

CHAPTER 1

INTRODUCTION

1.1 Research Background

Maritime industry is rapidly growing and expanding as world trade is becoming a normality in the world. One study shows a 73% increase in world gross domestic product (GDP) in the last two decades (Oxford Economics, 2017). At the same time, there is an increase of 112% in world seaborne trade (Oxford Economics, 2017). This shows how much of an importance the maritime industry is going to be in the next couple of decades. With e-commerce on the rise, experts predict retail ecommerce sales will reach \$4.13 trillion in, 2020 (Ecommerce Guide, 2020). A research has shown that free shipping plays a decisive role for online shoppers (DigitalCommerce 360). With these statistics, it can be said that the maritime industry will be the foundation of online shopping as items are delivered via freight services.

This brings attention to the state of maritime industry in Indonesia. Indonesia is a large archipelago, which means most of the transportation between islands are done via sea. Nearly 65% of Indonesia's population live in costal and marine areas (Ministry of Environment, 2007). Furthermore, a study found that the output from maritime sector contributed approximately 7.86% to the overall economy in Indonesia (Nurkholis et al., 2016). The maritime industry plays a significant role in determining the growth of Indonesia's economy.

GBG Indonesia (2014) reports labour disputes often occur in the industrial centre of shipping industry in Indonesia, Batam; strikes and protests often take place in shipping companies due to low wages and political interest. Strikes and protests are signs when employees are not happy and satisfied with their jobs. If not taken care properly, this can be an obstacle for the development of the maritime industry in Indonesia. Satisfied and motivated employees are crucial for contemporary organizations and can be a competitive advantage if nurtured properly (Culibrk et al., 2018). Shipping companies in Indonesia must pay more attention to the root cause of these outbreaks. If not, the growth and expansion in the maritime industry will surely be delayed and disrupted as organizational performance is deteriorating.

One statistic shows that in, 2016, Indonesia's job dissatisfaction is approximately 24% (Employee Job Happiness Report Index, 2016), which means a quarter of employees in every organization is not satisfied. Participative leadership can help in improving job satisfaction as they empower employees by inviting them to take part in making decisions (Bhatti et al., 2019). Not only that, but participative leadership can also increase employees' work motivation (Armenakis et al. 1993 in Clement & Mjoli, 2013), and improve employee satisfaction and organizational commitment (Smylie, Lazarus & Brownlee-Congers 1996 in Bell & Mjoli, 2013). Therefore, the maritime companies in Indonesia must employ participative leaders who can encourage, empower, and inspire their subordinates to improve organizational performance.

Organizational performance has always been a crucial factor in determining whether it is thriving or declining. One of the key elements affecting it is job

satisfaction. Gould-Williams, 20003, in Bakotic (2016) suggests that when employees are more satisfied with their jobs, they are more likely to act diligently and have outstanding performance, which will improve the overall performance of the organization. Companies in maritime industry must pay attention to their employees' job satisfaction as it will affect on how they progress in the future.

There are countless variables that affect job satisfaction. However, this paper focuses on participative leadership, work motivation, and fun experienced at work. This paper will analyse how these factors affect job satisfaction in the organizations of maritime industry in Indonesia.

1.2 Research Problem

While there is a great potential for Indonesia's maritime industry, there are also great problems to be addressed. As mentioned above, one of the biggest disruptions happening in the industry is concerning violent protests and strikes. In this case, the industry's growth will inevitably be affected negatively. This paper believes these strikes and protests are due to the low level of job satisfaction these employees have. Therefore, this paper will analyse employees' job satisfaction and how participative leadership, work motivation, and level of fun experienced at work affect one another. The following are questions that will guide this research:

1. Does participative leadership positively associate with employees' job satisfaction?
2. Does work motivation has an impact on employees' job satisfaction?

3. Does work motivation mediate the relationship between participative leadership and employees' job satisfaction?
4. Does participative leadership have a positive relationship with (a) work motivation and (b) job satisfaction when employees have more fun at work?
5. Does work motivation mediate the interactive effects of participative leadership and fun in the workplace on employees' job satisfaction?

1.3 Research Objective

This paper intent to discover the relationships between participative leadership, work motivation, and fun experienced at work to determine how they affect job satisfaction. As a result, understanding the employees' job satisfaction will help companies to reduce resistance inside these shipping companies. The following are the hypotheses:

1. Participative leadership is positively associated with employees' job satisfaction.
2. Work motivation has a direct positive impact on job satisfaction.
3. Work motivation mediates the relationship between participative leadership and employees' job satisfaction.
4. The positive relationships between participative leadership and (a) work motivation and (b) job satisfaction is stronger when the employees have fun at work.

5. Work motivation does mediate the interactive effects of participative leadership and fun in the workplace on employee's job satisfaction.

