

# Strategy to Improve Employees Performance by Implementing a Paternalistic Leadership Style and Enhancing Intrinsic Motivation

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**Abstract** - This research aims to analyze the impact of paternalistic leadership style and intrinsic motivation on the improvement of employee's performance. The research was conducted on agriculture company with the employees as the research subject. The data used in this research were both primary in form of questionnaire as well as secondary data obtained from various scientific literature such as academic journals, textbooks, and various documents from the company. The Multiple Linear Regression was used to analyze the respondent's answer, and the hypotheses were tested using the t-test and f-test. The result shows that the employee's performance was significantly affected by paternalistic leadership style and intrinsic motivation of the employee, both partially and simultaneously. Which means that employee's performance will improve by implementing paternalistic leadership style and enhancing intrinsic motivation of the employee. This research is expected to have impact on the improvement of employee's performance by implementing a paternalistic leadership style in order to enhance the intrinsic motivation of the employee.

**Keywords** : Paternalistic leadership, Intrinsic motivation, Employee's performance, Strategic management, Human resource

## 1. Introduction

Plantation according to the Law of the Republic of Indonesia Number 18 of 2004 concerning Plantation, is all activities that cultivate certain plants on land and or other growing media in a suitable ecosystem; processing and marketing of plant products and services with the help of science and technology; capital; as well as management to create welfare for plantation business actors and the community. Plantation based on its function can be interpreted as an effort to create jobs, increase the approach and foreign exchange and maintenance of natural resources. Based on its management, plantations can be divided into smallholder plantations, large plantations, Inti Rakyat company plantations (PIR) and Project Implementation Units (UPT). Plantations based on their products can be defined as plant cultivation efforts aimed at producing industrial materials (for example sugar cane, tea, coffee and cinnamon). This is a factor for the organization, it must be able to create situations and conditions that encourage employees to develop their abilities and skills optimally. One company that feels that its employees' performance has not been optimal is a company, which is a company engaged in the plantation sector with business activities covering plant cultivation; processing; and sale of plantation commodities such as tea; rubber; and palm as the main commodity; as well as cocoa and

quinine as supporting commodities. Based on the results of the observations made, along with the preliminary data collection, it was found that there are several indications that indicate employee performance at the company. Indications that indicate the performance of the Company's employees are not yet functioning properly, see Table 1 below:

**Table 1.** Employee's Performance Data during Period of 2014 – 2016

No	Rating category	Year		
		2014	2015	2016
1	Good	40	47	37
2	Good enough	55	40	43
3	Less	27	35	40
4	Not good	2	2	4
	Total	124	124	124

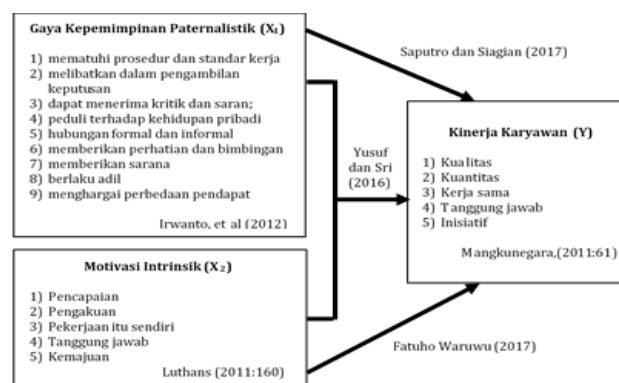
So, it must be the company's concern to improve employee performance better because the company's goals will be achieved if supported by good employee performance, this agrees with Armstrong [1] that employee performance is the result displayed by a company and is considered important to achieve a company goal. Hasibuan argues that performance is a result of work achieved by a person in carrying out the tasks assigned to him which is based on skill, experience and seriousness and time [2]. The problems faced by private organizations in improving employee performance include paternalistic leadership styles, namely the role of leaders in leading agencies; if in leading an institution, it cannot be fair and cannot provide a good example to subordinates, of course, there will be an anti-climax with the results of the work done by its employees. From the results of a survey of several company employees, it was found that the company did not always involve employees in making decisions, where the leadership did not really respond when employees gave criticism and suggestions; as well as giving a reward (bonus) to employees who excel are still not perceived as lacking. Likewise, with intrinsic motivation, motivation can come from within (intrinsic motivation) and outside oneself (extrinsic motivation), the most powerful motivation is intrinsic motivation because it is embedded directly in employees. According to Luthans in I Ketut, et al, intrinsic motivation is defined as motivation that encourages a person to excel originates in the individual, which is better known as the motivational factor [3]. From the results of a survey of several company employees, it was found that there were still disciplinary actions such as the number of employees leaving the office before entering break time for various reasons, as well as the lack of involvement and recognition from the leadership for the work that the employees had achieved; and some employees complained about the lack of promotion opportunities provided by their superior.

Cheng suggest that paternalistic leadership is a leadership style that combines high discipline and authority [4], with the benevolence of the father figure, and moral integrity in a personal atmosphere [5]. Paternalistic leadership styles are the first (democratic) and second (dictatorial) forms of leadership style. Basically, the will of the leader must also apply, but by way of or through democratic elements. This system can be likened to a "dictator" wrapped in "democracy" [6]. According to Gibson, there are 4 general patterns of leadership style, namely authoritarian, paternalistic, laissez faire and democracy [7]. There are many paternalistic types of leaders in society that are still traditional in nature, generally in agrarian societies. The popularity of paternalistic leaders in such a society is caused by factors such as strong primordial ties, extended family systems, communalistic community life, the very strong role of customs in social life. The indicators of paternalistic leadership style according to Irwanto are: [a] requiring employees to comply with work procedures and standards; [b] involve employees in decision making; [c] can receive criticism and suggestions; [d] care about the personal life of employees; [e] formal and informal relationships with employees; [f] give attention

and guidance to employees who are not performing well; [g] provides the means to do a better job; [h] treat all employees fairly; [i] respect differences of opinion with employees [8].

According to Badhuri and Kumar, intrinsic motivation is a source of energy which is the core of an individual's active nature [9]. Intrinsic motivation refers to one's involvement in activities that are carried out entirely for the pleasure and satisfaction of mere participation. Intrinsic motivation is motivation that encourages a person to achieve that originates in the individual, which is better known as the motivational [10]. The satisfaction and pleasure comes from an activity he does not from an external source of reason. A person is intrinsically motivated when he does activities or work voluntarily, without the expectation of no material reward or external reason. Indicators of intrinsic motivation according to Luthans, namely: [a] achievement; [b] confession; [c] the work itself; [d] responsibility; [e] progress [10].

Employee performance is the ultimate goal and is a way for managers to ensure that employee activities and outputs are synergized with organizational or company goals, which means that performance is a person's success in carrying out a job. August W. Smith in Sedarmayanti, performance is "Output drive from processes, human or otherwise", so he says that performance is "the result or output of a process" [11]. Mangkunegara, performance is defined as "the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities given to him". Performance is an output or work result that is produced both in terms of quality and quantity of work and can be accounted for in accordance with its role in the organization or company, accompanied by abilities, skills, and skills in completing the work. Indicators of employee performance according to Mangkunegara (2011: 61) are: [a] quality; [b] quantity; [c] cooperation; [d] responsibility; [e] initiative [12].



**Figure 1.** Research Model

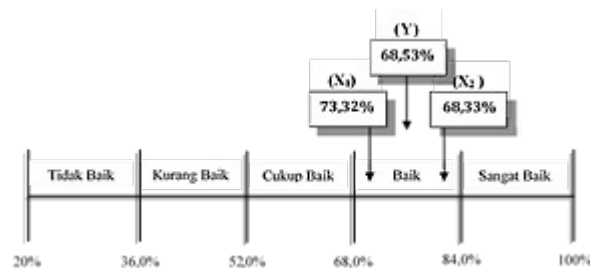
## 2. Method

The object of this research is Paternalistic Leadership Style (X1) and Intrinsic Motivation (X2) as the independent variable, and Employee Performance (Y) as the dependent variable. This research was conducted on company employees. In this study, researchers used descriptive methods and verification methods using survey methods. verification method is used to examine the effect of paternalistic leadership style and intrinsic motivation on the performance of company employees. Sources of data used in the study are primary and secondary. This study uses a total of 75 company employees as a population, which will be sampled using nonprobability sampling, the sampling technique used is saturated sampling (census). The data obtained through a questionnaire with validity and reliability testing, namely a total of 49 questionnaire statements. The analysis technique used in this research consists of descriptive analysis to explain the variables of paternalistic leadership styles; intrinsic motivation; and employee performance using the five Likert scale of measurement. Researchers used a

classic assumption test consisting of a normality test; multicollinearity test; heteroscedasticity test; and multiple linear regression analysis.

### 3. Results

#### 3.1. Recapitulation of Respondents' Responses regarding Paternalistic Leadership Style (X1), Intrinsic Motivation (X2), and Employee Performance (Y)



**Figure 2.** The Continuum Line of Paternalistic Leadership Style (X1), Intrinsic Motivation (X2), and Employee Performance (Y)

Based on the results of the study, it was obtained that the overall percentage of the paternalistic leadership style variable was 73.32% and based on the continuum line it was in the high category, although there were still problems in the field that needed to be fixed again, one of which was related to involving employees in decision making, because employees felt that he has not been involved in a decision making by his leader. Then, the overall percentage of the intrinsic motivation variable is 68.33% and based on the continuum line it is in the high category, even though there are still problems in the field that need to be fixed again, one of which is related to recognition, because employees feel that the company has not provided rewards or an award if the employee works well and exceeds the target set by the company. Also, it is obtained that the overall percentage of employee performance variables is 68.53% and based on the continuum line it is in the high category, although there are still problems in the field that need to be repaired, one of which is related to work quality, because while working at the company, these employees haven't tried to do any better than his colleagues.

#### 3.2. Multiple Linear Regression Analysis

The R value of 0.841 indicates that the relationship between paternalistic leadership style, intrinsic motivation and employee performance is quite close. Likewise, the R Square value of 0.662 indicates that paternalistic leadership style and intrinsic motivation simultaneously influence employee performance, while the remaining 33.8% is influenced by other external variables not studied, namely organizational climate (See Tables 2 and 3).

**Table 2.** Multiple Correlation Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 <sup>a</sup>	.662	.648	2.509007

a. Predictors: (Constant), Motivasi Intrinsik (X2), Gaya Kepemimpinan Paternalistik (X1)

b. Dependent Variable: Kinerja Karyawan (Y)

**Table 3.** Multiple Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.160	3.297		-.655	.515
Gaya Kepemimpinan Paternalistik	.382	.081	.362	4.745	.000
Motivasi Intrinsik	.352	.106	.272	3.079	.003

a. Dependent Variable: Kinerja Karyawan

Obtained the value (a) constant of -2.160 while for bX1 of 0.382 and bX2 of 0.352, thus a multiple linear regression equation can be formed as follows:

$$Y = -2.160 + 0.382 X_1 + 0.352 X_2$$

#### 4. Discussion

Any increase in paternalistic leadership style and someone's intrinsic motivation will increase the employee's performance. The regression coefficient of the paternalistic leadership style variable is 0.382 which is positive, which means that for each increase in intrinsic motivation of one unit, it will increase employee performance by 0.382. The regression coefficient of the intrinsic motivation variable is 0.352 which is positive, which means that for each increase in intrinsic motivation of one unit, it will increase employee performance by 0.352. From the multiple linear equation as seen in Table 3. above, it can be seen that the magnitude of the constant is -2.160, meaning that if the paternalistic leadership style and intrinsic motivation are 0, then the employee's performance will still be worth -2.160. From these results, it explains the influence or relationship between paternalistic leadership style and intrinsic motivation on employee performance, for the value of the employee performance variable has a value of -2,160 and if it is influenced by the paternalistic leadership style and intrinsic motivation, the percentage value will increase. The result of the partial hypothesis test (t) is shown by the tcount for the paternalistic leadership style variable of 4.745 and the intrinsic motivation of 3.079 and the Sig. amounting to 0,000; then tcount > ttable paternalistic leadership style (4.745 > 1.994), intrinsic motivation (3.079 > 1.994) and Sig. 0.000 < 0.05, then H0 is rejected and H1 is accepted, it means that partially the paternalistic leadership style and intrinsic motivation have a significant effect on employee performance at the company. See Table 4.

**Table 4.** Significant Test (F-Test)

ANOVA <sup>b</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	876.757	3	292.252	46.425	.000 <sup>b</sup>
Residual	446.953	71	6.295		
Total	1323.711	74			

a. Predictors: (Constant), Motivasi Intrinsik (X2), Gaya Kepemimpinan Paternalistik (X1)

b. Dependent Variable: Kinerja Karyawan (Y)

The results of simultaneous hypothesis testing (F) are shown by the Fcount value of 46.425 with the Sig. amounting to 0,000; then Fcount > Ftable (46.425 > 2.734) and the Sig. 0.000 < 0.05, then H0 is rejected and H1 is accepted, meaning that simultaneously paternalistic leadership style and intrinsic motivation have a significant effect on employee performance at the company. The meaning of significance is that the paternalistic leadership style (X1) and intrinsic motivation (X2) have an important role and give a considerable influence on the dependent variable, namely employee performance (Y).

#### 5. Conclusion

Based on the results of research and discussion, conclusions can be drawn about the paternalistic leadership style, that the majority of employees feel that they have not been involved in decision making by their leaders, regarding intrinsic motivation that the majority of employees feel that they have not received recognition of the success of the employees themselves from the company which will increase Employee performance is in accordance with company expectations, as well as regarding employee performance that the majority of employees in the company have not fully obeyed company rules and regulations, as well as employee discipline itself.

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