

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Leaders and employees are important elements in a company that have an important role in running a company. Today's business development is increasingly rapid and the level of competition is getting sharper, making companies have to improve and develop their performance in all fields. Every company has a way so that the company can survive in the midst of intense competition, one of the areas that must be improved is human resources. This is done so that the company can survive in global competition. Employees are company assets that are expected to work optimally to support the company's success. Human resources in the company will not be separated from the leadership and employees. In a leadership there is a leadership style that is expected to advance the company and prosper employees.

Each leader has a different leadership behavior which is called a leadership style. The leadership style applied in an organization can help give a good impact on its employees, especially in order to create job satisfaction. The existence of a leadership style that is in accordance with the situation and conditions of the organization, the employees will be more enthusiastic in carrying out their duties and obligations and will increase the employee's ability to work, so that the employee's job satisfaction can increase and in accordance with the competencies that exist in each employee. Companies that can apply a good leadership style will affect employee job satisfaction in a company.

Employees work under the supervision of their superiors. The leadership style of superiors is thought to also influence employee loyalty. Direct superiors or managers who act as rulers who tend to be arbitrary and do not respect the aspirations of employees feel dissatisfied at work, so there is a possibility that employees will look for companies led by superiors who are better at treating their subordinates. If the employee does not change jobs, it is likely that the employee will work not wholeheartedly or it can be said that his loyalty to the company will be low.

In a company, the work environment is one factor that is quite influential on the work done by employees. A comfortable, safe and supportive working environment will make employees enthusiastic and passionate about work, and this can have a positive influence on their performance. With passion and enthusiasm at work, employees tend to feel satisfied at work. On the other hand, a work environment that poses a lot of risks or is unsafe and unsupportive in carrying out the assigned tasks will lead to a decrease in morale and enthusiasm for work, the possibility of errors in assignments, and a decrease in work productivity (Nitisemito, 1992). The work environment concerns the physical and psychological work environment.

The physical work environment is a work environment that can be seen by the senses of employees, such as: lighting, ventilation and cleanliness, while the psychological work environment is a work environment that cannot be seen by the senses of employees, such as: the relationship between superiors and subordinates and between co-workers (Cascio, 2011).

Companies must have employees who have Teamwork because they are expected to help achieve the company's goals to the fullest. In organizational life, a company also requires solid teamwork to complete the process of achieving company goals. The work of the organization will not be carried out if the members of the organization or company do not work together in harmony. Work teams generate positive synergies through coordinated efforts. This means that the performance achieved by a team is better than the performance per individual in an organization or a company. Even so, teamwork must also be effective in order to make a good contribution to employee performance and work results in a company.

Human resources are the driving force of creativity and innovation in a company which will increase the reputation and profit of the company in the long term. With good cooperation, salaries affect the satisfaction of each employee. Besides, the success of a company in achieving optimal targets is determined by how big the company is to continue to change and survive in the competition. In this continuous competition, companies can have an advantage if they produce goods or services that can meet expectations and satisfy their customers, in this case the authors conducted research on PT. Stalichi Kemindo Medan and also a family business company that was established on August 10, 2018, was founded by Mr. Kenneth Halim as the president director of PT. Stalichi Kemindo Medan.

From the description, it can be said that the company's image, company leadership, direct manager, cooperation and good working conditions can support employee satisfaction and loyalty as well as the success of PT. Stalichi Kemindo Medan in achieving its goals. If these factors are implemented or managed properly,

it will help the company in marketing the products produced properly. Employee satisfaction and loyalty in a company is a very important part of PT. Stalichi Kemindo Medan which is a company engaged in the manufacture of glue and sealtape with a goat brand that has been very well known for a long time.

In this case, one of the main competitive companies is PT. Stalichi Kemindo Medan is PT Dynea Indria. One of the reasons PT. Dynea Indria is said to be the main competitor because the company produces the same glue which also has a quality that is not much different from goat stamp glue, besides that the price is very competitive.

Table 1.1 Comparison of PT. Stalichi Kemindo Medan and PT. Dynea Indria in East Jakarta

	PT. Stalichi Kemindo Medan	PT. Dynea Indria
Since	2018	2013
Production Type	multipurpose glue, HPL glue, white glue, PVC pipe glue, sealtape	Hot melt adhesive (HMA), Solvent Based,
Managing Director	Mr. Kenneth Halim	Mr. Bryant Yusman
Vision	Become one of the largest companies in Indonesia that produces glue with high quality and affordable prices for the people of Indonesia.	Enhancing trust to company relations and all of internal units by developing its products and services with consistent quality, safety and environmental friendly.
Mission	<ol style="list-style-type: none"> 1. Forming a community of employees to grow together and develop the quality of life, work environment, and work of employees. 2. Develop competent employees by creating a good work environment to support the achievement of customer satisfaction. 3. To become a strong and growing company, and ready to face regional and global competition. 4. To be the most profitable company in the same industry. 	<ol style="list-style-type: none"> 1. Stipulating Health and Safety as Main Priority 2. Develop its products and services effectively with consistent quality, safe and environmental friendly 3. Determine openness and developing continuously as a basic foundation of the company 4. Minimize bad impact to environment causing by company's operation.

Accreditation	1. Environmental Management System (ISO 14001:2015) 2. Quality Management System (ISO 9001:2015)	1. Environmental Management System (ISO 14001:2015) 2. Quality Management System (ISO 9001:2015)
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Source: PT. Stalichi Kemindo Medan (2021), PT. Dynea Indria in East Jakarta (2021)

Table 1.2 List Yearly of In and Out Employees PT. Stalichi Kemindo Medan

Year	Out	In	Total Each Year
2017	4 People	5 People	36 People
2018	5 People	5 People	36 People
2019	5 People	5 People	36 People
2020	7 People	5 People	33 People
2021	7 People	5 People	31 People

Source: PT. Stalichi Kemindo Medan (2021)

Based on table 1.2 above, it can be seen that employees at PT. Stalichi Kemindo Medan in 2017, 2018, 2019 was 36 employees. However, in the following year, 2020, the number of employees decreased to 33 employees. In the following year also experienced a decrease in employees by 2 people.

From the data above, it can be seen that the decrease in the number of employee loyalty is due to the increasing number of employees leaving on personal initiatives, not because of layoffs from the company. Therefore, it is important to know the factors that influence employee loyalty at PT. Stalichi Kemindo Medan.

The importance of employee loyalty on results company performance, the company needs to increased attention to business maintain and maintain employee loyalty or make employees satisfied and loyal against the company. (Antoncic & Antoncic, 2011) argues that loyalty employees have a positive impact on growth company. Because the loss of productivity employees, of course, is the same as losing consumers.

Achieving company goals is a very decisive thing for every company because it requires really mature planning to achieve it. Researchers suspect the

problems that are often faced by PT. Stalichi Kemindo Medan is a matter of cooperation and working conditions. The problem of cooperation and working conditions will of course affect the level of employee satisfaction in doing their work and will also affect the level of employee loyalty.

Another problem is regarding the working relationship between employees and leaders which cannot be ignored because it will have an impact on employee satisfaction and loyalty. The unfavorable company environment is also one of the factors that affect the level of employee satisfaction. The company needs to find a way so that the company can manage all its employees to be able to carry out their duties as well as possible with a view to achieving the goals set by PT. Stalichi Kemindo Medan. Therefore, the problems that currently occur in PT. Stalichi Kemindo Medan deserves to be researched.

Corporate image is the impression, feeling, image of the community or the public towards the company, an impression that is intentionally created from a product or service offered (Soemirat & Ardianto, 2007). Corporate image relates to the business name, architecture, variety of products, traditions, ideology and impressions of quality that are communicated by every employee who interacts with the organization's clients.

Corporate image is the public's perception of the company or its products (Kotler & Keller, 2009). For example, the company's image at PT. Stalichi Kemindo Medan, where if we mention the goat stamp glue, it is certain that some Indonesian people will know and identify with the brand, because the brand makes

the company's image good in the eyes of consumers so that it can influence and increase customer satisfaction and loyalty.

Leadership is a form of strategy or leadership theory which is certainly carried out by people we usually call leaders. A leader is someone whose leadership authority directs his subordinates to do part of his work in achieving goals. The definition of leadership is that people who have the authority to give assignments have the ability to persuade or influence others through good relationship patterns in order to achieve predetermined goals (Amirullah, 2015).

Leadership is an influencing process carried out by a person in managing his group members to achieve organizational goals (Yamin & Maisah, 2010). For example, the main leader of PT. Stalichi Kemindo Medan has leadership and the ability to make the right decisions for the company and provide information that can be understood well by his employees.

A manager is someone who coordinates and supervises the work of others in order to achieve organizational goals (Robbins & Judge, 2012). They make decisions, allocate resources, and organize the activities of their subordinates to seek goals. Managers carry out their work in an organization that is a consciously coordinated social unit, consisting of two or more individuals, and functioning on a relatively continuous basis to achieve one or a set of common goals (Robbins & Judge, 2012). For example, the Immediate Manager at PT. Stalichi Kemindo Medan has the ability to act professionally and can establish good communication with his subordinates.

Teamwork in groups leads to better efficiency and effectiveness and this is very different from work carried out individually (Hatta, Musnadi, & Mahadani, 2017). Teamwork in an organization is about co-labor, about joint effort and ownership (Kaswan, 2017). Teamwork occurs when people from different divisions produce something together through joint efforts, resources, and decision making, and share ownership of the final product or service. Example at PT. Stalichi Kemindo Medan we can see in every work on a production there is teamwork that works together so that it can produce maximum quality.

Condition of work refers to the environment is everything that is around the worker, which can affect him in doing work (Nitisemito, 1992). Working conditions or what is often referred to as the work environment are the social, psychological and physical life in organizations that affect the work of employees in carrying out their duties (Komarudin, 1997).

Meanwhile, working conditions or work environment are all physical aspects of work, work psychology and work regulations that can affect job satisfaction and the achievement of work productivity (Mangkunegara, 2015). For example, at PT. Stalichi Kemindo Medan, has a very spacious place and is supported by a very beautiful atmosphere, where the factory where the production is separated from the office where the staff works. Equipped with good and comfortable ventilation and supported by good hygiene and adequate facilities for its employees.

Job satisfaction is an evaluation that describes a person's feeling of being happy or dissatisfied at work (Rivai & Sagala, 2011). Job satisfaction is a pleasant

psychological condition or feeling that is very subjective and highly dependent on the individual concerned and his work environment, and job satisfaction is a multifaceted concept (many dimensions), it can use the attitude as a whole or refer to a part of a person's job.

Job satisfaction is the extent to which individuals perceive various positive or negative factors or dimensions of tasks at work (Hariandja & Hardiwati, 2002). Example at PT. Stalichi Kemindo Medan can be seen in the most of the employee that working inside the company can be characterized by their individual spirit of employees that found themselves to always work hard and always feel satisfied in every job they do.

Employee loyalty is a loyalty that is reflected by the willingness of employees to maintain and defend the organization inside and outside of work from undermining irresponsible people. Furthermore, loyalty is a manifestation of the fundamental human need to have, support, get a sense of security and build emotional attachment (Malayu & Hasibuan, 2007).

Employee loyalty is a psychological attachment or commitment to the organization and occurs as a result of increased satisfaction that comes from the results of the internal evaluation process, and if the level of employee expectations meets or exceeds then satisfaction will grow (Cahyani, 2015). For example, we can see from every employee who works at PT. Stalichi Kemindo Medan really intends to keep working at PT. Stalichi Kemindo Medan so that they are less interested in looking for other jobs outside.

To support this research, a mini-pilot Pre-Test qualitative research has been done in order to know assure the flow of variables using for this research is valid. There are 3 questions that being asked to 21 respondents which are working at PT. Stalichi Kemindo Medan. According to (Ismail, 2017) a Pilot Study (PS) referred to a small research project done before actually having the full research study. With Pilot Research, researcher can understand the process of research in order to decide the final method to use for the final study.

Table 1. 3 Pre-Test Results

Image	Corporate Leadership	Immediate Manager	Cooperation	Condition of Work	Others
2	7	6	2	4	5

Source: Prepared by Writer (2021)

Based on table 1.3 above, 21 respondents that experienced unpleasant experience which led to resignation or quitting the job at PT. Stalichi Kemindo Medan. Three main questions were given to the respondents which are regarding the reason of resignation, whether they are satisfied working in the company, and the reason of their dissatisfaction as stated in Appendix C. Out of 21 respondents, the responses regarding the reasons of dissatisfaction obtained 7 responses due to corporate leadership, 6 responses about immediate manager, 4 responses because of condition of work, while two responses of image and another two responses about cooperation. While, there are another five other reasons that aren't related to variables being used in this research. Since, the pilot result is dominated by Corporate Leadership, Immediate Manager, Condition of Work, Image, and Cooperation then it strengthen the reason of these variables to be further analyzed

in this research. This pilot research was being conducted within the period of the preparation of chapter I specifically within the month of July 2021.

Based on the description above, this problem is the main attraction for the author to be researched and analyzed. The final result of this research will be compiled in the form of a thesis with the title: “The influence of Corporate Image, Corporate Leadership, Immediate Manager, Cooperation, Conditions of Work towards Employee Satisfaction and Employee Loyalty at PT. Stalichi Kemindo Medan”.

1.2 Problem Limitation

Based on the background described above, the authors need to limit the problem with the aim that the discussion of the problem is not too broad.

This research will focus on:

1. Corporate image, Corporate leadership, Immediate Manager, Cooperation, Conditions of Work towards Employee Satisfaction and Employee Loyalty.
2. Employee internal factors consist of personal data such as the respondent's set of population characteristics as male and female aged 18-60 years, domiciled in the city of Medan, has 1 year of work experience and is well acquainted with the main leadership and head manager of PT. Stalichi Kemindo Medan.
3. Subjects of research on all employees who work at PT. Stalichi Kemindo Medan from all parts / work units.

1.3 Problem Formulation

Based on the description above, the problems in the research can be formulated as follows:

1. Does corporate image have a significant effect on employee satisfaction at PT. Stalichi Kemindo Medan?
2. Does the corporate leadership have a significant effect on employee satisfaction at PT. Stalichi Kemindo Medan?
3. Does the immediate manager have a significant effect on employee satisfaction at PT. Stalichi Kemindo Medan?
4. Does cooperation have a significant effect on employee satisfaction at PT. Stalichi Kemindo Medan?
5. Does conditions of work have a significant effect on employee satisfaction at PT. Stalichi Kemindo Medan?
6. Does job satisfaction have a significant effect on employee loyalty at PT. Stalichi Kemindo Medan?

1.4 Objective of the Research

Based on the formulation of the problem above, the objectives of this study are:

1. To determine the effect of corporate image on employee satisfaction at PT. Stalichi Kemindo Medan.
2. To determine the influence of the corporate leadership on employee satisfaction at PT. Stalichi Kemindo Medan.

3. To determine the influence of the immediate manager on employee satisfaction at PT. Stalichi Kemindo Medan.
4. To determine the effect of cooperation on employee satisfaction at PT. Stalichi Kemindo Medan.
5. To determine the effect of conditions of work on employee satisfaction at PT. Stalichi Kemindo Medan.
6. To determine the effect of employee satisfaction on employee loyalty at PT. Stalichi Kemindo Medan

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The theoretical benefits from the results of this study can be used as additional information and as a reference to carry out further research related to corporate image, corporate leadership, immediate manager, cooperation, working conditions towards employee satisfaction and loyalty.

1.5.2 Practical Benefit

The results of this study are expected to be useful for:

1. PT. Stalichi Kemindo Medan is expected to provide additional information and as material for consideration in making decisions related to human resources and performance appraisal of employee satisfaction and loyalty, so that in the future the results of this research can help PT. Stalichi Kemindo Medan, especially in the HRD section to become a company which has employees with high levels of satisfaction and loyalty.

2. The author is expected to be able to increase knowledge about HR with the aim that it will be useful when he comes to the world of work later by applying the knowledge of HR that has been obtained in college.
3. For the Faculty of Management, Pelita Harapan University, Medan, the results of this study can be used as library material and add references for students and younger generations at the Faculty of Economics, Pelita Harapan University.
4. For other parties, the results of this study are expected to be knowledge for readers and can be a consideration for companies that are facing the same problem.

