

# CHAPTER I

## INTRODUCTION

### **A. Background of Study**

Employees are one of a company's most valuable assets. Employee engagement is essential to the company's long-term success and competitive advantage in an increasingly competitive industry. Intense trade competition in recent years has caused several companies to revamp their strategy to stay on the floor. The employees carry out corporate duties and are an essential asset to the company's success. For the company's success, employees, who are the company's most critical assets, have to be fully engaged. To boost productivity, companies must also promote employee engagement in the workplace.

The company's failure can be shown in its decrease in employee involvement, as shown by low employee behavior such as work lethargy, often late employment, breaking company standards, and a failure to pay attention to jobs and employees. This is consistent with their search (Marciano, 2010), which means that employees who do not work have a less concerned attitude about their jobs, like simply following orders, not focussing on work, relaxing in the workplace, and not maximizing time. Consequently, the productivity of employees and business revenues are reduced. Leading staff through transformational leadership is one of the efforts to minimize employee productivity.

Individuals and institutions must achieve changes at all levels of their activities and be transformed by leadership. During this process, followers are motivated, developed, and empowered as the essence of transformational leadership.

On the other hand, leadership style has a significant impact on employee confidence (Li, 2019). The desire to rely on someone and believe in someone else

can be defined as confidence. If someone has a high level of trust in others, decisions based on those people are more likely. If an employee has faith in their boss, it can be stated that their instructions are more ready to participate and perform tasks.

Balai Pemantapan Kawasan Hutan was established as the Director General's Technical Implementation Unit pursuant to Regulation No. P.13/Menhut II/2011 of the Minister of Forestry dated 10 March 2011 on the second change of Decree No 6188/KptsII/2002 of the Minister of Forestry dated 10 June 2002. In government agencies, leadership changes, the inauguration of jobs, retired staff, and other events are common over five years.

Trust in leader is one of the important aspects in realizing employee welfare. Based on interviews conducted by researchers, it was explained that the Balai Pemantapan Kawasan Hutan had made several efforts to maintain trust in leader, including organizing activities aimed at increasing a sense of togetherness, holding training activities, training motivation for employees and giving awards to employees. The purpose of providing this reward for employees who excel will make employees have enthusiasm, inspiration, pride and challenges in work competitions.

The leadership also routinely holds morning exercises every Friday at Balai Pemantapan Kawasan Hutan which is attended by all employees so that all employees have strong stamina and remain enthusiastic in carrying out activities while working. Measurement of trust in leader is very important to see whether employees are satisfied or dissatisfied with certain aspects, so that information that can be obtained from research on the results of these measurements is needed to find out further efforts in maintaining or increasing trust in leader.

Based on the explanation of the company background above, there are aspects such as leadership style and employee engagement that play an important role in carrying out the tasks set by the Balai Pemantapan Kawasan Hutan that are directly related to trust in leader. Phenomena like this can make the employees of the Balai Pemantapan Kawasan Hutan become human resources with high achievement and quality so that they are able to realize the vision of Balai Pemantapan Kawasan Hutan, which is to realization of macro forestry planning and stabilization of forest areas to support forestry administrations. It also provides benefits for employees as it provides superior human resources and the ability to compete in the forestry department.

Looking at the phenomena and facts in the field, the leadership style applied by Balai Pemantapan Kawasan Hutan includes transformational leadership, the transformational leadership style tends to emphasize the relationship between superiors and subordinates that can stimulate motivation from within employees (intrinsic motivation) and look to the future.

The background that has been described prompted the author to conduct a research entitled "Transformational Leadership and its Impact on Trust and Employee Engagement at Balai Pemantapan Kawasan Hutan Wilayah Yogyakarta dan Banjarbaru".

## **B. Formulation of the Problem**

1. Does Transformational Leadership have a significant positive influence on Employee Engagement
2. Does Transformational Leadership have significant positive influence on Trust in Leadership?
3. Does Trust in Leadership have a significant positive influence on Employee Engagement?

### **C. Research Purposes**

The purpose of this study are as follows:

1. To examine the influence of Transformational Leadership on Employee's Engagement.
2. To examine the influence of Transformational Leadership on Trust in Leadership
3. To examine the influence of Trust in Leadership on Employee Engagement

### **D. Benefit of Research**

By achieving these goals, it is hoped that this research will provide the following benefits:

- a. Theoretically, this study is to add empirical for researchers on the influence of Transformational Leadership on Employee Engagement through Trust in Leadership.
- b. Practically , this study can help researchers undertake research in the subject of human resources.
- c. Academically, this research can be useful for readers about what influences Transformational Leadership, Employee Engagement, And Trust in Leadership.