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INCREASING LEADERSHIP ROLE IN MAINTAINING AND IMPROVING EMPLOYEE MORALE IN PT. AA

Richard Han

¹Magister Akuntansi, Universitas Surabaya, Jl. Raya Rungkut, Kali Rungkut, Kec. Rungkut, Kota SBY, Jawa Timur 60293

Abstract: The purpose of this research is to find the best recommendation for the moral crisis that PT. AA is facing and avoiding problem in the future. Facing moral crisis can giving away new business opportunity, time wasted, and energy that is not allocated correctly for the expansion of the business instead the efforts are directed to end the problem that is currently happening. The methodology that used is qualitative with interpretivism paradigm. To obtain the critical data about morale and value of the employee are needed to have an interview, observation and data collection. The result of this research found that top-level management changed their strategy in these past few years and the leadership is considered enough influential but not authoritarian and not proactive. For the employee's morale in this company is considered marginal while they are not attached to their company and didn't have a good sense of belonging.

Keywords: Leadership, Morale, Moral, Decline, Herzberg.

Introduction

Company performance is determined by their employee performance as employees are organisational assets that are important, they become a key driver for change, especially in a rapidly changing environment (Siengthai & Pila-Ngarm, 2016). Therefore, making the employee do the best they can that are crucial to the whole company performance. To obtain the employee to do their best it is vital for them to make their morale is the proper state (Klinger & Judge, 2008).

Morale is intangible. Morale is part of our identity. Confidence, integrity, enthusiasm, and discipline is part of our morale. Morale is shaped with our value because in our value it holds to our understanding of the different value to each person it is difficult (Klinger & Judge, 2008).

Employee morale in human resource is defined as, employee's satisfaction, the feeling of the employee toward their job (Klinger & Judge, 2008). There is some argument in this field while some are employee satisfaction is a matter or not. Employee morale if ignored can lead to a devastating outcome, that outcome in which can bring negative impact to the organisation or company, from gradually having low work performance until the worse if being responsible for the work that supposed their primary responsibility.

The leader is very crucial in employee morale. Leadership was the second leading criteria identified as a fundamental factor to inform employee morale. Effective leadership is a higher-order, multi-dimensional construct comprising self-awareness, balanced processing of information, relational transparency, and internalised moral standards (Anitha, 2014).

Job satisfaction is caused by two main factors which are hygiene and motivation factor, famously known as Herzberg's two factors theory so to increase these two factors which can support the job satisfaction can be done by the leader of the company (Herzberg, 1959).

There are a several of study that point out that job satisfaction in Indonesia are in average low meaning many people that work in Indonesia are not satisfied by their work. According to a recent Accenture study, Indonesia ranked the lowest with only 18% of respondents saying they're satisfied with their work (Business Insider, 2012), and Job Street survey 73% means they didn't have a satisfaction. (Job Street, 2014), and from the data of Kementerian Keuangan shows in average around 58% people are satisfied with their work (Kementrian Keuangan, 2012). From this data, we can see there is only a small portion of people that satisfied from their work, and many of them didn't.

For this research is about PT. AA, PT. AA is an insurance broker that has been in business since 2008, and the company age is relatively new only nine years old company. PT AA is a subsidiary from PT. Axle Indonesia which is a holding company. An insurance broker is a specialist in insurance and risk management. Insurance brokers act on behalf of their clients and provide advice in the interests of their clients, not to be confused with the insurance agent. An insurance agent is working on behalf of the insurance company they work to and are not liable for false advice they give, while insurance broker is entirely independent and accountable if they give incorrect advice.

The problem in this company lies on the employee morale which is in a way is not in a good state. One of the most significant problems that the company has is that the employee has lack of sense of belonging in the company thus employee turnover in the recent years are slightly higher than what is expected. Secondly, there is some case in the company that there are several individuals that are disconnected from the whole company making a smaller grouping which didn't support the business of the company. The third and last problem that the company encounter that there is some division in the company that is in rivals with other division even though that two division is entirely is different a field.

What this company experience the moral problem may be varied through employee, for the most significant problem that affects a large number of employee in the company is several employees have a high rate ratio. There's also not working seriously through the beginning of the day, having more excuse of not working or going home early and feel of apathy when the company conducting a company event (company outing) those are just three current moral problems that the company face, there are some previous morale problem which will be explained later.

Those are the moral problem that PT. AA has at the time. Clearly, this company need some changes for the morale of the company that can support the company in the long term. Thus the leader is needed to be more active in the company and to more open and sensitive from the internal and external point. PT. AA is not insensitive but rather can increase the rate of sensitiveness internally and externally.

There a lot of trait of low employee morale one of the noticeable trait that the HR (Human Resource) consultant and the management team notice is that some employee get a misleading information or more suitable word is hoax that the company they're working is going to be bankrupt soon, another trait is some employee are more often be late at work and more often have a classic excuse for being sick, menstruation cycle, or have family matter.

Being a leader can have many influences to the employee, to have a right environment the leader needed to understand, with the act of the leader in the right situation can determine the future of the company and can turn the tides of this current condition.

On this thesis will discuss the problem that the company has in which has low employee morale. Low employee morale, in this case, mainly has flat attachment or sense of belonging to the company, affecting having irresponsibility toward their job and one example making a troubling scene on the company in which divide the company into two group in which in time making havoc in the company. In short this thesis aim to increasing leadership role in maintaining and improving employee morale in PT. AA.

Literature Review

On this study, the methodology that is used is qualitative with interpretivism paradigm. Because to obtain the critical data cannot be done with just questionnaire, in this research is about morale and value of the employee are needed to have an in-depth interview, observation and data collection. In-depth interview is crucial in this research because the need to dig the information is essential for this research furthermore to analyse the data from the interview to have a better result. Observation in this research is not done by only purely observation instead get involve by getting internship on the company to get more information from the daily routine, the company culture, working environment, and the fact the behavior that may not explicitly mention in the interview, for example, the behavior of one individual toward another individual that is mention in the interview is contrast from the behavior of the individual. Last data collection, in this case, is some of the document of the employee which the company are stored, for example, employee background.

The interview and observation of the research will be done in Jakarta as the headquarter. There are three branches that spread out beyond Java islands like in Makasar, Balikpapan and Banjar and one branch in Surabaya but because the main problem is in Jakarta while the other branch didn't show significant problem the observation and the interview mainly done in Jakarta, and there only a small portion of employee that are spread out in those branch outside Java island and the majority of the employee is on Java island to be specific on Jakarta, observation are done in Jakarta and due to limit of research time. The reason the interview and observation also need be done in Jakarta mainly the interview, because the CEO (Chief Executive Officer) and CFO (Chief Financial Officer) are assigned in Jakarta while the CSO (Chief Service Officer) are mainly assigned in Surabaya with some occasion needed to be in Jakarta, and HRM (Human Resource Manager) are mainly assigned in Jakarta with some occasion needed to travel in all the branches.

The data obtained from interview, observation and data collection are needed to be valid and accurate. Therefore, the data should come from any points of view, and not be one-sided. Observation is crucial at this point thus getting involved directly in their daily basis and can get more information from their daily routine.

Access to the company are usually limited to the external party, but with a good connection, the access to the data including interview, observation, internship and data collection are transparent and sincere without hesitation.

Company Overview

PT. AA is an Indonesian insurance broker founded in 2008, founded by Mr JG, Mr TS, Mr RH, Mr HH and Mrs TT. From these five people who previously worked in the foreign-based company have the same vision to make a company that is made by Indonesian. Thus in 2008 PT. AA was founded with five people have the vision to make an insurance broker from local people, mainly at that time, and until now many insurance brokers in the market are dominated by a foreign company. Although PT. AA is relatively new in the insurance market it can thrive extraordinary in the first four years ranking 16th in Indonesia broker by OJK (otoritas jasa keuangan). But in this last few years PT. AA has lost their rank and falling from the 16th to the somewhere 100th.

Methods

In this chapter will be exposed to the details of the study, bias minimisation, and study design of this study. In the details of the study will be described in the method of writing, data collection methods, and to answer the mini research question. In the minimisation, the bias will be described on how the author to minimise the bias that can occur. While in the design of the study will be an explanation of the stages to be undertaken while conducting this research.

Detailed Study

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Findings

In this working environment, sub-chapter there will be an interview with Mr MT as the vice president of the general division, Mr TS as the president director, Mrs TT as the human resource consultants, and Mr YS as the director. Observation is done in the office in Jakarta and involved in their daily operation (field survey, FGD, and small discussion).

The working condition of the company is considered above average. Starting from the office itself are in South Jakarta around Blok M, inside the company employees have all the necessary needs and comforts for their daily routine in the office. Secondly, the top-level management or the management team as they called in Axle-Asia give an excellent support and motivations to their employees and the management team are close to their employees, which are mention by Mr MT.

Currently the company have more than 60 employees all around Indonesia, mostly are in Jakarta as in the headquarter of the company, around 40 employees in Jakarta, 10 employees in Surabaya as the biggest representative office, and in other office representative have a small team consist of 3 to 6 people of employees who are located in Makasar, Balikpapan, and Banjar each have their team. In this company, the top-level management is called "the management team" (tim manajemen/bagian manajemen).

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From the interview, observation, and data we can see that the working condition in very open since the beginning and recently are changing to be a bottom-up approach where the management team want the employee more independent in the coming days. AA has always been aiming to open space design from the beginning they want to make more of close between employee and the management team. This lead the environment are relatively rukun (harmonious and peaceful).

PT. AA have five leaders four of which is the founders of the company, while all the leaders have different style, but they also have in commom which is lack of leading in the company. While is not necesarally bad leadership, rather passive leadership leading the employee contion being too relaxed.

With the management team have various type of leadership this can be an advantage to Axle-Asia, with each leader have their style of approach to the employee they can arrange their strategy to manage and approach employee in this matter, but also in the leadership condition the leaders didn't really enforced the punishment making the condition relaxed, this can be condisered the leadership is rather weak and not proactive.

PT. AA has established good rules and regulation for the company, Axle-Asia has recently starting to distribute a handbook for the rules and regulation which will be renewed every two years. This book has the goals to help the employee to understand more regarding the regulation aspect and to build discipline culture in PT. AA. While the company has established good guideline like rules and regulation, it is not well implemented in this company rather is ignored for this aspect.

Every employee in PT. AA can be considered a good hygiene and mederately-motivated because in this company the employee has been well paid while the employee has a close relationship with their co-worker and their management team. They didn't have the proper motivation for the work rather became lazy and tardy with also because of the lack of punishment implemented. So, in conclusion, the employee morale in this company can be declining with the added problem that the leaders didn't take proactive step to aid this problem.

The leadership in this company is unique with the current combination of the leader's leadership style, for example charismatic, transactional, a combination of transformational leadership and charismatic, a combination of transactional and transformational leadership style. With various leadership styles, the leaders can complement each other and manage to be an effective and efficient team in leading the company.

Currently speaking the condition of the company is in bad condition for morale and the systematically rather marginal, while not on the good condition. The company struggle to improve themselves and try to stay afloat in the market. From the interview with Mr RH as the CSO, he mentions that from the event from the directors of the employee benefits at that time are making “kubu-kubu” (grouping based on the individual distinction) in this case the contrast is in EB and general because this two division are the revenue centre of the company. With this grouping having now give negative impact to the company, what happened is having a sense of disunity in the working environment. Many negative impacts are lack of cooperation in the office, decrease in productivity, questioned each other unproductive how they conduct their business which all this lead to the decrease of overall revenue and loss of the company rank.

This grouping or “kubu-kubu” as mention my Mr RH and Mr HH are refer the act that employee benefits “trigger” to cause disunity in the office. The meaning of “kubu-kubu” has been around in the company making a well-used word among the management team one, which Mr RH and Mr HH used that word specifically in the interview, both Mr RH and Mr HH agree that this grouping causing disunity in the office making the business progress are declining during that moments. What “kubu-kubu” mean by Mr RH and Mr HH is where a group of employees in the company are more loyal and more connected to their colleague wherein the same division and where see other employees that didn’t in the same division sees as rivals and the one in the “kubu” have a sense of disconnected from the company as a whole. Making that employee in their respected “kubu” is not part of the bigger picture.

Mr HH also sees that the problem the company had at that time, a disunity of a company, a company which cannot progress to the future and in an incompetent state to compete with other company. Mrs DP didn’t see her work as a part of the bigger company but rather of her group which is employee benefits division. This raises the suspicion that she didn’t feel like part of Axle-Asia anymore. From that grouping the company didn’t end in a better situation rather, it may find itself in a difficult situation when that happens. Where an environment of discomfort.

While it’s hard for the management team to tackle this problem because they never experience this kind of problem before in their career and what makes it’s harder than the cause of the problem is one of the directors of the company which she at the time is an important individual for the company, which the management do is a slow and ineffective progress to tame the problem first. Which later we found out doesn’t lead to anywhere since there a new problem that the company have.

Not long after the director of employee benefits start the grouping approximately three years after it all begun, what from bad became to the worse scenario which is the director of employee benefits has been offered a better position and better wages in another company. There is some concern that the company have at the time, one is that at the time Mrs DP handles several clients who have the possibilities of losing clients, secondly that if she moves PT. AA needs to find new people or change some strategy in effect, last which is very controversial at the time if the directors of employee benefits decide to stay the management team know it wouldn't work for the long term because the management team know what is her nature now.

From two of the interview respondent, Mr RH and Mr HH both have the speculation of what and when Mrs DP start her motive is, which lead to the downfall of the company. Both didn't know when it exactly started, but they speculate because they didn't suspect one of the directors that cause the problem in the company. Moreover, another company that offered a higher position and higher salary for a director which is very rare because a salary of a director is already considerably high and not much company willingly pay higher than that. With more salary, of course, the bidder or the one who offer are certain that the person that they willingly pay more can bring more business to the new company than the previous company, which again very rare and not expected the least.

What the management team decide is an option that causes the least harm for the whole company. They know for whatsoever they do have some negative impact to Axle-Asia. At the moment this a matter of the individual ego as mention in the previous sub-chapter by Mr HH.

What the management did they try to hold the director stay which they prevail Mrs DP decide to stay at AA now. Of course, of course with compensation of raise salary and fringe benefits.

There some disagreement whether to make the director stay or leave, one of it who mention on the interview is Mr RH and some other which disagree to make her stay with the company, because of the behavior pattern that she made. For what the management hope that will not happen, it happened their previous effort to contain the problem was a failure, from all the resource that has been used to contain the directors of employee benefits has failed and wasted, none of the efforts makes her change her mind, and what Mr RH has speculated has to happen.

The first thing to do is the management make sure that the company operational are not disturbed and make a change to the organizational structure to make the interference from this changing management to a minimum.

Conclusion

Here we can see the company not only face with employee declining morale but also their business aspect. For this company problem there is two-step recommendation that I recommended, first is for the leadership aspect, and the second step is to improve the business performance with minuscule overhead cost. Each recommendation has their own cost, not necessarily financial cost but also non-financial cost like energy, time and commitment through the leader.

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