

CHAPTER I

INTRODUCTION

1.1 Background

In addition to investment and technology, the growth of a company is highly dependent on human resources (HR). Human resources are the most important part of an organization because organizations need skilled and efficient employees to run the wheels of the organization. Employees are also the most important asset that an organization must have, so they need to be nurtured or developed properly. Because without them, organizational goals cannot be achieved even with highly developed facilities.

The availability of competent human resources can increase productivity and make the organization more competitive. Therefore, organizations need to improve the skills of their employees to support the growth and development of the company both at home and abroad. One of the things that encourage organizations to have competent human resources or employees can be seen from the leadership of the organization itself.

Leadership is a process by which an individual influences a group of individuals to achieve a common goal (Northouse, 2016: 6). Leadership greatly affects organizational commitment, organizational commitment itself is the level at which a worker identifies an organization, its goals and hopes to remain a member (Robbins & Judge, 2015: 47). If the boss is good, likes to involve employees in big projects, likes to appreciate their work, and likes to motivate, this can foster high commitment to the company.

In addition, leadership has an influence on employee job satisfaction, job satisfaction is a positive feeling about work resulting from an evaluation of its characteristics (Robbins & Judge, 2015: 46). Someone who has a high level of job satisfaction then they have positive feelings about their job (Robbins & Judge, 2015: 46).

Another factor that affects job satisfaction and organizational commitment is the work environment. The work environment is the actual state of the company in the form of work facilities and infrastructure around the employee's workplace. The work environment includes, among others; the internal atmosphere of the workplace, work facilities and tools, cleanliness, lighting, comfort and working relationships between employees who work in the company where they work (Sutrisno, 2016: 118).

PT Duwa Atmimuda Kudus is located at Jambean Street No. 21, Kudus Regency. Previously PT Duwa Atmimuda Kudus was an Adi Workshop, initially only as a supplier for PT Hartono Istana Teknologi, but with current developments, the company is expanding its market share as a supplier for companies in Central Java, Special Region of Yogyakarta and East Java Region.

The phenomenon that occurred at the company PT Duwa Atmimuda Kudus is the reason the author conducted this research. The phenomenon that occurs is the low level of employee organizational commitment. The following is a table that can show employee exit data at PT Duwa Atmimuda Kudus from 2020 to 2022.

Table 1.1
Employee Exit Data
PT Duwa Atmimuda Kudus in 2020-2022

Year	Employee Exit	Total Employee
2020	1	329
2021	4	325
2022	9	316

Source: HRD PT. Duwa Atmimuda Kudus, 2023

Judging from table 1.1, it can be concluded that during the last 3 years the highest number of employees left in 2022 as many as 9 employees. Based on information from the HRD of PT Duwa Atmimuda Kudus, employees who left because some had retired and their own wishes, where they wanted to develop and get a better job and according to their abilities.

In addition, many employees complain that the work they do now is because their leaders are too relaxed, so their employees do their work casually. This is supported by the problem in 2022 employees left because they played cards during working hours.

Authoritarian leadership according to Hutahaeen (2021: 7) is leadership that tends to be selfish because the leader wants all his wishes and orders to be fulfilled without understanding the interests of employees. Democratic leadership according to Hutahaeen (2021:7) is leadership that can accommodate all the interests of the people being led, so that they feel that their wishes can be accommodated by their leaders. Meanwhile, transformational leadership according to Robbins & Judge (2015: 261) is leadership that inspires followers to go beyond their own self-interest and who has the ability to have a deep and extraordinary influence on their followers.

Based on the explanation above and information from HRD PT Duwa Atmimuda Kudus, leadership in this company is included in transformational leadership. Leaders in this company often motivate their employees and direct them to develop the potential they already have after working in the company. So that many employees leave and decide to set up their own businesses and lack of satisfaction with their work environment.

After conducting leadership research using a questionnaire, the results are shown in table 1.2.

Table 1.2
Leadership Implementation Data
PT. Duwa Atmimuda Kudus

No	Indicators of Leadership	Percentage of Employee Rating	Description
1.	Ability to make decisions	76	Good enough
2.	Ability to motivate	78	Good enough
3.	Communication skills	79	Good enough
4.	Ability to control subordinates	77	Good enough
5.	Responsibility	81	Good
6.	Ability to control emotions	81	Good

Source: PT. Duwa Atmimuda Kudus, 2023

Percentage	Qualification
90-100	Very good
80-89	Good
70-79	Good enough
60-69	Not good
59- Below	Bad

Based on table 1.2 above, it can be explained that of the 6 leadership indicators, 4 indicators have sufficient qualifications and 2 indicators have

good qualifications. This shows that leadership has not been maximized enough.

The following data on problems regarding the work environment can be seen in table 1.3.

Table 1.3
Facilities and Infrastructure of PT. Duwa Atmimuda Kudus

No	Facilities and Infrastructure	Total Facilities	Respondent's Answer		
			Adequate	Inadequate	Not Adequate
1	Place of Worship	3	15	-	-
2	Toilet	5	13	2	-
3	Canteen	1	3	7	5
4	Parking Lot	2	8	6	1
5	Condition of the Room	-	2	7	6

Source: PT. Duwa Atmimuda Kudus, 2023

From table 1.3 above, it can be explained that the facilities and infrastructure at PT Duwa Atmimuda Kudus are adequate but some are lacking and even inadequate, with the following explanation; places of worship are adequate because there are already 3 places of worship that can accommodate all employees. Employee toilets are also adequate because there are toilets in each building.

The canteen is inadequate, because the existing canteen is not enough to accommodate all employees and the company must build another canteen, or it can also be made bigger. The parking lot is adequate because it has 2 spaces, which are multilevel, enough to accommodate employee vehicles. In addition, the room conditions are still inadequate because it is hot, noisy and poorly lit, making employees feel uncomfortable.

Table 1.4
Incentive Data in The Form of Overtime Pay for Employee
PT. Duwa Atmimuda Kudus

Year	Salary Payment		Overtime Pay/Hour	
	Staff	Production Department	Staff	Production Department
2021	Rp. 2.290.000 –	Rp. 2.290.000 –	Rp. 12.000 –	Rp. 9000
	Rp. 3.200.000	Rp. 2.800.000	Rp. 17.500	
2022	Rp. 2.293.000 –	Rp. 2.293.000 –	Rp. 12.000 –	Rp. 9000
	Rp. 3.500.000	Rp. 3.000.000	Rp. 20.000	

Source: PT. Duwa Atmimuda Kudus, 2022

From table 1.4 above, it can be explained that the basic salary of PT Duwa Atmimuda Kudus employees over the past 2 years has increased for staff and production, but for overtime pay over the past 2 years, only the staff section has increased, the production section has not increased overtime pay. This results in jealousy and lack of employee satisfaction at work so that commitment to the organization decreases.

Leaving the problem unresolved will result in orders not being completed normally and will also affect the work efficiency of PT Duwa Atmimuda Kudus.

This research is also motivated by the research gap in previous studies, the research gap in this study can be explained as follows:

Research by Dharminto, et al (2021) states that leadership has a positive and significant effect on job satisfaction. Reinforced by research by Bagis, et al (2021) states that leadership has a positive and significant effect on job

satisfaction. Meanwhile, Hadiyatno's research (2022) states that leadership has a positive but insignificant effect on job satisfaction.

Research by Ratnasari, et al (2020) states that the work environment has a positive and significant effect on job satisfaction. Reinforced by research by Fatmawati and Chaerudin (2021) states that the work environment has a positive and significant effect on job satisfaction. Meanwhile, research by Mahdiana and Ubaidillah (2021) states that the work environment has a positive but insignificant effect on job satisfaction.

Subagyo, et al research (2019) states that leadership has a positive effect on organizational commitment. Reinforced by the research of Tumbelaka, et al (2019) states that leadership has a positive and significant effect on organizational commitment. Meanwhile, research by Bagis, et al (2020) states that leadership has a negative but insignificant effect on organizational commitment.

Edward and Purba's research (2020) states that the work environment has a positive and significant effect on organizational commitment. Reinforced by research by Irawan and Ie (2021) states that the work environment has an effect on organizational commitment. Meanwhile, research by Marpaung, et al (2022) states that the work environment has a positive but insignificant effect on organizational commitment.

Research by Marpaung, et al (2022) states that job satisfaction affects organizational commitment. Reinforced by research by Irawan and Ie (2021) states that job satisfaction affects organizational commitment. Meanwhile,

research by Pratama, et al (2019) states that job satisfaction has a positive but insignificant effect on organizational commitment.

Based on the explanation of the background, phenomena, and several research gaps above, the authors are interested in conducting research with the title **“The Effect of Leadership and Work Environment on Organizational Commitment through Job Satisfaction as an Intervening Variable (Case Study on employee at PT. Duwa Atmimuda Kudus)”**.

1.2 Scope

The scope of this research is:

- a. The exogenous variables in this study are leadership and work environment, while the endogenous variable is organizational commitment and the intervening variable is job satisfaction.
- b. The object of this research is PT Duwa Atmimuda Kudus.
- c. Respondents in this study were employees of the production department of PT Duwa Atmimuda Kudus.
- d. The research time will be carried out for 3 months after the proposal is approved.

1.3 Formulation of The Problem

Based on the above background, the problem formulation is as follows, there is a decrease in organizational commitment, namely the number of employee exit data for the last 2 years has increased. This happens because there are 4 leadership indicators that have sufficient qualifications, namely

indicators of decision-making ability, ability to motivate, ability to communicate, and ability to control subordinates.

And there are some infrastructure facilities that are still inadequate, such as a canteen that is still lacking to accommodate all employees and the condition of the room that lacks lighting, noise, and heat makes employees uncomfortable. In addition, there is a difference in overtime pay between staff and production which results in jealousy and lack of satisfaction at work.

Based on the formulation of the problem above, the research questions can be formulated as follows:

1. Does leadership affect job satisfaction in employees of PT Duwa Atmimuda Kudus?
2. Does the work environment affect job satisfaction in employees of PT Duwa Atmimuda Kudus?
3. Does leadership affect organizational commitment in employees of PT Duwa Atmimuda Kudus?
4. Does the work environment affect organizational commitment in employees of PT Duwa Atmimuda Kudus?
5. Does job satisfaction affect organizational commitment in employees of PT Duwa Atmimuda Kudus?

1.4 Research Objectives

Based on the formulation of the problem that has been determined, the objectives of this study are:

1. Analyzing the effect of leadership on job satisfaction in employees of PT Duwa Atmimuda Kudus.
2. Analyzing the effect of work environment on job satisfaction in employees of PT Duwa Atmimuda Kudus.
3. Analyzing the effect of leadership on organizational commitment in employees of PT Duwa Atmimuda Kudus.
4. Analyzing the effect of the work environment on organizational commitment in employees of PT Duwa Atmimuda Kudus.
5. Analyzing the effect of job satisfaction on organizational commitment in employees of PT. Duwa Atmimuda Kudus.

1.5 Research Benefits

a. Theoretical Benefits

- 1) The results of this study are expected to make a significant contribution to management science, especially in the field of Human Resource Management (HRM).
- 2) The results of this study can also be used as a reference that can provide a comparison in conducting research in the same field of management science.

b. Practical Benefits

The results of this study are expected to be input and consideration for PT Duwa Atmimuda Kudus related to increasing organizational commitment through leadership, work environment, and job satisfaction.