

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF STUDY

Nowadays, globalization has contributed to make human resource more demanding and provide many organizations with the new markets as well as broader network to attract valuable knowledge and skill. For some reason, leadership on employee's motivation is very important in this globalization era.

For running a business in every kind of sector, employee motivation is very important to achieve one's business goals. Highly motivated employees will automatically improve in their performance and productivity, along with decreasing the turnover. Employees that accept motivation are employees who want to move forward to become better in doing their job. For that reason, some organizations can build a strong foundation because they have quality employees. Thus, motivation can be done by giving bonuses, recognition, feedback, and many more. However, we can see that not every employee can be motivated by the same benefits, but keeping focusing on the key motivation program can help for the best result.

We can see that, in today's competitive workplace, a leader should have a clear vision and direction to maintain and develop the company. Leaders need to provide continuous motivation to employees to work well while in the form of improving the quality of their work (Sule & Priansa, 2018). The effectiveness of leadership from a leader can drive to the improvement in employee's motivation and bring a great benefit towards the company.

PT. Enzo Natural Group is a company that engaged in all kind of natural stone products and services, such as tiles stones, mosaic stones, decorative stones that usually being use for interior and exterior for home and offices. PT. Enzo Natural Group has been established as a natural stone retail company in North Sumatra since 2014. PT. Enzo Natural Group has some place of mining and one stone factory, for future development they are going to grow their market wider to Jakarta and Bali and they also will expand their business by giving a service from product design in accordance with the customer taste until the installation process.

PT. Enzo Natural Group is focus on changing people perspective about building their dream home by providing the finest stone product and enhanced services. PT. Enzo Natural Group has a very promising core value which are they treat their customer with respect and faith, they grow through creativity, invention and innovation and they integrate honesty and integrity as their business function. Their vision is to provide a quality service and products that exceed the expectation of their esteemed customers across Indonesia and their mission is to build long term relationship with customers by pursuing business through innovation and extraordinary products. From previous research, motivation is a very important part and proven important benefits.

Table 1.1 Data of turnover in PT. Enzo Natural Group from 2015-2018

YEAR	EMPLOYEE OUT	TOTAL EMPLOYEE	% EMPLOYEE TURN OVER
2015	17	75	22,67 %
2016	12	64	18,75 %
2017	19	79	24,05 %
2018	25	82	30,48 %

Source: Prepared by Writer (PT. Enzo Natural Group, 2019)

The table above is the research about the employee's turnover in PT. Enzo Natural Group. The research is from the first year this company start the business. The business establishes in 2015, in which the leader of the company starts to recruit many employees to see which one will adapt and can go along with the management system.

However, they find out that many of employees can't adapt to the management system. Some of them resign themselves from the job because of the inconvenience, some of them are fired by the leader due to the mistakes they do. On the second year, they find hard to recruit people and lack of employee, so the leader tries to retain the employee even though he is not suitable with the employee. In 2017 and 2018, the employee turnover is higher than before.

Firing, resigning and recruiting will add the cost for the company while retaining will save a lot of cost. Retaining is better than recruiting especially in turnover calculation. From the previous research of PT. Enzo Natural Group that when this organization start until 2018, they have a problem in the employee's turnover.

Based on the discussion above, I choose "The impact of leadership on employee's motivation in PT. Enzo Natural Group" and it is conducted at PT. Enzo Natural Group as my research methodology topic.

1.2 PROBLEM LIMITATION

In this research, there are some problem that need to be identified, such as some of the employee always come late, the employee can't do their works properly, the employee can't get along with each other team, the employee refuse to do the leader's order, etc. Some of the employee is out because of they can't adapt to the system that is implemented by the leader. Some of the examples are the employee must obey to the direction that is given by the leader, where they also less freedom in giving their own opinions. There is also less guidance for the way to achieve what they aim. In addition, the leader also gives a limited budget every month for the employee's expenses.

This research will be limited on PT. Enzo Natural Group's practices towards leadership as the independent variable and its impact towards employee's motivation as the dependent variable which will be the outcome of the impact of leadership in the company. The limitation of the research are as follows:

1. The first limitation is the factor that affect the variable Y which is employee motivation in PT. Enzo Natural Group. Besides employee motivation, there are some factors that can trigger the employee turnover rates.
2. The second limitation is the unit analysis of research which is PT. Enzo Natural Group. The research is conducted in PT. Enzo Natural Group and employee data of PT. Enzo Natural Group can be different after this research is done. The data difference can be caused by the new set of rules that can be applied after interview.
3. The third limitation is the methodology that used in this research which is quantitative approach for this research

1.3 PROBLEM FORMULATION

Many start up business find hard to recruit and retain employee. The problem is some attractive people only want to work at popular company that have been established long time ago. A good leadership should be discussed and implemented to increase the employee's motivation as well as performance for the company.

1. How is the condition of leadership in PT. Enzo Natural Group?
2. How is the condition of employee motivation in PT. Enzo Natural Group?
3. How much effect does leadership has on employee motivation?

1.4 OBJECTIVE OF RESEARCH

The objective of the research will be:

1. To find out and analyze how is the condition of leadership in PT. Enzo Natural Group.
2. To find out and analyze how is the condition of employee motivation in PT. Enzo Natural Group.
3. To find out and analyze how much effect does leadership has on employee motivation.

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

In accordance to the objective research, the completion of this research will result benefits in developing and expanding knowledge in leadership style and employee's motivation.

1.5.2 PRACTICAL BENEFIT

Based on the objective of the research, the research is expected to generate theoretical benefits as follows:

1. For the writer, this research serves as the means to develop his analytical skills and further improve his theoretical knowledge in relation to leadership style and employee's motivation.
2. For public, this research will improve the knowledge about the relation between leadership style with employee's motivation.
3. For company, this research can be an input to help the company management in choosing the right leadership style for employee's motivation.
4. For future researchers, the research is expected to enrich existing literatures on leadership styles, type of leadership style, and motivation for employee.

1.6 SYSTEM OF WRITING

The systematic outline of writing in this paper will be as follows:

CHAPTER I: INTRODUCTION

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This chapter focuses on introducing the background about leadership style and employee's motivation as well as the scope of this research. The writer also identify the problem that need to be achieved.

Furthermore, in this section, both theoretical and practical benefit will be mentioned for the benefit of research.

CHAPTER II : LITERATURE REVIEW

This chapter describes about the general theoretical background that related to the research topic. The writer mention prior research done in this area and develops the framework of thinking for this research.

CHAPTER III: RESEARCH METHODOLOGY

This chapter gives information in regards with the research design for the research and description of research object. The research design of this study is using a quantitative method. It also mentions about the research object which is PT. Enzo Natural Group. The discussion inside include population and sample, data collection method, operation variable definition and variable measurement, data analysis method, descriptive statistics, mean, median, mode, validity test, reliability test, coefficient of correlation test, correlation of determination test, simple linear regression test and hypothesis testing.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter describes general view of research object, vision and mission, organization structure, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, coefficient of correlation and determination, simple linear regression analysis, hypothesis test, and discussion

CHAPTER V : CONCLUSION

This chapter will be the brief conclusion for the result of the research, the implication and also the recommendation and suggestion in the future.

