

## **CHAPTER 1**

### **INTRODUCTION**

#### **A. Research Background**

Commitment is a word directing everyone's thought on obedience and task which have been set by leaders through policies, organizations, and agreements agreed by everyone involved. Organizational commitment becomes crucial especially for organizations that exist today due to the extent of a member alignment with the organization, and the extent to which the member intends to maintain its membership of the organization that can also measure how well a member's commitment to the organization (Kartika, 2011). Commitment to an organization is also one of the topics that will always be a good review for management in an organization and for researchers who specifically focus on human behavior. According to Newstrom (2015), organizational commitment can also be considered as member loyalty, which is a degree of self-identification as a member of an organization and a willingness to actively participate in the organization.

According to Allen & Meyer (1990), there are three components of organizational commitment, namely continuance commitment, normative commitment, and affective commitment. Continuance commitment means

someone's perception of the benefits of working continuance and the perception of working risk that is stopped by the organization. Normative commitment is a person's perception of moral responsibility towards the organization. Affective commitment is a person's emotional connection with organizational values. In other words, affective commitment refers to the crucial determinant dedication and loyalty of an employee. Although all three dimensions of organizational commitments are important, this research focuses only on affective organizational commitment since it directly influences efforts as well as the other forms of commitment.

The study on affective commitment is needed by the work environment in managing human resources concerning the emotional bond between manager and employee in a company. The situation and condition emerging nowadays in the working environment, especially in the scope of the private employee, are considered to be something crucial in society. However, the manager's lack of ability to position themselves as leaders in the company is seen as a problem. Managers are demanded to handle, motivate, provide fairness to private employees and create effective commitments in the company so each private employee will comfortably follow the rules and work process. According to Loi, R., Hang-yue, N., & Foley, S. (2006), justice is used to explain someone's perception or views and feelings about their attitudes towards groups or organizations. This research is connected with private employee's

understanding in uniting the subjective perception and decision results taken by the manager as the leader in the company.

A company's success in achieving its goals is by making a lot of profit, thus the role of the managers is crucial in teaching the employee to make more benefit for the company. Manager's role is not only to control and supervise the employee but also to create a more comfortable company atmosphere to make the employee eager to work even more. Employees are human resources who have rights and obligations to get fairness at work. In the working process, the manager and employee are playing big roles, in this case, the role of the manager is giving fairness in pays salary and creating an affective commitment to the employee.

Justice is something that can motivate employees to do their jobs. As we know, if a company treats its employees fairly in any case, it will have a positive impact on the company. Concerning compensation, it means that justice for employees is fairness in distributing or providing compensation or payment to employees for their achievements in a company. Tjahjono (2005) said that compensation in HR management is closely related to job satisfaction. Therefore, indirectly affects the existing commitments in a company. Related to this, this research was conducted to want to know and measure the Impact Transactional Leadership, Intrinsic Motivation, Distributive Justice Compensation of Affective Commitment on Private Employee.

This study examines how the role of managers can provide fairness in providing salaries or compensation so employees feel fairly treated and build an affective commitment in the working process. It is essential because an affective commitment will form a working consistency that employees must have when undertaking a working process. An affective commitment in the class is described how much employees want to stay at their organization or company. If an employee is effectively committed to their organization, it means that they want to stay at their organization.

The forming of an employee's affective commitment is caused by the employee's perceptions of justice regarding the treatment given by the managers. The perception of justice helps an individual to accept the planned changes and implications whereas the perception of injustice will cause problems within a group or organization. Fairness refers to the extent of the individual's perception and consideration of the procedure of implementation are fair. Studies on individual performance show that fairness and affective commitment are included in the area of behavior in organizations.

Affective commitment is related to the comfort, activeness, and consistency of employees in the company during the working process. On the other hand, an affective commitment is associated with a positive emotional level, identification, and active role in the organization. Affective commitment is also called the attitude of organizational commitment (Ricketta, 2002). Individuals

who have high affective commitment tend to show a positive attitude to what they are comfortable with and have a high consistency to stay involved in every activity of the organization and to stay afloat inside (Eisenberger, Rhoades, & Armeli, 2001). Affective commitment in this research issue is considering that employees are required to have a deeper affective commitment to involve emotional connections in the company. The employees who have a high commitment to the company will have the desire to involve actively in the company, improve their working performance, and devote their skills so the atmosphere in the company is more dynamic. The emergence of an effective commitment to the employee is caused by an individual's inclination to feel valued and be treated fairly.

Leadership style also can create a better work environment, reduce workplace conflict and motivate employees to achieve effective and efficient organizational goals which afterward can help in better unit performance at less cost and capable people in the organization who can carry it to new horizons, businesses, and markets. Leadership is one of the factors that have a big impact for achieve goals in the organization. This makes the organization leader to implementing management strategies. The quality of the relationship between leaders and their subordinates is very important in various ways to ensure quality performance in his work. With leadership style and character different leaders will give different impacts in an organization.

These days, the difference in the way leaders make decisions, provide direction, motivate employees, or implement plans is very influential on employee commitment. How leaders convey or encourage employees to do something in the company can affect employee loyalty to the company itself. The value that is made the foundation or rules in the company is a picture of the personality of the leader himself. That way, employees will be able to understand the character of the founders or owners of the company. Employees tend to have their own goals in working under the auspices of a company. Yukl's (2010: 290) opinion transactional leadership style is leadership that makes transactions to motivate followers by calling for their interests. Transactional leaders are also focused on mentorship, instruction, and training to achieve goals and enjoy the rewards. This type of leader is great for organizations or teams tasked with hitting specific goals, such as sales and revenue. Leader makes it easier for companies like PT Tamaco Graha Krida to find targets for producing a lot of palm oil within a certain period of time.

According to Laohavichien et al., (2009) the type of transactional leadership can lead employees to successful quality performance because leaders can respect the achievement of goals and provide penalties for employees who do not meet standards. Leaders can build commitment with employees to achieve goals, such as innovative activities and aligning employee

expectations with increasing company needs, which also leads to higher quality performance.

Every employee has their reason or goals to work in a company. These reasons and goals are called motivation. Motivation is the reason behind an action. It leads to the beginning and continuation of activity and determines the general direction of a person's behavior. Employees with motivation are considered a key to the success of any organization (Yasrebi et al., 2014). As intrinsic motivation has a significant effect on work-related behavior, it is considered a valuable concept in studying an organization (Chen et al., 2013). With this in mind, intrinsic motivation prompts an attractive and pleasant behavior in an activity, resulting in internal satisfaction and pleasure for the performer of the action (Lee et al., 2014).

Another motivation for doing work is justice. As we know, if a company treats its employees fairly in any case, it will have a positive impact on the company. Concerning compensation, it means that justice for employees is fairness in distributing or providing compensation or payment to employees for their achievements in a company. Tjahjono (2005) said that compensation in HR management is closely related to job satisfaction. Therefore, indirectly affects the existing commitments in a company. Related to this, this research was conducted to want to know and measure the influence of transactional leadership, intrinsic motivation, distributive justice compensation on the

affective commitment of private employees at PT Tamaco Graha Krida Ungkaya Minamas Plantation.

## **B. Problem Formulation**

1. Does transactional leadership have a positive effect on affective commitment in the company?
2. Does intrinsic motivation have a positive effect on affective commitment in the company?
3. Does distributive justice compensation have a positive effect on affective commitment in the company?

## **C. Research Purpose**

1. To find out and analyze the effect of transactional leadership on the effective commitments of the private employee of PT Tamaco Graha Krida Ungkaya Minamas Plantation
2. To find out and analyze the effect of intrinsic motivation on the affective commitments of the private employee of PT Tamaco Graha Krida Ungkaya Minamas Plantation
3. To find out and analyze the effect of distributive justice compensation on the affective commitments of the private employee of PT Tamaco Graha Krida Ungkaya Minamas Plantation



## **D. Benefit Research**

### 1. Theoretical

The results of this study are expected to provide benefits as reference for further research relating to leadership style, motivation, and organizational commitment.

### 2. Practice

#### a. For Writers

The result of this study is expected can add knowledge and direct experience about how transactional leadership, intrinsic motivation, and distributive justice compensation can impact affective commitment.

#### b. For The Companies

The results of this study are expected to be used as insight for companies to increase employee engagement with their company, and evaluate their ways to motivate employees so that they are more committed to the company.

