

**THE INFLUENCE OF EXTRINSIC REWARD AND LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE (CASE STUDY AT PT. ASTRA INTERNATIONAL DAIHATSU, MANADO)**

*PENGARUH PENGHARGAAN EKSTRINSIK DAN GAYA KEPEMIMPINAN TERHADAP KINERJA KARYAWAN (STUDI KASUS DI PT. ASTRA INTERNATIONAL DAIHATSU DI MANADO)*

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**Abstract:** The lack of resources for a character will affect someone in association or in a performance. Therefore, in a strong mental strive for the development of a person. Because when someone does have a strong character things like that will be appreciated by the leadership in it. It can solidify the progress of a person's performance that will affect the company. So it can generate quality employees instead of the usual course. Needs quality employees is very important in the company. Because of where the company will use all means the maintain of a qualified employees who can dedicates their loyalties to the company. The existence of reciprocity, either from the company or the employee. Improved performance of employees will bring progress for the company to be able to survive in an unstable competitive business environment. Therefore, efforts to improve the performance of employees is the most serious management challenges because of the success to achieve the goals and the survival of the company depends on the quality of performance of human resources in it.

**Keywords:** Extrinsic Reward, Leadership style, and Employee Performance.

**Abstrak:** Kurangnya sumber daya untuk karakter akan mempengaruhi seseorang dalam Asosiasi atau kinerja. Oleh karena itu, dalam yang kuat mental berusaha untuk pengembangan seseorang. Karena ketika seseorang memiliki karakter kuat hal-hal seperti itu akan dihargai oleh kepemimpinan di dalamnya. Itu dapat memantapkan kemajuan kinerja seseorang yang akan mempengaruhi perusahaan. Jadi dapat menghasilkan kualitas karyawan bukan jalan yang biasa. Kebutuhan karyawan yang berkualitas sangat penting dalam perusahaan. Karena dimana perusahaan akan menggunakan semua berarti Pertahankan karyawan yang dapat memenuhi syarat mendedikasikan loyalitas mereka kepada perusahaan. Adanya timbal balik, baik dari perusahaan atau karyawan. Peningkatan kinerja karyawan akan membawa kemajuan bagi perusahaan untuk dapat bertahan hidup dalam lingkungan bisnis yang kompetitif tidak stabil. Oleh karena itu, upaya untuk meningkatkan kinerja karyawan adalah tantangan manajemen yang paling serius karena keberhasilan untuk mencapai tujuan dan kelangsungan hidup perusahaan tergantung pada kualitas kinerja sumber daya manusia di dalamnya.

**Kata Kunci:** Penghargaan Ekstinsik, Gaya Kepemimpinan, dan Kinerja karyawan

## INTRODUCTION

### Research Background

Character of a person or in this case employee/worker is the important things in a work environment because without character it is hard for a person to be develop further. The few who only showed their charisma without consider on their character will face some difficulties in facing the working environment.

The lack of resources for a character will affect someone in association or in a performance. Therefore, in a strong mental strive for the development of a person. Because when someone does have a strong character things like that will be appreciated by the leadership in it. It can solidify the progress of a person's performance that will affect the company. So it can generate quality employees instead of the usual course.

Improved performance of employees will bring progress for the company to be able to survive in an unstable competitive business environment. Therefore, efforts to improve the performance of employees is the most serious management challenges because of the success to achieve the goals and the survival of the company depends on the quality of performance of human resources in it.

When the existence of extrinsic rewards given to employees. It will trigger them to perform a better work to the company. Because the work is highly valued by the company. Same of the example of extrinsic rewards can be given, like the compensation fund, increment the rank, social security and others.

Leadership style is a thing that really affect a performance. A good implementation of leadership style is one of the element that can motivate the employees. The absence of leadership within an organization or company that would result to a negative impact.

### Research Problem

Based on these problems then formulated a research question as follows:

1. Is there any influence of extrinsic reward and leadership style on employee performance at Astra International Daihatsu Manado simultaneously?
2. Is there any influence of extrinsic reward on employee performance at Astra International Daihatsu Manado partially?
3. Is there any influence of leadership style on employee performance at Astra International Daihatsu Manado partially?

### Research Objectives

The aims of this research are:

1. To determine the influence of extrinsic reward and leadership style on employee performance at Astra International Daihatsu Manado simultaneously.
2. To determine the influence of extrinsic reward on employee performance at Astra International Daihatsu partially.
3. To determine the influence of leadership style on employee performance at Astra International Daihatsu partially.

## THEORETICAL FRAMEWORK

### Employee Performance

Employee are important in the company because without employee a company will not able to survive. Having an efficient performance management process and tools is essential for employee motivation for high performance. Performance in organizational behavior that is directly related with the production of goods or delivery of services. According to Hasibuan (2002), performance is a result of the work accomplished in the discharge of his duties over a person's skill, effort, and opportunity. Based on the above exposure performance is an outcome of a person in performing tasks which are based on the skills, experience and seriousness and time according to the standards and criteria that have been set previously.

### Reward

Nitisemito (1982) stated that the reward was the retribution that was given by the company to its employees that can be assessed with the money and have the inclination given on a permanent basis.

**Extrinsic Reward**

An extrinsic reward is an award that is tangible or physically given to you for accomplishing something. It is a tangible recognition of ones endeavor. For example, it’s a certificate of accomplishment, a trophy or medal for winning the race, a badge or points for doing something right, or even a monetary reward for doing your job. Because extrinsic rewards are tangible, they are usually given to the person doing the activity; as such, they are typically not from within the person. Therefore, extrinsic rewards means the reward is extrinsic to the performer of the activity or behavior.

**Intrinsic Reward**

Intrinsic motivation is internal to the person in that it is something that you have to offer yourself and is driven by personal interest or enjoyment in the work itself. Because intrinsic motivation exists within the individual, achieving it does not depend on others. Some people believe that the most powerful rewards come from inside a person.

**Leadership**

Leadership is a process of interaction between leaders and followers where the leader attempts to influence followers to achieve a common goal (Northouse, 2010; Yukl, 2005). According to Chen and Chen (2008), previous studies on leadership have identified different types of leadership styles which leaders adopt in managing organizations.

**Leadership Style**

Leadership is the applied science of social sciences. Because the principles and formulation is expected to bring benefits to human well-being there is a lot of concerns express by experts according to their respective points of view, the definitions show that there is some common ground.

**Previous Research**

There are many previous researchers that had already examined about extrinsic reward, leadership style, and employee performance. Their research’s result is needed in order to support a new similar research, there are several previous studies about extrinsic reward, leadership style, and employee performance that presented below as literature review.

**Conceptual Framework**

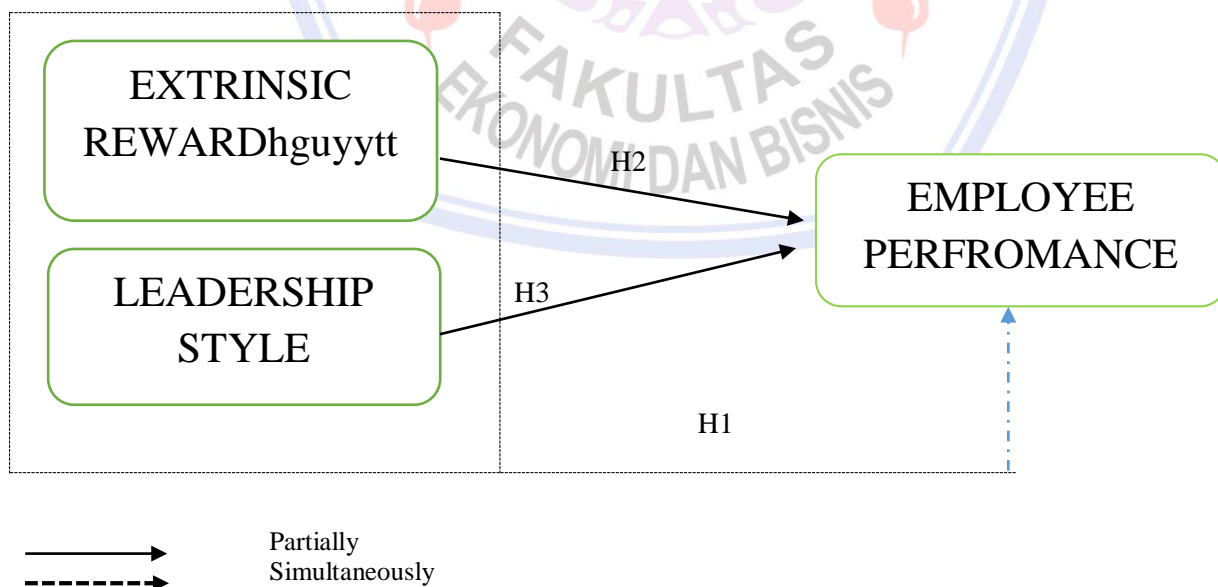


Figure 1 Conceptual Framework  
 Source: Data Analysis, 2017

### Research Hypothesis

This case which is based on theoretical framework, and as the temporary answer of research problem.

- H1 : There are simultaneously influence of extrinsic rewards and leadership style on employee performance.  
 H2 : There is a partially influence of extrinsic reward on employee performance.  
 H3 : There is a partially influence of leadership style on employee performance.

### RESEARCH METHOD

The type of research is causal with quantitative method research. Quantitative research seeks to quantify the data. It seeks conclusive evidence based on large, representative samples and typically involving some form of statistical analysis (Maholtra, 2009:pp.180) This research will be conducted in Manado. The time of research being conducted is from December - January 2017 at PT. Astra International Daihatsu Manado. Sample, according to Sekaran and Bougie (2010) is the subset or subgroup of population. This research use with purposive sampling method, the number of 50 people.

An advantage of using primary data is that researchers are collecting information for the specific purposes of the study. In essence, the question the researcher ask are tailored to elicit the data that will help them with their study. Researchers collect the data themselves, using surveys, interviews and direct observations (At work, Issue 82, Fall 2015 : Institute for Work & Health, Toronto)

There were two sections in the questionnaires that should be filled by respondents. The first section asked about respondents identities and the second section asked about things that related with the variables. The survey was created using suitable questions modified from related research and individual questions formed by the researcher. The survey will be comprised of several questions, which are related to the participant's perception regarding product placement in movies and celebrity endorsement. The survey will be used to investigate respondents' attitudes and motivation toward product placement and celebrity endorsement which influencing consumer purchase intention. Likert scale was used to determine if the respondent agreed or disagreed in a statement.

Multiple regressions are used to express the effect of independent variables and the dependent variable. The formula of linear regression (multiple linear regressions) in general as follows:

$$Y = a + b_1x_1 + b_2x_2 + e$$

Description:

Y	=	Dependent Variable (Employee Performance)
X1	=	Extrinsic Reward
X2	=	Leadership Style
a	=	Constant
b1 & b2	=	The regression coefficient of each variable
e	=	Error

### RESULT AND DISCUSSION

This research uses reliable questionnaire which are distributed to 50 respondents as the source of multiple regression. The characteristics of 50 respondents are classified based on gender, age, education, employee work year, and income.

The total sample of this research is 50 respondents. The results of the questionnaires are:

1. The data above showed the number of male (38%) respondent's more than female (62%) respondents. The shows that most of the employees as respondents in PT. Astra Daihatsu International are female.
2. The respondents are divided into three categories. The highest percentage of respondents comes from age category < 22 years old which is 6%, followed by age 22 – 50 years old category with 92%, the lowest frequency of age is > 50 years old which 2%.
3. Show terms of respondent's sampled respondent are 8% of respondent have salary under Rp. 3.000.000, and then the largest sample followed 74% of respondent have salary around Rp. 3.000.000 – Rp. 5.000.000, by

18% of respondent have salary Rp. 6.000.000 – 10.000.000. and 0% of respondent have salary above Rp. 10.000.000. it can be used improve employee performance.

4. The percentage of respondents are < 3 years with 8%, followed by 3 – 5 years with 32%, the highest percentage of respondents comes from 5 – 10 years with 60%, and 0% of respondent by > 10 years.

### Validity and Reliability Test

It shows that the valuable Alpha Cronbach is 0.855 which means it is about acceptance limit of 0.6, therefore, the research instrument for relationship among the variables indicates good consistency and the data is acceptable.

### Multiple Regression

The interpretation of the multiple regression analysis result :

- 1) Constant (a) 11.445 means that if all independent variables are equal to zero, then the Employee Performance (Y) is predicted to be 11.445.
- 2) If the others are constant, an increase of one point in Leadership Style (X1) will result in an average increase of at least 0.442 in employee performance (Y).
- 3) If the others are constant, an increase of one point in Extrinsic reward (X2) will result in result in an average increase of at least 0.16 in Employee Performance (Y).

**Table 1. Multiple Regression Coefficient of Correlation Result Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.703 <sup>a</sup>	.494	.472	2.073

a. Predictors: (Constant), Leadership Style, Extrinsic Reward

Source: SPSS Data Analysis, 2017

There is strong between the two independent variables with dependent variable. It is because value of R is 0.703 which is proved that the relationship among variable independents and dependent is very strong. In other words, Extrinsic Reward and Leadership Style as independent variable and employee performance as dependent have a strong relationship.

**Table 2: Multicollinearity Test Result**

#### Coefficients<sup>a</sup>

Model		Collinearity Statistics	
		Tolerance	VIF
1	Extrinsic Reward	.418	2.394
	Leadership Style	.418	2.394

a. Dependent Variable: Employee Performance

Source: SPSS Data Analysis, 2017

Shows the tolerance of extrinsic reward is 0.418, and leadership style are same with extrinsic reward which is 0.418 it means that the tolerance value of each variable is more than 0.1. The VIF value of extrinsic reward and leadership style are, 2.394, it means that the value of both variables is less than 10. Since the tolerance value is more than 0.1 and VIF value is less than 10 the research is free from multicollinearity.

**Table 3. F-Test Result**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	196.882	2	98.441	22.905	.000 <sup>b</sup>
	Residual	201.998	47	4.298		
	Total	398.880	49			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Leadership Style, Extrinsic Reward

Source: SPSS Data Analysis, 2017

Fcount = 22.905

Ftable = FINV (0.05,k-1,n-k)  
= FINV (0.05,3-1,50-3)  
= 3.20

Note : k = total variables  
n = total respondent

Shows that fcount is 22.905 with the level significance 0.000. By using the level of significant of 0.05 ( $\alpha = 0.05$ ), value is  $0.000 < 0.05$ . The value of F Table = 3.20 it can be concluded that F count = 22.905 > F table = 3.18. The overall influence of extrinsic reward (X1) and leadership style (X2) toward employee performance (Y) is significant. Since the F count is greater than F Table, H0 is rejected and H1 is accepted.

**Table 4. T-test Result**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.445	1.694		6.757	.000
	Extrinsic Reward	.442	.137	.520	3.235	.002
	Leadership Style	.165	.120	.221	1.374	.176

a. Dependent Variable: Employee Performance

Source: SPSS Data Analysis, 2017

- Extrinsic Reward (X1) to Employee Performance (Y) The hypothesis is reject H0 and accepted H2 if tcount  $\geq$  ttable or accept H0 and reject H2 ttable  $\geq$  tcount. In table 4.8 the tcount of extrinsic reward (X1) is 3.235. Comparing tcount with ttable :  $3.235 \geq 2.01$  with the significant level of 0.000. Since the tcount is greater than ttable, H0 is rejected and H2 is accepted.
- Leadership Style (X2) to Employee Performance (Y)  
The hypothesis is reject H0 and accept H3 if tcount  $\geq$  ttable or accept H0 and reject H3 if ttable  $\geq$  tcount. In table 4.8 the tcount of leadership style (X2) is 1.374. Comparing tcount with ttable :  $1.374 \leq 2.01$  with the significant level of 0.581. Since the tcount is greater than ttable, H0 is accepted and H3 is rejected.

## Discussion

Human resource is considered the most important resource of an achieve competitive advantage in the business world. To achieve competitive advantage, people have always been central to organization, they have now taken on an even more central role in building a firm's competitive advantage.

Many factors that can effect the performance of the employee, such a giving reward for what they have done, motivate them to get their job done. This research found the relationship between extrinsic reward and leadership style on employee performance at PT. Astra International Daihatsu, Manado.

### **Extrinsic Reward on Employee Performance**

The findings in this research show that extrinsic reward partially has significant influence on employee performance. Most of respondents agreed that extrinsic reward influence their performance. Many factors can affect the performance of employee, such as giving a reward. With giving a reward to the employee it will help the company to increase the performance of the employee. In management concept, rewards is the one key to motivate the employee to more active.

According to the data in this research, performance of most respondent in this case the employee of PT. Astra International Daihatsu, Manado are effected by extrinsic reward. The company was appreciated their employees with gave their reward. With this extrinsic reward that give by PT. Astra International Daihatsu, Manado believe it will help the employee to more effective to do their and will increase their performance and get profitable for their company.

### **Leadership Style on Employee Performance**

Leadership style has no significant influence on employee performance at PT. Astra International Daihatsu, Manado. Leadership give a good impact for employees productivity. When the employee feel that their leader gave a positive impact in the work, the employee will be more eager to give a contribution in a company because the employee feel there is a positive impact in the style of a leader. The employees will become diligent and it can make they give their best performance for the company.

Leadership style has no significant influence on employee performance at PT. Astra International Daihatsu, Manado. The result of the multiple regression analysis shows, that X2 positively affect Y. It means, leadership style does not positively affect employee performance. The result of T-test which testing the hypothesis partially, X2 has no significant effect on Y. it means, leadership style (X2) significantly affect the employee performance. This significant effect exists because the employee has a good training program about leadership style.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusions**

Conclusion of this research are:

1. ExtrinsicReward influence Employee Performance at PT. Astra International Daihatsu, Manado partially. The company agree that their performance influence by extrinsic reward such as they get pay, promotion, bonuses, and insuration.
2. Leadership Style influence Employee Performance at PT. Astra International Daihatsu, Manado partially. The company agree that their performance will influence positive for company by Leadership Style such as idealist, responsibility, motivation, intellectual, and individualized.
3. Extrinsic Reward and Leadrship Style influence on Employee Performance is simultaneously.

### **Recommendations**

The recommendations for Smartphone companies that can be concluded from the overall result in this research are listed as follow:

1. The management of PT. Astra International Daihatsu, Manado. Must enhance that extrinsic reward influencing employee performance. It is important because extrinsic reward will contribute a positive result employee performance when the extrinsic reward arrange well by management.
2. The management of PT. Astra International Daihatsu, Manado. Must consider that leadership style positively influencing employee performance.

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