

# Analysis of Relationship between Leadership and Employee Performance at Manufactur Company in Indoenesia

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## Abstract

The research objective is to determine the influence of leadership on employee performance at Utama Prima Karya Ltd. Pekanbaru, Indonesia. This research was a quantitative method. The data analyzed used SPSS 26. The result of the t-test showed that the t-value is 5.339, bigger than t **table** 1.99714. So H<sub>0</sub> is rejected, and H<sub>a</sub> is accepted. It concluded that there is a positive and significant influence of leadership variables on employee performance. The coefficient of determination (R<sup>2</sup>) is 0.305. It means that the leadership influence on employee performance is 30.5%, while the remaining 69.5% influenced by other variables not included in this study.

## Keywords

Leadership, Employee Performance, Industry, Indonesia,

## 1. Introduction

Today's development of the business requires maintaining and improving the quality of products and quality of service. It is so that the company can compete with other similar companies, both at the national and international levels. One of the essential parts that play a role in determining a company's success is the development of a potential workforce. The company strives to find and cultivate employees with high enthusiasm, to create and maintain competitive human resources (Ghazali et al. 2017; Iskamto 2020b).

Managing human resources is very complicated because you have to deal with people with different educational backgrounds, characters, and social lives. Therefore, it is necessary to have the wisdom of a leader who is appropriate and directed from the agencies in overcoming this human resource problem because the

implementation of wrong policies will negatively impact the organization. This principle is very much needed in organizational management to be the main demand, it is hoped that all related elements will jointly monitor and evaluate the benefits and values obtained from the existing organizational results (Iskamto 2020a).

The success of an organization is greatly influenced by the performance of its employees. To achieve maximum performance, the company must be able to create conditions that can encourage and enable employees to develop and improve their abilities and improve their optimal skills. One of the factors that influence employee performance is leadership (Ahmad et al. 2018; Ghazali, Syed Jaaffar, et al. 2019; Iskamto, Ghazali, and Aftanorhan 2019).

According to Iskamto et al. (2020) Employee performance will be achieved if employees can do work in accordance with the company's system so that the company's vision and mission can be fulfilled properly. One way to achieve the company's goals is if employees are able to comply with the regulations given by the leadership.

Company performance will be achieved if employees are able to do work in accordance with the system provided by the company. An effective leader is a leader who successfully directs and moves a person and group to carry out all planned activities in an effort to carry out all planned activities in an effort to achieve predetermined goals (Gbadago, Amedome, and Honyenuga 2017; Ghazali and Mohd 2012).

Based on interviews with several employees about leadership at Utama Prima Karya Ltd. Pekanbaru found the following phenomena, namely a work system that is not well structured, people who have a high enough position or position or even have a close relationship such as family relationships with company leaders. When one employee is in this position, a feeling of reluctance will appear, trying to make minimal contact with him, which results in decreased employee performance and productivity. The role of leaders who are less assertive in managing their subordinates in carrying out work will have an impact on the work achieved. Satisfactory performance of employees does not happen automatically and instantly, but it requires continuous evaluation. Employee performance is the result or achievement of employee performance that is assessed in terms of quality and quantity based on work standards determined by the organization.

## 2. Literature Review

Leadership is very important in managerial, because with leadership, the management process will run better and employees will be passionate about doing their job. The definition of leadership, then the process of influencing in determining organizational goals, motivating the behavior of subordinates in achieving the goal of influencing to improve the group and culture. Apart from that, it also influences the interpretation of the events of his subordinates, achieves goals, maintains cooperative relationships and group work and the cooperation of people outside the group (Ghazali et al. 2015). Syamsul (2012: 30) says that leadership is a way for someone to use domination and have self-confidence to influence and display high morality to their subordinates.

Meanwhile, according to Thoha (2010: 259) formulates that leadership is an activity to influence people to be directed towards achieving organizational goals. Based on the opinion of the experts above, leadership is an activity to influence the behavior of others or art to influence human behavior, both individually and in groups. Here, leadership does not have to be limited by rules of bureaucratic etiquette. Leadership does not have to be tied up in a particular organization. But leadership can occur anywhere, as long as someone shows their ability to influence the behavior of others and achieve certain goals (Thoha, 2010; Iskamto & Yulihardi, 2017).

### Leadership Theories

Theory X and Y, Douglas McGregor in Sedarmayanti (2012: 251) states that the leader's tips are determined by two different human behaviors. Theory X views humans pessimistically, which assumes that subordinates must be forced, pressured so that they want to work. It tends not to give opportunities to subordinates to develop themselves, because the only power is in the hands of the "boss". Meanwhile, Theory Y, the human element is considered to have great potential to be developed. This development depends on the leader's ability to motivate them to work and be given the opportunity to take initiative. Trait Theory, According to Thoha (2010) in his book entitled leadership in management, there are various theories of leadership, one of which is the theory of trait. The earliest theories about this nature can be traced back to Roman times. At that time, people believed that someone who was born as a leader would become a leader regardless of whether he had the characteristics of a leader or not as a leader. Manurut Umar (2010: 38) Effective leadership depends on a solid managerial foundation. And there are five solid leadership foundations, namely how to communicate, how to provide motivation, the ability to lead, the ability to make decisions and positive power.

A company is formed to achieve common goals, but to achieve the goals effectively requires good performance. Performance is a tangible behavior that is displayed by everyone as a work achievement that is produced by employees in accordance with their role in the company. Work management is about creating relationships and ensuring effective communication between employees and superiors. Performance is the result of work that has a strong relationship with the strategic objectives of the company to be managed. The performance of a company is very much determined by the human resources in it. If the human resources are highly motivated, creative and able to develop innovation, their performance will be even better (Iskamto, Karim, et al. 2020).

Therefore, it is necessary to have efforts to improve human resource capabilities. is the result or output of a process (Nurlaila, 2010; P. L. Ghazali et al., 2019). Mangkunegara (2016: 67) the term performance comes from the word job performance or Actual Performance (work performance or actual achievement someone has achieved). The definition of performance is the work result in quality and quantity achieved by an employee in carrying out his duties according to the responsibilities assigned to him. Edison (2016) and P. L. Ghazali et al. (2012) Performance is the result of a process that refers and is measured over a certain period of time based on provisions or agreements that have been previously determined.

According to Wilsson Bangun (2012: 231) , performance evaluation is a process carried out by the organization to evaluate or assess the success of employees in carrying out their duties. Assessment can be done by comparing the work achieved by employees with work standards. If the work results obtained even exceed the standard of work, it can be said that the performance of an employee is in the good category. On the other hand, an employee whose work results do not meet the standard of work includes poor or low performance (Ghazali, Foziah, et al. 2019).

Performance appraisal can be reviewed into the number and quality of work completed by employees in a certain period. Employees who can complete work in excess of work standards are assessed for good performance, as are good results

The drive and spirit of leadership possessed by a leader can influence and move their subordinates in the direction they want ((Ghazali, Syed Jaaffar, et al. 2019; Ibrahim and Daniel 2019). According to Handoko (2011) to achieve maximum performance, companies must be able to create conditions that can encourage and allow employees to develop and improve their abilities and skills optimally. One of the factors that influence employee performance is leadership. The relationship between leadership and employee performance based on the path-goal theory, the influence of leader behavior on subordinates depends on aspects of the situation, including job characteristics and leadership characteristics (Ari Cahyono.2012: 247)

### **3. Hypotheses**

Based on the formulation of the problem and literature review, a hypothesis can be drawn:

Ho: Leadership has no significant effect on Employee Performance.

Ha: Leadership has a significant effect on Employee Performance.

### **4. Research Methods**

This research was a quantitative method. Data processing used SSS version 26. The research was conducting in Pekanbaru Indonesia. The study population all employees which were 68 employees. according to Sekaran & Bougie (2013) and P. Ghazali et al. (2012) if the population is less than 100, the entire population should be used as the research sample.

### **5. Results And Discussion**

Based on the results of research that has been conducted, There are 4 characteristics of respondents included in this study, namely the identity of the respondents based on gender, education level, age and length of work. All of the identities questioned in the questionnaire are characteristics that are considered appropriate to support this research.

Based on the questionnaire that has been distributed by the researcher, the respondents are obtained according to the characteristics as in the following table:

Table 1. Respondents characteristics

<b>Identity</b>	<b>total</b>	<b>Percentage (%)</b>
<b>Gender</b>		
Male	54	80.6
Women	13	19.4
<b>Level of education</b>		
High School	20	29.9
Diploma	19	28.3
Bachelor	28	41.8
<b>Age</b>		
< 30	31	46.3
31 – 40	30	44.8
41 – 50	5	7.4
> 50	1	1.5
<b>Length of work</b>		
< 3 years	42	62.7
4 - 7 Years	13	19.4
8 - 10 Years	12	17.9

Source: Processed Data, 2020

From the data in table 1. It is known that the respondents of this study were dominated by male employees, namely 54 people (80.6%) and the remaining 13 female respondents (19.4%). Furthermore, respondents with high school / vocational education level were 20 people (29.9%). Respondents with a D3 education level were 19 people (28.3%) and respondents with S1 education were 28 people (41.8%). Furthermore, the respondents who were less than 30 years old were 31 people (46.3%), 31 to 40 years old as many as 30 people (44.8%), 5 people aged 41 to 50 years (7.4%) and respondents who 1 person (1.5.%) aged more than 50 years. And the last respondent based on the length of work for less than 3 years as many as 42 people (62.7%), respondents who worked from 4 to 7 years were 13 people (19.4%),

### 5.1 Validity test

Before carrying out further testing, the validity and reliability of the data generated from the distribution of the questionnaire were tested so that the resulting data was accurate and reliable. Validity testing in this study uses the Pearson product moment correlation formula. The results of the calculation of the validity test of leadership variables and employee performance. All items have t-value > t-table. It is concluded that 23 items are valid.

### 5.2 Reliability Test

The reliability value needs to be known as a reference for the reliability of the variables used in this study. Reliability testing was carried out using the split half technique which was analyzed using the Spearman Brown formula and processed using SPSS 26. The results of the reliability test for the two variables in this study can be seen in table 2. as follows:

Table 2. Reliability Test Results

<b>Variable</b>	<b>Reliability Limit</b>	<b>Cronbach's Alpha</b>	<b>Information</b>
<b>Leadership</b>	0.60	0.893	Reliable
<b>Performance</b>	0.60	0.842	Reliable

Source: Processed data, 2020

Test resultsThe reliability in table 3 above shows that the Cronbach's Alpha value is greater than 0.60, thus it can be concluded that the items used in waiting are reliable.

### 5.3 Normality Test

This test is part of the noormality test which is used to test whether the data is normally distributed or not, it can be seen in the table below:

Table 3. Shapiro Wilk Normality Test Results

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
leadership	,138	67	.003	,965	67	.056
Performance	,056	67	.200 *	,978	67	.265

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Based on the above test, it can be seen that the value of the Shapiro Wilk test is said to be normally distributed if the significance value > from 0.05, it can be seen that the significant value is 0.056 for leadership and 0.265 for performance, so that this data is data that is normally distributed

### 5.4 Analysis of T test

The t test is used to test the regression coefficient partially from the independent variable, whether each independent variable affects the dependent variable.

Table 4. Simple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22.190	4.136		5.365	,000
	leadership	,462	,087	,552	5.339	,000

a. Dependent Variable: performance

Based on table 4, simple regression analysis (Table 4) above, the t-value is 5.339. While the critical value is 1.99714, thus t-value > t-table then H0 is rejected. This means that there is a leadership influence on employee performance. With the meaning of the word Hypothesis (Ha) is accepted. A positive t value indicates that the leadership variable has a significant and positive relationship to employee performance.

### 5.5 Analysis of the coefficient of determination

The amount of the contribution of the independent variable, namely leadership (Variable X) to the dependent variable, namely performance (Variable Y), can be calculated by looking for the coefficient of determination. From the results of the SPSS output, it is obtained:

Table 5. Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,552a	,305	,294	4.70255

a. Predictors: (Constant), leadership

b. Dependent Variable: performance

From these results, the coefficient of determination (R Square) is 0.305 or 30.5%. So it can be concluded that the leadership variable contributes to changes in employee performance variables by 30.5%, while the remaining 69.5% is influenced by other factors not examined in this study.

## 6. Conclusion

Based on the analysis of statistical data, it can be concluded that the coefficient of determination ( $R^2$ ) is 0.305 or 30.5%. So it can be concluded that the leadership variable contributes to changes in employee performance variables by 30.5%, while the remaining 69.5% is influenced by other factors that are not examined in this study. From the results of the t test The t-value is 5.339. Meanwhile, the critical value according to t table is 1.99714, because  $t\text{-value} > t\text{-table}$  then  $H_0$  is rejected. This means that leadership has a significant effect on employee performance. Meanwhile, the hypothesis ( $H_a$ ) is accepted. A positive t-value indicates that the leadership variable has a positive relationship with employee performance.

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