

## CHAPTER I

### INTRODUCTION

#### 1.1 Background to the Research

The dynamic work environment under economic and technological changes might have affected on employee job satisfaction. Employees with high job satisfaction tend to demonstrate a high level of commitment and success in their organization. Job satisfaction does not only affected by situational factors but it is also influenced by individual factors such as follower's perceptions of leadership style and leader personality traits (Aydogmus *et al*, 2016). In a digital age, competence human resources are essential to generate new ideas for companies where they work in disguise competition in the future. Those competence human resources could be facilitated by working place environment that fully supports their ideas and opinions to keeping up the success of the company where they work in.

One of the facilities that remain to generate competence human resources is colleagues in the office, which is could be leaders, fellow workers, or subordinates. Those peoples are the factors that may influence another factor like the pleasant working environment and appropriate charge. One of the factors that might control pleasant working environment is the leader's behavior. Leader's behavior is the one who would construct working place environment and appropriate charge which is the adequate facilities that mentioned before. In a company, it is leader's role to adjudge

how the working place environment created, and how the appropriated charge chosen for each employee.

In each company, the leader has a different way to control the environment of working place. The way of leader control or construct the rule in working place environment could be based on leadership style. The leadership style of a leader could influence how the environment in the company. Leadership style also could be based on leader personality traits in the company. Leader personality traits are the certain characters of traits of a person when they were born (Kiarie *et al*, 2017). To know more about that certain characters in a leader could be determined by Big-Five traits (Zopiatis and Constanti, 2012). The Big-Five traits are including extraversion, conscientiousness, agreeableness, openness, and neuroticism. Those dimensions of personality traits can determine what kind of personality that leader has and what kind of style the leader could carry on to makes a pleasant working environment.

Effective leader personality and employee job satisfaction are two factors that have been fully concern for organizational success. A qualified leader will be able to lead employees towards company's goal with high job satisfaction that will make the employees engage more in their assigned task (Kiarie *et al*, 2017). When the relationship between leader and employee are not good it is possibly to bring the negative effect (Yaughoubipoor and Ahmed, 2013). The negative effect may form negative concern toward the employee job satisfaction and would diminish their commitment towards the company and it may not impossible if the employee's performance also diminished.

The other factors that can influence employees job satisfaction is leader personality traits. Leader personality traits may be a concern factors to satisfy the employee in achieving company's goal. Leader personality can depend on how the leaders treat the employee to satisfy them and to make their performance accrue well. A leader with good personality will bring a good leadership style in the working environment that will influence how he/she lead the employee and satisfy them. Good leader style and personality will make the employee feel their presence precious and will bring the organization success and it would automatically affect leader image by others.

Leaders who want to receive a good result for the organization not allow to just confidence in one leadership style (Goleman, 2000). The style of the leadership that use by the leader must be the best combination with the employee competence. The leadership style could be transactional (Aydin *et al*, 2013; Webb, 2009) transformational (Abbas *et al*, 2012; Asmawi *et al*, 2013; Lin and Tseng, 2013; Webb, 2009), laissez-faire (Webb, 2009), servant (Shaw and Newton, 2014) distributed (van Amejide *et al*, 2009). Beside of style, leadership also has behaviors that are task-oriented, relations-oriented and development-oriented (Fernandez, 2008). From those styles and behavior, leader personality would also affect the employee performance.

As leadership style has a relation on the influences of leader personality traits and employee job satisfaction, this relationship still remains as a big concern. A leader should perform as an example that is highly admired, respected and trusted by the employees. The motivation and inspiration that employees could get from a leader will

bring success to make their feel highly satisfied with their work and will fully consider helping achieving company's goals.

Highly satisfied employees will make a high productivity in the company. High employee productivity can be one of success factor of company's rise in their industry. Such as in manufacturing industry, high productivity of employees playing an important role in determines the quality of their manufacturer product. The high-quality product will come from high employee productivity that could also be determined by leader support for the employees. Leader support issues such as leadership style toward their employee will play an important role in employee's satisfaction on their job. Leadership style would be also influenced by leader personality toward their employee and will influence the organizational strategy in achieving their goals in their industry.

All those issues on employee's job satisfaction, such as leadership style and leader personality traits will be examined in the research. The research will examine the leadership style toward employee job satisfaction and how leader personality traits also influence the variable in Padang. The research will conduct at a company that runs in manufacture industry especially in steel products in West Sumatera, PT. Kunango Jantan.

## **1.2 Problem Statements**

An employee's job satisfaction level could depend on fundamental factors and external factors (Kiarie *et al*, 2017). The fundamental factors could be personality, emotions, and others. The external factors could be communication, the atmosphere in

workplace and others. A leader should behave to encourage the employee with trust, willingness to work, high morale, and cooperate with subordinates (Asuquo, 2007). Leaders must fulfill the expectation of the employee about how leaders treat them, which is that expectation would affect the employee performance. Leaders shall maintain the work environment and maintain a good relationship with their employee through communication, motivation, and develop the same vision statement. Those will make the employee intention to turnover declining because in some cases, employee leaves the organization not due to the jobs but due to the bosses.

This research will focus on what kind of leadership style and leadership personality that mostly affects the employee performance and how the level of job satisfaction will also influence the employee performance. This research will investigate the kind of leadership style that will affect the job satisfaction that in addition will affect employee performance in the private company. Those kinds of effect can bring positive and negative impact on the private company with the different kind of leadership styles. Therefore, this research state four research questions to analyze the situation:

1. How does leadership style influence employee job satisfaction in PT. Kunango Jantan Padang?
2. How does leader personality trait influence leadership style in PT. Kunango Jantan Padang?
3. How leader personality trait influence employee job satisfaction of in PT. Kunango Jantan Padang?



4. How leader personality traits mediating leadership style on employee job satisfaction in PT. Kunango Jantan Padang?

### **1.3 Objectives of the Study**

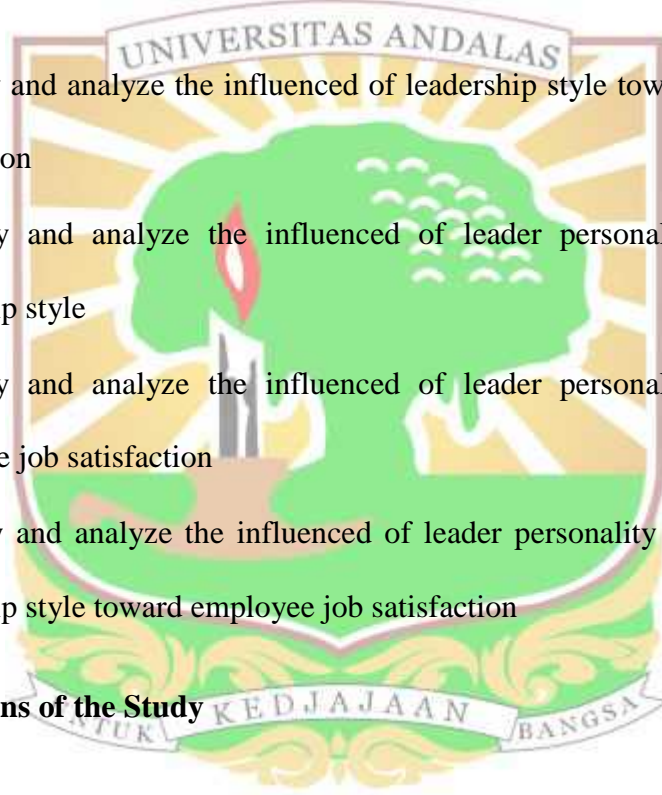
This research intends to analyze the mediating effect of leader personality trait on the relationship between leadership style and job satisfaction of employees in Manufacture Company PT. Kunango Jantan.

- To study and analyze the influenced of leadership style toward employee job satisfaction
- To study and analyze the influenced of leader personality traits toward leadership style
- To study and analyze the influenced of leader personality traits toward employee job satisfaction
- To study and analyze the influenced of leader personality traits mediate on leadership style toward employee job satisfaction

### **1.4 Contributions of the Study**

This research is expected to contribute on:

1. The understanding relationship among leadership style, job satisfaction, and leader personality traits.
2. Strengthening theories and concepts related to job satisfaction, particularly in manufacturing company.



3. Solving Human Resource Management problems regarding factors contributing to job satisfaction.

### **1.5 Research Scope**

This research has a limited scope number of variables analysis and object of the research. The researcher limits the research context by focusing on employees of PT. Kunango Jantan Padang.

### **1.6 Research Outlines**

In consideration of moderating the content, this research will be divided into five chapter:

CHAPTER I. Contains about the background of the research, problem statement, objectives, contribution of research, research scope and research outlines

CHAPTER II. This chapter contains the literature, theory, last research related to this research. This chapter also contains the literature that evaluates the variables of this research, which are trusting beliefs, trusting intentions, purchase intentions, and electronic retailing itself. This chapter also contains the theoretical framework of this research.

CHAPTER III. This chapter contains the explanation about research method which are research design, population, and source of the sample, type of data and variable measurement, research variables, operational definition, data analysis, the test of instrumental, structural model test, and hypothesis testing.



CHAPTER IV. This chapter contains the explanation about result and consists of the characteristic of the respondent, descriptive analysis, structural measurement of the influence of consumer trust towards purchase intentions of electronic retailing.

CHAPTER V. This chapter explains the conclusion of research, implication, limitation, and recommendation further research.

