

The Determinants of Employee Performance

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The Determinants of Employee Performance

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Abstract

The success or failure of an organization is determined by the human element who does the work, so that an employee needs to be treated well so that the employee remains passionate about work. Organizational leaders are required to treat employees well and view them as human beings who have needs, both material and non-material. Organizational leaders also need to know and try to meet the needs of employees, so that employees can work according to organizational expectations. This study aims to identify and analyze the efforts that can be made in order to increase employee morale because it needs to be empirically proven the factors that influence employee performance. In this study the number of samples used was 41 employees. The technique used in sampling is a census method that is based on questionnaire distribution, the data used is primary data. Data analysis method uses quantitative methods using Smart PLS.3 software. The results of testing the hypothesis found that Leadership Style has a significant effect on Employee Performance when mediated by high Employee Motivation so that the implications of this study are to improve leadership style in carrying out tasks and responsibilities in work such as fair, contribute positively and improve leadership training so that in making decisions more easily, and applying idealized influence, inspirational motivation, intellectual stimulation and individualized consideration, the leadership style will also increase and have a positive effect on improving employee performance.

Keywords: Leadership Style, Work Motivation, Employee of Performance

Introduction

High or low employee morale is influenced by many factors, some of which are such as employee awareness of organizational goals, human relations in the organization, leadership, organizational level, wages and salaries, opportunities for promotion, division of tasks, responsibilities, individual abilities, feelings accepted in groups, environmental dynamics and personality. Of these factors, one of the factors that influence work morale is leadership that is applied in the company.

The ability of leaders to influence and inspire others will provide their own motivation for employees to do something to achieve the desired goals, so that it will trigger the morale of these employees. Based on empirical research conducted (Alonderiene & Majauskaite, 2016) shows the positive and significant impact of leadership style on job satisfaction that can improve employee performance, while the results of research (Hidayat, Rafiki, & Aldoseri, 2017) explain that leadership styles are well applied in Bahrain government organizations are transactional leadership and transformational leadership, research (Haakonsson & Burton, 2008) misalignment between organizational climate and leadership style has an impact on organizational performance, (Overstreet et al., 2013) explains that leadership style with organizational performance is good directly or indirectly shows a positive relationship where leaders motivate organizational change based on their peculiarities and perceptions of the environment, (Silverthorne & Chen, 2012) the higher the leader's leadership score, the more effective the leader's influence.

Further research conducted by (Limsila & Ogunlana, 2007) Transformational leadership style has a positive relationship with organizational performance and commitment, (Liu, 2013). Research conducted in companies in China shows that leadership change affects employee turnover which is moderated by collective human resources. while (Mohammad & Rad, 2006) explains that there is a significant correlation between leadership behavior towards employees and job satisfaction such as participatory leader behavior, the results of the study (Pawirosumarto, Sarjana, & Muchtar, 2017) show that there are positive and significant influences simultaneously between leadership style, work motivation, and discipline on employee performance. The results also show that there is a positive and partially significant influence between leadership style, employee motivation, and discipline on employee performance, (Limsila & Ogunlana, 2007)

Transformational leadership style has a positive relationship with employee performance and organizational commitment, research conducted on electronic companies Philips by (Peters, 2015) explains that the leadership style used by managers is different, (Shulhan, 2017) in leading schools, the principal must have an effective leadership style.

Methods

In this study the object of research is the performance of company employees in Indonesia. According to Sugiono (2003: 80) the population is a generalization area consisting of objects or subjects that have certain qualities and characteristics set by researchers to be studied and then drawn to conclusions. The population is the production department employees in the company. Samples can be defined as a part drawn from the population of Istijanto (2005: 115). Where to be able to obtain accurate data. The technique used in sampling is a random sampling method, which is as many as 41 employees of the company.

Primary data is data obtained from the first source both from individuals and group representatives. This data is the result of filling out questionnaires about work motivation and work environment filled by company employees. Secondary data is used to complete the data needed. Secondary data used in this study is in the form of data on the performance of production employees at the company. Data and information in this study are data sourced from the distribution of questionnaires that researchers spread to 41 company employees. To do data collection, the authors make data collection directly with field methods (field research), namely in the form of distributing questionnaires to company employees.

2.1 Data Analysis Techniques

2.1.1. Model Specifications

- Convergent Validity Test uses outer loading parameters with rule of thumbs > 0.7 and Average Variance Extracted (AVE) with rule of thumbs > 0.5 and Communality with rule of thumbs > 0.5
- The discriminant validity test uses the parameters Average Variance Extracted (AVE) $>$ latent variable correlation and cross loading with the rule of thumbs > 0.7 in one variable
- Reliability Test uses Cronbach Alpha parameters with rule of thumbs > 0.6 and Composite Reliability with rule of thumbs > 0.6

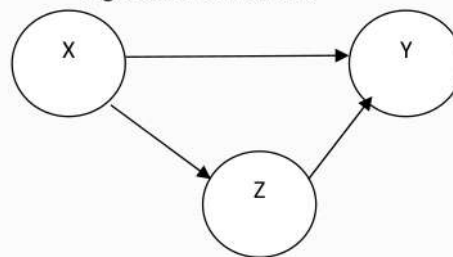
2.1.2. Model Evaluation

Hypothesis testing is carried out if the Rule of thumbs from the support of a research hypothesis is: (1) if the coefficient or direction of the variable relationship (indicated by the original sample value) is in line

with the hypothesis, and (2) if the t value is more than 1.64 (two -tiled) or 1.96 (one-tiled) and probability value (p-value) less than 0.05 or 5%.

Based on the study of theory and previous research, the framework of the study was made, namely in Figure 1. Following:

Figure:1. Framework



Hypothesis:

H₁: It is suspected that there is influence of Leadership Style (X) on Employee Performance (Y)

H₂: It is suspected that there is an ⁴influence of Leadership Style (X) on Employee Performance (Y) mediated by Work Motivation (Z)

Results and Discussion

Description of Characteristics of Respondents

From the results of questionnaires that have been conducted to 41 respondents in companies engaged in oil palm plantations, it can be seen that the characteristics of respondents in this study can be grouped by sex, age, years of service, marital status, employment status, education, departmental departments, and position employee. By knowing the identity of the respondent, the characteristics of the respondents will be seen in explaining variables well, in the form of leadership style variables as independent variables and work motivation as moderating variables and employee performance as the dependent variable in this study. For more details, they will be described one by one as follows:

1. Characteristics of Respondents by Gender

Data on the characteristics of respondents by sex can be seen in the table below:

Table 1.1
Characteristics Based on Gender

No	Gender,	Frequency	Percentage (%)
1	Male	41	100%
2	Female	-	-
	Jumlah	41	100%

Source: Primer of Data, 2018 (process).

Based on Table 1.1 regarding the characteristics of respondents based on sex, it can be seen that respondents in this study were dominated by male respondents as many as 41 respondents with a percentage of 100%. So it can be concluded that the distribution of characteristics of respondents by sex is dominated by male respondents, because the company is engaged in oil palm plantations that require a lot of male workers.

2. Age-Based Characteristics

Respondents by age can be seen in Table 1.2 below:

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Table 1.2

Characteristics of Respondents by Age

No	Age	Total	Percentage (%)
1	20-30 years old	22	53,65%
2	31-40 years old	14	34,15%
3	41-50 years old	5	12,20%
Total		41	100%
Average		13,67 years	

Source: Primer of Data, 2018 (process)

Based on Table 1.2 above regarding the characteristics of respondents based on age, where the highest respondents were those aged between 20-30 years as many as 22 respondents with a percentage of 53.65%. Then followed by the age level of respondents between 31-40 years as many as 14 respondents with a percentage of 34.15%. While the lowest respondents were those aged 41-50 years as many as 5 respondents with a percentage of 12.20%. Thus it can be concluded that the respondents of this study were dominated by employees aged between 20-30 or with a percentage of 53.65%. Because employees who are between the ages of 20-30 years are more needed because the company is engaged in a plantation that has many jobs in the field.

3. Characteristics Based on Work Period

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Respondents based on employee tenure can be seen in Table 1.3 below:

Table 1.3

Characteristics of Respondents Based on Working Period

No	Working Period	Total	Percentage (%)
1	2-5 years	13	31,71%
2	6-10 years	18	43,90%
3	11-15 years	5	12,19%
4	16-20 years	4	9,76%
5	>21 years	1	2,44%
Total		41	100%
Average		8,2 years	

Source: Primer of Data, 2018 (process)

Based on Table 1.3 regarding the ⁵ characteristics of respondents based on years of service, from 41 respondents who were sampled in this study, respondents based on the largest employee tenure, namely with a working period of 6-10 years as many as 18 people or with a percentage of 43.90%, the lowest employee work, with a ¹¹ working period of > 21 years as many as 1 person or a percentage of 2.44%. Thus it can be concluded that the study respondents were dominated by employees who worked from 6-10 years as many as 18 people or with a percentage of 43.90%. Because most of the employees of this company, they started working from high school graduates.

4. Characteristics Based on Employee Wedding Status ⁸
Respondents based on the marital status of employees can be seen in Table 1.4 below:

Table 1.4

Characteristics of Respondents Based on Marriage Status

No	Status	Total	Percentage (%)
1	Married	31	76,60%
2	Not Married	10	24,39%
Total		41	100%

Source: Primer of Data, 2018 (process)

Based on Table 1.4 regarding the characteristics of respondents based on marital status, from 41 respondents who were sampled in this study, respondents based on the largest marital status of employees were married status as many as 31 people or at 76.60%, while the lowest marital status ¹¹ Unmarried status as many as 10 people or with a percentage of 24.39%. Thus it can be concluded that the study respondents were dominated by employees who were married as many as 31 people or with a percentage of 76.60%.

5. Characteristics Based on Job Status

Respondents based on employee employment status can be seen in Table 1.5 below:

Table 1.5

Characteristics of Respondents Based on Job Status

No	Status	Total	Percentage (%)
1	Training	5	12,20%
2	Contract	16	39,02%
2	Permanent	20	48,78%
Total		41	100%

Source: Primer of Data, 2018 (process)

Based on table 1.5 above, it can be seen that the work of the research respondents was the highest, namely permanent employees as many as 20 respondents with a percentage of 48.78%, then followed by contract employees as many as 16 people with a percentage of 39.02%, while the least were employees training as many as 5 respondents with a percentage of 12.20%.

6. Characteristics Based on Education

For the characteristics of respondents based on employee marital status can be seen in Table 1.6 below:

Table 1.6

Characteristics of Respondents by Education

No	Education	Total	Percentage (%)
1	High school	34	82,93%
2	Bachelor	7	17,07%
Total		41	100%

Source: Primer of Data, 2018 (process)

⁶ Based on Table 1.6 above can be seen the last educational characteristics of respondents, Of the 41 respondents who became the sample in this study, the most are respondents with high school / high school education as many as 34 respondents or with a percentage of 82.93%. And the lowest level of education is respondents with S1 education as many as 7 respondents with a percentage of 17.07%. Thus it can be concluded that the respondents of this study were dominated by employees with a high school / high school education level of 34 respondents with a percentage of 82.93%.

7. Characteristics of Respondents by Department

¹⁰ For the characteristics of the respondents based on the department of employee department can be seen in Table 1.7 below:

⁵ **Table 1.7**

Characteristics of Respondents by Department

No	Department	Total	Percentage (%)
¹	Divisi 1	11	26,83%
2	Divisi 2	6	14,63%
3	Divisi 3	9	21,95%
4	Divisi 4	8	19,52%
5	Divisi 5	7	17,07%
Total		41	100%

Source: Primer of Data, 2018 (process)

Considering Table 1.7 above, it can be concluded that the respondents were the most, namely in the division 1 division as many as 11 people or with a percentage of 26.83%. Whereas the least number is in division 2 as many as 6 respondents or with a percentage of 14.63%.

8. Characteristics of Respondents by Position
For the characteristics of respondents based on the position of employees can be seen in Table 1.8 below:

Table 1.8

Characteristics of Respondents by Position

No	Position	Frequency	Percentage (%)
1	Manajer	1	2,44%
2	Mandor	1	2,44%
3	Kepala Divisi	1	2,44%
4	Asisten	1	2,44%
5	Staff	37	90,24%
Total		41	100%

Source: Primer of Data, 2018 (process)

Based on Table 1.8 above, it can be concluded that the highest number of respondents is in the staff department as many as 34 respondents with a percentage of 90.24%, while the least number is in the department manager, foreman, head of division, and assistant are 1 respondent with a percentage of 2.44%.

3.2. Analysis Results by Smart PLS 3. (Partial Least Square)

3.2.1. Goodness of Fit

The Goodness of Fit model can be seen from the predictive relevance value (Q^2) which is calculated based on R^2 from each endogenous variable, the calculation results are 0.581 or 58.1% indicating that the diversity of data that can be explained by the smart PLS.3 model built is equal to 58.1% while the remaining 41.9% is explained by other variables and errors.

3.2.2. Outer Model Results

The Outer Model is a measurement of variables based on the indicators. The value of the outer loading or outer weight shows the weight of each indicator as a measure of each latent variable. The indicator with the largest outer loading or outer weight means that the indicator is a strong measure of the variable.

3.2.2.1. Leadership Style

Leadership Style Has 4 (four) dimensions where each dimension has an indicator with a t-statistic value <1.96 and p-value > 0.05 which indicates that the indicator is not significant in measuring the Leadership Style variable as explained in table.1.9.

Table 1.9.
Outer Model in the Leadership Style (X)

Dimension and Indicators	Outer Loading	t-statistik	p-value
TOTX1 = Idealized Influence	0,757	1,140	0,255
X1 = The leader has authority	0,854	1,166	0,244
X2 = The leader is willing to sacrifice	0,553	1,128	0,260
X3 = The leader instills a vision and mission, pride, and trust	0,260	0,723	0,470
TOTX2 = Inspirational Motivation	-0,468	0,910	0,363
X4 = The leader gives inspiration	-0,429	0,900	0,368
X6 = The leader of a motivator	-0,463	0,911	0,363
TOTX3 = Intellectual Simulation	-0,692	1,068	0,286
X7 = Leaders encourage to think	-0,498	0,954	0,341
X8 = The leader encourages to search organizational problem solving	-0,491	1,010	0,313
X9 = Leaders encourage to think before acting	-0,657	1,073	0,284
TOTX4 = Individual Consideration	-0,639	1,101	0,271
X10 = Leaders pay attention to availability facilities and infrastructure	-0,548	1,041	0,298
X11 = The leader hears complaints every employee	-0,456	1,023	0,307
X12 = Leaders give awards	-0,227	0,772	0,441

Source: Primer of Data, 2018 (process)

3.2.2.2 Work Motivation

Has 3 (three) dimensions that have indicators with t-statistic values > 1.96 and p-value < 0.05 except in indicators Glad if a colleague asks for help (Z7) it means that dimensions and indicators can be used to measure Motivation variables Work, can be seen in table.1.10.

Table 1.10.

Outer Model in Work Motivation (Z)

Dimension and Indicator	Outer Loading	t-statistik	p-value
TOTZ1 = Needs to Achieve	0,922	6,163	0,000
Z1 = Work performance achieved	0,774	4,996	0,000
Z2 = Try various alternatives to reach success at work	0,867	5,333	0,000
Z3 = Motivation to excel at work	0,577	3,555	0,000
Z4 = Competition in achieving achievements	0,560	2,665	0,008
TOTZ2 = Needs to be Affiliated	0,697	3,478	0,001
Z5 = Work results are appreciated by the leadership and co-workers	0,715	4,697	
Z7 = Glad if a colleague asks for help	0,285	1,117	0,265
TOTZ3 = Need for Strength	0,881	5,080	0,000
Z8 = Involved in decision making	0,485	2,076	0,038
Z9 = Give good instructions to co-workers	0,634	2,893	0,004
Z11 = Directing co-workers towards that better at work	0,755	5,173	0,000
Z13 = Challenged to ask for responsibility greater responsibility and authority	0,604	2,932	0,004

Source: *Primer of Data, 2018 (process)*

3.2.2.3. Employee of Performance

Having 3 (three) dimensions, each dimension has an indicator in the first dimension along with its indicators having a t-statistic value > 1.96 and a p-value < 0.05 also indicates that dimensions and indicators can still be used to measure employee performance variables although in the second and third dimensions and their indicators have t-statistics values < 1.96 and nilau p-values > 0.05 , can be seen in table.1.11.

Table. 1.11.

Outer Model on Employee Performance (Y)

Dimension adn Indicator	Outer Loading	t-statistik	p-value
TOTY1 = Employee Attendance Level	0,901	4,406	0,000
Y1 = Don't present to give news to leader	0,667	3,588	0,000
Y3 = Most in accordance with the rules of working hours	0,560	2,627	0,000
Y4 = Paying attention to order attendance every day at work	0,732	3,042	0,002
TOTY2 = Low damage	0,392	1,194	0,233
Y5 = Do the work carefully	0,372	1,138	0,256
TOTY3 = No anxiety	0,689	3,032	0,003
Y7 = Establish good relations with colleagues other coworkers	0,628	3,091	0,002
Y8 = Establish good relations with leader	0,104	0,436	0,663
Y9 = Feeling at work	0,565	2,295	0,022

Source: Primer of Data, 2018 (process)

2.2.3. Inner Model Results

Inner model testing or structural model essentially tests the relationship between variables in the study. Hypothesis testing is carried out with t-statistics and p-values for each influence path partially, as described in table.1.12.

3.2.3.1. Direct Influence

Direct influence is the effect directly measured from one variable to another without any intervening variable, this direct variable is the Leadership Style (X) for Employee Performance (Y) as described in table.1.12. below because the value of t-statistic is <1.96 and the value of p-value > 0.05 , there is no direct influence between Leadership Style (X) on Employee Performance (Y), as described in table 1.12.

Table.1.12.

The Results for Direct Influence in the Inner Model

Direct	Inner Weight	t-statistik	p-value	Conclusion
$X \rightarrow Y$	0,405	1,000	0,318	Non-Signifikan

Source: Primer of Data, 2018 (process)

3.2.3.2. Indirect Influence

Indirect influence is the effect that is measured indirectly between variables mediated by intervening variables, the coefficient of indirect influence is obtained from the multiplication of each direct influence variable, as described in table.1.13. below this.

Table.1.13.

The Results for Indirect Effects in the Inner Model

Direct Influence 1	Direct Influence 2	Indirect Influence	Conclusion
$X \rightarrow Z$ Koef: 0,544 Non-Signifikan	$Z \rightarrow Y$ Koef: 0,570 Signifikan	$X \rightarrow Y$ by mediation Z Koef: $0,544 \times 0,570 = 0,31008$	The indirect effect of X on Y mediated by Z is Non-Significant

Source: Primer of Data, 2018 (process)

3.2.3.3. Hypothesis testing

H1: Leadership Style has an influence on Employee Performance

Based on the results of testing the direct effect there is no influence of the Leadership Style on Employee Performance thus this Hypothesis 1 is rejected.

H2: Leadership Style has an influence on Employee Performance mediated by Work Motivation

Based on the results of testing the indirect effect there is no effect of Leadership Style on Employee Performance mediated by Work Motivation thus Hypothesis 2 is also rejected.

3.2.3.4. Measuring Every Variable

3.2.3.4.1. Measurement of Leadership Style variables

The most powerful indicator as a measure of Leadership Style is an authoritative leader who is influenced by a leader who has an idial influence with the value of outer loading 0.854 with the highest indicator. This finding means that leaders who can improve employee performance are authoritative leaders.

3.2.3.4.2. Measurement of Work Motivation variables

The most powerful indicator as a measure of Employee Motivation is an employee who can try various alternatives to achieve success in work that is influenced by the desire of employees to achieve with the value of outer loading 0.867 with the highest indicator. This finding means that those who can improve employee performance are employees who want to try various alternatives to achieve success at work.

3.2.3.4.3. Measurement of Employee Performance variables

The most powerful indicator as a measure of Employee Performance is employees who always pay attention to the orderly level of daily attendance at work which is influenced by the level of attendance of employees in working with the value of outer loading 0.732 with the highest indicator. This finding means that those who can improve employee performance are employees who have a good level of attendance at work.

Conclusion

The conclusions in this study are (1). Leadership style owned by leaders directly has not been able to improve employee performance. (2). Leadership style that is owned by the leader indirectly has been able to improve employee performance even though it is not yet fully mediated by good work motivation.

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