

CHAPTER I

INTRODUCTION

1.1. Research Background

Human resources are an important part in the development of science and technology and management science which is more focused on the regulation or management of the role of human resources. Human resources are important assets in an organization or company. In short, the understanding of human resources is an individual or someone who acts as an activator of an organization or company and functions as an asset that must be trained and developed capabilities. There are many important aspects in human resources such as competence, work discipline, loyalty, fairness, motivation, commitment, and many more. In this proposal I will discuss the effect of fair distribution of compensation, work motivation, and transformational leadership style on the affective commitment of PT. RAM Bersujud Batulicin South Kalimantan employees.

Human resources are workers who work in a company or organization to full fill their daily needs. From this statement it is clear that the workforce works to get something from the company or organization where he works, namely compensation. Workers clearly expect to get compensation that is appropriate or in accordance with what they provide to the company. This is one of the factors that motivates the workforce in carrying out the tasks given and makes the workforce fully committed to the

company where employees works.

Based on the results of conversations by the author and some of the writer's friends who have worked. The author gets the information which is the idea for the title of this study. Some of the informants said that the informants did not get compensation according to what was done so that the informants thought about leaving their jobs to find a new place of work. Interviewees feel that they do not have any emotional attachment to the company and tend to feel neglected. Another resource person revealed that where the resource person works is led by a leader who can only order workers to work in accordance with the company's vision and mission without providing and explaining the company's vision and mission. The informant also said that he was treated poorly. This causes the resource person to start thinking about a new job that provides comfort and gets a high family atmosphere at work. Some of this information is the author's idea in this study, from the provision of compensation in accordance with the work done by the employee, the leadership style of the leader, and the commitment given by employees to the company.

Commitment is something that affects the success of an organization or company. Commitment is something given by an employee to the company in accordance with the responsibilities they receive. According to Mathis and Jackson organizational commitment is a feeling of employees in which they believe and are willing to accept the goals of the organization and will remain or will not leave the organization or company where they

work (Hackim & Dasmasele, 2016). Organizational commitment is something that must be considered by the company.

Employees with good commitment will be more responsible to the company where he works. They will give all their best abilities to achieve company goals because they believe and are confident of the company's goals. Commitment is proven not only by always surviving whatever happens in the company, but commitment is also proven by giving the best effort or the best ability and always loyal to the company (Riana & Wirasedana, 2016). Mowday, Porter, and Streers said that organizational commitment is a relationship between a person and the organization or employees and the company by displaying the characteristics of accepting the values and goals of the organization or company, wanting to do the best for the company or organization, and having the desire to remain located in the organization or company (Hackim & Dasmasele, 2016).

According to Allen and Meyer said that there are three components that underlie the differences in one's commitment to others. The three components of commitment are affective commitment, normative commitment and continuance commitment. Normative commitment is a commitment that arises from an obligation. As a responsibility that must be done because it has been paid. While continuance commitment is a commitment that was born because someone needs an organization or company. Finally, affective commitment, a commitment that will be discussed in this study. Affective commitment is a commitment that appears

related to emotional. Someone with affective commitment will give everything to the organization that is triggered by his emotional. They will be very obedient, loyal, and love the job and the organization or company where he works.

Affective commitment becomes a commitment that provides a positive atmosphere in a job. Employees who are affective committed will do the work they are given with pleasure without coercion by any party. They know which responsibilities they must carry out and which rights they should accept. The affective commitment of employees that they have given to the organization or company will have an impact on the performance they provide. However, affective commitments given by employees are the result of the influence of several things that the company gives to these employees. Like, distributive justice compensation, work motivation and the role of leaders who can give employees motivation in work.

At present, companies are competing to increase production or company performance by recruiting a large workforce. However, problems arise that are detrimental to the workforce and will also harm the company. The problem is the incompatibility between the provision of compensation and the tasks or work given to the workforce. As we have seen, there are often demonstrations from workers who feel the compensation they receive does not match the work they have given to the company. Injustice in giving compensation will cause the motivation of workers to do their jobs to

decrease and will also make workers not fully committed to the company or maybe they will leave the company and look for work elsewhere.

Compensation is important for employees to meet their needs, because the size of the compensation will affect the motivation and commitment of employees towards their work. (Werther and Davis in Wibowo, 2010: 348). Compensation is also important for the organization itself, because compensation is a reflection of how the organization's efforts to maintain employee performance. According to Rivai (2009: 357) said that compensation can be in the form of direct compensation (wages, salaries, bonuses or commissions) or indirectly (holidays, insurance, child care, religious care, etc.).

According to Steers & Porter (1991) that the level of work performance of employees has to do with the compensation system implemented by the organization or company where they work. Providing improper and inappropriate compensation will affect a person's performance, commitment and motivation. Inaccuracy and incompatibility of compensation are caused by: (1) giving a type of compensation that is less attractive or not in accordance with expectations, (2) giving an inappropriate award that makes workers feel that the award is not attractive to obtain. As a result, the workers do not have the desire to improve their performance to get the compensation.

Compensation is a reward or payment received by a worker for services or results of his work in the form of money or goods, both directly and indirectly. Immediate compensation includes payments received by workers in the form of salaries and incentives. Indirect compensation is also referred to as benefits, that is, all financial rewards that are not included in direct compensation, including health insurance and facilities provided by the company. While non-financial compensation consists of the work itself such as promotion of the position and the work environment where the workforce works. Compensation or salary given by the company to employees at the end of the month or weekend. In the sense that compensation is given when the employee has provided performance during the allotted time.

With appropriate distributive justice compensation can also increase the motivation of these employees in working in the company. Besides the importance of compensation for employees is very influential on the ability and performance. Many organizations consider compensation such as salary or wages to be the main factor influencing employee performance beyond bonuses, incentives, health benefits, holiday benefits, meal allowances, leave fees and others. This also relates to increasing employee motivation in employee performance and commitment in an organization or company. In a sense, compensation in accordance with what employees do at the company will increase employee motivation to provide good performance or ability.

Distributive justice is compensated appropriately and in accordance with the expertise, abilities, and good results given by employees. An appropriate compensation system, especially in relation to increasing employee motivation, by adjusting compensation according to the results provided is something that the company must pay attention to. With adequate compensation and increased motivation that is carried out successfully, then an employee will be motivated in the implementation of work and tasks assigned to him and try to overcome the problems that occur.

In addition to distributive compensation justice, the thing that becomes one of the reasons employees can give commitment to the company where they work is motivation. According Purwanto (2006) the purpose of motivation is something that makes a person or employee cause a willingness to do something so as to obtain predetermined results (Hackim & Dasmasea, 2016). Motivation becomes something important for employees. Highly motivated employees will feel happier and more passionate in carrying out the work given. Lack of motivation of employees can have an impact on the poor performance given by employees. Low employee work motivation can be detrimental to the achievement of business goals and company profitability. Therefore, companies must pay attention to the motivation of their employees so that the relationship between the company and employees can run well and be mutually beneficial.

Motivation is an effort to improve employee performance and commitment. Performance achievement will be low or not optimal if there is no motivation in employees. Conversely, if employees have high motivation, then the performance provided by employees will be maximal as well. A person's motivation is usually indicated by employee involvement in continuing work. Employees with good performance will usually focus more on completing their work, so work motivation and strong commitment will emerge.

Employee motivation must always be improved to provide something positive at work, such as professionals at work, more productive, committed to the company where he works and provide the best ability to help the company achieve the desired goals. Conversely, if employee motivation is not increased and tends to decrease, the employee will give something negative in his work. For example, not passionate, lazy, do not develop the potential that is owned, not doing the job well, and the loss of focus and concentration at work. Motivation is something that can be driven by the desire to meet one's needs. According to Maslow, someone who has an unsatisfied need will be more motivated to achieve his goals triggered by that person's needs (Munandar, 2008).

Providing motivation is a power stimulant for employees, for example encouraging employees to work. Every employee who gives the best useful ability into an organization or institution is governed by the right leadership to realize it. The effort to realize these possibilities is to use

motivation. Motivation is intended to provide additional strength or encouragement to employees to work based on their own efforts (Manulang, 2002). Giving encouragement is intended to remind others so that they are excited and can achieve the desired results. Therefore, a manager is required to know or understand the nature and characteristics of employees. The requirements are based on the manager's mastery motives on behavior and actions are limited by motives, then managers can influence subordinates to act in accordance with the wishes of the organization. Motivation is basically the process of influencing someone to do something they want (Martoyo, 2000). In other words, it goes beyond someone's urge to do something. The impulse in question is a natural urge to meet the needs of life and a tendency to maintain life. The most important thing in this case is a deep understanding of humans. As said by Liang Gie in Martoyo (2000), motives or impulses are impulses that are the basis for someone to do something or work with high motivation, namely those who make great efforts to support organizational goals. Someone without motivation only gives a minimum effort to work and tends to not give anything to the organization.

The motivation described earlier is intrinsic motivation or motivation originating from oneself without the encouragement of others. This can occur due to self-impulse needs. Motivation does not only come from within oneself or intrinsic motivation, but there is also motivation which is encouragement from other parties called extrinsic motivation.

Extrinsic motivation is motivation that is caused by the encouragement of others for example managers who provide motivation to their employees in doing the work given. In this case, the role of a manager or company leader is very important in creating enthusiasm and passion for the work of its employees. Leaders must be able to explain the company's vision and mission well and provide direction to their employees to complete company goals. In addition, leaders must also be able to be an example, role model, and inspiration for their employees. Thus, the leadership style that is applied it will produce employees who are capable, skilled, and committed to the company (Adawiyah, Tjahjono, & Fauziyah, 2016).

Based on the explanation above, the role of the leader is also important in increasing employee commitment to the company. A good leader must have a leadership style that can encourage his employees to become better and professional at work. The thing that can affect employee commitment is the leader of the organization or company. As a leader, the behavior of the leader will be an example and influence the behavior of its employees (Aninda, Putrawan, & Santosa, 2018). As a leader must also be able to act as the closest mediator in a trusted work environment to ensure that employees are satisfied and continue to be committed to the company. Thus, the leader must be very understanding of the impact that will occur from his behavior on the perception of employees in the workplace, or even the organization as a whole, and adjust the leadership behavior to increase the commitment of employees.

Naim & Lenka, (2018) commented that in an organization, leaders play an important role in shaping everything in a company or organization. Examples are organizational culture and employee attitudes at work, which in turn make it responsible for creating commitment among employees towards the organization. Studies have identified four of the most common leadership styles in the past that have had a strong influence on the level of commitment of employees towards their organizations, which include transformational, democratic, transactional, and autocratic leadership styles (Ali, Ali, & Sheraz, 2020). According to Johnson & Klee (2007) research found that employees' perceptions about their leaders are one of the main determinants of their attitudes at work and overall commitment to the organization (Ali, Ali, & Sheraz, 2020).

Leadership style has several types, such as autocratic leadership style, democratic leadership style, transactional leadership style, transformational leadership style, and laissez-faire leadership style (Mayowa-Adebara, 2018). In this study the leadership style used is the transformational leadership style. According to Grant (2012) transformational leadership style is a leader who has creative thinking, innovators, and motivators who ensure their employees work according to the direction given, listen to the aspirations of their employees and enable their employees to do their work as comfortable as possible according to organizational goals (Mayowa-Adebara, 2018).

Transformational leadership is when a person (or more) relates to other people in an organization so that leaders and employees help each other develop to arrive at higher levels of motivation and morality (Burns, 1978). In transformational leadership there is a bond that exists between leaders and those who are led to grow together for the better. They do something not because they are only paid or take and give, but they both give. In the long run, this transformational leadership will give birth to new, better leaders. In other words: a leader gives birth to a leader. Steven McShane (2009) states that transformational leadership has four elements, namely: creating strategic vision, communicating vision, modeling vision, and building commitment to achieving vision (Aninda, Putrawan, & Santosa, 2018).

The author is interested in doing research at the company where the author did an internship last semester. The author is interested in the company because the HRD manager of this company reveals that some employees from various departments have complained about the distribution of salaries and bonuses that are not in accordance with the work done. In addition, the HRD manager also revealed that some employees felt that the role of the leader who rarely came to visit made employees feel less cared for by the leadership. As a result of something felt by employees this causes resignation of employees who feel less satisfied with the company and do not show commitment to the company.

In this study the researcher wanted to prove whether there was an effect of distributive justice compensation, motivation, and transformational leadership style on the affective commitment of employees at PT. Rizky Artha Mulia Bersujud (PT.RAM Bersujud) is a company engaged in coal mining contractor services (transportation services using trucks) at PT. Borneo Indo 3 Bara. The main office of PT. RAM Bersujud is located on Jl. Kodeco KM. 7 Sarigadung Village, Simpang Empat District, Tanah Bumbu Regency, South Kalimantan. This company developed from a limited partnership partnership to a limited liability company on December 15, 2017. PT. RAM Bersujud has a vision to be the best transportation service provider in the South Kalimantan region. PT. Rizky Artha Mulia Bersujud is a company that works as a coal mining contractor at PT. Borneo Indo Bara in accordance with the work contract between the two companies. Based on the contract letter, PT. RAM Bersujud as a mining service in the field of transporting, loading and moving coal with its own fleet. This company has employees as of mid-2020 already has 163 workers with 75% local employees (residents near the mine site) and 25% employees from the Tanah Bumbu area. The reason researchers want to conduct research on affective commitments at PT. RAM Bersujud is that many of the employees who last a long time at this company were initially low in positions at the company until now being in charge of PT. RAM Bersujud.

1.2. Problem Formulation

Based on the background of the above research, the formulation of the problem to be investigated by researchers is:

1. Does distributive justice compensation affect the affective commitment of employees at PT. RAM Bersujud?
2. Does the transformational leadership style affect the affective commitment of employees at PT. RAM Bersujud?

1.3. Research Objectives

Based on the above problem formulation, the objectives of this study are:

1. Identify the effect of distributive equity compensation on the affective commitment of employees at PT. RAM Bersujud Batulicin.
2. Identify the effect of transformational leadership styles on employee affective commitment at PT. RAM Bersujud Batulicin

1.4. Research Contributions

Based on the research objectives written by the author, this research is expected to have direct or indirect contributions. The contributions of this study are as follows:

1. Theoretical

This research can be used as a reference for further research that has a relationship with the distribution of fairness of compensation, work motivation, transformational leadership styles, and millennial and non-millennial generations related to employee affective commitment.

2. Practice

a. To Writer

Can add knowledge and direct experience in research on the effects of distributive justice compensation, work motivation, and transformational leadership styles that can affect affective commitments with millennials and non-millennials as a moderating variable.

b. To Company

Can add insight for companies to increase employee affective commitment with the company by providing fairness to the distribution of compensation, also providing good work motivation and implementing a good transformational leadership style and in accordance with company needs.