

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The role of leaders in securing organizational performance can't be over prioritized. Satisfactory motivation, appropriate workplace, compensation, proficient correspondence among directors and subordinates play a significant part in advancing this objective. Arranging and organizational of work is extremely crucial. Leadership style operated by an organization affects the achievement or in any case of its activity. Leadership style in an organization is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organization. (Akpap, 2019)

PT. Avrist Assurance are a company that specialize in insurance and because of the demand of people to protection, the sales of insurance also hit an impact which result in higher demand. For every city in Indonesia, there should be at least one branch in the big city. Instead of all of big cities have a lot of branches, there will be only 1 branch that operates in Medan. Medan branch divided of 3 department which is Medan A Medan B and Medan C.

Among all the Medan sales, regional Medan B is the one that have the highest sales within 3 years of selling insurance products. It can be seen the table below.

Table 1.1 Total Sales of Insurance Products at PT. Avryst Assurance Medan

Year	Medan A	Medan B	Medan C
2017	3,841,000,000	5,762,000,000	3,201,000,000
2018	2,636,000,000	10,854,000,000	2,015,000,000
2019	3,098,000,000	11,817,000,000	2,296,000,000

Source: Prepared by the Writer (2021)

From the table above, in 3 years of selling insurance products, Medan B always have the highest sales and the highest sales is in 2019 which is Rp. 11,817,000,000.

In insurance industry, a leader is very important when it comes to the company's growth, a leader isn't only responsible in increasing the sales number, but a leader is also responsible when it comes to team performance. A leader should be able to motivate the team members resulting in them giving their best performance in each of their respective work. If a leader is able to execute the above duties, the company's growth is bound to increase. Leadership is consisted on a lot of different leadership styles and one of them is a democratic leadership style.

The fact that total sales of insurance products from 2017-2019 at Medan B always increases is quite interesting to discuss. In this research, the writer will find out the leadership style carried out by the company management of PT. Avryst Assurance at Medan B, so it is expected that the research results can be used as a material consideration in other branches in order to increase company's growth.

The company growth of PT. Avryst Assurance Medan can be measure by the writer using the RBC. Risk Based Capital (RBC) is a method of calculating the health of insurance companies required by the Financial Services Authority

(OJK). In simple terms, RBC is the ratio of the insurance company's capital compared to the value of the risk it faces. The minimum ratio required by OJK is 120%, meaning that insurance companies must have free assets (assets remaining after fulfilling their obligations) of at least 120% of the value of the risk they face. The percentage of RBC at Avrist can be seen from the table below.

Table 1.2 Percentage of RBC at PT.Avrisk Assurance Medan

Year	RBC
2017	404%
2018	449%
2019	453%

Source: Prepared by the Writer (2021)

From the table above, the annual year RBC data percentage of PT. Avrist Assurance Medan are keep increasing from 2017–2019 where it means that PT.Avrisk Assurance Medan prove that in developing the company growth, PT. Avrist Assurance Medan is a fairly developed company.

Based on the explanation on the background above, the writer wants to analyze the impact of leadership styles towards company's growth, thus write it in this skripsi entitled **“The Impact of Leadership Style Toward Company's Growth in PT. Avrist Assurance Medan”**.

1.2 Problem Limitation

In order for research conducted more focused and easily in collecting and processing data, the scope of research is limited as follows. There are so many companies in Medan. This study is only limited to an insurance company in Medan,

that is PT. Avrist Assurance which located on Jl. H. Adam Malik No.18 / 46, West Medan - North Sumatera. The independent variable is this research is leadership styles, while the dependent variable is company's growth. The indicator of leadership styles are: directive leadership, supportive leadership, participative leadership, achievement-oriented leadership. The indicator of company's growth are: assets growth and sales growth.

1.3 Problem Formulation

Based on the background of the study above, the problem formulation in this research are as follows:

1. How does the leadership styles in PT. Avrist Assurance Medan?
2. How does the company's growth in PT. Avrist Assurance Medan?
3. Does leadership styles have an impact on company's growth at PT. Avrist Assurance Medan?

1.4 Research Objective

The research objective are as follows:

1. To evaluate the leadership styles in PT. Avrist Assurance Medan.
2. To evaluate the company's growth in PT. Avrist Assurance Medan.
3. To discover whether leadership styles have impact toward company's growth at PT. Avrist Assurance Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

Theoretically, the results of this study are expected to be useful to strengthen the theory in about management and marketing, especially about the leadership styles towards company's growth in a company.

1.5.2 Practical Benefit

The practical benefits expected from this research are as follows:

1. For the writer

This research can provide an overview and knowledge about management and marketing, especially about the impact of leadership styles towards company's growth in a company.

2. For the company

This research is expected to be used as a suggestion to give more attention about the factors of leadership styles in order to increase the company's growth.

3. For the future researchers

The results of this research are expected to be used as a source of references who concerned in conducting related research in the future.