

CHAPTER I

INTRODUCTION

A. Research Background

In a company, it cannot be separated from the leaders and employees. Leaders must be able to establish good relationships with employees to achieve their goals quickly. In this day and age, many employees do not last long to work in a company because of various factors: employees do not get what they want. In other words, employees have not received satisfaction at work. Job satisfaction is the level of pleasure that a person feels for his role or job in the company. The level of individual satisfaction that they are rewarded in kind from various aspects of the organization's job situation where they work. So job satisfaction concerns the psychological individual in the organization caused by the state he feels from his environment. T. Hani Handoko (2000: 193-194) suggests that job satisfaction (Job Satisfaction) is a pleasant or unpleasant emotional state with employees seeing their work. The time/duration of completion reflects a person's feelings about his job. This can be seen from the positive attitude of employees towards work and everything in their environment.

The level of job satisfaction is one factor that affects work performance because that ultimately affects organizational effectiveness. Moreover, employee job satisfaction is not enough to only be given incentives. However, employees also need motivation, recognition from their superiors for their work results, work situations that are not monotonous, and opportunities to take the initiative and be creative. Kreitner and Kinicki (2008) state that a person's job satisfaction is measured by calculating the difference between what should be and the reality he feels. Job satisfaction is achieved

when the desired minimum limit has been met. That is, there is no difference between what is desired and reality. If what is obtained is more significant than expected, then people will become more satisfied. The gap that occurs is a positive discrepancy. Conversely, if the gap that occurs is far below the expected minimum standard, then a negative discrepancy will arise, which results in greater dissatisfaction with work.

Employee job satisfaction cannot be separated from a leader's role in providing justice to every employee for the work they have done, be it distributive justice or procedural justice. One example of a leadership style is transactional leadership. According to Bycio et al. (1995) and Koh et al. (1995), transactional leadership is a leadership style in which a leader focuses on interpersonal transactions between leaders and employees that involve exchange relationships. The exchange is based on an agreement regarding the classification of objectives, work standards, work assignments, and rewards.

Burns defines *transactional leadership* as leadership that motivates subordinates or followers with their interests. Transactional leadership also involves values, but those values are relevant to the exchange process's extent, not directly touching the desired change substance. Kudisch argues that transactional leadership can be described as:

1. Exchange something of value to others between the leader and his subordinates.
2. Interventions carried out as an organizational process to control and correct errors.
3. Reaction to not achieving predetermined standards.

According to Metcalfe (2000), transactional leaders must have clear information about their subordinates' needs and wants and must provide constructive feedback to

retain subordinates on their duties. In transactional relationships, the leader promises and rewards his subordinates who perform well and threatens and disciplines his underperforming subordinates.

Bernard M. Bass argues that transactional leadership is leadership where leaders determine what employees must do to achieve their own or organizational goals and help employees gain confidence in doing these tasks.

Transactional leadership is a leadership style in which a leader encourages employees to work by providing resources and rewards in return for motivation, productivity, and effective task achievement.

Bass (1990) and Yukl (1998) suggest that the relationship between transactional leaders and employees is reflected in three things, namely:

1. leaders know what employees want and explain what they will get if their work is in line with expectations;
2. The leader exchanges the efforts made by the employee with reward; and
3. The leader is responsive to employees' interests as long as these interests are proportional to the value of the work the employee has done.

Based on the nature or style of the transactional leader above, the leader must provide salaries, gifts, and awards to every employee who has worked according to the targets that have been given by the company so that employees will commit to the company. Several empirical studies show that distributive justice and procedural justices are significant predictors of employee attitudes and reactions related to formal organizational policies, both positive reactions (Sweneey & McFarlin, 1993; Colquitt, 2001; Colquitt et al. 2001; Tjahjono, 2010 & 2011) and adverse reactions (Skarlicky & Folger, 1997; Tjahjono, 2008; Palupi, 2013) and precisely predict job satisfaction (Tjahjono, 2010 & 2011). According to research conducted by Bakhsi et al. (2009),

procedural justice and distributive justice have a positive and significant effect on job satisfaction. Procedural justice is how organizational members define the perceived fairness of the processes carried out by organizational leaders in decision-making (Witt, Kacmar, & Andrews, 2001). Procedural justice explains that people not only evaluate results but also evaluate procedures to determine these allocations. (Taylor et al, 1995; Tyler & Blader, 2003). Tjahjono (2008b) emphasizes that procedural justice is a fair mechanism for obtaining the expected welfare. Distributive justice is justice related to the allocation of outcomes or results obtained, such as satisfaction, commitment, and performance (Folger & Konovsky, 1989; Masterson et al., 2000). Tjahjono (2008a; 2009b; 2010; 2011; and 2014) adds that distributive justice is transactional between organizations and employees.

Based on some of the experts' explanations above, it can be concluded that leaders' role is vital to justice in the company, which has an impact on employee job satisfaction which results in employee commitment to the company. Therefore, the researcher wants to examine one of the Yogyakarta companies engaged in non-bank financial institutions, namely BMT Artha Amanah. BMT Artha Amanah has seven branch offices spread across Yogyakarta, with 136 employees.

In this study, researchers aimed to explore perceptions of fairness and how transactional leaders' role in providing justice to BMT Artha Amanah employees, which has an impact on employee job satisfaction. This research can help improve the performance of leaders in BMT Artha Amanah. Therefore, it is hoped that leaders can be fair to their employees and can improve the quality of human resources at BMT Artha Amanah.

B. Problem Formulation

1. Does transactional leadership have a positive impact on employee job satisfaction at KSPPS BMT Artha Amanah?
2. Does distributive justice have a positive effect on employee job satisfaction at KSPPS BMT Artha Amanah?
3. Does procedural justice have a positive effect on employee job satisfaction at KSPPS BMT Artha Amanah?

C. Research Purpose

1. Identifying, the effect of transactional leadership on employee job satisfaction at KSPPS BMT Artha Amanah.
2. Identifying the effect of distributive justice on employee job satisfaction at KSPPS BMT Artha Amanah.
3. Identify the effect of procedural justice on employee job satisfaction at KSPPS BMT Artha Amanah.

D. Benefits of Research

1. Theoretical

This study's results are expected to provide benefits and as a reference for further research that has a relationship with transactional leadership, justice in organizations/companies, and has a relationship with job satisfaction.

2. Practical

- a. For writers

Increased knowledge and direct experience about transactional leadership, distributive justice, and procedural justice can affect employee job satisfaction at KSPPS BMT Artha Amanah.

b. For the companies

As input and add some insight for company leaders to meet employee job satisfaction in the company, and evaluate their rules regarding distributive justice and procedural justice in the company.