

THE INFLUENCE OF LEADERSHIP STYLE AND WORK MOTIVATION ON EMPLOYEE PERFORMANCE AT PT PEGADAIAN REGIONAL OFFICE REGION III AND PALEMBANG BRANCH

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Keywords

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ABSTRACT

This study was conducted to determine the impact of leadership style and work motivation on employee performance at PT Pegadaian Regional Regional Office III and Palembang Branch. The data used in this study is primary data, collected directly from employees through structured questionnaires that measure variables such as leadership style, work motivation, and employee performance. A descriptive and inferential approach was employed to analyze the relationships among the study variables. The results showed that leadership style has a positive and significant effect on employees' performance at the regional office level. Work motivation has an important positive effect on employee's performance so that the second hypothesis can be accepted. Leadership styles have a negative effect on the performance of employees at the Regional Office level, while leadership styles and motivational strategies have positive effects on employee performances. The findings of this study offer practical guidance for organizational leaders and HR professionals seeking to optimize workforce performance through tailored leadership and motivation practices, contributing to more effective management strategies within similar corporate and branch-level environments.

INTRODUCTION

In today's era, an organization that can be said to be successful if there is a person in the organization who can be a responsible driver in evaluating himself and his subordinates in this case is an ideal leader, because the leader is the core of management. Companies that provide services, both services and capital, are certainly required to work optimally for the achievement of targets and company progress (Firdaus, 2021; Klimek & Jędrych, 2021).

PT Pegadaian was established on April 1, 1901 in Sukabumi, West Java. PT Pegadaian is a subsidiary of Bank Rakyat Indonesia which is mainly engaged in the pawn sector. To support its business activities, until the end of 2022, the company has 12 regional office units, 61 area office units, 642 branch office units, and 3,444 service units spread throughout Indonesia. PT Pegadaian has several subsidiaries, namely PT Pegadaian Galeri Dua Empat, PT Pesonna Indonesia Jaya, PT Pesonna Optima Jasa, PT Balai Lelang Artha Gasia which is engaged in the Indonesian financial sector which is engaged in the company's three business lines which include financing, gold, and various services. The services provided are various such as: KCA (Kredit Cepat Aman), Cracicide, creation, precious metal sales, gold savings, hajj arrum, and vehicle financing loans. In addition, PT Pegadaian also provides payment services for electricity, telephone, water, subscription TV, mobile phone and electricity credit, domestic

and foreign remittances, and train tickets. KCA is a credit with a pawn system that is given to all groups of customers, both for consumptive needs and productive needs.

PT Pegadaian Regional Office III and Palembang Branch companies have their own assessment mechanism for the performance of their employees. This performance assessment is carried out by each manager to his employees in each function. The performance assessment is collected by the human capital (HC) function. Performance appraisal data is then used as a basis for policy-making for employees. The assessment of the company's performance of PT Pegadaian Regional Office III in and Palembang Branch is carried out once a year. Performance assessment is carried out by giving grades to employees using a scale of 3-7, which is called the performance management system (SMK) and is evaluated at the end of each year. This scale means that the smaller the value an employee gets, the lower the performance. On the other hand, employees with high scores indicate that they have good performance.

Table 1. Performance Target Data in 2019-2023

Year	OSL Target Rp Trillion	OSL Realization Rp Trillion	Achievement Presentation (%)
2019	50	48	96
2020	55	53	96,36
2021	60	58	96,46
2022	65	64	98,46
2023	70	68	97,14

Source: PT Pegadaian Internal Data, processed in 2024

The data in Table 1 shows that based on the table above, it can be seen that there are in 2019-2020. The percentage of achievement increased slightly from 96% in 2019 to 96.36% in 2020. Despite the target increase of IDR 5 trillion, the company still managed to increase its achievements, showing a positive response to growth challenges. Meanwhile, in 2021-2022, the percentage of achievement increased more significantly, especially in 2022 which reached 98.46%. This shows effectiveness includes improvements in service or operational efficiency. In 2023, the percentage of achievement dropped slightly to 97.14% from 98.46% in 2022, although it remained above 97%. This small decline may reflect such as macroeconomic conditions or regulatory changes, but it is still within very positive boundaries

Based on Decree no. 012/KPI00000/2022-S0 stipulated in August 2022 by the HR Department of PT Pegadaian, information was obtained that employees with low performance will be prepared to take part in the performance improvement program (PIP) which is implemented as part of the performance management system (PMS). In the Decree, it is explained that PIP is the company's policy to regulate the development of low performers in a clear, objective and transparent manner in accordance with applicable rules and norms, either through the optimization of development tools or the Termination of Employment at Own Request or Termination of Employment at the Company's Request. Based on the minutes of the PIP understanding, employees who obtain high performance scores will receive appreciation which is considered in compensation, allowances, and bonuses.

The acquisition of performance scores will also be a record for each employee to be evaluated by the human capital (HC) function and affect the promotion process and their positions, where employees with a good track record in the 2020-2022 period tend to be promoted more easily and quickly. On the other hand, employees with a track record of low performance (having received a score of 3) in the 2020-2022 period tend to have a harder time moving up their ranks and positions.

The author finds no theory that explicitly states that a person's age directly and mechanically influences his or her leadership style. However, a person's age can affect their experience and knowledge. James MacGregor Burns in Transactional Theory, or Fred Friedler in Contingency Theory, implicitly acknowledges that factors such as experience, knowledge, and ability play an important role in a person's leadership style. Therefore, as they age, a person may have more experience, insight, and understanding of how to better manage people and situations, which in turn can affect their leadership style. The composition of the management team with a fairly diverse age difference has implications for the disparity in their experience, insight, and understanding of how to lead and manage people, which will ultimately form different leadership styles.

This research was conducted to determine the influence of leadership style and work motivation on employee performance at PT Pegadaian Regional Office III and Palembang Branch. The

research contributes to the field of organizational behavior and human resource management by examining the specific impacts of leadership style and work motivation on employee performance within PT Pegadaian's Regional Office III and Palembang Branch. This study provides practical insights into how different leadership approaches and motivational strategies can enhance or hinder employee performance, which is particularly valuable for companies in the finance and lending sector. Additionally, the findings offer actionable guidance for organizational leaders and HR professionals seeking to optimize workforce performance through tailored leadership and motivational practices, contributing to more effective management strategies within similar corporate and branch-level environments.

METHODS

The population of this study comprises all employees at PT Pegadaian, Regional Office III and Palembang Branch, totaling 95 employees as of 2024. This study employs a quantitative research method with a descriptive and causal-comparative approach to assess the influence of leadership style and work motivation on employee performance. The total sampling technique is used, as the researcher includes the entire population, resulting in a final sample size of 94 employees. This sampling approach ensures comprehensive representation, allowing for a thorough analysis of how different leadership styles and levels of motivation impact performance within the organization.

The data used in this study is primary data, collected directly from employees through structured questionnaires that measure variables such as leadership style, work motivation, and employee performance. To enhance the depth of the data, semi-structured interviews may also be conducted with selected employees. Descriptive statistics will be used to summarize demographic data and provide an overview of respondents' characteristics, while inferential statistics, such as multiple regression analysis or ANOVA, will test the influence of leadership style and work motivation on employee performance. This combination of descriptive and inferential analysis, alongside the chosen method and approach, provides a rigorous framework to understand and interpret the relationships among the study variables.

RESULTS

The value of t-count of the leadership style variable (X1) is 4.564 and the significance value is 0.000, then the t-count > t-table value is (4.564 > 1.986) or the value (Sig.) is 0.000 < 0.05. This means that leadership style has a significant effect on employee performance at PT Pegadaian Regional Office III and Palembang Branch. This proves that the first hypothesis that leadership style has a positive and significant influence is acceptable.

The value of t-count of the work motivation variable (X2) is 6.905 and the significance value is 0.000, then the > value is (6.905 > 1.986) or the value (Sig.) is 0.000 < 0.05. This means that work motivation has a significant effect on employee performance at PT Pegadaian Regional Office III and Palembang Branch. This proves that the second hypothesis of work motivation has a positive and significant effect is acceptable.

The Influence of Leadership Style on Employee Performance at PT Pegadaian Regional Office III and Palembang Branch

The results of the analysis obtained in this study show that leadership style has a positive and significant effect on employee performance so that the first hypothesis can be accepted. The results of this study are in line with the results of the research from Zgrzepski (2022); Kalsoom et al. (2022); Arif & Akram (2022); Zulkifli (2022); Muaja et al. (2022); Paais & Pattiruhu (2020); Shafi et al. (2020); Lai & Tang (2020); Surya et al. (2019); Li et al. (2019); Miao & Cao (2019); Wei & Subhan (2019); Harb & Sidani (2019); (Paoluccia et al., 2018); Luhur (2018); and Lumenta et al. (2018) showed the results that leadership style had a positive and significant effect on employee performance.

Based on the respondents' responses to the leader's indicator, I listened to and valued the opinions of team members, showing the lowest score. It is suspected that some employees at PT Pegadaian Regional Office III and Palembang Branch still consider the role of superiors as leaders in providing opportunities for employees to provide responses not in accordance with expectations. Several respondents who are employees of PT Pegadaian Regional Office III and Palembang Branch said that some of their superiors who acted as leaders did not respect the opinions of employees. Where this will make employees a little less appreciated by the leadership to him.

Respondents' responses to my leader's indicator of creating a positive and supportive work environment showed the highest score. This shows that the role of leadership in creating a positive work environment can be applied well to PT Pegadaian Regional Office III and Palembang Branch. Where leaders often provide opportunities to strengthen relationships between fellow employees themselves and between employees and leaders. Leaders often hold events outside of office hours such as meals with fellow teams, gatherings that aim to provide and create a supportive environment.

The Effect of Work Motivation on Employee Performance at PT Pegadaian Regional Office III and Palembang Branch

The results of the analysis obtained in this study show that work motivation has a positive and significant effect on employee performance so that the second hypothesis can be accepted. The results of this study are in line with the results of the research from Pham et al. (2022); Antika & Dwiridotjahjono (2022); Alimuddin & Artiyany (2022); Leman et al. (2022); Wicaksono et al. (2021); Arianindita (2021); Suaiba et al. (2021); Tupti & Arif (2021); Jayaweera (2020); Shahzadi et al. (2020); Nzewi et al. (2020); Paais & Pattiruhu (2020); Kiruja & Mukuru (2020); Cote (2019); Olusadum & Anulika (2018); and Mfinanga (2018) showed that work motivation had a positive and significant effect on employee performance.

Based on respondents' responses to the indicator of feeling comfortable with my coworkers, I showed the lowest score. This shows that there is a poor relationship between fellow employees. Where in this indicator shows the lowest value. Based on interviews with several employees, employees said that there are employees who often form groups where this group often conducts associations just to create gossip. Some employees feel uncomfortable with having a team member like this. This makes other employees also somewhat disturbed by employees like this. In addition, there are also some employees who are too ambitious who sacrifice their close friends to get what is their goal.

Respondents' responses to my indicators will always be consistent in carrying out tasks with the regulations that have been set by the company showing the highest value. This shows that employees at PT Pegadaian Regional Office III and Palembang Branch are able to carry out the work that is their duty in accordance with the regulations set by the company and can understand the job desc that they are responsible for.

CONCLUSION

Leadership style has a positive and significant effect on employee performance at PT Pegadaian Regional Office III and Palembang Branch. Work motivation has a positive and significant effect on employee performance at PT Pegadaian Regional Office III and Palembang Branch. For future research, it is recommended to explore additional factors that may influence employee performance, such as organizational culture, job satisfaction, and employee engagement, to provide a more comprehensive understanding of performance determinants. Additionally, conducting comparative studies across different branches or regions could offer insights into whether the effects of leadership style and work motivation vary based on location or organizational structure. Expanding the study to include other sectors could also help generalize findings and determine if similar influences exist in various organizational contexts. Lastly, considering longitudinal research could provide valuable information on how leadership styles and motivational strategies impact performance over time, highlighting potential changes or trends.

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