

## **The Effect of Leadership Style on Motivation to Improve the Employee Performance**

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### **ABSTRACT**

Human resources (HR) is one of the most important factor in an organization, especially for PT. PELNI, a prominent goverment-owned marine transportation company. This study aims to determine the factors which can improve the performance of employees at PT.PELNI. Upon getting feed back from 78 employees, it is obvious that the company has apparently been successful in motivating its employees to demonstrate good performance. Success indication can be seen from the regression coefficient  $X_2$  (Work Motivation) of 0.428. While the regression coefficient  $X_1$  (Leadership Style) of 0.357. This indicates that the motivation influences employee performance greater than leadership. Accordingly, PT. Pelni can be taken as an example of a good company in motivating its employees.

**Keywords:** Human Resource, Leadership Style, Motivation, Employee Performance.

## Introduction

In an organization, leaders and employees must work together different tasks in order to achieve expected results. Every leader, must have their own leadership style. Mulyadi and Rival (2009) mention that leaders in their leadership era needs to think as well as to demonstrate leadership styles. By having a certain leadership style, then, an employer will be able to affect the performance of employees in an organization. In other words, leadership style plays an important role in running the organization.

Furthermore, in addition to leadership style, an important element of value in an organization is work motivation. Handoko (2003) stated that work motivation is an individual's personal circumstances that encourage the willingness of the individuals to perform certain activities in order to achieve a goal. Similarly according to Umar (1999); motivation is a factor that can lead to job satisfaction and improve employee performance. In organization life, employees need to get a boost as a form of work motivation to improve their performance. Thus, work motivation has to get serious attention from the leader of an organization or the management, especially for leaders whose daily work is directly in contact with subordinates in the workplace. Thus, motivation is an important variable that needs to receive serious concern from the organizations in improving employee performance.

As mentioned previously, employee is one of the main elements that has a crucial role in determining the progress of the organization. Employee performance is important to note because it can affect the achievement of organizational goals and the level of survival in the ever increasingly intense global competition. In other words, employees are important human resources to achieve the organizational goals and employee performance in an organization needs to get a really measurable as-

essment. In other words, the performance assessment is determined by the results of the human resources (HR) activities with performance standards previously set out by the organization.

There are some variables that can affect the performance of the employees, which according to Wirawan (2009) and Suranta (2002), are leadership style and work motivation. Employee performance is highly integrated with the role of the leader while the motivation is needed by the employee to work. Not only do leadership style and work motivation concern private organizations but also become a great concern of the state owned transportation company known such as PT PELNI (PT Indonesian National Shipping) which serves to provide marine transportation services which includes transport of passengers and cargo freight among the islands in the country.

The method used in this study is a survey method, while technical analysis of the data use a combination of descriptive statistical techniques.

Meanwhile, the data used are primary data concerning the social profile and identification of respondents, and secondary data is a source of research data obtained indirectly by researchers.

## Results and Discussion

Based on respondent profiles of the 100 distributed questionnaires 73 were returned, hence, the number of employees of PT. PELNI can be said to be balanced between men and women. The number of male employees who filled out a questionnaire is 36 and the number of female employees is 35. Meanwhile, age range and length of service results are varied, 30 employees of PT. PELNI (46.6%) aged 41-50 years with 11-20 years old work, and, 17 employees aged 21-30, as well as 8 employees aged >

50 years. Furthermore, in the longest length of service, only 3 employees who have worked for > 30 years and 1 employees who have worked between 5 to 10 years. This indicates, that PT. PELNI is able to motivate and maintain the employees presence to keep working.

**Table 1 Profile of Respondents**

No.	Description	N	Percentage	
1	Gender	Male	36	49.3
		Female	35	47.9
	<b>Total</b>	73	100.0	
2	Age	21-30	17	23.3
		31-40	14	19.2
		41-50	34	46.6
		>50	8	11.0
		<b>Total</b>	73	100.0
3	Education level	Senior High	18	25.0
		D3	4	5.6
		S1	42	58.3
		S2	8	11.1
		<b>Total</b>	72	100.0
4	Length of service	<5 years	17	23.3
		5-10 years	1	1.4
		11-20 years	30	41.1
		21-30 years	22	30.1
		>30 years	3	4.1
<b>Total</b>	73	100.0		

Furthermore, based on the education level, the majority of employees of PT. PELNI are university graduates in undergraduate level with as many as 42 employees, only 11.1% are in graduate level. Then, a high school graduate employees amounted to 17 people and D3 4 people. This shows, education of employees at PT. PELNI very varied.

The hypothesis presented in this study are as follows:

#### Hypothesis 1

$H_0: \rho_{y1} = 0$  there is no relationship between leadership style with the performance of the employee;

$H_a: \rho_{y1} > 0$  there is a positive relationship between leadership style to employee

performance.

#### Hypothesis 2

$H_0: \rho_{y2} = 0$  there is no relationship between work motivation and performance of employees;

$H_a: \rho_{y2} > 0$  there is a positive relationship between work motivation and performance of employees.

#### Hypothesis 3

$H_0: \rho_{y3} = 0$  there is no relationship between leadership style and work motivation and performance of employees;

$H_a: \rho_{y3} > 0$  there is a relationship between leadership style and work motivation and performance of employees.

The multiple linear regression calculation between Leadership Style ( $X_1$ ), and work motivation ( $X_2$ ) on Employee Performance (Y) shows the following results:

**Table 2 Coefficient**

Vari-ables	Coeffi- cient	t	sig
Constant	3.456	7.71	0.000
X1	0.357	3.400	0.001
X2	0.428	6.502	0.000

Source: primary data

The results of the multiple linear regression equation above indicates that constant value of 3.456 means that if it is not influenced by the variables; Leadership Style ( $X_1$ ) and work motivation ( $X_2$ ), then, Employee Performance (Y) will not change (constant). In addition,  $b_1$  (regression coefficient  $X_1$ ) of 0.357 means that if the Leadership Style ( $X_1$ ) is further improved while the other variables are fixed (constant), then, Employee Performance (Y) will increase. Lastly,  $b_2$  ( $X_2$  regression

coefficient) of 0.428 has a meaning that if the work motivation ( $X_2$ ) on employees increased, whereas the other variables are fixed (constant), then, Employee Performance (Y) will increase. Based on the regression equation, the most dominant factor in influencing work motivation employee performance is proven by the value of the greatest regression coefficient; that is equal to 0.428 which results in regression equation  $Y = 3.456 + 0,428X_2 + 0,357X_1$ .

The magnitude of the variable percentage of Employee Performance explained by the independent variable (coefficient of determination) is indicated by the value of Adjusted  $R^2$  which equals to 0.500 using as independent variables in this study which is more than one. This means that the employee performance able to be explained by the leadership style and work motivation with a value of 50%, while 50% are explained by other variables not examined in this study.

A t-test is completed to test the variables' relationship with results as seen in Table 3.

**Table 3 Model Summary**

Model	R	R <sup>2</sup>	Adj. R <sup>2</sup>	Std e
1	.707 (constant)	0.500	0.482	0.32385

Source: primary data

Partial test results (t test) are listed in the table can be explained that the effect of leadership Styles on employee performance is shown with t value of 3.400 and the table = 2.000 with a significance value of 0.001 <0.05. So it can be said there is significant relationship between leadership style on employee performance is partially accepted. Furthermore, the effect of work motivation on employee performance is shown

with t value of 6.502 which is greater than the table = 2.000 with a significance value of 0.000 <0.05. So it can be said, there is a significant influence between work motivation on employee performance.

Next, simultaneous test is used to test the hypotheses about the effect of leadership style and work motivation against employee performance at the same time.

**Table 4 ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.978	2	2.989	28.498	0.000
Residual	5.978	57	0.105		
Total	11.956	59	-		

Source: primary data

Based on the results of the calculations the calculated F values obtained for 28,498 with the results of significance of 0.000, while the degree of freedom in item 57 in table 2 and table F obtained a value of 3.16 so that the calculated F value of 28.498 > F value table = 3.16 (significant). This may imply that the influence of the leadership style and work motivation together has significant influence on employee performance. So the third hypothesis stating no influence of leadership style and work motivation simultaneously is rejected.

## Conclusions and Recommendations

Based on the leadership style and motivational work practiced by PT Pelni, then, it seems obvious that there is a significant relationship between leadership style on employees has improved the performance and motivation of all employees within the company, therefore, the attempts that have been made and the situation makes is worth maintaining.

In line with that, to support the data for the top management in making policies

related to performance, it would be best, to execute work motivation research be based on work environment and facilities provided and which type of leadership style that is most effective to be implemented which enable the improvement of employee performance.

While for the next research area to be covered, it is suggested to examine other variables related to employee performance measurement which can not be studied by the present research which is work motivation based on the work environment and facilities provided that includes the more effective type of leadership style which enable the improvement of employees performance.

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