

CHAPTER I

INTRODUCTION

1.1 Company's General Description

PT. Mitra Lestari Sejati was founded on 1998 by Zhou Jianwen and his wife in Indonesia. They started their business by produced Partially Oriented Yarn, Drawn Textured Yarn, and Intermingled Textured Yarn. Then, as the growing era PT. Mitra Lestari Sejati produced other products in kind of textile spare parts such as screens and cloth medicine. In 2014, PT. Mitra Lestari Sejati create new innovations and customer demands through their new factory which called PT. Sunny Textile Industries. This company focuses to produce log fabrics such as spandex, non-spandex, knitting and woven. Basically, PT. Mitra Lestari Sejati and PT. Sunny Textile Industries are different companies but they are in one management.

In 2003, PT. Mitra Lestari Sejati built a Wastewater Treatment Plant (IPAL/*Instalasi Pengolahan Air Limbah*) to achieve their quality production without forgetting their responsibility towards the environmentak sustainability. Currently, the capacity of IPAL able to managed maximum 5000m³ of liquid waste per day and has provided satisfactory results in managing liquid waste from its production.

PT. Mitra Lestari have a purpose to to provide satisfaction to the customers, employees, and shareholders as three actors of the company. The purpose of PT. Mitra Lestari Sejati is able to provide satisfaction to the three main actors of the company, namely customers, employees and shareholders. In achieving the agreed performance targets by empowering the work units that deal directly with customers. PT. Mitra Lestari Sejati have a strategy to optimizing company resources that are under management control with the expectation that it will immediately increase company performance accompanied by the implementation of an efficient corporate restructuring plan.

1.1.1 Company's Logo

The following is company's logo of PT. Mitra Lestari Sejati.



Figure 1.1 Company's Logo

Source: Data Internal Company (2020)

1.1.2 Company's Vision and Mission

Vision - To be one of the leading and most profitable yarn producers in Indonesia.

Mission - Increase customer satisfaction with high quality products and services through strong leadership.

1.1.3 Company's Organizational Structure

Organizational structure is a relationship and structure in a company that has a relationship in each position to carry out previously formulated operational activities. With the organizational structure can make it easier to work between one position and another. The following is an overview of the organizational structure of PT. Mitra Lestari Sejati.

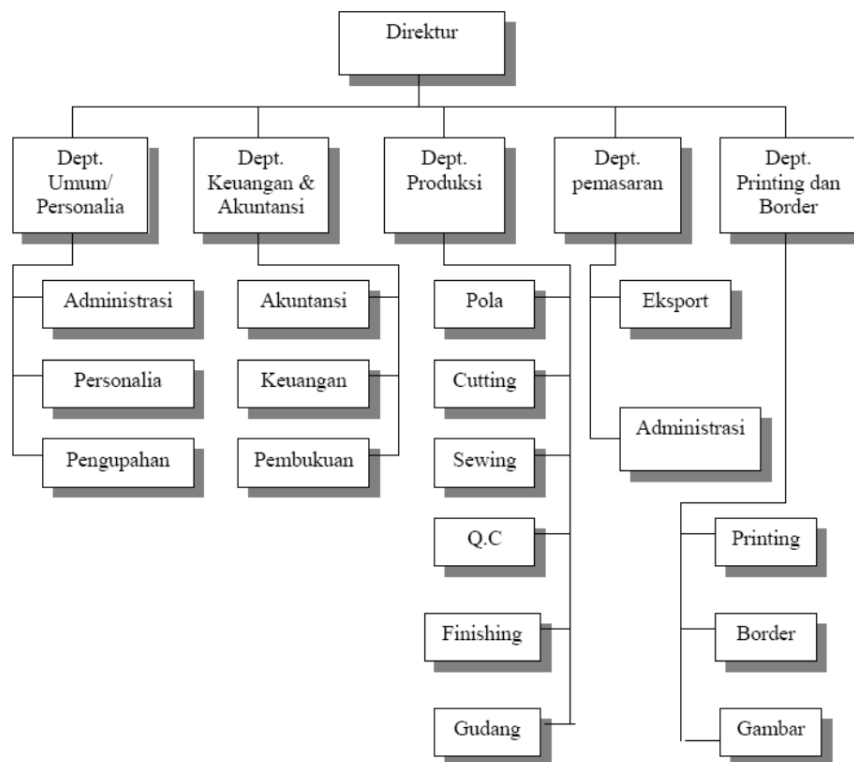


Figure 2.2 Organizational Structure of PT. Mitra Lestari Sejati

Source: Company's Data Internal (2020)

The details of the duties of each position are as follows:

- a. Director
 - 1) Leading the company by issuing company or institutional policies.
 - 2) Select, assign, supervise the duties of employees and the head of the department (manager) or deputy director.
 - 3) Approve the company or institution's annual budget.
 - 4) Submit reports to shareholders on the performance of the company or institution.
- b. General / Personnel Department
 - 1) Labor recruitment coordinates with labor supply.
 - 2) Socialization and coordination.
 - 3) Prepare work agreements with new employees.
 - 4) Compile the attendance list.
 - 5) Prepare internal and outgoing letters.
 - 6) Renew / update and record data.

c. Finance and Accounting Department

- 1) To find out and calculate the profit and loss that has been obtained by the company.
- 2) To provide information that can be useful for company management.
- 3) Can help determine the rights of each party who has an interest in a company, be it internal or external.
- 4) To supervise and control various kinds of activities that occur in the company.
- 5) And to assist the company in achieving its predetermined targets.

d. Production Department

- 1) Organize and coordinate employees in the production section to operate production machines according to machine operating standards in making production results.
- 2) As a control center for production targets to create or produce product results according to the achievement targets set by the company.
- 3) Make and create product results according to the quality and quantity that has been set by the company.
- 4) Providing all the facilities needed by production machine operators with regard to the production process.

e. Marketing Department

- 1) Create a Request or Demand.
- 2) Customer satisfaction.
- 3) Market Share or Market Share.
- 4) Increased Profits.
- 5) Good Product Imaging in Public Eyes.
- 6) Creating New Customers.
- 7) Satisfying Customers.

f. Printing and Border Department

- 1) Operate a printing machine in order to produce quality printing.
- 2) Operate border machines to produce quality borders.
- 3) Make an image design.

1.2 Research Background

Today's business competition is getting heavier from year to year. It is a challenge for a company to be able to compete with other companies. In order to maintain its existence in the future, the company must create various new innovations and creativity so that it is able to achieve the stated company goals. In addition, it is also intended to reclaim market share that has been taken by competitors. So that companies can compete not only with national companies, but foreign companies by expanding their business so that the business network will expand and the sales target is getting bigger (Jatmiko, 2019)

Apart from innovation, in order to win the competition, a company must have superior resources. One of them is human resources. According to Krisiandi (2017) the importance of preparing quality and high productivity of human resources in order to provide benefits to the country in the future because human resources have a very important role in the organization. Because improving the quality of human resources is the key to increasing national competitiveness, one of which is in the economic field (Hutapea, 2019). Without the support of qualified human resources, the organization will face problems in employee's welfare as the main resource in driving the company (Waspodo et al., 2017). Therefore, the potential of human resources such as abilities and manpower can be utilized as an effort to achieve company goals because currently the company wants its employees to be a problem solver for all problems that arise. This is also supported by Sihombing (2016) that human resources are the main factor in the development process and the achievement of organizational goals. So it is necessary to have qualified human resource management.

Priyanto (2016) states that not all resources in the company are willing to mobilize their performance optimally, so there is still a need for a boost so that someone can exert all of his abilities to work, which is called as a motivation. Nadeak (2019) states that human resource management must be managed properly in an effort to increase organizational effectiveness and efficiency in a company, and this is one of the most important factors for organizations. In an organization, these human resources have a strong enough influence due to changes in the business environment that are unlikely to be predictable and stable enough. Therefore, human resources who are still reliable, have the knowledge, ability, creativity, and can be directed according to the company's vision to be aimed.

According to Priyanto (2016), with high work motivation, employees will carry out their duties optimally, work diligently, and be disciplined so that the company's goals are achieved under leadership that can create a conducive work atmosphere. In addition, according to Shaban et al., (2017) motivation is also considered a means to increase good morale and will produce more output. An employee who works at a company certainly wants to get a bigger opportunity for a better career path, so that a high motivation for work will emerge from within to get it.

According to Kreitner and Kinichi (2014: 173) states that absence is related to work motivation. Thus, to state the conditions of work motivation in a company, it can be seen from the level of absence of employees from the company.

The following is the attendance data for January 2020 – September 2020 PT. Mitra Lestari Sejati.

TABLE 1.1
EMPLOYEE LATENESS DATA OF PT. MITRA LESTARI SEJATI

Month	Number of Employees	Number of Employee Lateness	Number of Working Days	Percentage of Employee Lateness
January 2020	150	5	27	0.12%
February 2020	150	3	25	0.08%
March 2020	150	2	27	0.05%
April 2020	150	4	26	0.10%
May 2020	150	2	27	0.05%
June 2020	150	3	26	0.08%
July 2020	150	4	27	0.10%
August 2020	150	2	27	0.05%
September 2020	150	4	26	0.10%

Source: Company's Data Internal (2020)

The data lateness above is obtained from Human Resource PT. Mitra Lestari Sejati, which is based on the attendance recap of PT. Mitra Lestari Sejati. The data

also shows the percentage of employee lateness occurred from January 2020 to September 2020. The highest percentage of lateness occurred in 7 January 2020, which was 0,12%, and the lowest percentage of lateness occurred in March 2020, May 2020 and August 2020, which has the same percentage of 0,05%. So far, PT. Mitra Lestari Sejati applies a regulation regarding lateness in which every lateness will be subject to a cut in salary. This is what causes the number of employee's lateness at PT. Mitra Lestari Sejati very small. In addition, PT. Mitra Lestari Sejati did not implement Work from Home during this pandemic, so the employees still work based on the working hours that have been applied in the company.

There are several factors related to motivation. Among them are transformational leadership models according to Baskoro et al., (2015), organizational culture according to Giantari and Riana (2017), compensation and challenging careers according to Gelard and Rezaei (2016), and also work motivation according to Afifah and Musadieq (2017).

From the many factors that have a relationship with motivation, some of which are compensation and transformational leadership styles. One of the factors that affect work motivation according to Ermawati (2018) is such as material incentives in the form of salaries earned such as compensation. Compensation is one of the strategies in an organization or company to increase motivation. According to Pradita (2017) compensation is a very important policy in an organization because it is directly related to increasing morale. According to Ermawati (2018) compensation is something that employees receive as a substitute for their service contribution to the company. Compensation is an implementation of the HRM function that is associated with all types of individual awards. If the compensation system provided by the company is fair enough, then employees can work more productively and increase responsibility in carrying out the tasks assigned by the company. Therefore, compensation is an important factor to motivate employees to increase morale.

In addition to compensation, according to Baskoro et al (2015), transformational leadership style is also one of the key factors in increasing the work motivation of employees in a company. This is because a leader has a role and responsibility to an organization and employees, so that employees will feel comfortable and can increase their work motivation Baskoro et al., (2015). Leadership is basically an activity to influence and direct other people or even groups to achieve

a goal. Septyan et al., (2017). According to Baskoro et al., (2015) leaders are role models in an organization and organizational change to achieve goals must start from the top level (leader). A leader must know the characteristics of his employees so that he can easily direct and motivate him to work. According to Septyan et al (2017), a quality leader must be able to change the behavior of his employees to become someone who feels capable and highly motivated, so that organizational goals can be achieved together. Motivation is an important thing to give to employees because with motivation, employees have an incentive to achieve goals. Therefore, the leadership style of a leader will greatly influence employee motivation. According to Priyanto (2017) leadership style will have its own impact and different impacts in each of its implementation.

According to Aqmarina et al., (2016) transformational leadership is leadership that inspires her followers to put personal interests aside for the good of the organization and also motivates subordinates to work optimally to achieve company goals.

The author distributes preliminary tests to collect data to 10 employees of PT. Mitra Lestari Sejati who were randomly selected to find out the compensation policy that exists in the company. Following are the results obtained based on the preliminary tests that have been distributed to employees of PT. Mitra Lestari Sejati.

TABLE 1.2
COMPENSATION PRELIMINARY TEST OF PT. MITRA LESTARI SEJATI

No	Statement	Compesation Score				Ideal Score	Total Score	Percentage	Category
		SA	A	D	SD				
1	The wages I received have met the minimum elements set by the government	1	9	0	0	31	40	77,50%	High
2	I get a meal allowance every time I come to work	0	7	3	0	27	40	67,50%	High
Compensation Variable								72,50%	High

Source: Data Proceed by Author (2020)

Explanation:

SA : Strongly Agree

A : Agree

D : Disagree

SD : Strongly Disagree

Table 1.2 shows that the average score of the preliminary test statements regarding the compensation that has been distributed shows the results of 72.50%, which means that the level of compensation given to employees is high. A statement that the compensation is high as previously mentioned can be obtained from the calculation of the continuum line.

On the other hand, leadership style is one of the things that affects employee work motivation. As stated by Septyan et al., (2017) leadership is basically an activity to influence and direct other people or even groups to achieve a goal. In addition, the authors also distributed preliminary tests to collect data for 10 employees of PT. Mitra Lestari Sejati to find out the transformational leadership style applied to PT. Mitra Lestari Sejati.

Following are the results obtained based on the preliminary tests that have been distributed to employees of PT. Mitra Lestari Sejati.

TABLE 1.3
TRANSFORMATIONAL LEADERSHIP PRELIMINARY TEST
OF PT. MITRA LESTARI SEJATI

No	Statement	Compesation Score				Ideal Score	Total Score	Percentage	Category
		SA	A	D	SD				
1	The leaders have a clear and realistic strategy	4	6	0	0	34	40	85,00%	Very High
2	The leaders pay personal attention and really motivates my work	1	9	0	0	31	40	77,50%	High
3	The leaders stimulate members to equip themselves with knowledge and expertise in ways to improve competence	1	9	0	0	31	40	77,50%	High

(continue)

(Table 1.3 continued)

4	The leaders invite members to work in a solid and harmonious team.	1	9	0	0	31	40	77,50%	High
5	The leaders value every difference of opinion for the purpose of a better direction	2	8	0	0	32	40	80,00%	High
Compensation Variable								79,50%	High

Source: Data Proceed by Author (2020)

Explanation:

SA : Strongly Agree

D : Disagree

A : Agree

SD : Strongly Disagree

Based on preliminary test data regarding transformational leadership style in table 1.3, the average result of the percentage score of statements regarding transformational leadership style is 79.50%, which means the level of transformational leadership in employees of PT. Mitra Lestari Sejati is high. The statement that the level of transformational leadership style is high can be obtained from the calculation using the continuum line.

At PT Mitra Lestari Sejati, there are leaders who are foreign citizens where the leader or leader is considered to have idealism in leading. Based on information obtained from direct observation in the field, leaders tend to be assertive in making decisions or work plans to be made, but leaders always provide direction and examples to all subordinates before carrying out the work that must be completed and this is considered sufficient. assist employees in carrying out their duties or jobs. In addition, employees are also quite helped by holding small meetings held by these foreign leaders both before carrying out their duties and after carrying out work assignments as evaluation materials and this is considered positively by every employee.

Based on the results of the preliminary test above, it can be concluded that in general, compensation and transformational leadership style show results in the high category but still have a gap with ideal conditions with percentage of 100%. In addition, transformational leadership is relatively new and is still a trend for researchers to study. Therefore, the authors are interested in conducting a research

entitled "The Effect of Compensation and Transformational Leadership Style on Work Motivation of PT. Mitra Lestari Sejati Employees".

1.3 Problem Statement

Based on the background described above, the formulation of the problem in this research are as follows:

- a. How are the perception of compensation applied by PT. Mitra Lestari Sejati?
- b. How are the transformational leadership style applied by PT. Mitra Lestari Sejati?
- c. How are the level of employees' work motivation of PT. Mitra Lestari Sejati?
- d. How are the effect of compensation and transformational leadership style on employee motivation partially and simultaneously at PT. Mitra Lestari Sejati?

1.4 Research Objectives

The objectives to be achieved in this research are based on the formulation of the problems previously stated:

- a. To find out and to analyze the perception of compensation applied by PT. Mitra Lestari Sejati.
- b. To find out the transformational leadership style applied by PT. Mitra Lestari Sejati.
- c. To find out the level of employees' work motivation of PT. Mitra Lestari Sejati.
- d. To find out the effect of compensation and transformational leadership style on employee motivation partially and simultaneously at PT. Mitra Lestari Sejati.

1.5 Research Benefit

Based on the objectives to be achieved, this research is expected to provide benefits both directly and indirectly. The research benefits are as follows:

1.5.1 Theoretical Uses

This research is expected to be useful to add information, become empirical evidence, and become a reference in conducting studies on topics related to the problem.

1.5.2 Practical Uses

The results of the research that have been carried out are expected to have a positive impact in the practical aspect, namely that it can be used as a basis for employees at the company of PT. Mitra Lestari Sejati to increase motivation to work based on the compensation obtained and the transformational leadership style implemented in the company. Thus, it can reduce the turnover rate and achieve the company's vision and mission.

1.6 Writing Structure

Writing systematics aims to facilitate understanding and review research. In this research, the systematics of writing consists of five chapters, each of which can be explained in outline as follows:

Chapter I Introduction

This chapter describes in general, concise and concise the contents of the research. This chapter includes: research object, research background, problem formulation, research objectives, research benefits, and organizational structure.

Chapter II Literature Review

This chapter contains summary of the results of the literature review which consist of Human Resource Management, Organizational Behavior, Compensation, Transformational Leadership, and Motivation. Furthermore, this chapter also contains of previous research, research framework, research hypotheses and scope of research.

Chapter III Research Methods

This chapter describes the approaches, methods and techniques used to collect and analyze data. Data analysis techniques must be relevant to the research problem.

Chapter IV Research Results and Discussion

This chapter, the results of the research and discussion are described systematically in accordance with the identification of the problem and the research objectives. In discussing the results of data processing, the scope of the research and the limitations of the research and the common thread of interpretation must be clear.

Chapter V Conclusions and Suggestions

This chapter, conclusions are presented on the results of data analysis related to the answers to research questions. The research conclusions are written sequentially according to the research problem and question.