

CHAPTER I

INTRODUCTION

1.1 Background

In the current situation, we cannot be separated from managing human resources which is still the main aspect of carrying out organizational activities to achieve its goals. Because of the role of human resources who are able to manage other resources, in other words, people within an organization must continue to strive to support one's performance so that they can work properly. Human Resource Management also needs to apply effective leadership and in accordance with the conditions and work environment of the company which is expected to help employees develop their performance (Sinambela & Lestari, 2021). Leadership itself is the ability of individuals to use their position or power to influence, motivate and support efforts that enable others to contribute to the achievement of common goals (Safrizal, 2022). According to Bass & Riggio, (2006) transformational leadership is a process when leaders and followers mutually develop their morality and motivation.

Without the role of human aspect, organizational goals will be difficult to achieve if employee performance is not optimal. According to Hasibuan & Bahri, (2018) performance is the result achieved by employees or groups of employees according to the responsibilities given by a company in an effort to achieve company goals. A similar opinion from Dewi (2021) "performance is all activities controlled by the company and contributes to achieving company

goals". Employee performance can be supported by improving the productivity contribution of fellow employees in working together and creating a good atmosphere, therefore the work environment can be said to have an important role in influencing employee performance in a company. According to Bimantara, Mayu et al. (2021) work environment is the entire material that is around employees which can affect themselves when completing the responsibilities given to them in an organization. Other sources conclude that the work environment is considered as the personality of a company which is all the tools or materials provided as the responsibility of individuals or groups that can influence someone in carrying out their work which has the meaning of giving a pleasant and safe impression in an organization (Arianto & Kurniawan, 2020).

In creating a good work environment, it must be based on simple communication, even if it's just greeting, to make the atmosphere in the work environment not awkward and quiet. Communication is an important management function because it plays a role in conveying information from one person to another (Murtisaputra & Ratnasari, 2018). Meanwhile, according to Dewi, (2021) communication within the organization is the process of conveying information reciprocally in an effort to achieve organizational goals. Communication relationships are built in order to realize the same understanding between fellow employees or between employees and managers so that good cooperation will be created.

In the retail industry, especially in Yogya Toserba Losari Brebes, Central Java, there are problem phenomena related to leadership and also the work environment on employee performance. The manager of Yogya Toserba Losari Brebes revealed that every year there is a decline in employee performance and the quality of employee work is still considered not to be up to expected standards. Therefore, leadership is needed that can create a company culture and direct employees towards achieving organizational goals. One of the problems that arises is the lack of harmony between the leadership styles applied by leaders, because this can cause misunderstandings in conveying information regarding the company's vision and mission which can have a negative impact on employee performance in influencing morale and motivation at work.

The phenomenon of problems that occur in a work environment that is not conducive can also affect employee performance at Yogya Toserba Losari Brebes. According to several employees there, factors such as unclear assignments and lack of support from leaders can create high levels of stress among employees. This can disrupt the balance between work life and personal life, which can also reduce the quality of employee performance and productivity. Another problem phenomenon faced is how to improve communication between leaders and employees, as well as between colleagues. According to the Manager of Yogya Toserba Losari Brebes, the quality of employee performance has not reached the expected standards and miscommunication often occurs in the work environment. Ineffective

communication can cause misunderstanding, conflict, and also lack of coordination which results in misunderstandings in carrying out daily work which can hinder productivity and achievement of company targets.

The manager of Yogya Toserba Losari Brebes stated that what needed to be improved was high work standards due to changing consumer spending demands. However, to overcome this problem phenomenon, Yogya Toserba Losari also needs to strengthen effective and consistent leadership development. Support in the form of training and coaching for leaders can help them develop a leadership style that is inspiring, motivating and understands employee needs. In addition, companies must also create an inclusive work environment, where open communication is encouraged, and employees feel supported and appreciated. In this way, it is hoped that employee performance at Yogya Toserba Losari can improve, creating a more productive and harmonious work environment, as well as having a positive impact on the growth and success of the company's business as a whole.

But there are still inconsistencies in the previous studies regarding transformational leadership on employee performance. According to Silpia et al., (2022) states transformational leadership has a positive and significant effect on employee performance but the work environment does not have a partial and significant effect on employee performance. And Gemarifannoor et al., (2018) states transformational leadership has no significant effect on employee performance. There is also inconsistencies regarding work environment on employee performance, which is (Handayani & Daulay 2021;

Sinambela & Lestari, 2021) found it is proven that the work environment has a significant influence on employee performance. Meanwhile based on Nabawi, (2019) found that the work environment has an effect but is not significant to employee performance. Every company has a different vision, but in terms of human resources, the main aspect will remain the same, namely the people themselves, because employee performance is one of the important factors that can affect the progress of a company. Therefore, this research will discuss in more depth the influence of transformational leadership and work environment on employee performance through communication as mediation especially in retail industry at Yogya Toserba at Losari, Brebes, Central Java.

1.2 Research Formulation

Based on the background above, it can be formulated as follows:

1. Does the transformational leadership affect employee performance and communication?
2. Does communication affect employee performance?
3. Does work environment affect employee performance and communication?
4. Does transformational leadership affect employee performance through communication?
5. Does work environment affect employee performance through communication?

1.3 Research Purposes

Based on the research formulation above, the research objectives are as follows:

1. To determine the effect of transformational leadership on employee performance and communication.
2. To determine the effect of communication on employee performance.
3. To determine the effect of work environment on employee performance and communication.
4. To determine the effect of transformational leadership on employee performance through communication.
5. To determine the effect of work environment on employee performance through communication.

1.4 Research Benefits

Based on the research purposes above, the research benefits are as follows:

1. Theoretical Benefits

This research is expected to be a contribution to the development of ideas in the management of Human Resources in companies so that they are more efficient.

2. Practical Benefits

Benefits for author:

- 1) Add experience and insight in conducting research.
- 2) The results of this research are expected to provide contributions as well as input for future researchers.