INFLUENCE OF INDIVIDUAL MOTIVATION ON EMPLOYEE PERFORMANCE

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ABSTRACT

The development of credit assistance to community agencies poses strong competition in providing services to its customers. Various attempts have been made for improving the efficiency and effectiveness of employee performance and organizational culture by applying leadership role in the company as a guide in doing the job. Based on the formulation of the problem, the objective of the study was to examine and analyze the effect of motivation and leadership style on the performance of employees simultaneously on PT. Pawnshop (Persero) Branch of Makassar. This study used quantitative research approach, with deductive reasoning. The type of research is a descriptive cross sectional study. The observation indicates that motivation and leadership style influence the performance of employees partially in Employee PT. Pawnshop (Persero) Branch Makassar. This means that employee’s performance can be achieved by motivating them at work. This indicates that better motivating culture can improve the performance of employees in carrying out the job. This study is about the effect of leadership styles on employee performance which majorly focused on employees.

BACKGROUND INFORMATION

Optimal profit from production and enabling it to maintain its operational activities in the long term, in general, is the main objective of a company. Leadership is one of the keen factors which influence the employee and organizational performance. Workers’ performance and leadership on the job is studied by different lines of inquiry and in different disciplines. However linking the leadership and work
performance very less studies have conducted in the Indonesian context. For our purposes, job performance refers to scalable actions, behavior and outcomes that employees engage in or bring about that are linked with and contribute to organizational goals. Different leadership styles are used that fit to employees on the basis of amount of directions, empowerment, and decision making power. An administrative phenomenon reflects the contingency of leadership, and style, situation and performance criteria have been left to suffocate on their own. An employee performance was affected due to lack of proper direction and application of strategic style in managing daily duties. Performance is influenced by several organizational and environmental factors, though, an effective balance between jobs and the environments are related constructs which include individuals, resources, job clarity and feedback (Mangkunagara 2009, 22) have prominent place in research. Terry (in Siagian, 2008, 84), indicates that motivation itself is an encouragement, effort and desire activates human being and energize and redirect their behavior to perform the tasks well within the scope of work (Hakim, 2006). Based on the description and background it is necessitated that there should be a study with due consideration to the variables linking leadership style and job performance – a Case Study On Employee PT. Pawn (Persero) Branch Makassar.

LITERATURE REVIEW

Human Resource Management is the science and art of regulating the relations and the role of labor in the realization of performance of the company, employees and communities (Hasibuan (2010: 10)). It is the process of dealing with various issues in relation to employee, managers and others stake holders which supports the activities of the organization or company to achieve its intended purpose. It is expected that the company HR managers have the best of leadership traits to carry forward an organization performance with individual performance. The functions of Human Resources Management stated by Hasibuan (2010), is to maintain motivation among employees and direct their knowledge and skill towards task performance.

Sperling (in Mangkunagara, 2009: 93) defined motivation as a tendency to move, starting from the boost in self (drive) and ends with
self-adjustment. Adjustment is said to satisfy a motive. Motivation is a psychological factor that shows the individual interests of the work, a sense of satisfaction and take responsibility for the activities or work performed (Masrurkhin & Waridin, 2004). While Hasibuan (2004) argues that the motivation is a cause, distribute and support human behavior, so that they work hard and enthusiastically to achieve optimal results. According Rival (2004) there are some behaviors that can motivate employees, the leader when he tried to affect the performance of subordinates (Tampubolon, 2007). Leadership of the human resource managers matters in getting the task done and motivate employees top do the best to organization. The business writer Daniel (2002) categorized different leadership styles. They suggested that leadership styles could be explained on a scale ranging from autocratic through democratic to participative to show the degree of authority and decision makes power of leaders and employees. An effective leader has a responsibility to provide guidance and share the knowledge to the employee to lead them for better performance and make the employees expert for maintaining the quality. Leadership has the supportive role in maintaining the performance of the organization.

As it is indicated the job performance need an effective organizational environment that motivate employees to do their best. According to Judge (2006) defines performance as the result of work accomplished by individuals that are tailored to the roles or tasks in a company at a certain period of time, which is associated with a particular standard size or value of the company. Performance is the comparison of the work achieved by the employee with the prescribed standards (Masrurkhin & Waridin, 2004). According to Waridin (2005) performance appraisal is the comparison of the performance of the work achieved by the employee with the prescribed standards. Tika (2006) argues that there are four (4) elements contained in the performance, Riva and Basri (2005) also mentions four aspects of performance, Yuwalliatin (2006) says that the performance is measured by the instrument. In order to evaluate the job performance in organisation it is necessary to connect managers leadership style with employee motivation.
Conceptual framework

- Motivation is defined as a tendency to move, starting from the boost in self (drive) and ends with self-adjustment, Abraham Sperling (in Mangkunagara, 2009: 93).
- Leadership is an activity affects people in attaining the goals of the group voluntarily, (Terry, G.R. in Siagian 2008: 84).
- Performance is the comparison of the work achieved by the employee with the prescribed standards (Masrukhin & Waridin, 2004)

The relationship between motivation and performance of employees, are examined by several researchers (Suharto & Cahyono, 2005; Judge, 2006). The influence of work motivation on the performance has shown similar results that there is positive and significant relationship. A good working environment will satisfy their employees, because it can improve the performance, otherwise inadequate working environment will reduce performance of employees. In almost all its production activities using human labor, resulting in the production process requires skilled labor is reliable which will be able to improve the productivity has been determined by the company. PT. Pawnshops Branch Makassar Pelita is one of the companies engaged in services, one of its tasks is to serve the general public who want to pawn transactions and loans at pawnshops office. In terms of serving the general public, each employee is required to always be friendly to every visitor who comes to the pawnshop. This can be done when there is a good working efficiency. Companies that less attention factor Quality of Work seems the employee's performance will be difficult to obtain or retain the workers in accordance with the needs of the company, will be difficult even raise the performance of existing employees.

FORMULATION OF THE PROBLEM

Based on the description on the background of the above research, the formulation of the problem in this research is as following:

1. Does motivation and leadership style influence on the performance of employees simultaneously on Employee PT.
Pawnshop (Persero) Branch Makassar?

2. Does motivation and leadership style influence on the performance of employees partially in Employee PT. Pawnshop (Persero) Branch Makassar?

RESEARCH PURPOSES

Based on the formulation of the problem, then the purpose of this study was to examine and analyze on:

1. To analyze the effect of motivation and leadership style on the performance of employees simultaneously on Employee PT. Pawnshop (Persero) Branch Makassar.
2. To analyze the effect of motivation and leadership style on the performance of employees partially in Employee PT. Pawnshop (Persero) Branch Makassar.

Hypothesis

According Nisfiannoor, (2009: 8) hypotheses are provisional estimates regarding the results of the research to be carried out. Research can be interpreted as a temporary answer to the problem of research. Until proven through the data collected and testing empirically. Based on theoretical overview, previous studies, formulation of the problem, and frame of mind, the hypothesis included in the study is detailed as follows.

1. Motivation and leadership style have positive and direct influence on the performance of employees partially in Employee PT. Pawnshop (Persero) Branch Makassar.
2. Motivation and leadership style have positive and direct influence on the performance of employees simultaneously on Employee PT. Pawnshop (Persero) Branch Makassar.
RESEARCH METHODS

Research approach

This study uses a quantitative research approach, namely with logic / quantitative deductive reasoning. A deductive approach is concerned with “developing a hypothesis (or hypotheses) based on existing theory, and then designing a research strategy to test the hypothesis” (Wilson, J. (2010). It has been stated that “deductive means reasoning from the particular to the general. If a causal relationship or link seems to be implied by a particular theory or case example, it might be true in many cases. A deductive design might test to see if this relationship or link did obtain on more general circumstances” (Gulati, PM, 2009). Deductive approach can be explained by the means of hypotheses, which can be derived from the propositions of the theory. In other words, deductive approach is concerned with deducting conclusions from premises or propositions. The type of research is quantitative and descriptive research. Quantitative researchers attempt to remain detached from the study, and from the sample (in studies where the sample is made up of human beings). They strive to maintain objectivity - in other words they try to not influence it with their own personal values, feelings, and experiences. Quantitative research with descriptive format aims to explain, summarize a variety of conditions, different situations or many variables that arise in the community that the object of research is based on what happened (Bungin, 2005: 36).

ANALYSIS AND INTERPRETATION

Classic Assumption Testing

Assumptions Normality Test

This assumption was conducted to test whether the regression analysis methods have residual or disturbance variable (disturbance errors) normal distribution or not. testing normality assumption can be seen through the normal P-P Plot as follows:
Figure 1 P-P Plot

Normality Test results using a normal P-P Plot show that around a diagonal line, this indicates that the model has been qualified assumption of normality. Thus the effect of regression testing for competence and independence to audit quality may continue.

Testing Heterogeneous intended to determine the similarity variance of each independent variable on the dependent variable. Detection of problems Heterogeneous nature is done by looking at the chart the distribution of the residual value. Heterogeneous test is used in traditional methods like regression plot graph and standardized predicted residual value with standardized regression. Based on a scatter plot graph above, visible dots with patterns of spread randomly in a position above or below the number 0 on the Y axis. Based on these results it can be concluded there are no symptoms heteroscedasticity in regression models. By using multiple regression analysis (multiple regression) with the application software SPSS 20 for windows do data processing to calculate the regression coefficients.

Analysis of Effect of Motivation and Leadership style Partial against Employee Performance at PT. Pawnshop (Persero) Branch Makassar.

Hypothesis Testing in Partial

To test whether the motivation and leadership style is partially significant effect on the performance of employees of pawnshops PT (Persero), Makassar branch, t test (student test) was conducted. The assumptions made include:
H02: $\beta_2 = 0$: The leadership style has no significant effect on the performance of employees at PT: Pawnshop (Persero) Branch Makassar.

Ha2: $\beta_2 \neq 0$: The leadership style has a significant effect on the performance of employees at PT Pawn (Persero) Branch Makassar.

From the calculation of the regression coefficients obtained value for the independent variable t hit the leadership style of (2.192) and significant at the level of error ($\alpha = 0.05$), Value obtained significantly by 0.036, this value is greater than 0.05 means significant. Determination of test results (acceptance / rejection of Ho) can be done by comparing the value of t hit the value t tab with $\alpha = 0.05$ and degrees of freedom $df = n - k - 1 = 34 - 2-1 = 32$ for testing one side is equal to 2.192. Criteria for testing are: If: $t_{hit} \leq t_{tab}$, then the HO is accepted and Ha rejected.

Therefore $t_{hit}$ for leadership style variable (2.192) is greater than $t_{tab}$ (2.036), then the error rate of 5% reject Ho Ha received. Thus the second hypothesis proposed in this study is acceptable / proven. This means that the 95% confidence level can be concluded that leadership style significant effect on the performance of employees at PT, Pawnshop Branch Makassar. This reflects that the better style of leadership given to employees will improve the performance of employees at PT Makassar branch.

Analysis Pngaruh Work Motivation and Leadership Styles Simultaneous against Employee Performance at PT. Pawnshop (Persero) Branch Makassar.

Hypothesis testing together - the same (simultaneous)

To test whether the motivation and leadership styles together - each has a significant influence on the performance of employees at PT. Pawnshop (Persero) Branch Makassar then tested F. statistic F test results obtained through analysis of Variance (ANOVA). F hit by 2.14 is significant at 0.000 level. If the hit is greater than F tab then the buffer is said that all independent variables together and significantly affect the dependent variable.
The formulation of hypotheses to test motivation and leadership styles together have a significant influence on the performance of employees at PT Pawnshop Branch Makassar.

\[ Ho3: \beta_{1-2} = 0: \text{motivation and leadership styles together does not significantly influence the performance of employees at PT pawnshops Branch Makassar.} \]

\[ HA3: \beta_{1-2} \neq 0: \text{motivation and leadership styles together have a significant effect on the performance of employees at PT Pawnshop (Persero) Branch Makassar.} \]

Based on the data hit by 2.14 F value and the value of F tab at the 95% confidence level and degrees of freedom (2, 32) then the F value = 3.21 tab. By because the value F hit (214 423) is greater than value F tab (3.30) then with a degree of error of 5% (\( \alpha = 0.05 \)) Ho1 Ha1 rejected and accepted. Accordingly with third hypothesis proposed in this study can be accepted. This means with 95% confidence level concluded motivation and leadership styles together have a significant effect on the performance of employees at PT. Pawnshop (Persero) Branch Makassar.

**Calculating the coefficient of determination (R2)**

The coefficient of determination shows the influence of independent variables on the dependent variable. In this case the coefficient of determination sought for know how big a change from the employee's performance can be explained by changes in motivation and leadership styles together (simultaneously). Value determination coefficient of 1 indicates that the independent variable is used 100% right (perfect) in explaining the variation that occurs in the dependent variable. Based on the results of data processing using SPSS 20 for windows in this study obtained by the coefficient of determination (R2). From the data the R Square is 0.933. Based on the value of R Square (R2) can be said that by 93.3% variation change of employee performance can be explained by changes in motivation and leadership styles together. While 6.7% variations in the performance of employees need to be explained with other factors which are not incorporated into the study.
INTERPRETATION OF RESULTS

Based on the results of data analysis and hypothesis testing, regression results obtained from this study it is inferred that motivation and leadership style influence on employee performance. There is positive and significant effect between independent and dependent variables. This means that the increase in motivation and leadership style will be followed by an increase in employee performance, whereas a decrease in motivation and leadership style will be followed by a decrease in employee performance. The results are consistent with the theory and the results of previous studies. Milgron and Ittner [11, Larcker (2002)] state that this style is usually considered a benefit for the most companies. This style focuses the management that provides guidance and help to its team and departments while accepting and receiving the inputs from individual team members. These leaders not reserve to their activities and authority only but in actual they bother about consultation of employees. Heneman and Gresham [13] under the democratic style promote the sharing of responsibility, the exercise of delegation and continual consultation. In this style managers suggestions and recommendations on all major issues and decisions and effectively delegate tasks to subordinates and give them full control and responsibility for those tasks, and encourage others to become good leaders and involved in leadership and employee development. That led to more commitment of employee to department goals, performance to meeting deadlines. Leadership style is behavior and strategies, as a result of a combination of philosophies, skills, personality traits, attitudes, which are often applied a leader when he tried to affect the performance of subordinates (Tampubolon, 2007). While the employee's performance is compare the work achieved by the employee with the standards specified Yag (Masrukhin and Waridin, 2004).

IMPLICATION

The current study clearly indicates the relationship between motivation leadership and employee performance. The present study findings have been significant in number of ways. It has been contributed to the body of knowledge by; since the present area is highly under researched in Indonesia and developing countries. No study has been found to
investigate the effects of leadership styles to increase the performance of employees in PT Pawnshop Branch Makassar. So, the findings of the present study will help the leaders in PT Pawnshop Branch Makassar and those in developing countries in general to answer the long standing question of how to enhance leader’s performance.

**CONCLUSION**

This study aims to determine effect motivation and leadership style on employee performance. Based on the research results presented in the previous chapters, the conclusions that can be drawn by the authors is as follows:

1. Job motivation and significant positive effect on employee performance. This means that employees can be achieved by either if it has a good motivation. Means the better the motivation possessed it will improve the performance of employees in carrying out the task.

2. Leadership style and significant positive effect on employee performance. This means that the employee's performance can be achieved with a good if it has a style that belongs to the PT. Pawnshop (Persero) Makassar branch ascertain whether the concerned leadership will do quality work.

3. Motivation and leadership styles simultaneously affect the performance of employees.

The outcome of the study can contribute useful and can be used as a foundation for the organization to determine the pace of improvement in leadership and motivation in order to improve employee performance, especially at PT. Pawnshop (Persero) Branch Makassar.

**SUGGESTION**

As for suggestions that can provide the authors with regard to the study on PT. Pawnshop (Persero) Makassar branch should maintain leadership style with inspirational motivation that gives freedom to employees to put forward new ideas for progress of the company. The leader should communicate the real status of the company to the employees to enhance the employee performance to meet the business
targets. The company leadership also should think about effective reward management policies reward employees for better performance with employee’s better cooperation. The company thus should ensure a positive, strong and vibrant work culture which supports the democratic leadership style of managers further leading to better organizational performance through employee contributions.

REFERENCE


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