

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

In today's business environment, the success of an organization relies heavily on the leadership quality of the decision and policy makers, such as the executives and shareholders. The role of leadership become prominent mainly because achievements and results are dependent on traits owned by an individual, who in the context of an organization is the leader. The quality of a leader often viewed as an important aspect that determines organizational performance as good leaders possess strong influence on their followers, hence enable them to easily mobilize and direct employees to achieve a set of common goals with the organizations.

A behavior formed by individuals in regard to their works is known as job satisfaction (Palupi et al., 2017). Job satisfaction is long considered as a key element in assessing employees' loyalty and contributions toward an organization. It is believed to play significant role in shaping employees' morale which in turn will affect the whole organizational performance. Accordingly, able to measure elements that influence job satisfaction will allow companies strengthen their employee's morale and yield positive outcome for the companies.

Employees' satisfaction or dissatisfaction in relation to their works are believed to be highly affected by their job expectations and their actual achievements. This assumption corresponds to the Herzberg's two-factor theory which explained that people are commonly motivated by two factors: internal factors and external factors. Hence, it is important for companies to know which factors that must be accounted to motivate their employees.

When leaders can transfer their ideas to employees effectively, it would certainly affect employees' emotions, performance and job satisfaction (Esra et al., 2017). Lian (2011, as cited in Atieno, 2016) stated that the most important aspect of leaders is their influential character which has a positive correlation with their followers' job satisfaction and performance. Therefore, leadership is often considered as a pivotal factor that affect every aspect of work, employees' behavior, performance and well-being.

Based on the explanation, it can be assumed that leadership plays a significant role in a management function as it deals with human and social interactions between the management and the other member of an organization where leaders must be capable to persuade and encourage the members of the organization to act and achieve the organization's goals together. However, a study conducted by Noviyanti et al. (2019) shows that leadership does not have a significant effect on job satisfaction. Therefore, the inconsistent findings of the

previous studies are what draw the attention of the writer to explore more about the influence of leadership on job satisfaction.

CV Dunia Parabola is the object of this research in which it is a family business established in the year 1989 by Mr. Yulianto. The business is directly managed by the Mr. Yulianto. The office is located at Jl. Gatot Subroto No. 116/74 Medan, North Sumatra. CV Dunia Parabola is a company that manufacture parabola, parabolic antenna, and home satellite television receiver. Besides, CV Dunia Parabola also offers prepaid pay-tv and cable tv subscription services. The devices are imported from overseas and will then be distributed throughout Indonesia once it is completely assembled by the company. As the sole distributor of those home satellite television devices, CV Dunia Parabola has consistently maintained its excellent and hospitable installation services.

CV Dunia Parabola is very well aware that its employees are the main key to the company's success. One of the divisions that often related to high-pressure work is the assembly line. This division requires employees to assemble the receiver of the parabolic antenna as soon as it was received by CV Dunia Parabola since it has to be shipped to other regional distributors three days upon the arrival of the materials. Therefore, management always ensures to transfer every single idea or work instructions as clearly as possible so that the employees will have clear guidance in performing their tasks. However,

a recent review on the employee of CV Dunia Parabola shows that the employees are very stressed in doing their jobs, especially those in the assembly line. Although management believes that they have implemented the right leadership practices, but many employees seem to have difficulty in carrying out their tasks. Numerous employees have been shown to be under excessive pressure and stress, mainly those in the assembly line. This situation has resulted in a large amount of employee turnover in the past few years which can be seen on the following table 1.1.

**Table 1.1 Employee Turnover Rate 2016-2020**

No.	Year	Employees in beginning of the year	Employees in	Employees out	Employees at the end of the year	Turnover Rate	Average
1	2016	34	10	12	32	33.6%	33
2	2017	32	17	14	35	41.8%	33.5
3	2018	35	13	15	33	44.1%	34
4	2019	33	10	11	32	33.8%	32.5
5	2020	32	15	17	30	54.8%	31

Source: CV Dunia Parabola (2021)

Table 1.1 demonstrates that there has been a fluctuation in the amount of employee turnover over the past 5 years. The high employee turnover rate might indicate that employees are dissatisfied with their jobs. According to the table above, the year 2020 has the highest turnover rate. For this reason, the management of CV Dunia Parabola begins to question whether they had implemented the right leadership practices or not. Apart from that, according to an interview with supervisors at CV Dunia Parabola, the employees' main concern is the company leaders' authoritarian leadership style. Employees believe that

their suggestions for improving their task are ignored, resulting in a loss of interest in their work and a sense of dissatisfaction.

In regard to the above explanation, the writer believes that job satisfaction of employees at a particular company can be observed from the implementation of good leadership from the leaders in the company. However, due to the inconsistent results of the prior studies, this paper decided to study the influence of leadership on job satisfaction at CV Dunia Parabola Medan to gain a better understanding of the effect. Based on the above explanation, the writer decided to conduct a further exploration on the aforementioned issues by writing this research paper entitled **“The Influence of Leadership on Job Satisfaction at CV Dunia Parabola Medan”**.

## **1.2. Problem Limitation**

This study has several limitations that can be taken into consideration for future researchers in order to obtain better research results. These limitations include:

1. The sample of this study is only collected from one company, which is from CV Dunia Parabola Medan, hence the result of this study cannot be generalized to the wider population.
2. Although there may be still many other variables which might possibly have an influence on job satisfaction, however, this study

only employs one independent variable, namely the leadership variable.

3. This study only examines the leadership practice of the management of CV Dunia Parabola from the view of the employees. As for job satisfaction, this study will collect data from the entire employees of CV Dunia Parabola through a designated survey questionnaire.
4. Given the many elements that affect job satisfaction, the writer limits the indicators to three factors, which are fair-pay, optimal working environment, and respectful co-workers.
5. The survey questionnaire will be distributed to the employees along with the company leaders. Because of the standardization that comes from the company's vision and mission, the leaders examined all have the same criteria.
6. Data used in this study were are collected from a survey questionnaire which was only based on the perception of the respondent's answer. Therefore, the conclusions drawn in this study are also solely based on the analysis of these data.

### **1.3. Problem Formulation**

Based on the issues mentioned in the background of this study, the following questions are formulated to address the problems:

1. How is the leadership practice at CV Dunia Parabola Medan?

2. How is the condition of job satisfaction at CV Dunia Parabola Medan?
3. Does leadership have influence on job satisfaction at CV Dunia Parabola Medan?

#### **1.4. Objective of the Research**

From the completion of this study, the writer aims to achieve the following objectives:

1. To understand the current leadership practice implemented at CV Dunia Parabola Medan.
2. To learn the condition of job satisfaction at CV Dunia Parabola Medan.
3. To determine whether leadership influences job satisfaction at CV Dunia Parabola Medan.

#### **1.5. Benefit of the Research**

The result of this exploration is expected to provide readers with additional knowledge regarding the role of leadership towards job satisfaction, especially in privately-owned companies. Benefits of this study comprises of theoretical benefit and practical benefit as follows:

### **1.5.1. Theoretical Benefit**

This research is intended to provide a more detailed information regarding how leadership practice will influence job satisfaction level of employees in an organization, especially in privately-owned company. In addition, the writer also hopes that the results of this research will serve as additional knowledge for privately-owned companies as well as public companies in formulating their strategies to increase the level of job satisfaction of their employees.

### **1.5.2. Practical Benefit**

In practical circumstances, the outcome of this study is expected to help CV Dunia Parabola Medan examines the job satisfaction level of the employees at the company. Also, the result of this research may also help CV Dunia Parabola Medan review the effectiveness of their current leadership practice in the company, specifically in maintaining and improving the employee job satisfaction. Furthermore, the results of this research are also expected to provide a research basis for future researchers who might be interested to perform a research using the similar topic as the current study.