



Work Motivation, Leadership, and Work Discipline Influence on Employee Performance at PT Petronika in Gresik

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Abstract

Employee performance is critical to organizational success, aligning with strategic goals, customer satisfaction, and economic impact. It reflects the outcomes achieved by individuals or groups within an organization, crucial for productivity and sustainability amidst competitive environments. This study investigates the impact of work motivation, leadership, and work discipline on employee performance at PT Petronika, a Dioctyl Phthalate manufacturer that faces challenges linked to motivation, leadership, and discipline. The research aims to analyze these factors among 73 HRD employees using a quantitative approach, specifically Structural Equation Modeling (SEM). Primary data, gathered through interviews and questionnaires, is complemented by secondary data from company records and literature. Results indicate that motivation significantly enhances employee performance ($p = 0.002$), while work discipline also plays a crucial role ($p = 0.000$). However, leadership shows inconsistent impact on performance ($p = 0.784$), highlighting complexities in its influence. The study concludes that improving motivation and reinforcing work discipline are essential for enhancing employee performance at PT Petronika. Further research is recommended to delve deeper into the dynamics of leadership within organizational contexts.

Keywords: Employee performance, Work motivation, Leadership, Work discipline, Organizational success

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1. Introduction

Employee performance is the result of work achieved by employees that strongly correlates with the strategic goals of the organization, customer satisfaction, and economic contribution [1]. Performance is an outcome achieved by individuals or groups within an organization, aligned with their respective responsibilities and authorities in pursuit of organizational objectives. Good employee performance is crucial for determining a company's productivity and sustainability amidst unstable business competition. Efforts to enhance employee performance pose a serious management challenge, given that the success in achieving organizational goals significantly depends on the quality of human resources performance [2]. Therefore, factors influencing employee performance are crucial considerations to ensure good performance. Factors influencing employee performance include personal qualities, leadership, team support, work systems and facilities, and internal and external pressures [3]. Meanwhile, Mangkunegara states that there are two main factors that influence employee performance, namely ability and motivation [4].

Work motivation is the internal desire of an individual to be inspired, enthusiastic, and driven to perform activities with sincerity, pleasure, and dedication, thereby achieving good and quality outcomes from their endeavors. Work motivation also defined as the process that explains the direction, intensity, and persistence of a person's efforts to achieve goals [5]. Therefore, work motivation generally pertains to efforts directed towards various goals, including those related to work behavior. Work motivation categorized into two types, intrinsic motivation arises from within the employee, without external stimuli, while extrinsic motivation stems from external incentives [6].

Another crucial factor influencing employee performance besides work motivation is leadership. The quality of leadership within a company significantly determines its success or failure by its ability to influence a group towards achieving a vision, mission, or set of goals. Leadership can be defined as the ability of individuals or groups within an organization to guide and influence employees towards achieving common goals [7]. Effective leadership encompasses qualities such as vision-setting, decision-making, and the ability to inspire and empower others [8]. In the context of this research, leadership is defined as the quality and manner in which individuals influence others to collaborate, commit, and fulfill their responsibilities towards achieving organizational goals. This leadership quality is crucial in shaping employee motivation, fostering a disciplined work culture, and ultimately influencing the overall performance of the organization.

Another important factor in employee performance within a company is the ability to enhance work discipline so that employees can conscientiously carry out their tasks and develop their potential to the fullest extent possible

to achieve goals. Work discipline entails honesty in task execution, punctuality, presence during working hours, adherence to company-established work methods, and accuracy in the use of materials and equipment [9]. Work discipline is an ability of an individual to consistently and diligently work according to established rules without violating predetermined regulations [10]. Work discipline ensures that employees consistently meet expectations and contribute effectively to organizational objectives.

The object of this study is PT Petronika, a company that manufactures Dioctyl Phthalate (DOP) as a raw material for plastic production. Established on September 14, 1983, PT Petronika is a private foreign joint venture (PMA) founded under Notarial Deed with Presidential Approval No. 07111983. Initially, PT Petronika was founded by PT Petrokimia Gresik and Mitsubishi Group Nippon Indonesia Kasozai Co. Ltd from Japan, with Mitsubishi Gas Chemical MCG and Mitsubishi Corporation MC holding a 20% share and the remaining 80% held by the Mitsubishi Group.

Performance at PT Petronika indicates a satisfactory position based on internal evaluations. However, the company faces challenges, such as declining employee performance due to factors like lack of work discipline, low motivation, inadequate compensation, high turnover rates, and insufficient leadership among employees. This study focuses on three primary factors—work motivation, leadership, and work discipline—as they are deemed more significant and prominent for investigation.

Employee performance evaluation at PT Petronika shows significant fluctuation from year to year. Despite the company setting a performance target of 90%, actual employee performance over the past four years (2020-2023) has shown a notable downward trend. In 2020, performance reached 78.65%, but declined to 75.05% in 2021, 65.55% in 2022, and further dropped to 60.40% in 2023. This decline is attributed to several identified internal factors. One major factor is a lack of employee motivation. Employees who are unmotivated tend to be less productive and enthusiastic in performing their tasks [11].

Additionally, ineffective leadership has been a significant issue impacting performance. Effective leadership is crucial not only for providing clear direction but also for inspiring and motivating employees to contribute effectively [12]. Internal survey results indicate that employee perceptions of leadership have not always been positive. Many employees feel that poor leadership can diminish work motivation and team spirit. Effective leadership not only coordinates tasks efficiently but also fosters teamwork and maintains team cohesion. Furthermore, work discipline is a critical factor in determining employee performance. Poor adherence to company rules and norms can disrupt efficiency and productivity. For instance, high absenteeism rates or non-compliance with work procedures can directly affect individual and team performance [13].

Overall, to address these challenges and improve employee performance, PT Petronika needs to implement strategic measures. These include enhancing work motivation programs, developing stronger and more effective leadership, and reinforcing a culture of work discipline across the company. By doing so, the company aims to achieve or exceed its performance targets and create a productive and harmonious work environment for all employees. Based on this explanation, the author conducted further research titled "The Influence of Work Motivation, Leadership, and Work Discipline on Employee Performance at PT Petronika in Gresik."

2. Research Methods

The research method employed in this study is a quantitative approach that utilizes systematically collected, analyzed, and interpreted data to explore the influence of work motivation, leadership, and work discipline as independent variables on employee performance as the dependent variable at PT Petronika.

The study population consists of 270 permanent employees in the HRD department of PT Petronika, chosen for their relevance to the independent variables under investigation [14]. A sample of 73 employees was selected using the Slovin's formula, a common method in research involving large populations while considering constraints such as budget, manpower, and time [15].

Data for the study are categorized into primary and secondary sources. Primary data were obtained through direct interviews and distribution of questionnaires to respondents, while secondary data were derived from employee attendance records and a review of literature from books, journals, and related articles [16].

Data analysis was conducted using a quantitative approach with various techniques, including descriptive statistical analysis to provide an overview of the data, descriptive analysis of respondent characteristics, descriptive index variable analysis to understand response trends, and the use of Structural Equation Modelling (SEM) with Partial Least Square (PLS) to test and model complex relationships between variables.

Hypothesis testing in this research employed t-statistic values, with acceptance or rejection criteria determined based on t-table values at a significance level of alpha 5%. The study aims to provide significant scientific contributions to understanding the factors influencing employee performance in the workplace at PT Petronika.

3. Results and Discussion

PT Petronika was established on September 14, 1983, located in the Gresik Industrial Zone, Prof. Dr. Moh. Yamin SH Street, Gresik Regency, East Java Province. PT Petronika is a producer of Dioctyl Phthalate (DOP), used as a raw material in plastic manufacturing. PT Petronika is a foreign Private Foreign Investment (PMA)

joint venture company with a vision to become an internationally recognized plasticizer manufacturer, supported by high-quality human resources to ensure customer satisfaction.

Descriptive statistical analysis of respondent characteristics from PT Petronika's HRD department reveals several key findings. Based on a questionnaire distributed to 73 respondents, the majority are male (85%) compared to female respondents (15%). This gender distribution reflects a predominance of males within the HRD department of the company. Additionally, most respondents (50%) fall within the 20-30 age range, indicating that the majority of recruited employees are relatively young and likely local residents. In terms of education, respondents are predominantly high school graduates or equivalent (50%), reflecting the company's preference for employees with secondary education backgrounds. Lastly, in terms of work experience, a majority of respondents (65%) have worked for 4 to 6 years, indicating workforce stability within the company. The conclusion drawn from this analysis is that the demographic structure, educational background, and work experience characteristics of the respondents reflect the typical profile of employees in PT Petronika's HRD department.

The descriptive analysis of variables aimed to assess respondents' responses regarding work motivation, leadership, and work discipline towards employee performance. The analysis employed respondent answer index analysis to gauge trends based on average scores categorized into score ranges. Motivation (X1) was assessed across five indicators showed an overall high category with an average index score of 543. Recognition indicator scored highest at 558, while facilities indicator scored lowest at 530, indicating high motivation levels at PT Petronika. Leadership (X2) was analyzed across four indicators and the analysis revealed an overall high category with an average index score of 544.2. Firmness indicator scored highest at 548, and Communication Skills indicator scored lowest at 540, demonstrating strong leadership qualities among employees. Work Discipline (X3) was examined across eight indicators and resulted in an average index score of 544.1, also categorized as high. Human Relations indicator scored highest at 565, while Leadership Example indicator scored lowest at 527, highlighting robust work discipline at PT Petronika. The next descriptive analysis is on the research's dependent variable, which is Employee Performance (Y) was evaluated across five indicators and it demonstrated an average index score of 549.4, classified as high. Timeliness indicator recorded the highest index at 562, whereas Teamwork indicator achieved the lowest at 537, indicating commendable employee performance at PT Petronika.

The hypothesis testing was conducted by examining the t-statistic values of the path coefficients. The t-statistic values indicate the significance of the constructs, while the path coefficients reveal the nature of the relationships between the constructs.

Table 1. Path Coefficients and Hypothesis Testing Results

	Original Sample	Sample Mean (M)	Standard Deviation (SD)	T Statistics	P Values
Work Discipline – Employee Performance	0,435	0,432	0,108	4,048	0,000
Leadership – Employee Performance	-0,034	-0,026	0,122	0,274	0,784
Work Motivation – Employee Performance	0,377	0,378	0,120	3,133	0,002

Based on Table 1's path coefficient results, the direct relationships between constructs (Direct Effect) are summarized as motivation positively and significantly influences Employee Performance, as indicated by a path coefficient of 0.377. The analysis yielded t-statistic of 3.133 with a P value of 0.002, supporting acceptance of the first hypothesis. Leadership, on the other hand, demonstrates a negative and non-significant influence on Employee Performance, with a path coefficient of -0.034. The associated t-statistic was 0.274 with a P value of 0.784, confirming acceptance of the second hypothesis. Additionally, Work Discipline positively and significantly impacts Employee Performance, illustrated by a path coefficient of 0.435. The computed t-statistic of 4.048 with a P value of 0.000 validates acceptance of the third hypothesis. These findings underscore the influential roles of motivation and work discipline in enhancing employee performance, while highlighting the limited impact of leadership in the context examined.

In conclusion, the direct effects analysis confirms that work motivation and work discipline significantly and positively affect employee performance [17]. The findings are in line with research that analyzed the positive and significant role of work motivation on employee performance [18]. This implies that the higher the level of work motivation, the better the employee performance. Motivated employees tend to be more committed to their work and achieve higher performance levels. They tend to have a strong internal drive to achieve their goals, making them more diligent and dedicated in performing their daily tasks. As a result, they often achieve higher levels of performance because they are more focused, productive, and capable of overcoming challenges in the workplace. The findings of this study are also consistent with research that found that work discipline has a positive and significant impact on employee performance [19]. Employees who maintain discipline in carrying out their tasks tend to have more consistent and reliable performance. Good work discipline also reflects employees'

commitment to organizational rules and procedures, which directly contributes to operational efficiency and the quality of work produced.

This study also found that leadership does not significantly influence employee performance. These findings reveal a research gap compared to previous studies, which indicated that leadership has a negative and insignificant impact on employee performance. In other words, the higher the leadership variable, the lower the employee performance. There are several factors that may contribute to the differences in findings in this study, such as different organizational contexts or varying leadership skills [20]. To better understand the underlying reasons for these differences, further research that carefully considers these factors may be necessary. This would help identify variables that could mediate or moderate the relationship between leadership and employee performance across different organizational contexts.

4. Conclusion

This study investigates factors influencing employee performance at PT Petronika. It focuses on work motivation, leadership, and work discipline as independent variables, with employee performance as the dependent variable. The research findings indicate that work motivation and work discipline significantly and positively affect employee performance at PT Petronika. However, leadership did not show a significant influence. The study concludes that PT Petronika needs to strengthen its programs on work motivation and work discipline to enhance employee performance. While leadership development is also deemed necessary, its impact on employee performance in this context was not found to be significant.

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