, and laissez-faire leadership, a style where leaders give their team members a lot of freedom in how they do their work, and how they set their deadlines. (Khan, Khan, & Qureshi, 2015)

Autocratic leader behavior is often seen as negative for team morale and performance. However, theories on social hierarchy suggest that autocratic leadership may also positively affect morale and performance through the creation of a psychologically appealing, hierarchically-ordered environment of predictability and security.

Leadership orientation and employee behaviors knowledge should be equipped by managers because of certain reasons. Not only that, leaders are required to have a clear vision and direction to

maintain and develop the company while doing business in a competitive environment, regardless of the field of production or service. Moreover, in order to achieve business success, leadership skills, environment impacts and human resources are the crucial factors that must be concentrated on. (Khuong & Hoang, 2015)

CV. Jasa Sumber Asahan, a family business in Indonesia that moves in service industry (logistics), was founded by Mr. Karim in 1997 and is wholly owned by the founder (Mr. Karim). Moreover, this business is still in owner managed stage until now.

From the information gained from the writer's observation about the situation in CV. Jasa Sumber Asahan. It can be interpreted that the leader (founder) seems to adopt the autocratic leadership style. In addition, some of the employees often come late and even being absent from working. Not only that, most of the employees are being sluggish and not concentrated on their work which will result in the decreasing of employee's performance (bad employee's performance). Moreover, the company itself has a high turnover rate which might be because of the absenteeism of employees' involvement in decision making (not feeling appreciated) which will also affect the employees' motivation to work.

In accordance to the background of study which was stated above, the writer is motivated to conduct a research study and aims to analyze more in-depth regarding the influence of autocratic leadership style on employee motivation in a family business which will be written in a paper format with a title : **“The Impact of Autocratic Leadership Style on Employee Motivation in Family Business at CV Jasa Sumber Asahan”**. The title chosen as the research material is also a part of Indonesia government interest on building a good economy in Indonesia which most of the business are family business. Moreover, from this paper has a meaning to progress previous studies which will enrich knowledge as well as solving company problem.

1.2 PROBLEM LIMITATION

In this skripsi, the problem limitation is to know the impacts on employee motivation in family business as dependent variable (variable Y) which is CV Jasa Sumber Asahan by using autocratic leadership style as independent variable (variable X). The indicators for variable X is autocratic leadership which consists of independent, quick in decision making, leaders make decision alone, dictate all the work methods and processes, and group members are rarely trusted with important tasks. And the indicator for variable Y is Maslow's Hierarchy of Needs that consists of physiological needs, safety needs, social needs, esteem needs, and self actualization needs. According to the capability and knowledge of the writer, the provided research will be limited. The focus of this writing is to know the impact of autocratic leadership style on employee motivation in family business which is CV Jasa Sumber Asahan.

1.3 PROBLEM FORMULATION

Based on the observation that is done by the writer during the online research, the writer finds several problems faced in, which are:

1. Does autocratic leadership style has an impact on the employee motivation at CV. Jasa Sumber Asahan?
2. What are the types of motivation that can be given to employees in a family business?

1.4 OBJECTIVE OF THE RESEARCH

The objectives of the research that the writer can get are as follows:

1. To understand how autocratic leadership style affects an employee motivation in family business

2. To investigate the importance of autocratic leadership style towards an employee motivation in family business that play as key roles in family business performance.

1.5 BENEFIT OF THE RESEARCH

The writer believes that it could be able to give benefits to the society. The benefit of the research consists of theroretical benefit and practical benefit.

1.5.1 THEORETICAL BENEFIT

In regards with academic context, the completion of this research will serve as the means to give further understanding about the impact of autocratic leadership style on employee motivation in family business. Correspondingly, it can enrich the knowlege of the writers and also serves as an input for other writers who are interested in conducting similar or related research in the future.

1.5.2 PRACTICAL BENEFIT

In practical context (for the company), this paper provides insight of the importance of autocratic leadership style applied in family business that will affect employee motivation. For other family business, this research will help them determine whether the leadership style is suitable for their businesses or not.

1.6 SYSTEMS OF WRITING

CHAPTER I : INTRODUCTION

This chapter focuses on introducing the background of the relation between autocratic leadership style and employees motivation at family business and states the scope of the research. The problems on this topic are identified along with the objectives that the writer

intents to achieve. Additionally, the benefit of the research, both theoretical and practical, will also be included in this section.

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter comprises of relevant theories and academic literatures related to autocratic leadership style and employees motivation at family business. In addition, the writer also mentions prior research done in this area and develops the hypothesis as well as framework of thinking for this research.

CHAPTER III : RESEARCH METHODOLOGY

This chapter entails information in regards with the research design and population as well as the sample used in the research. The data collection method will be explained in details followed by the operational variable definition and variable measurement. The last section will focus on the method used to analyze the data.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

This chapter comprises mainly of discussion regarding research object and data analysis. In addition, this chapter will cover a comprehensive discussion on the results of data quality and hypothesis testing.

CHAPTER V : CONCLUSION

The last chapter consists of conclusion and the implication of the research. Moreover, this chapter also provides recommendations related to the research problems.