

CHAPTER I

INTRODUCTION

1.1 Background

Every establishment of a company or organization in the future must have hope for the development of the company or organization that has been established. Companies also want high performance in their field of work, therefore the existence of human resources is never separated from a company. The success of a company in maintaining the existence of the company starts from the people themselves in maintaining the company. In this case a company is greatly influenced and also depends on the quality and competitiveness of its human resources. Human resources according to MTE Hariandja (2002, H 2), MTE Hariandja explained that Human Resources is one of the most important factors in a company seen from other factors besides capital.

Human Resources are needed to be managed properly so that the effectiveness and efficiency of the organization can increase properly. Human resources have an important role in a company or organization, because these human resources are the main driver of all company activities in achieving the goals that have been set. In order for the management of the company to run well, a company needs human resources who are knowledgeable, skilled, competent, and have the effort to manage the company as well as possible so that employee performance can increase.

Companies not only need skilled human resources, but companies or organizations need human resources who have an active work attitude, are always passionate about work, disciplined, responsible, and have a desire to achieve optimal work results. Because employees who have these characteristics can achieve company goals well or optimally. However, if a company or organization has human resources who are less enthusiastic at work, an irresponsible attitude can result in less than optimal work results.

In a company there must be employees who work only because of the demands of work, what is meant by job demands is that they work only because of a job request that must be completed in a short time. Work demands according to Schaufeli and Bakker (2004) are physical, psychological, social, and organizational aspects of the work itself that require energy (physical) and skills, because these work demands are related to psychological costs (psychological costs), work pressure and emotional demands the employees. If an employee works only because of the workers' demands, the results of his work will be less than optimal. There are several important factors that affect employee performance in the workplace, namely: employee motivation and leadership style in the company. In addition, employee engagement is also important for every company, and has an impact on the high dedication of employees to the organization (Santosa, 2012; Zulkarnain & Hadiyani, 2014). Engagement in service also requires a high level of positive evaluation of self and work atmosphere, in this case a high level of positive evaluation of self and work atmosphere in terms of effectiveness, functionality, ability, and carrying capacity (Harris et al, 2009; Yagil et al. , 2008).

Companies also need good leaders, because this leadership style can affect employee performance. The leadership style of each leader is different, the leadership style is in accordance with the abilities that have been possessed. There are leaders who guide, direct, motivate employees, and are also willing to cooperate, which not only pressures employees to continue working. If a leader like this, employees will feel comfortable at work, enthusiastic at work, and will not feel pressured at work. It has been explained above that the success of a company is also influenced by human resource factors, because good performance is optimal performance, which is meant by performance that is in accordance with organizational standards and also supports the achievement of company goals. Transformational leadership is a system for transforming and

transforming people (Hall, Johnson, Wysocki, & Kepner, 2008). Several previous studies have shown that there is a significant influence between transformational leadership on employee performance (Al-Amin, 2017; Ali, Ali, Ahsan, Rahman, & Kakahel, 2014; Mangkunegara & Miftahuddin, 2016), on the other hand Almutairi's research (2016) found that there is a mediating effect of organizational commitment on the relationship between transformational leadership style and employee work performance. In addition, Advani and Abbas (2015), Bass, Avolio, and Jung (2003), Sundi (2015), Paracha, Qamar, Mirza, Hassan, and Waqas (2012) and Albion and Gagliardi (2007) and Pastor and Mayo (2006), states that transformational leadership has an effect on motivating employee performance effectively.

1.2 Research Problem

Based on the description above, the formulation of the problem in this study is as follows:

1. Does transformational leadership affect intrinsic job satisfaction?
2. Does transformational leadership affect employee engagement?
3. Does employee engagement affect intrinsic job satisfaction?
4. Does employee engagement mediate transformational leadership on intrinsic job satisfaction?

1.3 Research Objectives

1. To find out whether transformational leadership has an effect on intrinsic job satisfaction
2. To find out whether transformational leadership has an effect on employee engagement
3. To find out whether employee engagement has an effect on intrinsic job satisfaction

4. To find out whether employee engagement mediates transformational leadership on job satisfaction

1.4 Benefits of Research

1. Theoretical Benefits

This research is expected to provide insight and learning regarding the influence of transformational leadership on intrinsic job satisfaction mediated by employee engagement.

This research is also expected to be able to complement previous research referred studies.

2. Practical Benefit

This research is expected to be a reference for dissecting the influence of transformational leadership on intrinsic job satisfaction mediated by employee engagement.

Especially for village and sub-district office employees.

3. Benefits for Researchers

This research is present as one of the requirements for S1 graduation and a means of self-development. So expected provide positive experiences and learning, as well as motivation to be able to complete any difficult task.