

CHAPTER I

INTRODUCTION

1.1 Background of the Study

PT Buana Sawit Indah Medan is a palm oil company that produces CPO (Crude Palm Oil) and PK (Palm Kernel). PT Buana Sawit Indah is located at jalan Sei Kera No 131 Medan. PT Buana Sawit Indah Medan is one of the family company. In this company several important positions are carried out by family members of the owner of the company. This is so you can control and regulate well. The management view from employees will determine the success of developing their employee potential by taking into account the level of employee satisfaction within the company. Job satisfaction is a factor that will contribute to improving organizational performance.

Job satisfaction is the result of various kinds of attitudes related to work and special factors such as wages, supervision, job stability, job security, opportunities for advancement, fair work assessment, social relations at work, and treatment of superiors.

Employees experience dissatisfaction at work caused by work supervision that is too tight, financial compensation that is not adjusted to risk and workload of employees. This can be seen from the increase in employee turnover data at PT Buana Sawit Indah Medan which has increased. Some problems of employees resigning are unsatisfactory compensation, leadership that has not been effective, a management system that is not good, work conflicts with superiors, high workload due to unclear description of the fall.

Table 1.1
Turnover Data at PT Buana Sawit Indah Medan
2017-2019

Year	2017	2018	2019
Employees resign	31	45	65
Employees enter	27	32	57
Total Employee	164	151	143

Sources: Compiled from various sources by the writer

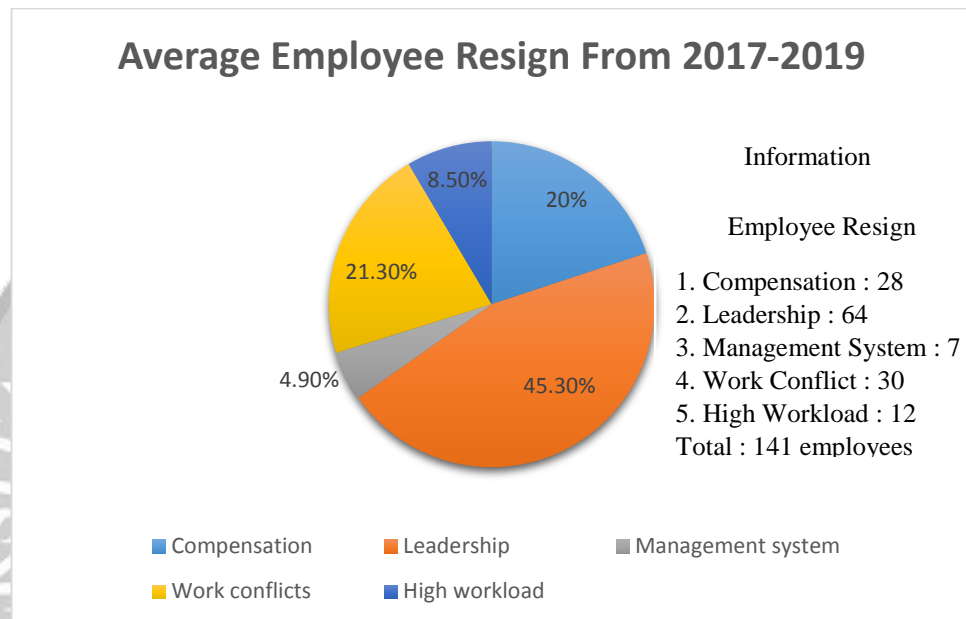


Figure 1.1 Average Employee Resign

Sources: Compiled from various sources by the writer

Table 1.1 shows the company turn over data. This employee job dissatisfaction resulted in many employees who preferred to leave the company. Reasons employees are dissatisfied with the compensation (20%), leadership style (45.3%), Management system (4.9%), work conflict with superiors (21.3%), and high workload (8.5%).

Based on the data above, the writer would suspect that leadership (45.3%) is the biggest factor that influence employee turnover, so this is the reason that the writer choose to do research in this company.

According to Moorthy (2014) leaders have to show a degree of personal accountability and incorporate moral aspects such as honesty into their leadership style. The main key in management is leadership which plays an important and strategic role in the survival of a company.

Leadership is an activity influencing or giving direction to followers through the communication process in an effort to achieve organizational goals.

According to Palupi.D et al., (2017), shows that leadership influences job satisfaction. This shows that the success of leadership can affect the level of job satisfaction of employees in the company. Without leadership, management becomes flawed. It is management's job to encourage and support the leadership of all people not only from the lower level managers.

PT Buana Sawit Indah Medan has leadership that has not been effective so that it has not been able to encourage employees to be loyal to the company and work more actively. The phenomenon of leadership in this company is superiors who have not been able to encourage employees who have job satisfaction, superiors who discriminate in the provision of work, superiors who are too demanding on employees and superiors who are too dictator so many employees are afraid of giving some advice to superiors on problems that is being faced by the employees. This is also one of the factors that drives employees to have job satisfaction.

The reason of choosing this title is to know and understand the characteristic of leadership style and how they guide their employees. The author also thinks if there are reasons or other factors that can affect employee satisfaction in working in a company because of their poor leadership in the

company. These are the reasons of the writer would choose “The Influence of Leadership on Employee Job Satisfaction at PT Buana Sawit Indah Medan.”

1.2 Problem Limitation

Limitation of the problem in this study only discusses the leadership variable and employees' job satisfaction variables at PT Buana Sawit Indah Medan.

1.3 Problem Formulation

The problem formulation in this research are:

1. How is the leadership effectiveness at PT Buana Sawit Indah Medan?
2. How is the employee job satisfaction at PT Buana Sawit Indah Medan?
3. Does leadership influence employee job satisfaction at PT Buana Sawit Indah Medan?

1.4 Objective of the Research

The purpose of the study is

1. To analyze leadership at PT Buana Sawit Indah Medan.
2. To analyze employee job satisfaction at PT Buana Sawit Indah Medan.
3. To analyze leadership has an effect on employee job satisfaction PT Buana Sawit Indah Medan.

1.5 Benefit of Research

1.5.1 Theoretical Benefit

A reference for similar research in the future, especially concern about paying attention to the level of leadership to maintain the employee job satisfaction.

1.5.2 Practical Benefit

Some of the benefits are expected for:

1. Researcher

Help the writer to know the influence of leadership towards employee job satisfaction in the real life.

2. Reader

Help to improve reader knowledge about how important the influence of the level of leadership towards their employee job satisfaction.

3. Company

Help the company to aware that leadership influenced the employees' job satisfaction.

