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Analysis of the Relationship Between Leadership Style and Employee Performance

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Abstract: Leadership patterns have a significant impact on employee performance within an organization. Effective leaders can motivate employees to achieve organizational goals in a more productive, creative, and innovative manner. This article uses a literature review approach to obtain relevant results. After examining various patterns and research findings from multiple sources, it is found that there is a strong relationship between leadership patterns and performance, which also influences the daily conditions of the organization as well as a positive work environment.

Keyword: Leadership Patterns, Employee Performance, & Organization.

INTRODUCTION

Leadership originates from the word "lead," which means a leader is the one who directs and the person being led who receives direction. The word "lead" carries meanings such as guiding, mentoring, organizing, leading, and influencing. The process of carrying out the duties and responsibilities of a leader is referred to as leadership. Leadership refers to the qualities or characteristics of a leader in carrying out their responsibilities, both morally and legally, for the entire execution of the authority granted to the people they lead (Hikmat, 2009).

The success or failure of an organization is generally heavily influenced by leadership. A leader is responsible for the failure to carry out a task because the leader's position in an organization is crucial and is always expected to be accountable for their leadership (Thoha, 2001).

Leadership style has a significant impact on employee performance within an organization. An effective leader can motivate employees to achieve organizational goals in a more productive, creative, and innovative way (Sutrisno, 2020). Various leadership styles can be applied, such as transformational leadership, which emphasizes employee empowerment, and transactional leadership, which focuses more on rewards and punishments based on results. Both of these leadership styles have different impacts on employee performance, which is an important focus in human resource management (HRM). In Indonesia, diverse social and cultural factors often play a key role in influencing leadership styles and their impact on employee performance (Robinson, 2020).

Generally, transformational leadership is associated with improved employee performance. Transformational leaders can motivate employees to innovate, work harder, and achieve greater goals by providing inspiration and personal development (Hidayat & Arifin, 2021). For example, a leader who can build a shared vision, provide recognition for achievements, and create space for employees to develop personally will encourage long-term improvement in performance quality. In Indonesia, where values of cooperation and togetherness are highly valued, this collaborative-based leadership style is often more effective (Sutrisno, 2020).

However, on the other hand, transactional leadership is associated with improved employee performance. This leadership style emphasizes rewards and punishments based on measurable performance achievements. Although transactional leadership is often considered effective in structured, results-oriented tasks, its impact on long-term motivation tends to be limited. Employees may focus solely on achieving the set targets without developing creativity or feeling inspired to innovate (Putra & Pertiwi, 2019). Therefore, although this leadership style can drive short-term performance, leaders need to consider a balance between rewards and employee development to achieve sustainable performance.

In addition to leadership styles, other factors such as organizational culture and communication also play a very important role in the relationship between leadership and employee performance. In an organizational culture that supports collaboration and openness, the relationship between leaders and employees tends to be more harmonious and effective in improving performance. In Indonesia, a culture that emphasizes family values and mutual respect can strengthen the positive impact of transformational leadership, which places more emphasis on good interpersonal relationships between leaders and employees (Fitriani, 2020). On the other hand, organizations with a culture that does not support open communication or that has a highly hierarchical structure may face difficulties in maximizing employee performance, even if the applied leadership style is good.

Facing challenges in human resource management in Indonesia, it's important for leaders to understand the dynamics that exist in their workplace. By understanding the relationship between leadership style and employee performance, and considering organizational culture, leaders can design more effective strategies in managing employees and improving their overall performance. Therefore, this research aims to explore in greater depth how leadership style affects employee performance, as well as the factors that strengthen or hinder that impact within the context of organizations in Indonesia.

METHOD

In this article, the author used literature study methods as the research method, which aims to describe the findings of the researcher from several journal articles. Essentially, research with this literature study method has the same preparation method as other research methods, but the difference lies in the source and data collection methods, which are carried out by searching for information in libraries, reading, taking notes, and processing research materials from articles related to the variables discussed in this study (Putri et al., 2020).

Sarwono (2016) said that the literature study is the examination of data from various reference books and previous research results that are relevant to the study to obtain a theoretical foundation for the problem to be researched. This method allows researchers to understand the perspectives that have developed about the relationship between leadership and employee performance, as well as identify important findings that can be used to develop insights.

RESULTS AND DISCUSSION

Results

1. Leadership Theory

According to Rivai (2014), Leadership Style is a set of traits used by leaders to influence subordinates so that the organization's goals are achieved, or it can also be said that leadership style is a pattern of behavior and strategies preferred and often applied by a leader.

Leadership styles consist of three types, are:

- a. Autocratic Leadership Style,
- b. Democratic Leadership Style,
- c. Laissez-faire Leadership Style.

(Rahmadiyah, et al, 2018).

2. Employee Performance

Performance is the tangible behavior displayed by each individual as the work results achieved by employees according to their roles within the company (Yani, 2017). According to Mangkunegara (2013), performance is the result of work, both in terms of quality and quantity, achieved by an employee in carrying out their duties according to the responsibilities given. Meanwhile, according to Fahmi (2015), performance is the result obtained by an organization, whether profit or non-profit, in a period.

3. Factors that Influence Performance

There is some opinion about factors that influence employee performance. In this article, writer will mention the factors from 4 writers. First, the factors that affect performance by Rahmadiyah, et al (2018) are:

- a. Individual factors, related to skills, motivation, commitment, and others,
- b. Leadership factors, related to the quality of support and guidance provided by leaders, managers, or team leaders,
- c. Team factors, related to the quality of support provided by coworkers,
- d. System factors, related to existing work systems/methods and the facilities provided,
- e. Situational factors, related to environmental pressures and changes, both internal and external.

The second one, Pusparani (2021) found that there is three things that can be factors that influence of employee performance, are:

- a. Work environment,
- b. Job Satisfaction,
- c. Organization Commitments.

In another publication, Sedarmayanti (2017) said the factors that influence performance are:

- a. Attitude and mentality such as work motivation, motivasi kerja, discipline and attitude,
- b. Education,
- c. Skills,
- d. Leadership Management,
- e. Income level,
- f. Salary and Health,
- g. Social Security,
- h. Working Climate,
- i. Facility,
- j. Technology and
- k. Self-development.

Meanwhile, Mathis & Jackson (2012) said that employee performance is related with 2 factors, are:

- a. Ability Factor, and
- b. Motivation Factor.

4. Relationship Between Leadership Patterns and Performance

Based on the opinions of the experts above, leadership style has a direct relationship with performance. This leadership style can also affect the performance of employees. Thus, a positive or negative relationship can be created, depending on how or what leadership style the leader establishes to lead their subordinates in achieving the organization's goals (Rahmadiyah, et al, 2018).

Discussion

The relationship between leadership style and organizational culture is critical to understanding how leaders shape the environment in which employees work. In the study conducted by Yusri (2014), it is stated that every leader has a leadership style. Sometimes, a leader does not allow subordinates the opportunity to ask questions or seek clarification (Authoritarian); sometimes, the leader allows subordinates to discuss and ask questions (Democratic); and at other times, the leader allows the conditions to be left to the subordinates. This reflects a culture that is adjusted to the conditions of an organization.

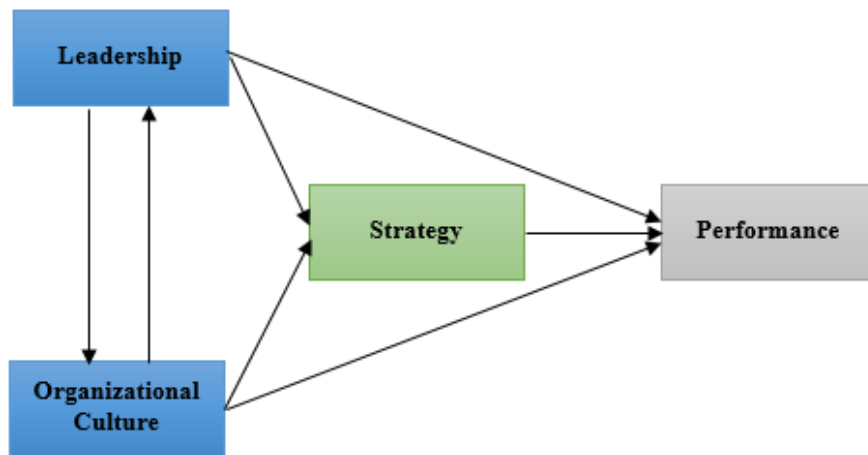
Robbins (2003) explains that organizational culture is a system of values held and practiced by the members of the organization, which makes it possible to distinguish that organization from others. The value system is built upon 7 (seven) characteristics as the essence of organizational culture, are:

- a. Innovation and risk-taking: The level at which employees are encouraged to innovate and take risks.
- b. Attention to detail: A level where employees are expected to demonstrate precision, analysis, and attention to detail.
- c. Outcome orientation: A level where management focuses on results rather than on the techniques and processes used to achieve those results.
- d. People orientation: A level where management decisions take into account the effects and outcomes on the people within the organization.
- e. Team orientation: A level where work activities are organized around teams rather than individuals.
- f. Aggressiveness: A level where people (organization members) are characterized by an aggressive and competitive nature rather than being laid-back.
- g. Stability: A level where the organization focuses on maintaining the status quo rather than pursuing growth.

Organizational culture is based on a concept building at three levels: the Basic Assumption level, the Value level, and the Artifact level, which refers to something that is left behind. Organizational culture is a form of belief, value, and ways that can be learned to cope with and live within the organization. This culture tends to be realized by the members of the organization (Brown, 1998: 34).

Culture is created by leaders, and leaders are created by culture. According to the theory perspective, culture emerges through three processes: (1) Socio Dynamic Theory; (2) Leadership Theory; and (3) Organizational Learning. A leader has a role in determining the activities program based on the organization's basic assumptions or the management concepts used, such as Six Sigma (Erwin and Douglas, 1996). Leaders, through their leadership patterns and styles, determine the company's strategy, both long-term and short-term (Yusri, 2014).

From the explanation above, in line with the conceptual framework derived from theoretical studies and empirical research, a relationship between the variables of Leadership, Culture, Strategy, and Performance can be shown in the following conceptual framework diagram:



Source: Yusri, 2014

Figure 1. Relationship of Variables in Conceptual Framework

Leadership and organizational culture are both interconnected and can influence each other. The leadership applied by a leader affects the determination of strategy and employee performance. In another study, Triyasa (2022) explains that leadership style is an important aspect of leadership themes that are always interesting to discuss. This is because the breadth and depth of the topic continue to develop dynamically in line with the global environmental changes that impact every aspect of life broadly and deeply. Without effective leadership, the organization will never be able to actualize its potential into achievements.

Leadership is the backbone of organizational development. Without good leadership, it will be difficult to achieve organizational goals. Leadership models are norms used by individuals when trying to influence others. The right leadership model will improve organizational performance.

Dewi et al. (2017) conducted research with 31 respondents out of 54 employees from 9 fields: data and accounting, finance, general administration, counseling and recording, milk purchasing and sales, milk production and distribution, animal feed, animal health, and artificial insemination, as well as savings and loans. The respondents' characteristics were divided into four categories: age, gender, formal education level, and length of employment. The variables used in this study include the leadership style of the General Leader as an independent variable (X) and employee performance as a dependent variable (Y).

The researcher measured leadership style through 5 indicators: responsibility, trust, communication, decision-making, and empathy. Employee performance was measured through 5 indicators: work quality, punctuality, initiative, ability, and communication using an ordinal scale.

Based on the identification, the leadership style identified in this study is democratic leadership style. It was found that the trust of superiors in employees was categorized as high, which ultimately created an atmosphere of information sharing and cooperation.

Thus, the research results showed that the independent variable (X) and dependent variable (Y) in this study have a direct relationship, meaning that the more democratic the leadership style, the higher the employee performance.

Syafruddin & Wonga (2022) also conducted similar research with a sample of 24 people and collected data using questionnaires and a Likert scale to assess the responses. In this study,

the Likert scale consisted of five responses with varying values to measure attitudes and opinions, with score intervals of 1-5, from strongly disagree to strongly agree (Sekaran, 2016).

The independent variable in this study was leadership style (X), while the dependent variable was employee performance (Y). The collected data were processed and analyzed using the SPSS program and analyzed statistically, including simple linear regression analysis, t-test, and coefficient of determination (R²) tests (Ghozali, 2016).

The results of this study indicate that leadership style has a positive and significant effect on employee performance. The behavior of a leader will create a unique understanding that influences the psychological condition of subordinates, which will be observed and imitated by them. Therefore, if the leader sets a good example, the employees will perform well.

CONCLUSION

From the various sources used in this article, it was found that there is a significant positive relationship between leadership style and employee performance. The better the leadership style of a superior/leader, the more it will positively influence employee performance for the benefit of the organization. Moreover, leadership style must also be adjusted to the conditions and circumstances of an organization to produce employee performance that aligns with the organization's goals.

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