

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Due to societal, economic, political, technological and global changes, organizations are becoming more responsive to changes and consequently discussion on organizational motivation, innovative leadership, and organizational trust have been regarded as an effective tools behind positive organizational outcomes. Importantly trust as an important phenomenon has been recognized across a number of social sciences and has primarily been concerned with issues related to trust within organizations (Blois, 1998)

Trust is one of the foundation of relationships, according to psychologist Erik H. Erikson (2001), psychologically trust most fundamental regarded as the foundation of a good psychosocial development. To thrive, psychosocial of a person should be given a basic trust. Organizations is a gathering place for some of the individuals who have the same vision, mission, and goal, but come from different backgrounds seen as vulnerable to relational problems. One relational problems that arise is a matter of trust. Not infrequently the failure of an organization in achieving organizational goals due to trust issues.

Competition conditions that become more competitive give an enormous boost to the organization to improve the quality of the resulting output. So the products can meet the needs of the labor market, various companies to make improvements in all areas, one of which is increasing the efficiency and effectiveness of management.

Nyhan (2000) through a review of the various journals of organizational management offers a paradigm of a new organizational model is a management model which is based on the trust. This is in line with the development of the findings Theory Y McGregor (1960) conducted by Ouchi (1981), namely Theory Z. Model based on trust is not intended to satisfy the desire of workers but rather the collective development opportunities to achieve organizational objectives. The model focuses on interpersonal relationships (personal) between supervisors or leaders and workers or subordinates. The model is based on the trust assumes that increased participation in decision-making practices, in particular the empowerment, feedback, and managerial decision making collectively, can boost confidence and positive organizational outcomes. This model assumes that workers have a critical role as the primary service provider to the organization

In workplace relationship, employees will feel safer and more positive about their managers and peers when they believe that their leaders and peers are trustworthy. In contrast, low level of trust lead to psychologically distressing situation, as leaders of peers may have power over important aspects of one's job (Dirk & Ferrin, 2002). As a consequence, trust should have a strong and direct effect on employee satisfaction.

Bank Nagari is one of public organization that aim to give a best service toward the banking aspect in the city. On running the role as employee of Head Office of Bank Nagari Padang, as do government professionals in general is potential to run into a conflict due to key performance appraisal standards that not absolutely counting the profesional skills. This condition can lead to cynical, skeptical and disbelieving feelings about the judgments given by superiors. While as an organization, Head Office of Bank Nagari Padang must develop a conducive working environment to improve its performance as a form of accountability to the public.

Within a company, one of the decisive factors in employee loyalty and satisfaction is turnover, this is a big influence for the sustainability and progress of the company. A company with a high turnover rate has special challenges for human resource development because these events are unpredictable. Development activities should prepare at all times for outgoing employee replacements.

There are times when employee turnover has a positive impact. But the majority of employee turnover has an unfavorable impact on the organization, both in terms of cost and in terms of loss of time to train replacement employees and opportunities to take advantage of opportunities. (Nanggoy and Harianti, 2005).

Table 1.1

Employee Turnover in all centers of Bank Nagari

YEAR	AMOUNT OF EMPLOYEES
2013	13
2014	21
2015	23
2016	26
2017	37

According to the table 1.1, we can see the amount of employees turnover for the past five years. The amount keeps increasing year by year.

From the above phenomenon can be concluded that the need for the company focuses on employee turnover, which can affect job satisfaction and work loyalty so that employees can give maximum contribution to the company.

As'ad (2004: 103) explains that the variables that can be used as an indication of declining job satisfaction is the high rate of absenteeism and high employee turnover. If the indication of the decline in employee satisfaction rise to the surface, it should be addressed so as not to hurt the company.

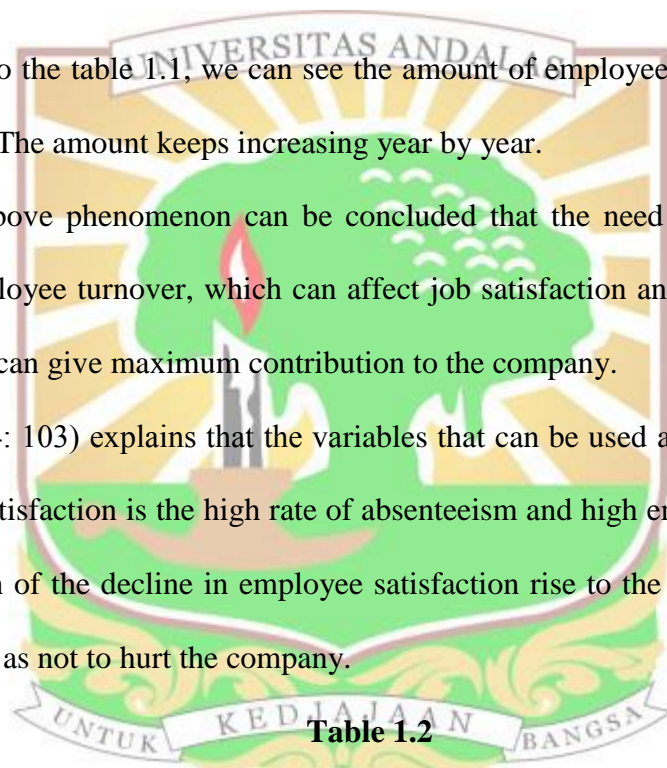


Table 1.2

Absenteeism in Head Office of Bank Nagari

YEAR	AMOUNT
2013	687
2014	795
2015	838
2016	1099
2017	984

According to the data above, we can see that rate of the absenteeism in Bank Nagari kept increasing year by year, except in 2017. Eventhough it was not increasing, the rate of absenteeism is still very high.

Trust within organization among peers and management will be the focused of this research. Examine whether peer trust for each other in an organizational environment and employee put trust in management as well. So this study is distinctive as it reveals the relationship of interpersonal trust, employee satisfaction and employee loyalty. In this respect, we began our research by providing several definitions of trust and its components put forth in the literature. Then the meaning of peer trust, employee satisfaction, employee loyalty and their components are conveyed. We presume that there is a positive and strong relationship between interpersonal trust, employee satisfaction and employee loyalty. In order to compose our model, we tried to reveal the relationships of interpersonal trust, employee satisfaction and employee loyalty based on both theoretical and empirical studies and their findings in related literature.

This phenomenon is interesting to be research. Based on that, researcher will analyze through discussion on title **“The Relationship between Interpersonal Trust, Employee Satisfaction and Employee Loyalty (Case: Employees in Head Office of Bank Nagari Padang)”**

1.2 Problem Statement

Based on the background, this research questions formulated as follows:

1. How does the Trust in Management give an effect on employee satisfaction of Head Office of Bank Nagari Padang?
2. How does the Trust in Peers give an effect on employee satisfaction of Head Office of Bank Nagari Padang?
3. How does employee satisfaction give an effect on employee loyalty of Head Office of Bank Nagari Padang?

1.3 Objectives of Research

Based on the problem statement above, the goal of this study is to obtain data and information that is appropriate for analyzing the data. Specially, the objectives of this research are:

1. To analyze the relationship between trust in peers and employee satisfaction on employees who work in Head Office of Bank Nagari Padang.
2. To analyze the relationship between trust in management and employee satisfaction on employees who work in Head Office of Bank Nagari Padang.
3. To analyze the relationship between employee satisfaction and employee loyalty on employees who work in Head Office of Bank Nagari Padang.

1.4 Contribution of this Research

This research is expected to give contribution and benefit:

1. For Head Office of Bank Nagari Padang

It is expected that, this research can provide feedback to Head Office of Bank Nagari Padang in order to enhance their service and performance of their employee

2. For Employee of Head Office of Bank Nagari Padang

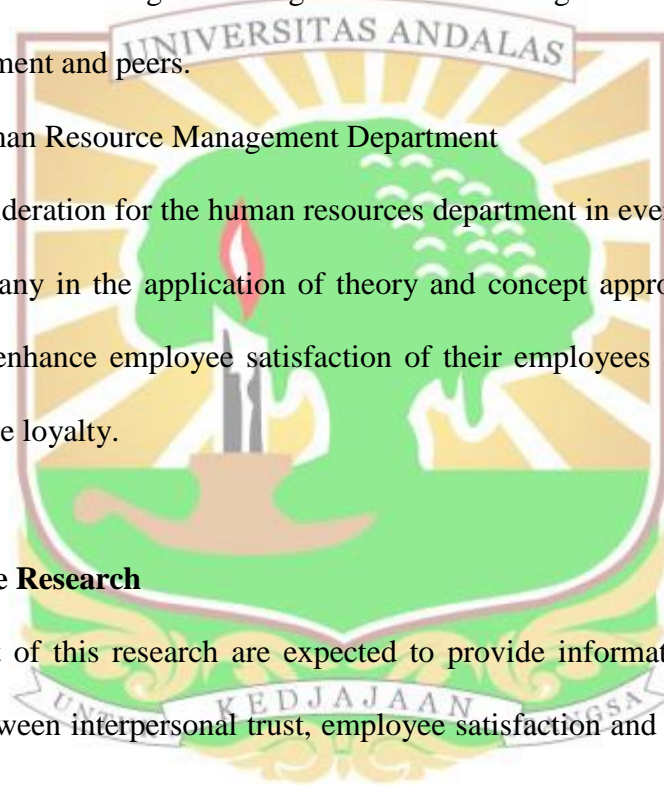
It is expected that, this research can provide feedback to Employee of Head Office of Bank Nagari Padang to start concerning in building trust within management and peers.

3. For Human Resource Management Department

As consideration for the human resources department in every institution even in company in the application of theory and concept appropriate to find the way to enhance employee satisfaction of their employees and enhance their employee loyalty.

1.5 Scope of the Research

Thus Result of this research are expected to provide information about the the relationship between interpersonal trust, employee satisfaction and employee loyalty, to understand variables of interpersonal trust, employee satisfaction and employee loalty and also to strengthen theories of concepts that related to that. The researcher limit the research context by focusing on Head Office of Bank Nagari Padang.



1.6 Outline of Research

In order to make it easier and make moderate the forwarding of context for this research, it divided into five chapter, they are:

Chapter I Introduction. Containing the background of the problem, the formulation of the problem, the aim of the research, the benefits of research, the scope of research and systemic writing.

Chapter II Literature Review. Containing the theoretical foundation of the basic concept of store atmosphere, location and buying interest consumers, earlier research comes with the hypothesis.

Chapter III Research Methodology. Containing about the population and sample research, the technique of data collection, research variables and operational definitions, testing data and data analysis techniques.

Chapter IV Result and Discussion. Explaining about surveys result that consist of respondent characteristics, frequency of distribution of each variable, validity test, reliability test, and discussion about analysis the the relationship between Interpersonal Trust, Employee Satisfaction and Employee Loyalty of Head Office of Bank Nagari Padang.



Chapter V Conclusion, Limitation, and Recommendation. On this chapter, researcher will explain about conclusion of research, suggestion of research, limitation of the research and recommendation for further research.

