



The Effect of Leadership and Incentive on Employee's Performance at Hamparan Perak District

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Abstract. The purpose of this study was to investigate the partial and simultaneous effects of leadership and incentive on employee's performance at Hamparan Perak district. The Likert scale approach was utilized to collect data for this study, which employed quantitative methodologies. Using complete sampling, 60 employees from the Hamparan Perak district served as the study's subjects. The study's findings showed that, first, leadership significantly and favorably affects employee performance, as seen by the $t_{count} > t_{table}$ value of $6.534 > 1.764$, a result value of 0.559, and a sig value of $0.005 < 0.05$. Second, $t_{count} > t_{table}$, which is $6.859 > 1.764$ with a result value of 0.540 and a sig value of $0.002 < 0.05$, indicates that incentive have a positive and substantial impact on employee's performance. Third, the results of the $f_{count} > f_{table}$, which are $11.897 > 2.608$ with a result value of 0.721 and Sig value < 0.05 then $0.004 > 0.05$, were obtained concurrently with the F test, demonstrating that leadership and incentives have a significant and positive impact on employee's performance at Hamparan Perak district.

Keywords Leadership, Incentive, Work performance

1. INTRODUCTION

In an organization, the human element as employees holds a strategic position, because it is humans who can identify the inputs taken from the environment, how to obtain and process or transform them accurately into outputs. Human resources are very important for a company or organization, therefore the success of an organization or institution greatly depends on the management of human resources. Employees are the most influential asset on the performance of an institution. Every government institution will always strive to improve employee performance, with the hope that the goals and programs of the government institution can be achieved by managing, organizing, and utilizing employees within the company.

This quality and capability can be achieved through effective, efficient, and continuous human resource development. The goals of the organization are difficult to achieve if each member of the organization does not perform well in carrying out and completing their tasks and responsibilities within the organization or company. Therefore, human resources in the company need to be managed professionally to achieve a balance between employee needs and the demands and capabilities of the organization. The ability in this era of globalization enables every company to participate in development and compete competitively. Poor management of human resources will lead to problems that cause discomfort for employees in their work, resulting in subpar performance and a decline in the company's overall productivity. Therefore, there is a need for good, effective, and efficient human resource management.

Since a leader's job is to motivate other members to use other resources effectively and efficiently in order to accomplish predetermined goals, leadership is regarded as the most crucial component. An organization's performance is greatly influenced by its leadership. Leaders must also act as motivators, assisting in the accomplishment of the goals of the business or organization. In order to prevent organizational rule infractions, such as employees' propensity to violate corporate or institutional regulations, leadership is also considered vital to influence the behavior of subordinates. Therefore, in order to help the company or institution accomplish its objectives, leaders in human resource management must be able to cooperate and reduce the likelihood of conflicts within the workgroup.

The provision of incentives is one of the ways organizations enhance human resource performance. Providing adequate and reasonable incentives will make employees more enthusiastic about their work, more diligent, more compliant with company regulations, and feel that their work is valued by the company, so employees will strive to work more optimally to improve their job performance. According to Hasibuan (2018), incentives are external driving factors that encourage positive motives, directing individuals to work harder. The importance of incentives stems from the need for employees to be recognized and appreciated for their efforts. An incentive system that encourages their internal motives, assuming that money can drive employees to work harder, means that those who are productive prefer their salaries to be paid based on their work results, which will consequently lead to improved performance. Incentives are considered one of the most important factors that encourage workers to make significant efforts and work more efficiently. According to Hasibuan (2018), incentives are defined as external temptations and driving factors that cause employees to work harder; they are given incentives because their performance is very good, so employees will work harder and produce more effective performance when they feel satisfied with the company.

2. LITERATURE REVIEW

Leadership

Organizations greatly need the role of a leader. Therefore, leaders are very significant in achieving the organization's goals. Therefore, leaders must possess competencies and knowledge (managerial and strategic) that exhibit good behavior, and be able to influence and direct others.

According to Afandi (2018), leadership is an important dynamic force that motivates and coordinates the organization in order to achieve its goals. Leadership is the central point

and policy determinant of the activities to be carried out within the organization. The task of a leader in executing leadership is not only limited to their ability to implement programs, but more than that, the leader must be able to involve all layers of their organization, its members, and the community to actively participate so that they can make a positive contribution in the effort to achieve the goals.

Incentive

Incentives are additional rewards given to certain employees whose performance exceeds standard performance. These incentives serve as a tool to support the principle of fairness in compensation. Rivai (2018) argues that incentives are "a form of payment linked to performance as a profit-sharing for employees due to increased productivity or cost savings. Incentives can be formulated as adequate compensation for employees whose performance exceeds the established standards." Incentives are a motivating factor for employees to work better so that their performance can improve. From the above definition, to clarify the concept of incentives, below are some management experts who have expressed their understanding of incentives.

Incentives as a means of motivation that encourage employees to work at their optimal capacity, intended as extra income beyond the predetermined salary or wages. The provision of incentives is intended to meet the needs of employees and their families. The term incentive system is generally used to describe a wage payment plan that is directly or indirectly linked to various employee performance standards or organizational profitability. Incentives can be formulated as adequate compensation for employees whose performance exceeds the established standards. Incentives are a motivating factor for employees to work better so that their performance can improve.

Work Performance

Performance is the result of an employee's work viewed from the aspects of quality, quantity, working time, and cooperation to achieve the goals set by the organization. According to Sutrisno (2018), performance is the result of an individual's efforts determined by their personal characteristics and perception of their role in the job. Performance is the quality and quantity of work achieved by an employee in carrying out their duties according to the responsibilities assigned to them. (Mangkunegara, 2017).

In line with the previous explanation, performance can also be defined as the process by which a company evaluates or assesses employee work achievements (Fatmawati et al.,

2020). Furthermore, employee performance is the extent to which employees contribute to the company, including the quantity of output, quality of output, duration, attendance at the workplace, or cooperative attitude (Wau et al., 2021). In line with the previous explanation, performance is the work result that can be achieved by an employee, whether individually or in a group, within an organization according to their respective authority and responsibilities, in an effort to achieve the vision set by the company. (Fatmawati et al., 2020).

3. METHODS

This study collected primary data using a questionnaire method and an associative approach with quantitative data. Multiple linear regression was employed as the analysis method. The goal of associative research, also known as causal research (cause-and-effect relationships), according to Manullang & Pakpahan (2015), is to determine whether one variable acting as an independent variable affects another that is a dependent variable. Quantitative research methodology is a scientific approach to gathering reliable data with the goal of finding, validating, and expanding knowledge that can then be applied to comprehend, address, and predict issues in a certain subject. Because the goal of this study is to determine the partial and simultaneous effects of the independent variable (X) on the dependent variable (Y), multiple linear regression is used.

A population, according to Manullang & Pakpahan (2015), is a collection of study elements, where an element is the smallest unit that provides the necessary data. While the sample specifies the sample criteria, size, and sampling technique, the population describes the type and criteria of the population that is the subject of the study. All 760 employees in the Hamparan Perak district make up the population of this study. In a research, observations are typically made on a sample rather than the entire population. The sample in this study consists of all employees, totaling 200 staff members in Hamparan Perak District.

4. RESULTS

Validity Test

The question item is real or valid if $r_{count} > r_{critic}$, $r_{critic} = 0.30$, and $r_{table} < r_{critic}$. The question item is not authentic or valid if the r_{count} is less than 0.30. Every item in variable X1 (Leadership) is deemed legitimate if $r_{count} > r_{critic}$; if $r_{critic} = 0.30$, the item in question is legitimate or valid. The question item is real or valid if $r_{count} > r_{critic}$, $r_{critic} = 0.30$, and $r_{table} < r_{critic}$. The question item is not authentic or valid if the r_{count} is less than 0.30. Every

item in variable X1 (Leadership) is deemed legitimate if $r_{count} > r_{critic}$; if $r_{critic} = 0.30$, the item in question is legitimate or valid.

Reliability Test

The degree of accuracy or dependability offered by a measurement is known as reliability. The purpose of the reliability test is to ascertain the dependability and credibility of a research tool. The research findings will be very credible if the instrument employed to measure the research variable is dependable and trustworthy. At a significance level of 0.05, an instrument is considered reliable if its Cronbach's Alpha value is ≥ 0.60 and its test size is $r_{hitung} > r_{tabel}$; if $r_{hitung} < r_{tabel}$, the measuring device is considered unreliable. Since each variable's Cronbach's Alpha is higher than 0.60, it can be said that X1, X2, and Y are all trustworthy.

Normality Test

The purpose of the normality test is to ascertain whether the data has a normal distribution so that parametric statistics can use it later. In most cases, graphs or the non-parametric Kolmogorov-Smirnov statistical test are used to determine whether a variable is normal. (K-S). If the significance value is higher than 0.05, it can be concluded that a normal distribution is present.

According to the One-Sample Kolmogorov-Smirnov Test, the Asymp. Sig (2-tailed) value for the normalcy test is 0.190. Consequently, the Sig value of 0.190 is more than 0.05. Because the normality test result value is higher than the specified value of 0.05, it may be said that the data is normally distributed. Data that is normally distributed don't veer to the right or left and have a distinctive form.

Multicollinearity Test

To ascertain whether or not there is correlation between the independent variables in a regression model, the multicollinearity test is employed. A good regression model is one that is unaffected by the symptoms of multicollinearity and does not exhibit correlation between independent variables. According to the criteria of the multicollinearity test, multicollinearity does not occur if the tolerance value is greater than 1.10 and the VIF (Variance Inflation Factor) value is less than 10.00. Additionally, multicollinearity arises if the VIF value is higher than 10.00 and the tolerance value is less than 1.10.

According to the coefficient results, the independent variables of incentives, motivation, and leadership have tolerance values greater than 0.1 and a variance inflation factor (VIF) of less than 10. This is demonstrated by the tolerance value being $0.878 > 0.10$ and the leadership variable's VIF value being $1.139 < 10$. The tolerance value is $0.813 >$ and the incentive variable's VIF value is $1.230 < 10$. For the incentive variable, the tolerance value is $0.921 >$ and the VIF value is $1.085 < 10$. We may conclude that multicollinearity problems do not affect the regression model in this investigation.

Heteroscedasticity Test

The Glejser test is used to perform this test. Regressing the absolute residual values derived from the independent variable is the idea behind the Glejser test. The significant value of the heteroscedasticity test is the criterion used to make decisions. It is said to be devoid of heteroscedasticity symptoms if the significance value is more than 0.05. On the other hand, heteroscedasticity symptoms are said to be present if the significance value is less than 0.05.

A significant value > 0.05 is found in the heteroscedasticity test utilizing the Glejser test; specifically, $0.350 > 0.05$ for the leadership variable (X1), $0.588 > 0.05$ for the incentive variable (X2), and $0.919 > 0.05$ for the incentive variable. The findings indicate that there are no signs of heteroscedasticity in this investigation.

Regression analysis aims to define the mathematical relationship between the dependent variable (Y) and the independent variable (X). Multiple linear regression tests are used to prove the validity of the research hypothesis. This regression is used to test the influence of independent variables, namely leadership (X1) and incentive (X2), on the dependent variable, which is performance as variable Y.

In this study, the multiple linear regression relationship can be mathematically explained by the equation:

$$\text{Performance} = \alpha + b_1\text{Leadership} + b_2\text{Incentive} + e$$

Explanation:

X1 = Independent Variable (Leadership)

X2 = Independent Variable (Incentive)

Y = Dependent Variable (Performance)

α = Constant

b_1, b_2, b_3 = Model regression coefficients

The following regression equation is produced using the multiple linear regression results:

$$0.628 + 0.559 \text{ Leadership} + 0.484 \text{ Incentive} + e = \text{Performance}$$

The multiple linear regression equation's outputs allow for the following deductions to be made:

- a. The constant value of 0.628 means that the value of the dependent variable, performance, will be 0.628 if all independent variables, including leadership (X1) and incentive (X2), have a constant value of 0.
- b. The leadership coefficient (X1) value of 0.559 indicates that, assuming all other factors remain constant, performance will rise by 0.559% for every 1% increase in the leadership variable.
- c. The incentive coefficient (X2) value of 0.540 means that for every 1% increase in the incentive variable, if other variables are considered constant, performance will increase by 0.540%.

The results of the partial test (t-test) can be concluded as follows:

1. Hypothesis test 1 on the leadership variable (X1)

The calculated t-value for the leadership variable (X1) is higher than the table t-value, which is $6.534 > 1.764$, and the Sig value for the leadership variable (X1) is less than 0.05, thus $0.005 < 0.05$. Thus, it can be concluded that H_{a1} is accepted and H_{o1} is rejected. This indicates that leadership has a significant positive influence on performance as variable Y.

2. Hypothesis test 2 on the motivation variable (X2)

The t-value of the motivation variable (X2) is obtained as $t_{hitung} > t_{tabel}$, which is $6.859 > 1.764$, and the Sig value of the motivation variable (X2) is < 0.05 , which is $0.008 < 0.05$. Thus, it can be concluded that H_{a2} is accepted and H_{o2} is rejected. This shows that motivation has a significant positive effect on performance as variable Y.

The results of the F-test show that the calculated F value is greater than the table F value, specifically $11.897 > 2.608$, and the Sig value is less than 0.05, specifically $0.004 < 0.05$. Therefore, it can be concluded that in the F-test, H_a is accepted and H_o is rejected. This means that simultaneously, leadership (X1) and incentive (X2) have a significant effect on performance as the dependent variable Y. This occurs because the two independent variables are interrelated and have a connection, where if all the independent variables are combined, they will simultaneously affect consumer interest.

3. The Effect of Leadership on Employee Performance

The leadership variable has a positive and significant effect on employee performance at Hamparan Perak district, as evidenced by the t-statistic value $>$ t-table value, which is $6.534 > 1.764$, and the significance value of $0.005 < 0.05$. Thus, it can be concluded that H_a is accepted. Therefore, leadership has a positive influence on employee performance, meaning that if leadership is proven to exist, it will also result in an improvement in employee performance. The regression coefficient shows a value of 0.559, meaning that for every 1% increase in the leadership variable, if other variables are held constant, employee performance will increase by 0.559%. Leadership has a close relationship with employee performance. Employee performance is not only assessed based on skills but also on how a person leads and influences employees to achieve goals that benefit the company. In this study, employees of Hamparan Perak district, especially in the sales and marketing department, can feel the good leadership from their superiors, evidenced by providing explanations to employees through morning briefings that include inputs and encouragements that boost effective and productive work spirit. This research is in line with the study conducted by Ningsih, which states that there is a positive and significant influence of the leadership variable on the performance variable, meaning that there is a unidirectional influence or relationship between leadership and performance in a tangible manner (Ningsih, 2018).

4. The Influence of Motivation on Employee Performance

The motivation variable has a positive and significant effect on employee performance at Hampatan Perak district, as evidenced by the t-value $>$ t-table value, which is $6.859 > 1.764$, and the sig value $0.008 < 0.05$. Thus, it can be concluded that H_a is accepted. Therefore, motivation has a positive effect on employee performance, meaning that if motivation increases, it will also result in an increase in employee performance. The regression coefficient shows a value of 0.484, meaning that for every 1% increase in the motivation variable, if other variables are held constant, employee performance will increase by 0.484%. Based on the results of this study, it can be concluded that motivation has a significant impact on employee performance at Hampatan Perak district. The more motivation the management provides to employees, the better the employee performance will be.

This shows that with good motivation in the workplace, employee performance will be maximized, whereas with less motivation, employee performance will be low. Employees who have motivation are employees who possess the strength to achieve success in life. An employee's motivation in their work is also indicated by their participation in decision-making.

Participation can also be seen from the employee's willingness to learn by consulting with their leader. The higher the level of an employee's participation, the more positive their motivation in working, and their performance improves.

This research aligns with the study conducted by Suparman, which states that motivation influences the improvement of employee performance in the company. The motivation present in individual employees is caused by needs that serve as the basis for the emergence of motivation within an employee in the company (Suparman, 2023).

5. The Effect of Leadership and Motivation on Employee Performance

In this study, the simultaneous testing results with the F-test show that leadership, motivation, and incentives have a significant and positive effect on employee performance at PT Medan Distribusindo Raya, with the obtained value of $F_{count} > F_{table}$, namely $11.897 > 2.608$ and Sig value < 0.05 , thus $0.004 < 0.05$. Thus, it can be concluded that the F test H_a is accepted and H_o is rejected. This means that simultaneously, leadership, motivation, and incentives have a significant effect on employee performance as the dependent variable Y. In this study, the results of the coefficient of determination test yielded an Adjusted R Square value of 0.721 or 72.1%. This means that the influence of the independent variables, namely leadership, motivation, and incentives, on the dependent variable, which is employee performance, is 72.1%. The results of this study are consistent with the research conducted by Rizki Annisa, which states that leadership style, motivation, and incentives together or simultaneously have a positive and significant effect on employee performance with an F-value of 32.186 and a significance level of 0.000, and an R Square value of 0.740. Good performance will also be influenced by leadership style, motivation, and adequate provision of incentives, which will affect the performance displayed by employees or workers. (Annisa, 2021).

5. CONCLUSION

Based on the analysis and discussion above, the following conclusions can be drawn:

1. Based on partial testing (t-test), leadership affects performance, which can be proven by the value of $t_{count} > t_{table}$, namely $6.534 > 1.764$ with a result value of 0.559 and a sig value of $0.005 < 0.05$. Therefore, it can be concluded that H_a is accepted and H_o is rejected.
2. Based on partial testing (t-test), motivation affects performance, which can be proven by the value of $t_{count} > t_{table}$, namely $6.859 > 1.764$ with a result value of 0.484 and a sig

value of $0.008 < 0.05$. Therefore, it can be concluded that H_a is accepted and H_o is rejected.

3. Based on simultaneous testing (F-test), namely leadership and motivation on performance, which is proven by the result value $F\text{-count} > F\text{-table}$, namely $11.897 > 2.608$ with a result value of 0.721 and Sig value < 0.05 , then $0.004 < 0.05$. Therefore, it can be concluded that F-test H_a is accepted and H_o is rejected.

LIMITATION

The specific cultural and organizational context of Hamparan Perak district may not reflect broader trends in different regions or industries, limiting the applicability of the results. The study may not account for other factors influencing employee performance, such as personal motivation, work environment, or external economic conditions. The research may focus on short-term outcomes without considering the long-term implications of leadership and incentive strategies on employee performance. Performance can be difficult to measure objectively, and reliance on subjective metrics may skew results.

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