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# THE EFFECT OF LEADERSHIP STYLE AND NON-PHYSICAL WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE

(Case study on the rotary section of CV Sinar Sengon Sejahtera)

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#### **Abstract**

Employee performance is one of very important factor in the success of the company. Employee performance is influenced by several aspects such as leadership style and non-physical work environment. This research was conducted for test whether leadership style and non-physical work environment have a significant influence on employees at CV Sinar Sengon Sejahtra. The sample in this study were employees of CV Sinar Sengon Sejahtera rotary section, totaling 53 respondents. Data analysis was performed by classical assumption test and multiple linear regression analysis performed using IBM Statistic 25. The results of the analysis show that leadership style and non-physical work environment significantly influence employee performance at CV Sinar Sengon Sejahtera.

**Keywords:** leadership style, non-physical work environment, employee performance

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#### 1. BACKGROUND

Companies need quality resources in order to continue to grow and have a good life cycle. The main resource that is the strength of the company is employees. Companies must be able to improve the quality of employees to ensure success. Quality employees are seen from the results of their performance. Maximum performance can be achieved when employees have a high level of productivity for each given task. Individual abilities and expertise are not enough to encourage high productivity to achieve the maximum level of performance of employees. A number of factors that can affect the level of employee performance among them work environment and leadership style. Great work environmentgood can provide a sense of comfort to employees while the work environment is less good can give a bad impression so that employees are less comfortable at work. according to Sunyoto (2012:43) the work environment is state around employees who can affect her when executing the tasks that charged. Sedarmayanti (2001) states that the work environment is divided into the physical work environment and non-physical work environment. Physical work environmentthat is physical things that are around the workplace and can have an effect on employee performance. While the non-physical work environment covers environmental factors that can't be seen directlysuch as motivation and division of work shifts. Non-physical work environment is one aspect that can push employee productivity. The non-physical work environment can create a sense of comfort in employees and will increase morale as well asincrease productivity. Another factor that can encourage employee productivity is leadership style. Kreitner and Kinicki (2005:299) define leadership is social influence process from leader in pushing participation by voluntary from subordinates in order to achieve organizational goals. Leadership style is a leader's way of communicating tasks or other things to his subordinates both verbally and non-verbally. Submission of tasks must of course be communicated properly and clearly so that these tasks can be carried out optimally by employees. Good job execution will increase employee productivity and minimize errors or losses that can hinder company activities.

CV Sinar Sengon Sejahtera is one of the company that carry out production activities in the field of plywood processing and located on Jl. Raya Kranggan Kranggan - Pringsurat Km. 05 Tegalwungu, Kupen Village, Pringsurat District, Temanggung Regency. The company's operational activities are divided into several sub-sections such as repair, putty, boiler, rotary, hot press and others. In addition to opening job vacancies for employees to fulfill operations within the company, CV Sinar Sengon Sejahtera also opens job vacancies for local residents to treat company waste. This waste is in the form of small pieces of wood that can no longer be processed using company machines so it must be processed manually. The company only gives targets to employees within the company, while for waste processing activities there is no definite target. To meet the target, Of course the company must maintain the effectiveness of its production. The effectiveness of this production can be achieved if employees are able to work optimally. Based on the description that has been described, this research will test and discusses how much influence the non-physical work environment and leadership style have on employee performance at CV Sinar Sengon Sejahtera.

#### 2. LITERATURE REVIEW

#### 2.1 Theoritical Foundation

#### 2.1.1 The Employee Productivity

According to J. Rafianto (1986:18) work productivity is a comparison between the results obtained (output) with the overall resources used (input) in a certain period. Work productivity is said to be high when the output produced is directly proportional to the input provided. Meanwhile, if the two are inversely related, it is certain that the company will suffer losses. Employee productivity is a derivative of work productivity. Employee productivity can be said as the ability of employees to achieve the targets set by the company. Employee productivity is said to be high if the targets set by the company are achieved properly. This also applies vice versa where employee productivity will be declared low if the company's targets are not met.

#### 2.1.2 Employee Performance

Each employee must have their respective duties. The portion of this task must have been adjusted to the abilities and abilities of the employees. Assignments are usually given from superiors to subordinates. Mathis and Jackson (2002) argue that employee performance refers to the ability of employees to carry out the tasks that are their responsibility. Employee performance will be evaluated periodically by management, especially human resource management. Employee performance will get good evaluation results when the employee is able to complete the previously assigned tasks according to the direction. This employee performance evaluation is not only seen through the output produced, but also seen from the employee's daily work.

#### 2.1.3 Leadership Style

The directions given by superiors to subordinates must be conveyed as clearly as possible. Not everything needs to be explained in detail, the directives simply explain what to do, what to achieve, and what employees should not do in carrying out their duties. Submission of directives will of course vary depending on who is delivering. Everyone has a different character, nature, and attitude. This will lead to a different leadership style for each individual. According to Kartono (2002:62) leadership style is a way of working and behaving leaders (superiors) in guiding their subordinates to do something. There is no ideal leadership style that can be applied to all company conditions. Leadership style can arise because of individual characteristics, company culture, and pressure conditions within the company. Thoha (2010: 42) also asserts that the leadership style applied by the leader will affect the perception of subordinates and the leader can motivate subordinates by directing subordinates to task clarity, goal achievement, job satisfaction, and effective work implementation. Tasks that are delivered properly by the leader to his subordinates will bring good work results and can minimize work errors that can occur.

#### 2.1.4 Non-physical Qork Environment

According to Sedarmayanti(2001:21) work environment is everything that exists in the company or around the scope of work of employees. The work environment is divided into two, namely the physical work environment and the non-physical work environment. The non-physical work environment is usually associated with work relationships that arise in the company environment. Company regulations, directions given to employees, and the way superiors lead their subordinates are some examples of non-physical work environments. The non-physical work environment is all conditions that occur related to work relations, both relationships with superiors and relationships with fellow co-workers, or relationships with subordinates. The non-physical work environment is very influential on the psychology of employees. Duane et al. (2011) states that the non-physical work environment is a work regulation that can affect the psychological aspects of work that can affect job satisfaction

and the achievement of employee productivity. A comfortable non-physical work environment will provide high morale for employees and improve their performance.

#### 2.1.5 Motivation

To carry out an activity or task, sometimes we need a strong motivation. Sastrohadiwiryo inSaleh & Utomo (2018)states that motivation can be interpreted as a mental state and human mental attitude that provides energy, encourages activity, and directs or channels behavior towards achieving needs that provide satisfaction or reduce imbalances. Motivation is divided into two, namely internal motivation that comes from within us, and external motivation that is influenced by the environment around us. In the work environment, the strongest motivation is usually given from superiors to subordinates. The motivation given can be in the form of advice, consultation, clear direction, a comfortable working relationship situation, and so on. Besides being done through direct interaction, motivation can also be given through tangible things such as commensurate wages, bonuses for each additional task.

# 2.1.6 Explain Previous Research

The division of work shifts provides a long break for employees but activities within the company can still be carried out optimally. Based on article 77 of the Employment Creation Law Number 11 of 2020, the Employment Cluster (Law on Job Creation No. 11/2020) states that every entrepreneur is obliged to implement the provisions of working time. For employees who work 6 days a week, the working hours are 7 hours in 1 day and 40 hours in 1 week. As for employees with 5 working days in 1 week, their obligation to work is 8 hours in 1 day and 40 hours in 1 week. Currently, many companies use a two-shift work system, namely the morning shift and the night shift. Companies that have 5 working days usually start their working hours at 07:00 and change shifts at 16:00 with a break of 1 hour.

# 2.2 Hypothesis Development

#### 2.2.1 Explain Previous Research

Research continues to be carried out to ensure that the results of research that have been carried out previously are still relevant or can be used by considering the current situation. There are 3 previous studies that are relevant to this research. First, the research was conducted by Khairizah et al. (2016) entitled "The Effect of Leadership Style on Employee Performance". In his research, Khairizah et al. states that employee performance can increase if the company applies a good and appropriate leadership style. In this case the leadership style used is directive leadership style, supportive leadership style and participatory leadership style. The research of Khairizah et al. This is relevant to the research to be carried out even though the description of the independent variables is slightly different. The research of Khairizah et al. using the independent variables of leadership styles that are more specific, namely directive leadership style, supportive leadership style and participatory leadership style. Meanwhile, this study uses the independent variable of leadership style in general with a wider scope of description. Anam & Rahardja (2017) which is described in their article entitled "The Effect of Work Facilities, Non-Physical Work Environment and Job Satisfaction on Employee Performance". Anam and Rahardja in their research stated that the non-physical work environment has an influence on employee performance where the better the non-physical work environment provided by the company, the employee's performance will also increase. Despite having the same independent variables, the research conducted by Anam and Rahardja focused non-physical work environment indicators on the relationship between co-workers and the relationship between superiors and subordinates only. However, in this study, the indicators used for the non-physical work environment focus on aspects of motivation and division of work shifts. The scope of the description of the independent variables of the non-physical work environment also becomes wider. Mulya & Abdurrahman (2019) in his scientific work entitled "The Influence of Leadership Style and Non-Physical Work Environment on Employee Morale at CV. Gammara Jaya Mondial". Mulya and Abdurrahman stated that leadership style and non-physical work environment together have a strong influence on work morale. Research conducted by Mulya and Abdurrahman has the same independent variables with this study, but the dependent variable used is different. Mulya and Abdurrahman use morale as a research variable, while this study uses the dependent variable of employee performance.

#### 2.2.2 Framework

According to Sugiono (2004:49) the framework is a theoretical explanation of the relationship between the variables studied and compiled based on the various theories described. Based on the theoretical studies and empirical studies that have been described previously, the framework of thought in this study can be concluded as follows:

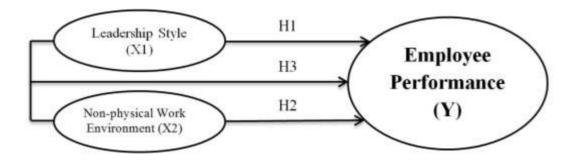


Figure 1. Framework of thought

Based on the framework in Figure 1, there are 3 hypotheses in this study, namely:

- $H_1$ . Leadership style  $(X_1)$  has a significant effect on employee performance (Y)
- $H_2$ . Non-physical work environment  $(X_2)$  has a significant effect on employee performance (Y)
- $H_3$ . Leadership style  $(X_1)$  and non-physical work environment  $(X_2)$  together affect employee performance (Y)

#### 3. Methodology

The research was conducted for one month starting on July 5, 2021 – August 5, 2021 and took place at CV Sinar Sengon Sejahtera. This company has 743 employees who are divided into several sections such as repair, putty, boiler, rotary, hot press and others. The method used in determining the research location is the purposive area method. The purposive area method is a method where the research location is determined according to the research objectives. In order to achieve research effectiveness, the population that will be used in this study is only one part. Because the number of employees in each section is different, it was decided that this study will use data from the section that has the most employees. This is intended so that the data we obtain can be more diverse. The population in this study were all employees of CV Sinar Sengon Sejahtera rotary section totaling 53

employees. The sample in this study amounted to 53 respondents with a simple random sampling technique. The number of samples taken covers the entire population because the total number of respondents is less than 100. Arikunto (2002: 112) states that if the number of respondents is less than 100, the sampling must include all respondents so that the research is a population study. Meanwhile, if the number of respondents is more than 100, then the sampling can be done between 10% - 25% of the total population. The processed data is in the form of primary data obtained through the distribution of questionnaires. This research was conducted by quantitative method using classical assumption test and multiple linear regression analysis. The data obtained from the questionnaire will be tested using IBM Statistic 25. The tests carried out are classical assumption tests (normality, heteroscedasticity and multicollinearity) and multiple linear regression (t test and f test). The dependent variable to be examined in this study is employee performance (Y) while the independent variables are leadership style ( $X_1$ ) and non-physical work environment ( $X_2$ ).

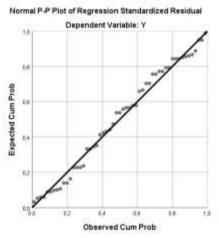
# 4. RESULT AND DISCUSSION

Below are the results and discussion of the classical assumption test and multiple linear regression analysis performed using IBM Statistic 25.

# 4.1 Classic assumption test

# 4.1.1 Normality

Ghozali (2018:161) states that the normality test aims to test whether in the regression model the confounding or residual variables have a normal distribution. It is known that the test and f-test assume that the residual value follows a normal distribution. If the normality test is not met, the t-test and f-test to be performed will be invalid.



Source: processed research data, 2021 Figure 2. Normal graph of P-P Plot

The regression model can be said to meet the assumption of normality when the data depicted by dots spread around the diagonal line. Based on the results of the normality test in Figure 2 which was carried out using the P-P plot, the points spread along the diagonal line. So it can be concluded that the data in this study are normally distributed and have met the assumption of normality.

#### 4.1.2 Multicolonierity

The multicollinearity test was carried out to test whether in the regression model there was a relationship between the independent variables. The regression model can be said to be good when the correlation value between the independent variables is zero (no correlation occurs between the independent variables).

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Model		Unstand Coeffice B		Standardized Coefficients	t	Sig.	Collinearity S	Statistics VIF
1	(Constant)	2,474	1.368	Bota	1,808	0.077	Toloranoo	VII
	LEADERSHI P STYLE (X <sub>1</sub> )	,268	,092	,358	2,921	,005	,984	1.016
	NON PHYSICAL WORKING ENVIRONME NT (X <sub>2</sub> )	,223	,085	,323	2,632	0.011	,984	1.016

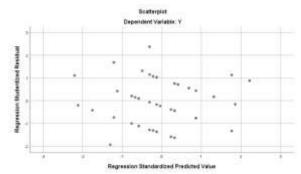
a. Bound Variable: EMPLOYEE PERFORMANCE (Y)

Source: processed research data, 2021 Table 1. Multicollinearity test results

Multicollinearity can be seen using the tolerance value and variable inflation factor (VIF) contained in the coefficients table. Multicollinearity occurs when the regression model has a tolerance value of more than 0,10 and the value of the variable inflation factor (VIF) is less than 10. We can see in table 1 that the regression model in this study has a tolerance value of more than 0,10 (0,984) and the value of the variable inflation factor (VIF) is less than 10 (1,016). Based on the results obtained, it can be concluded that the regression model in this study does not have symptoms of multicollinearity or there is no correlation between the independent variables.

#### 4.1.3 Heteroscedasticity

A good regression model is a regression model that does not have heteroscedasticity symptoms. To find out whether in a regression model there is heteroscedasticity or not, it can be done using heteroscedasticity test. The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. The regression model is said to be feasible when the variance from the residual of one observation to another observation remains or there is homoscedasticity in it.



Source: processed research data, 2021 Figure 3. Heteroscedasticity test result

The regression model has symptoms of heteroscedasticity when the points in the graph do not spread evenly below and above zero. Meanwhile, homoscedasticity occurs when the points are spread evenly below and above zero in the graph. Based on the heteroscedasticity test in Figure 3 which was carried out using a scatterplot, the points spread evenly above and below zero. From the results of the heteroscedasticity test, the regression model in this study has no symptoms of heteroscedasticity and has met the assumption of homoscedasticity.

# 4.2 Multiple Linear Analysis

#### 4.2.1 Partial Test

The influence of individual independent variables on the dependent variable can be seen through the partial t test. The magnitude of the influence of the independent variable on the dependent variable can be seen in the coefficients table in the regression analysis. The independent variable is said to have an influence on the dependent variable when it has a regression coefficient smaller than 0,05 and has a tcount higher than  $t_{table}$ .  $T_{table}$  can be calculated by the formula:  $\alpha$  /2; nk-1. In this study, the t table was 2,008 (0,05/2; 53-2-1 = 0.025; 50 = 2,008).

Based on table 1, it can be seen that the Leadership Style  $(X_1)$  has a regression coefficient of 0,005 with a significance probability less than 0,05. while  $t_{count}$  of Leadership Style  $(X_1)$  is 2,921 which is bigger than  $t_{table}$  of 2,008. this means that Leadership Style  $(X_1)$  has a significant effect on employee performance (Y) so that  $h_0$  is rejected and  $h_1$  can be accepted.

The results of the t-test of the non-physical work environment  $(X_2)$  can also be seen in table 1. The non-physical work environment  $(X_2)$  has a regression coefficient of 0,011 with a significance probability less than 0,05. The non-physical work environment  $(X_2)$  has a  $t_{count}$  of 2,632 which is greater than  $t_{table}$  of 2,008. from these results, the non-physical work environment  $(X_2)$  has a significant influence on employee performance (Y) so that  $h_0$  is rejected and  $h_2$  is accepted.

Based on the regression analysis that has been carried out using IBM Statistic 25, the results of the regression equation can be seen in table 1. The following are the results of the regression equation for this study:

$$Y = 2,474 + 0,268 X_1 + 0,223 X_2 + e$$

From the above equation, leadership style  $(X_1)$  and non-physical work environment  $(X_2)$  have a positive regression coefficient. This shows that the better the leadership style  $(X_1)$  applied and the non-physical work environment  $(X_2)$  provided, the better the employee's performance.

#### 4.2.2 F. Test

Research with more than one independent variable requires an overall hypothesis test to determine whether the independent variables together can affect the dependent variable. The magnitude of the joint influence of the independent variables on the dependent variable can be seen in the ANOVA table in the regression analysis. The independent variable is said to have a joint effect on the dependent variable when it has a significance less than 0,05 and has a higher calculation than  $f_{table}$ .  $F_{table}$  can be calculated by the formula: k;n-k. The  $f_{table}$  value in this study is 3,180 (2;53-2 = 2;51 = 3,180).

#### **ANOVA**<sup>a</sup>

Mo	odel		Sum of Squares	df	Mean Square	F	Sig.
1		Regression	12,733	2	6,367	8.847	,001b
		Residual	35,984	50	,720		
		Total	48,717	52			

- a. Bound Variable: EMPLOYEE PERFORMANCE (Y)
- b. Predictors: (Constant), NON PHYSICAL WORK ENVIRONMENT  $(X_2)$ , LEADERSHIP STYLE  $(X_1)$

Source: processed research data, 2021 Table 2. Hypothesis test results (ANOVA)

In table 2, the results of the ANOVA test show the f test value of 0,001 with a significance probability of less than 0,05. the  $f_{count}$  value of this regression model is 8,847 which is greater than  $f_{table}$  3,180. These results indicate that the independent variables of leadership style ( $X_1$ ) and non-physical work environment ( $X_2$ ) together have a significant influence on employee performance (Y). Thus,  $h_0$  is rejected and  $h_3$  is accepted.

The ability of independent variables in explaining the variation of the dependent variable can be seen through the coefficient of determination  $(R^2)$ . The value of the coefficient of determination  $(R^2)$  ranges from zero to one. The ability of the independent variable in explaining the variation of the dependent variable will be stronger when the value of the coefficient of determination  $(R^2)$  is close to one.

# Model Summary<sup>b</sup>

				Std.	Error	of	the	
Model	R	R Square	Adjusted R Square	Estimate		Durbin-Watson		
1	,511a	,261	,232	,848				1.414

- a. Predictors: (Constant), NON PHYSICAL WORK ENVIRONMENT  $(X_2)$ , LEADERSHIP STYLE  $(X_1)$
- b. Bound Variable: EMPLOYEE PERFORMANCE (Y)

Source: processed research data, 2021 Table 3. Coefficient of determination

In table 3 it can be seen that the regression model has a coefficient of determination  $(R^2)$  of 0,232, which means 23,2% of employee performance (Y) can be explained by

leadership style  $(X_1)$  and non-physical work environment  $(X_2)$ . While the remaining 76,8% is explained by other variables.

# 5. CONCLUSION, IMPLICATIONS, LIMITATIONS, AND SUGGESTION FOR FUTURE RESEARCH

Based on the analysis and discussion results that have been described, the following conclusions can be drawn:

Leadership style  $(X_1)$  significantly influences employee performance (Y) at CV Sinar Sengon Sejahtera. This is indicated by the regression coefficient value of 0,005 with  $t_{count}$  2,921 greater than  $t_{table}$  2,008. Thus, the hypothesis  $(h_1)$  in this study can be accepted. The non-physical work environment  $(X_2)$  significantly affects employee performance (Y) at CV Sinar Sengon Sejahtera. This is indicated by the regression coefficient value of 0,011 with  $t_{count}$  of 2,632 which is greater than  $t_{table}$  of 2,008. Thus, the hypothesis  $(h_2)$  in this study can be accepted. Leadership style  $(X_1)$  and non-physical work environment  $(X_2)$  together have a significant effect on employee performance (Y) at CV Sinar Sengon Sejahtera. This is indicated by the f test value of 0,001 with  $t_{count}$  8,847 which is greater than  $t_{table}$  3,180. Thus, the hypothesis  $(h_3)$  in this study can be accepted.

The analysis and discussion results show that leadership style  $(X_1)$  and non-physical work environment  $(X_2)$  have a significant effect on employee performance (Y). Suggestions that can be given based on the results of this study are that leaders must maintain wisdom and provide comfortable working conditions for employees. This is intended so that the performance of employees (Y) is increasing and the company can achieve the expected goals. but this research requires further research because in this study leadership style  $(X_1)$  and non-physical work environment  $(X_2)$  were only able to explain employee performance (Y) by 23,2% while the remaining 76,8% was explained by other independent variables not examined in the study.

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