



The Influence of Leadership, Work Discipline, and Extrinsic Motivation on Employee Performance in SMEs in the City of Sidoarjo, Indonesia

Kuswandi

Sekolah Tinggi Ilmu Ekonomi Mahardhika, Surabaya, Indonesia

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ABSTRACT

This study aims to study more deeply about Leadership, Work Discipline, and Extrinsic Motivation on Employee Performance at one of CV. SJB's SMEs in Sidoarjo City, Indonesia. This type of qualitative descriptive research with representative informants is able to provide the necessary information or contributions for reasons of professional ability, leadership, and has an influence on changes and development of the CV. SJB. This study wants to explore and understand the meaning of a number of personnel or groups in relation to social problems, starting from the bottom and then going up. As for data collection techniques using interviews, observation and existing data so as to find something new to elevate the company's sales performance. Something new from the results of this study, namely the interactive theory explored by the company's employees, besides finding work discipline that is not significant and extrinsic motivation has a positive and significant effect on employee performance. The results of this study add to the scientific discourse regarding the relationship between aspects of leadership, work discipline, extrinsic motivation and employee performance.

Keywords: Leadership; Motivation; Performance; Work Discipline.

Introduction

Human resources are the most valuable asset for an organization/company. Human resources can be demonstrated through behavior or attitudes in an organizational environment because human resources have high talent, conscience/feelings, motivation, status, educational background, and discipline shown at work. Human resources cannot always be fully monitored like money, machines and materials, in achieving business goals but trust and delegation are needed. The existence of balanced income between needs and capabilities provided by the company has an impact on performance (Resourcing, 2005), moreover the professional development opportunities offered to members of the organization make them motivated and show sincerity in work to help the organization's performance get better.

This is where the role of the leader is as a leader who excels and maximizes organizational learning so that he is able to play his role in unifying company goals and being able to develop the organization against current changes. In leading an organization like CV. SJB, one must have a certain leadership style that is adapted to the environment, infrastructure, resources so that it is able to compete with so many competitors, and has certain concepts and strategies that are appropriate and implemented by building communication from all directions to facilitate the achievement of goals. the success of his leadership.

CV. SJB is a business engaged in the sale of building materials and building tools. This trading business sells various materials and tools to make buildings such as door locks, drawer locks, various kinds of nails, shovels, hammers and so on. CV. SJB usually distributes various types of building materials to various cities in East Java and outside Java Island. Constraints are often experienced during delivery. Once the complexity of the supply chain activities of this business requires adequate performance from its employees. Many studies discuss the factors that influence employee performance, it's just that most of them analyze relationships using a quantitative approach, while this study tries to describe a qualitative approach by exploring (Creswell & Poth, 2016) theory, namely exploring and understanding meaning in a number of individuals or groups people who come from social problem. This study aims to study more deeply about Leadership, Work Discipline, and Extrinsic Motivation on Employee Performance.

Literature Review

Leadership Style

The performance of employees is positively influenced by their leadership style. If the leadership style is enhanced, it will lead to an increase in employee performance, while low-quality leadership will result in decreased performance (Thoha, 2010, p. 49); (Adad, 2014). Leadership can be described as the skill of motivating and influencing a group of individuals to work together towards a shared objective (Wukir, 2013); (Hasibuan, 2011). In line with this,

(Rachmawati & Lantu, 2014) suggest that leadership involves the ability to influence a group towards achieving goals through persuasive approaches rather than coercion. According to (V. Rivai, 2014), leadership encompasses the influence exerted in setting organizational goals, motivating followers to achieve those goals, and fostering group improvement and cultural development. Leadership is often seen as the capability to inspire and influence people, functioning as a tool or process to encourage voluntary actions. The leadership capacity determines the success and achievements of institutions or organizations. Through talent, creativity, concepts, behavior, and leadership an individual can help an organization achieve its goals. The effort that the most effective thing a leader can do for an organization is to help each member focus their efforts towards success. Moreover, through innovation, leaders can fully exploit their potential in the workplace to improve organizational efficiency and achieve the highest levels of performance. Strong leadership is essential for achieving organizational goals, making it the cornerstone of organizational development. When attempting to influence the behavior of others, leaders must carefully consider their leadership style. The success of the organization in reaching its objectives is heavily influenced by the leadership style employed by its leaders. The actions of a leader have a significant impact on subordinate attitudes and behaviors, ultimately affecting overall performance (S. Ahmad et al., 2010).

Work Discipline

Employee personalities can be developed through discipline so that they consistently produce quality work. Good and disciplined attitudes, actions, and lifestyles do not appear quickly. However, all of them were created by a long ancient procedure. One way of forming personality is through the training process. Employees, managers, and all current employees in the organization participate in activities together. Work discipline is the attitude and readiness of a worker to obey the rules and norms that apply in his environment. A high level of employee innovation and discipline can accelerate the achievement of company goals and objectives, while a decrease in work discipline will hinder the company's progress towards its goals.

(Sutrisno, 2009, p. 87), work discipline is a tool to motivate employees. In order for each job to run smoothly, it must be endeavored so that there is good work discipline. According to (Siagian, 2009) employee discipline is a training method aimed at enhancing and molding the skills, attitudes, and conduct of employees. The objective is to encourage employees to willingly engage in cooperative work with their colleagues and enhance their performance, both in terms of written and unwritten work expectations.

Extrinsic Motivation

(Permana et al., 2019) quotes from Nawawi explaining that extrinsic motivation refers to the external factors that drive an individual's work efforts, typically in the form of requirements or conditions that necessitate performing work to the best of one's abilities. Research conducted by (Akbar et al., 2017) demonstrates that extrinsic motivation leads to improved employee performance. Similarly, (A. R. Ahmad et al., 2013) indicate that extrinsic motivation has a favorable effect on employee performance. Likewise, (Maulana et al., 2015) shows that extrinsic motivation has a positive and significant effect on employee performance. In most cases, people's needs and aspirations are what motivate them to engage in certain activities. One person's needs and wants are different from others. The processes that occur within a person produce differences in his desires and desires. The mental process is the process by which a person's perception is formed, and the method by which self-perception is developed is simply a process by which a person learns about everything he observes and encounters in his environment.

Employee Performance

(Luthans et al., 2008) says performance refers to the documented outcomes achieved in specific job functions or activities within a defined timeframe. It encompasses various aspects such as the quantity and quality of work produced, job knowledge, creativity, cooperation, Front ability, Initiative, and Personal Quality. Opinions differ, performance measures how well employees carry out the tasks assigned to them. Apart from providing feedback to workers, performance evaluation also serves to assess how well the company is performing in achieving its goals (Prabu, 2005); (Butarbutar & Kasmir, 2017). Not only that, performance also seeks to make plans that will be used by businesses to achieve the goals set. higher level, and also build relationships between individuals in creating a comfortable and cooperative atmosphere that allows each other to support each other to produce good work activities.

Employee performance, in another sense, refers to the collective efforts of employees within an organization or entity, aimed at showcasing tangible work outcomes that can be evaluated or compared against established standards or criteria. This allows for a concrete demonstration of the achieved results in their work (Ramli, 2018).

Methods

This particular study adopts a descriptive qualitative research approach. As outlined by (Creswell & Poth, 2016), qualitative research methods are employed to explore and comprehend the meanings attributed by individuals or groups to social or humanitarian issues. The primary objective of this research is to investigate and understand the significance of various factual aspects experienced by individuals or groups that give rise to social-level problems, such as communication issues and organizational discrepancies. Failure to address or address these problems can lead to adverse effects within the corporate environment. In general, qualitative research can be employed to study various aspects of human life, history, behavior, concepts, phenomena, and social problems. The qualitative approach employed in this study allows for the exploration and comprehension of underlying factors that are often difficult to grasp. Descriptive research, as defined by (Sugiyono, 2017), focuses on determining the values of independent variables without making comparisons or establishing connections with other variables. The data analysis technique employed in this study follows the model proposed by Miles and Huberman. In qualitative research, data analysis, according to (Sugiyono, 2017), is conducted concurrently with data collection and continues

until a predetermined timeframe is completed. The process of qualitative data analysis is interactive and ongoing, ensuring that the collected data is comprehensive, addresses the research problems, and provides the desired insights.

Results and Discussion

Data Validity Test

The validity of data in qualitative research is evaluated through various tests. One such test is credibility, which assesses the trustworthiness and accuracy of the research findings. This validation process aims to ensure that the reported data aligns with the actual occurrences in the field. Source triangulation involves cross-checking data obtained from multiple sources, while technical triangulation involves comparing data from the same source using different techniques, such as interviews, observations, and documentation. Time triangulation involves examining data collected at different times or in different situations using various techniques such as interviews and observations (Sugiyono, 2002). These tests contribute to establishing the reliability and validity of the data in qualitative research.

Results and Discussion

Based on the results of interviews and observations conducted by researchers, data were obtained in the form of leadership style applied in the company CV. SJB is a democratic leadership style. Leadership is a determining factor for success in an organization. This is because the leadership is the center point for significant changes in the organization, leaders with personality have an impact on creating conformity, stability and are able to create something different when compared to other companies (Yukl, 2009). The democratic leadership style of the leader always communicates, continuous deliberations with his staff in completing work that is delayed or encounters technical and non-technical difficulties, then it is expected to find a solution in the scope of work. Such communication that is carried out continuously between leaders and staff is born interactive between superiors and those who are led (Henri, 2006); (Koufteros et al., 2014) so that staff feel their opinions are valued, innovative inputs that can be followed up on in facing challenges, able to maintain existence and able to increase profits and increase the welfare of its members in the company.

Discipline greatly affects the performance of employees and the company, because discipline is a form of training for employees in carrying out company rules. The more discipline, the higher the work productivity of employees and company performance. Discipline is the management action of the members of the organization to meet the demands of these provisions. High discipline in essence will grow and emanate from the results of personal awareness, without it the company's goals will experience a decrease in productivity. From the results of interviews obtained from middle managers, it can be seen that discipline in work is very necessary to support the achievement of company targets. Several previous studies stated that work discipline has an effect on employee performance (Prayogi et al., 2019); (Iptian et al., 2020); (Razak et al., 2018). The results of the interview in general work discipline, both preventive discipline and corrective discipline, have a significant impact on company performance, as (Hasibuan, 2007); (Fauzi & Wakhidah, 2020); (Pesik et al., 2019); (Koyongian & Dotulong, 2015). Meanwhile, the research by (Hasyim et al., 2020) shows different results that work discipline does not affect employee performance. On CV. SJB, the company's steps are deliberately instilling values and encouragement to all employees so that they have the ability to comply with all existing regulations within the company, without work discipline from internal individuals and work discipline from a different environment, social, culture or religion, it will be difficult to realize good performance. quality. The reality in the field is that the form of self-discipline from the awareness and belief of employees has not reached the level that the company wants. Data from HRD in reality, some employees still do not understand the regulations set by the company, especially disciplinary violations before and after breaks, which is what causes employee performance delays at the company. With the implementation of good time and risk management, it is possible to improve employee work discipline in addition to arranging a comfortable work space, treating employees like partners and providing counseling to understand employee problems. Problems that become obstacles in the implementation of work discipline are sought for a solution and the problem is immediately resolved by the leadership, especially the problem of exemplary leadership at the middle level. Employee work discipline is very important because it is a measure of the success of an organization or company. With discipline in each person, the company's goals will run well and perfectly, and vice versa if the application of discipline is misused, of course it will be difficult to achieve the goals that have been set. The results of this study indicate that employee discipline in complying with all company regulations that have been agreed upon so that a culture that is adhered to by all members in the organization can affect employee performance, as (Ariana & Riana, 2013); (Hasibuan, 2016). Besides that, with high work discipline, employees will be able to feel satisfaction in carrying out their obligations as employees at CV. SJB.

Furthermore, researchers will sharpen extrinsic motivation which in substance is a driving force that originates from outside the worker as an individual in the form of a condition that requires him to do his job optimally to encourage increased income and avoid penalties imposed by the company (Iriani, 2010). Based on the results of research from data collection through interviews and observations that have been made, that motivation is an encouragement that is carried out by someone in a self-conscious state to decide what to do turns out to have a positive and significant effect. (Hasibuan, 2007) motivation is important considering the motivation to cause, channel and support human behavior so that they want to work hard and enthusiastically achieve optimal results. It can also be interpreted as giving a driving force that creates a person's work enthusiasm so that they want to work together, work effectively and be integrated with all their efforts to achieve performance (Edrak et al., 2013); (Permana et al., 2019). In terms of extrinsic motivation at work is needed by employees especially from elements of leadership and co-workers supporting cooperation in carrying out daily tasks, then employees will feel comfortable and safe in completing their tasks and responsibilities. According to (Manullang et al., 2021) it is stated that if companies provide working conditions, wages, benefits or work safety are not sufficient, then they will have difficulty involving quality employees and turnover and absenteeism

will increase, in this case a leader must aware of current issues if they are not the main focus. Factors of extrinsic motivation that need attention are salary, policies, work relations, work environment and supervision (Manullang et al., 2021).

Opinion of (R. Rivai et al., 2019) performance is real behavior displayed by each individual as work performance produced by employees according to their roles in the company. Another opinion, performance is said to be high if a work target can be completed at the right time or does not exceed the time limit provided. The quality performance factors according to (Nitisemito, 2008) include: a) the amount and composition of the compensation received; b) proper job placement; c) training and promotion; d) guarantee the future; e) relationships with colleagues and; f) relationship with the leadership. According to the parameter researchers in the CV. SJB is aligned with the provisions in accordance with the capabilities possessed by management.

Conclusion

Based on the data that has been collected and then analyzed, the following conclusions are obtained: (1) According to the data from interview answers and observations, it can be concluded that elements of democratic leadership affect employee performance because with democratic leadership, employees become more communicative in expressing their opinions directly to leadership without having to be afraid, this is where the role model is interactive as a new thing/aspect. Here employees are considered as work partners, not like superiors with their subordinates, this encourages them to be more comfortable working in the organization. (2.) According to the data obtained by researchers, it can be concluded that work discipline does not affect employee performance. In this study the work discipline in the company CV. SJB is very lacking, especially in terms of time discipline, lack of cooperation, placement is not appropriate and the form of incentives is not maximized, solution steps in increasing the discipline of a leader to make improvements and changes, especially in giving rewards, increasing welfare, carrying out transparent promotions and carrying out improvement of certain skills according to the field of work. (3) According to the data obtained by the researcher, it can be concluded that extrinsic motivation affects employee performance, it is necessary for company leaders to increase employee motivation considering that external influences are very decisive because current employees, especially in the Millennium era, hedonic demands, which are a lifestyle, do not rule out the possibility of moving, assignment or resign at another company that is more promising, here the role of the leadership is in setting policies in managing a flexible organization according to changes and development of different organizations when compared to other organizations. In this study the presence of extrinsic motivation can stimulate employees to improve their professional abilities, so as to be able to show maximum performance. Extrinsic motivation at work can encourage employee enthusiasm in completing the tasks that have been given with enthusiasm and sincerity without any compulsion. Employee performance will be less than optimal if there is no interactive democratic leadership towards its employees, work discipline that is not a major concern for some employees will have an impact on decreasing performance and with extrinsic motivation being the main concern for company leaders as a follow-up to the improvements made by the leadership can make employees to improve their performance.

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