

CHAPTER 1

INTRODUCTION

3.1 Background of Study

According to American Express (2019), there are several styles of leadership that differ one leader of a business owner to another, which are Autocratic, Pace-Setting, Democratic, Coaching, Affiliative, and Laissez-Faire. The research aims to identify Autocratic Leadership Style impacts towards Employees' Loyalty through methodical research design. Autocratic Leadership styles tends to focus only on the business owner's way and interest and have given a rather 'bad' impression as thought that these business owners do not have space for new ideas and close-minded. Though the Autocratic Style has been dwindling for the past years as the younger generation has grown more into the 'friendly' working environment, some businesses do need an older style of leadership in order to get things done. In fact, not all autocratic leaders are old-fashioned and have hard time retaining image, for example Ridley Scott, the director of one of the most famous movies in the 70's, *Alien* is an autocratic leader (Grewar, 2018).

According to Grewar (2018), Scott's leadership style was shaped from being perfectionist and in that way, Scott will make sure that whatever the production team does should be well-prepared before the actual shooting. Since *Alien*, Scott has made several other famous movies such as *Blade Runner*, *American Gangster* and still planning on some anticipated new projects in the future. That statement proved that autocratic leadership does work on some work occasion and the people working for Scott put trust on their leader's vision to be in charge. For the obvious,

employees will not follow a non-competent leader in general, let alone a leader that only wants things to go by one lane, which is the leader's absolute vision. But, if a competent leader has showed great growth and competency, employees will not hesitate to follow as trust is built to bring not only the leader, but also the whole company towards growth.

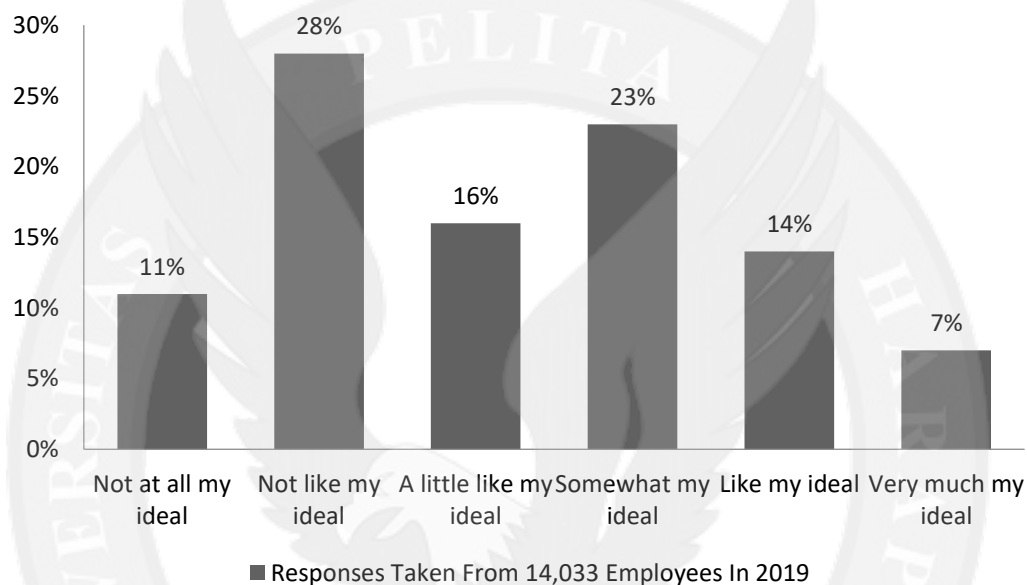


Figure 3.1 Leadership Survey 2019

Source: Murphy (2019)

Based on the data collected in 2019 by Mark Murphy, most employees do prefer an autocratic leadership in exchange for the sense of 'safety' and trust in the making of the final decision. That said, in order for an Autocratic Leadership Style to work, leaders would have to attain and retain employees' trust, therefore, the leader would be able to gain employee's loyalty.

In this passage, the author will do a research about the relation of both variables at a company that runs for subsidized housing in Batangkuis. The research will be based on the knowledge of the duration of employment of the company

because some employees have stayed for a whole housing project and some quit before working for a month. There will be 3 ongoing construction sites that will be included in the research, Pesona Indah I, Pesona Indah II, and Green City Residence. The company is ought to be lead with Autocratic Leadership Style which will be proven by the questionnaire data in the following research and by interviewing the manager of the company, Mr.Barier, the author discover that the company should use Autocratic Leadership Style to runs things because construction and property company could not just ask the employee to innovate and work according to personal interest but, has to be aligned to what have been ordered by the executives. In short, the company has to be rigid because everything has to be done according to the existing guideline such as the budgeting where the cost of a house has been determined after calculations done by the executives and if things are going not according to the guidelines means that there has been a mishap within the company in which has to be tracked down and that will cost time wasted again.

There is a consequence of this kind of Leadership for the company's working environment which is that the employees tend to feel dissatisfied, angry and confused because the executives will never reveal any information regarding the topic that is out of the employees' job description, therefore, information is meant to be kept only according to the worker's jobs and will not be announced publicly. The result of such manner is that the employees' often complain about how the executives do not care about the employees well-being and thus, creating employees' with low loyalty.

As for the employees' loyalty in the company, the workers can be considered as loyal if the workers has been working for the company for at least months. The reason of the time period is that construction works are usually calculated per project and as for PT. Panca Mas, one project could take up to 3 months and not many workers are able to hold on until 2 consecutive projects. This has become a problem in the company especially for the marketing team because the company could lose a lot of time and money just for training newbies, relaying information and introducing the new employee to important people such as the bank personnel or notary. Mr.Barier also told the author that one of the major problem in the company as the bridge between the executives and the employees are both the rigid system in the company and retaining employees. Therefore, by identifying the Autocratic Leadership Style used by the company, the author will identify the result of both variables hoping to solve an arising problem and give suggestions to the company.

3.2 Problem Limitation

This research will be attended by all of the construction workers that work directly under the company's owner without any third party. The employees that participate in the research are those who are paid weekly according to the building result within a certain period of time. The company has 5 housing complex but this passage will only include 3 which are Pesona Indah I, Pesona Indah II, and Green City Residence.

3.3 Problem Formulation

This research will be conducted upon these problems:

- a. Does the Autocratic Leadership Style affect Employees' Loyalty in PT.Panca Mas at Btangkuis?
- b. How is the Autocratic Leadership Style in PT.Panca Mas at Batangkuis?
- c. How is the Employees' Loyalty in PT.Panca Mas at Batangkuis?

3.4 Objective of the Research

The objectives for this research will be:

- a. To identify the effect of Autocratic Leadership Style towards Employees' Loyalty in PT.Panca Mas at Batangkuis.
- b. To identify the Autocratic Leadership Style in PT.Panca Mas at Batangkuis.
- c. To identify the Employees' Loyalty in PT.Panca Mas at Batangkuis.

3.5 Benefit of the Research

3.5.1 Theoretical Benefit

The results of this research will provide a clear picture of how the current Autocratic Leadership Style will impact on employees' loyalty. This research also benefit other parties who seek an explanation of the topic 'The Effect of Autocratic Leadership Style Towards Employees Loyalty'.

3.5.2 Practical Benefit

- a. For Author

By conducting research, the author can understand what is the effect of Autocratic Leadership Style towards Employees Loyalty. Through this research, the author can also give suggestions to the company so that, the company can improve things that are lacking from the research.

- b. For Company

Through research certainly will have a direct impact on the company because, the research provides many answers and solutions to the problems of the company, especially those related to relations from employees to company owners.

c. For Other Parties

This research will benefit other parties like other readers or future entrepreneurs since the research provide useful information which can be implemented by their future companies.

