

The Influence of Leadership Styles and Incentive on Employee's Work Satisfaction in the Production Department of PT Toarco Jaya Tora

Maya¹, Grace Jenny Soputan², Roddy A. Runtuwarouw³

Faculty Economics, Universitas Negeri Manado^{1,2,3}

Jl. The Unima Campus in Tondano

Correspondence Email: mayasasaja@gmail.com

ABSTRACT

This study aims to determine the effect of leadership style and incentives on employee's job satisfaction in PT Toarco Jaya Toraja's production department. This study made use of survey, while the data were collected by questionnaires to capture the leadership styles, incentives, and job satisfaction, as well as interviews to fulfill the data on incentives. The questionnaires were distributed to 33 employees of the production department. The data were processed and analyzed using multiple linear regression analysis. The analysis resulted an equation $Y = 4.963 + 0.490X_1 + 0.620X_2 + e$. The correlation coefficient (R) is 0,900. Adjusted R square or R^2 was 0.810. The F test shows that the $F_{\text{value}} \geq F_{\text{table}}$ ($63,762 \geq 3.32$) or $\text{sig } 0.000 \leq 0.05$. Hypothesis testing indicates that the leadership style and incentives have a positive and significant effect on employee's job satisfaction. Partially, job satisfaction is influenced by the leadership style, and employee's job satisfaction is influenced by incentives.

Keywords: Incentives, Job Satisfaction, Leadership Style

INTRODUCTION

Job satisfaction is an individual issue because each person possesses a different level of satisfaction in accordance with the values, he/she has. When a person feels happy in doing a job, he/she will be productive. The more occupational aspects suitable with individual desires, the higher the level of satisfaction. Job satisfaction can provide a pleasant and joyful sense of doing work. In addition, maintaining job satisfaction will encourage employees to work vigorously which in turn assist the company in achieving the desired goals (Anas in Nugraha et al, 2016: 60).

PT. Toarco Jaya is a Japanese company established in 1970 with 530 hectares, located in Pedamaran, Bokin, North Toraja. The company has 250 permanent employees and 120 temporary employees. In the current era of globalization, the ability of human resources contributes to either the company's success or failure.

The company is expected to provide both sufficient salaries and job satisfaction for its employees. It must able to provide freedom for its employees in giving suggestions or opinions to their leaders, in addition to pensions, as a guarantee for employees in carrying out their job. Job satisfaction at this company is under the expectation, particularly in the production department.

This is attributable to several factors. For instance, the provision of incentives is considered unfair since it is out of proportion to their jobs. Furthermore, job placement is inconsistent with what an employee is good at. Obviously, it is one of the factors driving job satisfaction for an employee. In addition, work equipments are inadequate. Some of them are perishable due to their age. Workload is another factor. The employees feel unable to accomplish the given assignments since they are complicated and need to be completed without help from others.

Similarly, the work condition and environment are not ideal since good cooperation between employees is non-existent. Comfort and happiness bring a positive impact at work. Leader attitude is the other important factor in job satisfaction. The company's leadership is considered underwhelmed for the leaders fail to set a fine example in leadership.

Formulation of the problem

1. Is employee's job satisfaction influenced by leadership styles?
2. Is employee's job satisfaction affected by the provision of incentives?
3. Is employee job satisfaction influenced by leadership styles and incentives?

The objectives of this research are:

1. To determine the effect of leadership style and incentives on employee's job satisfaction in PT Toarco Jaya Toraja's production department,
2. To determine the effect of incentives on employee's job satisfaction in PT. Toarco Jaya Toraja's production department,
3. To determine the influence of leadership style and incentives on employee's job satisfaction in PT. Toarco Jaya Toraja's production department.

Job Satisfaction

According to Robbins and Judge in Wibowo (2013: 131), job satisfaction is a positive feeling about work as a result of evaluating its characteristics. Positive feelings will come to exist, in addition to environmental factors, when employees realize that their jobs satisfy their expectations.

Dole and Schroeder in Koesmono (2005: 169) stated that job satisfaction is an individual's feelings and reactions to her/his work environment. Happiness determines the results of one's work.

Meanwhile, according to Smith and Kendall in Ruvendi (2005: 18) stated that job satisfaction is an employee's feelings about his/her job. Someone's feelings about his/her job could be either positive or emotional.

Those opinions lead to a conclusion that job satisfaction is a feeling of either pleasure or displeasure, either a positive or negative attitude toward a work environment, as well as a performance driving factor that arises from a person in carrying out their duties and assuming responsibilities in the organization.

According to Hasibuan in Sari (2015: 5), job satisfaction indicators include:

1. Loving the Job
2. Work Morale
3. Discipline

4. Work performance.

According to Eid & Larsen, in Ariati (2010: 118), the factors that affect job satisfaction are as follows:

1. Rewards
2. Promotion
3. Colleagues
4. Supervision
5. Jobs.

Leadership Style

According to Stoner in Antou (2013: 153), leadership style is a variety of behavioral patterns favored by leaders in the process of directing and influencing their workers. Leaders' behavior is a role model for their subordinates, for leaders not only give direction or orders but also set a good example. Nawawi in Junaedi et al, (2013: 128) argued that leadership style is the behavior that leaders use to influence others through the thoughts, feelings, attitudes, and behavior of their organizations. Exhibiting those behaviors, leaders are expected to be able to encourage their subordinates accomplish their jobs.

Rivai & Mulyadi in Sariadi (2013: 33), said that style means attitude, behavior, positive attitude, good gestures, strength and ability to do good. Leadership style is not only an attitude someone has in carrying out their duties, but also an ability to move others to put their job together.

These opinions draw a conclusion that the leadership style is a way, attitudes, behavior, and norms to influence others to do work, to achieve the goals of the organization.

According to Astuti in Satiawaty (2014: 20), indicators of the leadership style are:

1. Paying attention to the subordinates' needs
2. Sympathetic to their subordinates
3. Building mutual trust
4. Having a friendly attitude and fostering subordinate participation in decision making

According to Tannebaum & Warren H. Schmidt in Kadarman (2001: 145), various factors that affect a manager's leadership style are:

1. Management Characteristics
2. Subordinate Characteristics
3. Organizational Characteristics

Incentives

Dessler in Rumandar et al, (2014: 3) stated "Incentives are financial rewards given to employees whose production levels exceed predetermined standards. When someone is able to increase productivity, it will bring benefits to the company." Meanwhile, according to Moekijat in Rumandar et al, (2014: 3), "Incentives are, for simple examples, prizes, bonuses, or other standards as rewards for services to enhance work performance."

Simamora in Ratnasari et al, (2013: 183) stated that incentives are additional compensations outside the salary or wages provided by the organization. The additional compensation is given to someone for his/her achievements. Hasibuan in Ratnasari (2013: 183) explained that "Incentives are extras given to employees whose performance exceeds the target. Incentives will affect other employees to be enthusiastic to work and be motivated to achieve more for the company."

These conclude that incentives are additional compensations beyond salary or wages, remuneration and the appreciation given to someone for certain achievements or targets. According to Hasibuan in Paradise (2017: 315) indicators of incentives are: social security, bonus, awards, advancement, and promotion.

Suwatno (2011: 175) explained the factors that influence the amount of incentive including:

1. Position
2. Work Performance
3. Company's Profits

The hypotheses to be tested in this study are:

- H₁: Employee's job satisfaction is positively and significantly influenced by the leadership style
 H₂: Employee's job satisfaction is positively and significantly influenced by incentives
 H₃: Employees' job satisfaction is influenced by leadership styles and incentives

RESEARCH METHOD

The research method used in this study is a quantitative approach with surveys. The population is all employees in the production department of PT. Toarco Jaya Toraja, with 33 employees. Samples were taken using the saturated sampling technique.

For data collection, the researchers used the following techniques:

1. Questionnaire, with Likert Scale
- 2.

Strongly Agree	
Agree	
Doubted	
Disagree	
Strongly Disagree	

3. Interview

It is to capture data unavailable through a questionnaire. It was conducted with the manager of the production department.

The data were analyzed through:

a. Multiple Regression Test

The formula for multiple linear regression equation is $Y = a + b_1X_1 + b_2X_2 + e$

Where:

- Y = Job satisfaction
- a = Constant (intercept value)
- b_1 and b_2 = partial regression coefficient
- e = Epsilon / Estimator Error
- X_1 = Leadership Style
- X_2 = Incentives

b. Data Requirement Test

1. Normality test

Normality test is to see whether the data were normally distributed or not.

2. Linearity Test

Data linearity test is to determine the linearity of relationship between variable X and variable Y.

c. Hypothesis Test

Hypothesis test proposed by using statistics, F test and T test. F test is to examine the effect of simultaneous independent variables, while the T test is to examine the effect of independent variables on a partial or individual basis.

1. Statistical Test

By using the correlation formula according to Sudjana in Wijayanto (2014: 67)

$$r_{xy} = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{(n\sum X^2 - (\sum X)^2)(n\sum Y^2 - (\sum Y)^2)}}$$

Note:

- r_{xy} : Correlation coefficient
- n : Number of Respondents
- x : The values of each item
- y : Value of all items

2. Significance Test

By using the t value test

$$t = \frac{r\sqrt{(n-2)}}{\sqrt{1-r^2}}$$

Note:

- t: t Test Value
- r: Correlation Coefficient
- r^2 : Coefficient of determination
- n: Number of Samples

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis

Coefficients^a

Models	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.963	5.437		.913	.369
Leadership Style	.490	.120	.387	4.070	.000
Incentives	.620	.094	.628	6.613	.000

a. Dependent Variable: Job Satisfaction

Based on the table above, the constant value is 0.913 which implies that, assuming the independent variable is zero, the employee's performance is 0.913. Leadership style (X1) is 4,070, and Incentives (X2) is 6,613, thus the multiple linear regression equation can be formulated as follows:

$$Y = 4.963 + 0.490X1 + 0.620X2 + e$$

Where:

Y = Job satisfaction

a = Constant

b1, and b2 = Partial regression coefficient

X1 = Leadership Style

X2 = Incentives.

e = epsilon / estimator error.

Correlation Coefficient (R) and Determination (R²)

Model Summary^b

Models	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. Change
1	.900 ^a	.810	.797	2.161	.810	63.762	2	30	.000

a. Predictors: (Constant), Incentives, Leadership Styles

a. Dependent Variable: Job Satisfaction

Table 4.18 shows an R value of 0.900 which means there is a strong relationship between the leadership style, incentives and job satisfaction. The magnitude of the determination coefficient (R²) is 0.810 or 81%, implying that 81% of the job satisfaction variable can be explained by the leadership style and incentive variables, while 19% is explained by other factors unavailable in this study.

Hypothesis Test Results

1. F Test (Simultaneously)

ANOVA^a

Models	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	595.439	2	297.720	63.762	.000 ^b
Residual	140.076	30	4.669		
Total	735.515	32			

a. Dependent Variable: Job Satisfaction

a. Predictors: (Constant), Incentives, Leadership Styles

The table above shows the F_{value} is 63.762 with a significance value by 0.000. The significance value is lower than 0.05. It concludes that the independent variable is the leadership style (X_1) and incentives (X_2) simultaneously affect satisfaction (Y) on the employees of PT Toarco Jaya Toraja. The proposed hypothesis is accepted. The F test is to compare F_{value} with F_{table} .

$F_{\text{table}} = F$ (dk numerator = k), (d denominator = nk-1)

= Numerator 2, Denominator 33 - 2 - 1 = 30

$F_{\text{table}} = 3.32$

Significance Rule:

If $F_{\text{value}} \geq F_{\text{table}}$, rejecting H_0 means significance and If $F_{\text{value}} \leq F_{\text{table}}$, accepting H_0 means it is not significant with a significant level (α) = 0.05.

Apparently, $63.762 \geq 3.32$, receiving H_3 and rejecting H_0 means that there is a significant influence between the leadership style (X_1) and incentives (X_2) on the Employees' Satisfaction of PT Toarco Jaya Toraja.

2. T Test (Partially)

Correlations

		Leadership Style	Incentives	Job Satisfaction
Leadership Style	Pearson Correlation	1	.545**	.729**
	Sig. (2-tailed)		.001	.000
	N	33	33	33
Incentives	Pearson Correlation	.545**	1	.839**
	Sig. (2-tailed)	.001		.000
	N	33	33	33
Job satisfaction	Pearson Correlation	.729**	.839**	1
	Sig. (2-tailed)	.000	.000	
	N	33	33	33

** . Correlation is significant at the 0.01 level (2-tailed).

1) Leadership Style (X_1) with Satisfaction (Y)

The value obtained is 0.729 implying level of a strong relationship between the variables of leadership style and satisfaction. To prove the hypothesis "Is there

a significant relationship between variable X_1 and Y ?", refer the significance value.

2) Incentives (X_2) towards Satisfaction (Y)

The value obtained is 0.839 signifying a fairly strong relationship between Incentive and Satisfaction variables. To prove the hypothesis "Is there a significant relationship between variable X_1 and Y ?", refer the significance value.

The table below show the coefficient of leadership style variables and incentives for satisfaction.

Coefficients^a

Models	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,963	5.437		.913	.369
Leadership Style	.490	.120	.387	4.070	.000
Incentive	,620	,094	.628	6.613	.000

a. Dependent Variable: Job Satisfaction

Based on table 4.20, the results of the t test can be concluded as follows:

1. T_{value} on leadership style variables is greater than t_{table} that is $4.070 \geq 1.697$, with a significance value of $0.000 \leq 0.05$, which means H_a is received and H_0 is rejected. It can be concluded that the leadership style has a significant effect on job satisfaction of PT Toarco Jaya Toraja employees.
2. T_{value} on the Incentive variable is greater than t_{table} that is $6.613 \geq 1.697$, with a significance value of $0.000 \leq 0.05$, which means H_a is accepted, that incentives have a significant effect on job satisfaction for employees

Discussions

1. The Effect of Leadership Style on Employee's Job Satisfaction

Partial hypothesis testing shows that the leadership style has a positive and significant effect on job satisfaction based on the calculation of t in which the t_{value} is $4.070 \geq t_{table}$ by 1.697 with a significance value of $0.000 \leq 0.05$. This implies the leadership style in the company PT.Toarco Jaya Toraja already excellent although it remains a long way to go. The leaders must pay more attention and show more support to make the employees more enthusiastic in doing their jobs since leadership style is one factor affecting their success.

This argument is consistent with the findings of Ruvendi (2005) stating that there is a significant relationship and influence between leadership style variables and job satisfaction of BBIHP employees.

2. The Effect of Incentives on Employee's Job Satisfaction

Partial hypothesis testing shows that incentives have a positive and significant effect on job satisfaction. The calculation of the t test demonstrates the value of t_{value} is $6.613 \geq t_{table}$ 1.697 with a significance value of $0.000 \leq 0.05$ suggesting that the higher the incentives given to employees, the deeper the job satisfaction is.

The company must equitably provide incentives to employees in such a way that there is no jealousy among employees. Fair incentives will encourage other employees to be more spirited in working.

This is consistent with the findings of Febrianto (2016) stating that incentives have a positive and significant effect on job satisfaction in C.V. Ambassadors in Semarang.

3. The Effect of Leadership Style on Employee's Job Satisfaction

The f test data processing implies that the leadership style and incentive variables simultaneously have a positive and significant effect on employee's job satisfaction where the value of f_{value} is $63.762 \geq t_{\text{table}}$ by 3.32 with a significance value of $0.000 \leq 0.05$. This indicates that the leadership style and incentives simultaneously have a positive and significant effect on job satisfaction. This means that the company (1) adopts good leadership style and provides good motivation or support for the employees, for example, by motivating those who have problems; which is then able to (2) increase employees' job satisfaction. For instance, they feel happy doing the tasks responsibly; (3) foster mutual trust between superiors and subordinates. As an illustration, leaders give errands to run outside the office and the employees accomplish them well and on time; (4) create a conducive working environment. As for an example, leaders create a good working atmosphere as well as paying attention to employees in carrying out their tasks. This is to ensure togetherness exist at work; (5) provide security and comfort. As an illustration, the company provides security equipments such as hats in accordance with the existing safety standards at the company; (6) and provide fair incentives. By way of example, leaders give incentives to employees who have achieved certain targets.

CONCLUSIONS

1. There is an influence of leadership style on the job satisfaction of PT Toarco Jaya Toraja's employees.
2. Incentives have a positive and significant effect on job satisfaction of employees of PT Toarco Jaya Toraja.
3. There is a positive and significant influence of the leadership style and incentives to employee's job satisfaction at PT Toarco Jaya Toraja.

This research is limited to the production part. Hopefully, further research will diversify the samples and variables.

REFERENCES

- Ariati. (2010). Subjective well-being (kesejahteraan subjektif) dan kepuasan kerja pada staf pengajar (dosen) di lingkungan fakultas psikologi universitas diponegoro. *Jurnal Psikologi Undip*, 8(2):117-123.
- Febrianto. (2016). Pengaruh insentif, komunikasi dan lingkungan kerja terhadap kepuasan kerja dan implikasinya terhadap produktivitas kerja di CV. Duta Karya Semarang. *Journal of Management*, 2(2).
- Junaedi, et al. 2013. Pengaruh gaya kepemimpinan, keselamatan dan kesehatan kerja, kepuasan kerja terhadap komitmen organisasional. *Jurnal Profit*, 7(1):127-135.

- Koesmono. (2005). Pengaruh budaya organisasi terhadap motivasi dan kepuasan kerja serta kinerja karyawan pada sub sektor industri pengolahan kayu skala menengah di Jawa Timur. *Jurnal Manajemen & Kewirausahaan*, 7(2):171-188.
- Nugraha, et al. (2016). Pengaruh kompensasi, lingkungan kerja dan promosi jabatan terhadap kepuasan kerja. *E-Jurnal Manajemen Unud*, 5(1):59-87
- Ratnasari, et al. (2013). Pengaruh insentif terhadap loyalitas karyawan (Studi pada karyawan tetap PT. Sier (Persero), Surabaya. *Jurnal Administrasi Bisnis*, 2(2):182-189
- Rumandar, et al. (2014). Pengaruh keselamatan, kesehatan kerja (K3) dan insentif terhadap motivasi dan kinerja karyawan. *Jurnal Administrasi Bisnis*, 9(1):1-9.
- Ruvendi. (2005). Imbalan dan gaya kepemimpinan pengaruhnya terhadap kepuasan kerja karyawan di Balai Besar Industri Hasil Pertanian Bogor. *Jurnal Ilmiah Binaniaga*, 01(1):17-26
- Sari. (2015). Pengaruh kepuasan kerja dan komitmen organisasi terhadap kinerja karyawan pada PT. Puskopkar Riau Pekanbaru. *Jurnal Jom Fekon*, 2:1-14.
- Sariadi. (2013). Gaya kepemimpinan dan motivasi pengaruhnya terhadap kinerja pegawai pada Bagian Sekretariat TNI AL Lantamal VIII di Manado. *Jurnal Emba*, 1(4):31-39.
- Satiawaty. (2014). Pengaruh gaya kepemimpinan dan budaya organisasi terhadap kepuasan kerja yang berdampak pada kinerja keuangan. *E-Jurnal Akuntansi Universitas Udayana*, 6(1):17-32
- Suwatno. (2011). Manajemen SDM dalam organisasi publik dan bisnis. Alfabeta. Bandung.
- Wibowo. (2013). Perilaku dalam organisasi. Rajawali Pers.