

CHAPTER 1

INTRODUCTION

1.1. Background

A company in carrying out its activities, both companies engaged in industry, trade and services will try to achieve predetermined goals. One important thing is that the success of various activities within the company in achieving its goals depends not only on technological excellence, available operating funds, facilities or infrastructure owned but also on aspects of human resources. This human resource factor is one of the most critical factors that cannot even be separated from an organisation, both institutions and companies. In essence, human resources in an organisation as movers, thinkers and planners to achieve organisational goals.

PT. Telkom Indonesia (Persero) Tbk is the largest telecommunications company in Indonesia, which is a state-owned company engaged in information and communication technology services and telecommunications networks in Indonesia and plays an essential role in developing national telecommunications. Telkom Indonesia company has many employees, so the work environment and work spirit provided by the Telkom company can affect employee productivity, making the vision and mission of the Telkom company achievable.

In this case, PT. Telkom Indonesia Yogyakarta Witel Office, a company engaged in the telecommunications sector with its mission to become the primary provider of communication networks, should have employees who are passionate about their work and carry out their work effectively and efficiently to show high productivity in business. Realise the mission and goals.

A successful company always increases employee work productivity, but everything depends on the quality of its human resources, namely employees, whether employees can work more effectively or not. Likewise, at PT. Telkom Indonesia Yogyakarta Witel Office, where this company wants to utilise human resources optimally, aiming for employees to work effectively and efficiently.

There are several factors related to employee productivity, one of which is job satisfaction, because employees who feel uncomfortable at work, are not valued, and cannot develop their potential, so employees will not automatically focus and concentrate on the work. Robbins (2006) also states that job satisfaction is a general attitude towards a person's performance which shows the difference between the number of awards received and the amount they believe they should receive. Overall, individual job satisfaction is the sum of job satisfaction (every aspect of work) multiplied by job importance level. An individual's satisfaction or dissatisfaction with his work is something personal that depends on how he sees the compatibility between his desires and results. A sense of job satisfaction is a positive attitude of the workforce which includes feelings and attitudes through the assessment of work as respect in achieving one of the essential work values.

Martoyo (2007) argues that job satisfaction is the emotional state of employees where there is or is not a meeting point between the value of employee remuneration from a company or organisation and the level of remuneration desired by the employee concerned. The more attitudes one enjoys at work, the higher the level of satisfaction obtained.

Then employee productivity has a close relationship with the leadership style applied. Leadership is an essential element of the "system" that works together with individuals and is a significant factor affecting employee work engagement (Bakker et al., 2011) because the actions of leader behaviour are not only a source of motivation and satisfaction for employees but also create a healthy environment to support employee work engagement (Choi et al., 2015).

This inclusive leadership shows openness, accessibility, and availability in their interactions with their subordinates (Ye Q et al., 2019). The nature of this inclusive leadership is having an open and flexible attitude so that it can accept various opinions from all thoughts. (Rawat et al., 2020) states that inclusive leadership helps create worker participation, and involvement can lead to higher performance.

Inclusive leadership focuses on the needs of organisational members for openness and workgroup cohesiveness. Leader inclusivity encourages and appreciates different ways of thinking from organisational members (Alshoukri et al., 2020).

There are also several studies dedicated to investigating the influence of inclusive leadership. Hollander (2009) argues that when leaders use this inclusive style, it can considerably influence work engagement because leaders are focused on meeting employee needs. In addition, Choi et al. (2015) examined the effect of inclusive leadership on employee engagement from the perspective of social exchange theory because each individual in a company also has a different social status, both the beliefs and attitudes of employees. These differences become a challenge for companies in dealing with the social status of their employees.

Besides that, several studies on the effect of inclusive leadership on employee engagement have been carried out before; one is "Linking Inclusive Leadership to Employee Productivity: The Role of Psychological Safety and Work Engagement as Mediators", which Weng et al. (2019) investigated. The research shows that inclusive leadership positively affects job satisfaction and employee productivity in technology companies in Taiwan and that job satisfaction mediates the relationship between inclusive leadership and employee productivity.

This study, which is a replication of the research by Weng et al. (2019), took the object of research on employees of PT. Telkom Indonesia Yogyakarta Witel Office wants to know how the relationship between the role of inclusive leadership and work involvement causes employee productivity by mediating job satisfaction. The participation of employee productivity primarily determines success in managing a telecommunications company. To obtain maximum employee productivity involvement, the organisation's inclusive leadership style and job satisfaction are very effective to decide on.

Considering the fundamental problems that have been described and to address the conditions that have been described, this research was conducted with the title

"Inclusive Leadership and Its Impact on Job Satisfaction and Employee Productivity". Many writings and research on inclusive leadership and its characteristics have been written and researched. However, research on inclusive leadership in Indonesia, especially in corporate organisations, still needs to be available.

1.2. Formulation of the Problem

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

1. Does Inclusive Leadership have a significant positive influence on Employee Productivity?
2. Does Inclusive Leadership have a significant positive influence on Job Satisfaction?
3. Does Job Satisfaction have a significant positive influence on Employee Productivity?
4. Does Job Satisfaction mediate effect of Inclusive Leadership on Employee Productivity?

1.3. Limitation of Research Problems

1. This research was conducted on employees who work at PT. Telkom Indonesia Yogyakarta Witel Office.
2. Respondents examined in this study were employees who worked in the office staff division of economic management and management at PT. Telkom Indonesia Yogyakarta Witel Office is used as a sample in this study.
3. The variable used in this study is inclusive leadership which influences employee productivity by mediating job satisfaction at PT. Telkom Indonesia Yogyakarta Witel Office.

1.4. Research Purposes

1. To examine the influence of Inclusive Leadership on Employee Productivity.
2. To examine the influence of Inclusive Leadership on Job Satisfaction.
3. To examine the influence of Job Satisfaction on Employee Productivity.
4. To examine the mediation role of Job Satisfaction on the relationship between Inclusive Leadership on Employee Productivity.

1.5. Benefits of Research

With this research, researchers hope to provide benefits to several parties, including:

a. **Scientific Benefits**

This research is expected to contribute to developing and supporting existing theories related to human resource management in the areas of inclusive leadership, employee productivity and job satisfaction.

- b. As study material for other researchers, especially those interested in following up on this research in the hope of creating a model of employee development appropriate to the present and the future.

1.6. Practical Benefits

a. **For Companies**

This research can be used as input for companies to learn inclusive leadership that influences employee productivity to encourage job satisfaction at work to get even better employee productivity results.

b. **For Writers**

The author can apply the knowledge gained while studying, especially at the UMY International Undergraduate Program in Management and Business, add

insight into human resources, and can be used as a provision to enter the world of work later and share research results with interested parties—interest at a later date.

1.7. Writing System

The systematics of writing in this study is as follows:

1. Chapter I Introduction

This chapter describes the background of the research, the formulation of the problem, the limitations of the research problem, the research objectives, the benefits of the study, and the systematics of writing.

2. Chapter II Literature Review and Theoretical Basis

This chapter describes the literature review, the theoretical basis used in the research by analysing the variables and relationships between variables, the presentation of previous research studies, the formulation of hypotheses, and the research model.

3. Chapter III Research Methods

This chapter describes the types of research, place and time of research, research subjects, research variables, data sources, populations, samples, sampling techniques, data collection techniques, instrument testing methods, and data analysis.

4. Chapter IV Research Results and Discussion

This chapter describes the results of the research, discussion, and hypotheses.

5. Chapter V Conclusions, Suggestions, Limitations, and Managerial Implications

This chapter describes the conclusions, suggestions, limitations, and managerial implications.