

The influence of leadership style on employee performance in construction company

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ABSTRACT: To make an enhancement of employee performance in Construction Company, the human resources play an important role where the leadership factor is inside in. In this research, the role of leadership in Construction Company becomes the main topic of discussion. The study used quantitative approaches and a questionnaire was designed. A five-point Likert scale questionnaire was used to determine the impact of leadership style on employee performance. SPSS software was used in analyzing the questionnaires. Validity test, reliability test, descriptive analysis and multiple regression analysis were presented. Descriptive statistics show that the most significant value associated with employee performance is democratic leadership style. The value of democratic leadership style can be shown from multiple regression testing, t-test, F-test, and coefficient determination which produce the best result. The subsequent findings of this study show the leadership behaviors are influencing amount 32.9% for the employee performance in X Construction Company.

1 INTRODUCTION

Construction is a widely diverse industry brimming with innovation and change. In general, the construction industry plays a key role for governments in both developed and developing economies. The sector creates a new job, drives economic growth, and provides solutions to address social, climate and energy challenges. The construction industry has important linkages with other sectors so that its impact on GDP and economic development goes well beyond the direct contribution of construction activities.

In Indonesia, infrastructure construction becomes a main priority by the government because can make an equity throughout the region of Indonesia. The purpose of equity is to achieve economic independence by moving the strategic sectors of the domestic economy. So the province of Bali, infrastructure development has developed very rapidly. Therefore, the large or small contractor as a construction company has an important role in infrastructure development.

Many factors that influence the performance of construction companies (contractor). These factors are work experience, salary, loyalty, and equally important is the leadership style applied to a construction company which all connecting with human resources. According to (Maddepunggeng et al. 2016), (Putri 2014), & (Nurdin 2014) was shown that work experience, amount of salary, a loyalty which combined with leadership style provided significant results in improving the performance of the human resources in companies. Human resource is a key element in construction companies. Failure in managing human resources can be

a disruption in achieving objectives, whether in the performance of human resources or the performance of the company. Organizational or company success in achieving its goals and objectives depends on the leaders of the organization and their leadership styles (Voon et al. 2011). Huemann et al. (2007) in (Nauman & Khan 2011) suggests that the project is a social system, and includes several areas focused on organizational behavior, leadership, communication, team building, and human resource management.

According to (Buba & Tanko 2017), leadership has proven to be an important factor in creating a successful project which comes from different leadership theories. Neither from contingency or universal theory dealing with the fact that leaders influence their team members in a way to fulfill their desired goals and the result show the directing leadership styles better than another leadership style in improving construction performance.

Leadership styles have significant effects not only on small construction companies but also in the world's largest construction companies or other organizations. Different leadership styles may affect organizational or human resources effectiveness or performance. Leadership style is the most prevalent factors that influence employee's attitudes and behaviors including organizational commitment (Velu et.al 2017). Leaders have adopted various styles when they lead others in the organization as according to (Kaihatu & Rini 2007) which raises the transformational leadership what was applied by the principal gave satisfaction to the high school teachers in Surabaya; (Khan et al. 2014) shows the combination both the features of transformational and transactional leadership was influentially for

project success; according to (Jiang et al. 2017) was reveal that employee sustainable performance is positively influenced by transformational leadership; (Kurzydłowska 2016) showed the transformational leadership styles better than transactional leadership in project management. In this case, there has not been seen the use of an autocratic, democratic and delegative or laissez-faire leadership styles that are analyzed to see its influence on employees in a company especially construction company. The autocratic, democratic and laissez-faire leadership styles are three major leadership, particularly in decision making.

So for this paper focuses on three leadership styles that are autocratic, democratic and laissez-faire (delegative) styles and how styles of leadership can influence on the employee performance of company X in Bali which engaged in construction.

2 METHOD

2.1 Leadership

There is no single definition of leadership. It is a complex, emergent process that can be described in many different ways, using different components, styles, and traits. In general terms, it is a process by which a person influences others to accomplish an objective. According to (Naoum 2001), leadership is aligning people towards common goals and empowering them to take the actions needed to reach them. While (Blanchard & Hersey 1993) said leadership as the process of influencing the activities of an individual or group in efforts toward goal achievement in a given situation.

Leadership in project construction is very important in the implementation of the construction work especially to lead the human resources. There is a possibilities cause of bad leadership style is a decrease in the performance of human resources will impact the performance of the project construction.

2.2 Leadership styles

Theories about leadership styles seek to examine the behavior or actions of leaders in influencing and/or moving their followers to achieve a goal. These behaviors and actions can basically be understood as two distinct but interlocked things, there is focus on task completion (work) or task/production-centered; focus on coaching efforts on personnel performing the task/job (job/employee centered). According to Lippit and White (Clark 2015), leadership style is divided into three: Authoritarian or autocratic: the leader tells his or her employees what to do and how to do it, without getting their advice; Participative or democratic: the leader includes one or more employees in the decision-making process, but the leader normally maintains the final decision-making

authority; Delegative or laissez-faire (free-rein): the leader allows the employees to make the decisions, however, the leader is still responsible for the decisions that are made.

2.3 Leadership styles and employee performance

Performance is understood as the achievement of the organization in relation with its set goals. It includes outcomes achieved or accomplished through the contribution of individuals or teams to the organization's strategic goals. Performance is a multi-component concept and on the fundamental level one can distinguish the process aspect of performance, that is, behavioral engagements from an expected outcome (Pradhan & Jena 2017). The performance-driven objective is expected to be aligned with the organizational policies so that the entire process moves away from being event-driven to become more strategic and a people-centric perspective

In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Employees are a primary source of competitive advantage in service-oriented organizations. In addition, a commitment performance approach views employees as resources or assets and values their voice. Employee performance plays an important role in organizational performance. Employee performance is originally what an employee does or does not do.

A good leader understands the importance of employees in achieving the goals of the organization, and that motivating the employees is of paramount importance in achieving these goals. Different leadership styles bring about different consequences, which have a direct or indirect impact on the attitude and behaviors of the employees (Veliu et al. 2017). The employee performance is positively influenced by leadership styles (Jiang et al. 2017).

2.4 Conceptual framework

The following conceptual framework was developed after a review of the existing literature to investigate the research questions. The framework shows leadership styles (autocratic, democratic, and laissez-faire) as the independent variables used to explain

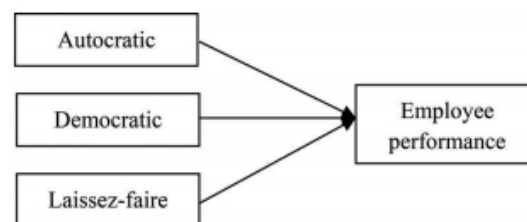


Figure 1. Conceptual framework.

employee performance as the dependent variable. The research model is illustrated in Figure 1.

3 RESULT AND DISCUSSION

The main purpose of this study was to identify the influence between leadership style and employee's performance. To conduct the study it is essential to plan and formulate appropriate study area and period, research design, research methodology includes sampling design, target population, source of data, data collection instrument, data analysis, reliability, and validity test were incorporated. The research strategy is based on quantitative research. A five-point Likert scale questionnaire was used to determine the impact of leadership style on employee performance. SPSS software was used in analyzing the questionnaires. Validity test, reliability test (Cronbach's Alpha), descriptive analysis and multiple regression analysis were presented.

3.1 Sample

The sample comprised of 47 employees who work for company X. Based on the age of employees, as much 55.32% of respondents are 26-35 years; the respondents which ageless from 26 years are 14.89%, and other (> 35 years) are 29.79%. From gender, 85.11% respondents were males and 14.8% were females. From an educational level of at least show 53.19% a senior high school degree; 23.4% a graduate degree, and other educational is 23.4%. Most respondents had been with the company between one and five years (85.11%) and six to ten years (6.38%) and others more than ten years 8.51%.

3.2 Determination of range

In this research, the instrument measured by a Likert scale with the highest point in each question is 5 and the lowest point is 1. The response from respondents show for the autocratic style the average value is 101.4, democratic style is 198.8, negative or Laissez-faire is 108.8, and the average value for the performance of employees is 201.

3.3 Validity test

Validity indicates the extent an accuracy of a measuring instrument in performing its measuring function. This validity test can be done by looking at the value of significance between the score of each item in the questionnaire with the total score to be measured. If the significance value < 0.05 then valid and if the value significance > 0.05 then is not valid. In this research, the analysis used SPSS 21 (Statistical Package for Social Science 21) program.

From the analysis obtained that all items of the question have a significance because of the value

below 0.05. So it can be said that all items are a valid instrument and all included in the measurement.

3.4 Reliability test

Reliability test is used to know the consistency of the measuring instrument, whether the measuring instrument can be relied upon for further use. Reliability test results in this study using coefficient Cronbach's alpha, which according to (Ghozali 2011) that the instrument is said reliable if it has coefficient Cronbach's alpha equal to 0.60 or more. Results of data reliability test through SPSS 21 can be seen in the following below.

Based on the reliability test results, the dependent and independent variables produce the value which greater than 0.6. So it is mean all of the indicators in this research were said to be reliable.

3.5 Hypothesis test

Hypothesis testing is an analysis to test the influence of leadership style (autocratic, democratic, and delegative) by using multiple regression analysis and coefficient of determination (R^2).

3.6 Multiple regression analysis

Multiple regression equation can be used to predict how high the value of dependent variable when the value of independent variable is manipulated or modified (Sugiyono, 2016). The creation of multiple regression equations can be done by implanting the numbers in the unstandardized beta coefficient using the SPSS 21 program, the equations are generated:

$$Y = 14.432 - 0.006X_1 + 0.430X_2 - 0.179X_3 \quad (1)$$

Where:

- Y = employee performance;
- b_0 = constants;
- X₁ = autocratic style;
- X₂ = democratic style;
- X₃ = delegative style; and
- b_1, b_2, b_3 = regression coefisient.

From the regression equation it can be interpreted several things, among others: The number 14.432 is a constant value, indicating the level of employee performance gained obtained when the leadership style variable is ignored; The number 0.0061 indicate that the autocratic leadership style variables have a negative effect or not have a significant effect on employee performance; The number 0.430 indicates that the variable of democratic leadership style has a positive effect or significant on employee performance; The number 0.179 indicates that the *delegative* leadership style variables do not have a significant effect on employee performance.

Based on the standardized coefficients beta (scb) test result of the regression equation above it can be seen that the most influential independent variable on employee performance is a democratic leadership style. A second hypothesis states that the factor of a democratic leadership style has the most dominant influence on employee performance is acceptable.

3.7 T-test

The t-test is performed to determine the influence of each or partially independent variable (autocratic, democratic, and delegative leadership style) on the dependent variable (employee performance). Meanwhile, the partial effect of these three independent variables on employee performance is shown in the following table.

The influence of each leadership style variables autocratic, democratic and *laissez-faire* or *delegative* on the employee's performance can be seen from the direction of sign and level of significance (probability). If the level of significance < 0.05 and t-count is greater than t-table then it can be said that the variable is influential and significant.

Effect of autocratic and *laissez-faire* leadership style on employee performance can show from the t-test. The result of the partial test (t-test) between autocratic and *laissez-faire* leadership style variable to employee's performance variable shows t-count < t-table, this means that autocratic and *laissez-faire* leadership style has negative and no significant effect to employee performance.

The result of the partial test (t-test) between the variables of democratic leadership style to employee performance variable shows t-count equal to 3.668 while t-table equal to 1.68023 or t-count > t-table, this indicates that democratic leadership style has a positive and significant influence to employee performance.

3.8 F-test

The F-test basically shows whether all the independent variables included in the model have a mutual influence on the dependent variable. The result of F-test can be seen in Table 2.

F-test (simultaneous test) used to determine the effect of probability of whether or not it can be used to forecast the value of the independent variable to the dependent variable, it must look at F-count and F-table. With F-count equal to 8.535 and F-table equal

Table 1. T-test results.

Model	t _{count}	t _{table}	Sig
Autocratic (X1)	-0.067	1.68023	0.947
Democratic (X2)	3.668	1.68023	0.001
Laissez-faire (X3)	-1.994	1.68023	0.053

Table 2. F-test results.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	64.605	3	21.535	8.535	.000b
Residual	108.501	43	2.523		
Total	173.106	46			

Table 3. The coefficient of the determination result.

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	0.611 ^a	0.373	0.329	1.588

to 2.82 then it can be said that together free variable can explain a dependent variable simultaneously because of F-count > F-table. Hence the hypothesis that leadership styles have a positive and significant effect on employee performance is acceptable.

3.9 The coefficient of determination test

The coefficient of determination test is to know how closely the influence of leadership style on employee performance. It is shown in Table 3.

Based on the results of the above data using SPSS got the coefficient of determination (R²) is 0.329 this shows that as much as 32.9% employee performance on the X construction company influenced by independent variable that is leadership styles while the rest that is equal to 67.1% influenced by other factors which not included in this model.

4 CONCLUSION

The relationship between the leadership styles with the employee performance in the construction company was discussed. In this study found, the democratic leadership style has positive and significant relationships with employee performance. The value of democratic leadership style can be shown by multiple linear testing, T-test, F-test, and coefficient determination which produce the best result. While autocratic and *laissez-faire* leadership style showed a negative and no significant relationship for employee performance. And in this study, the leadership was given influence on employee performance.

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