

Optimizing Employee Performance through an Effective Combination of Leadership, Work Ethic, and Work Discipline: A Study in the Contemporary Business Context

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Article Information

Submission date	13 Desember 2023
Revised date	14 Februari 2024
Accepted date	15 Maret 2024

Abstract

Research aim: The current study tried to examine the effect of leadership, work ethic, and work discipline on employee performance at CV Putra Jaya - Nganjuk Regency.

Design/Method/Approach: This study employs a quantitative methodology incorporating causality techniques. The research is conducted at CV Putra Jaya, situated in Ketandan Village, Lengkong District, Nganjuk Regency. Total sampling is employed as the sampling technique, involving a comprehensive sample of 46 respondents. Data analysis is conducted using the multiple linear regression technique.

Research Finding: Leadership, work ethic, and work discipline have a positive and significant influence on employee performance at CV Putra Jaya - Nganjuk Regency, partially and simultaneously. This indicates that if leadership at CV Putra Jaya going better, the employee performance will increase more. If the work ethic among CV Putra Jaya employees going better, higher employee performance will be achieved. Literally, increasing work discipline among CV Putra Jaya employees can improve their performance. Determination value of 43.7% indicates that employee performance can be influenced by these three independent variables.

Theoretical contribution/Originality: -

Practitioner/Policy implication: Leadership of the leader at CV Putra Jaya - Nganjuk Regency at a low effect level should be more flexible and authoritative.

Research limitation: Current study variables only influenced employee performance by 43.7%, so other factors need to be studied further.

Keywords: Leadership, Work Ethic, Work Discipline, Employee Performance.

1. Introduction

In the current era of globalization, business development is facing significant impacts. One of the most obvious impacts is increasing business competition. Increasingly tight competition encourages every company to continue to innovate as a strategy to achieve and maintain its position in fierce business competition. This increased competition requires companies to focus on developing innovative strategies to achieve company goals optimally. Moreover, it has the capacity to fortify economic expansion, enhance productivity, innovate novel technologies, goods, and services, while also possessing the capability to instigate transformative and revitalizing effects within the market.[1].

Uncertain and changing natural conditions make some people difficulty in making the right decisions in every activity andhis job. Nowadays, companies are not only faced with demands to remain in the market, but also to win the hearts of customers and create competitive advantages. Therefore, innovation is not only seen as an option, but as a necessity for companies that want to remain relevant and successful in facing global market dynamics [2].

In this context, companies are faced with the responsibility to improve and optimize human resources as one of the critical assets for achieving company goals. Skilled, competitive and innovation-oriented human resources are the main key to supporting companies in facing emerging challenges and opportunities. Thus, improving and optimizing human resources is not only an internal need for the company, but also a strategic necessity in facing global changes and increasingly complex business dynamics. In this context, this research aims to investigate the impact and implications of company efforts in improving and optimizing human resources in response to the challenges of globalization and increasingly fierce business competition.

Human Resources (HR) occupy a central role in organizational dynamics, functioning as crucial movers, thinkers and planners to achieve company goals. The latest perspective highlights a paradigm shift, illustrating that employees are no longer only considered as a source of labor, but are recognized as capital or valuable assets for the company [3]. In this context, a new concept emerged outside the traditional framework of Human Resources (HR), known as Human Capital (H.C.). Hamid emphasized that Human Capital depicts a more holistic view, considering HR as capital that not only has inherent value but can also be improved, developed, and is no longer seen as a cost burden or liability.

In the company structure, it is essential for Human Resources (HR) to demonstrate capability in improving the quality of their performance. This is because, every company's progress, which is the benchmark for its progress, is inevitable from various problems that have the potential to hamper work efficiency within the company. If a company is unable to accommodate human resources who are capable of being the driving force of its activities, then the continuity of the company's operations will be hampered. To ensure smooth operations and achieve company targets, it is very important for companies to recruit and empower human resources who have optimal job qualifications.

In achieving its main profit-oriented goals, a company directs its attention to the management of factors that have the potential to influence employee performance. Mangkunegara emphasizes that employee performance refers to the qualitative and quantitative results that have been achieved by individuals in carrying out tasks in accordance with their responsibilities [4]. Various factors including leadership, work ethic, and work discipline are key elements that can have an impact on employee productivity.

When reviewing the first aspect, namely leadership. Leadership as a series of activities carried out by individuals to influence the will of others to achieve common goals [5]. The role of the leader and leadership dynamics are crucial factors in guiding employees towards achieving company goals. Facing a variety of daily problems, intense interaction and a continuous approach from leaders towards employees is essential to solving every challenge.

The second factor that influences employee performance is work ethic. The third factor that influences employee performance is work discipline. As defined, a person's ability to work regularly, diligently and sustainably in accordance with applicable regulations, without violating established provisions [6]. The level of employee work discipline becomes evident through the intrinsic awareness that prompts individuals to voluntarily adhere to the established regulations within a company, without the need for external coercion [7]. Work discipline plays an important role in the evolution of a company because it can function as an instrument to motivate individuals to carry out their duties with discipline, both individually and in a group context. In addition, work discipline has a significant role in guiding employees to comply with applicable regulations, procedures and policies, which in turn can produce optimal performance.

1.1. Statement of Problem

CV Putra Jaya, is a business entity that focuses on producing furniture from teak wood. This company recognizes the importance of various factors for the progress of its operations amidst increasingly fierce competition in the furniture and furniture sector. Initial observations indicate misalignment between management and employees, caused by a failure in design communication by leadership. On the other hand, this company has determined job descriptions or task descriptions for each employee in various departments, but there are still discrepancies in carrying out their duties. Some employees are still late and lack self-awareness and initiative in the tasks given. This disharmony can affect employee performance due to a lack of cooperation between management and employees, which in the end can hinder the achievement of company goals.

1.2. Research Objectives

The current study tried to examine an effect of leadership, work ethic, and work discipline on employee performance at CV Putra Jaya - Nganjuk Regency. In this context, it is important to note that the results of observations and empirical conditions in these companies may not always be consistent with existing theories. This phenomenon is strengthened by evidence of a research gap in previous studies, which shows variations in the influence of each variable on employee performance.

1. Method

The study employs a quantitative methodology incorporating causality techniques. The research is conducted at CV Putra Jaya, situated in Ketandan Village, Lengkong District, Nganjuk Regency. Total sampling is employed as the sampling technique, involving a comprehensive sample of 46 respondents. Data analysis is conducted using the multiple linear regression technique. In this research, employee performance (Y) is the dependent variable, while the independent variables encompass leadership (X1), work ethic (X2), and work discipline (X3).

2. Results and Discussion

Data collected using a questionnaire from 46 respondents produced valid and reliable data. These results are shown by the significance value (0.000) being smaller than the significance level (0.05 / 5%). As well as the Cronbach alpha value (leadership 0.831; work ethic 0.947; work discipline 0.863; employee performance 0.782) which exceeds 0.7. So, these results are worthy of being a reference for further analysis.

The chosen analytical method is multiple linear analysis, directed towards acquiring an extensive understanding of the independent variables namely, leadership, work ethic, and work discipline - in relation to the dependent variable, which is employee performance. This analysis is conducted using the IBM SPSS program, version 23 for Windows. In order to meet the prerequisites outlined in the Multiple Linear Regression model, it is imperative to assess classical assumptions.

3.1 Multiple Linier Regression Analysis

The results of multiple linear regression analysis can be seen in table 1:

Table 1. Multiple Linier Regression Analysis Test Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.282	6.292		.839	.406
	Leadership	.312	.129	.286	2.424	.020
	Work ethic	.208	.060	.409	3.481	.001
	Work Discipline	.433	.122	.406	3.558	.001

Source : Primary data processed, 2023.

Through the calculation results, the following multiple linear regression equation is obtained:

$$Y = 5,282 + 0,312 X_1 + 0,208 X_2 + 0,433 X_3 + e$$

An explanation of the values in the regression equation is Constanta = 5,282, This figure shows that if the variables leadership (X1), work ethic (X2), and work discipline (X3) have a value of 0, then the employee performance value (Y) will be 5.282. Coefficient X1 = 0.312. The leadership variable (X1) has a positive influence on employee performance (Y) with a regression coefficient of 0.312. This means that if the leadership variable increases by 1 unit, and the work ethic and work discipline variables remain constant, then employee performance will increase by 0.312 units. Coefficient X2 = 0.208. The work ethic variable (X2) has a positive influence on employee performance (Y) with a regression coefficient of 0.208. If the work ethic variable increases by 1 unit, and the leadership and work discipline variables remain constant, then employee performance will increase by 0.208 units. Coefficient X3 = 0.433. The work discipline variable (X3) has a positive influence on employee performance (Y) with a regression coefficient of 0.433. An increase in the work discipline variable by 1 unit, with constant leadership and work ethic variables, will cause employee performance to increase by 0.433 units.

From the multiple linear regression analysis, it can be concluded that the variable that has the most dominant influence on employee performance is work discipline, which is characterized by the largest beta coefficient (B) that is 0.433.

3.2 Test the Coefficient of Determination (Adjusted R2)

The adjusted coefficient of determination (adjusted R2) aims to measure the extent of the model's ability to explain variations in the dependent variable. Determination analysis is used to determine the percentage joint contribution of the independent variables to the dependent variable. The coefficient reflects the extent to which variations in the independent variables included in the model are able to explain variations in the dependent variable. When Adjusted R2 = 0, it indicates that the variation in the independent variable included in the method is unable to explain the variation in the dependent variable at all. Conversely, if Adjusted R2 = 1, it means that the variation in the independent variable entered into the model can explain 100% of the variation in the dependent variable.

In the calculations below, the coefficient of determination results are given for three independent variables that is leadership, work ethic, and work discipline.

**Table 2. Test of Adjusted R2
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.689 ^a	.475	.437	3.006	1.644

a. Predictors: (Constant), Leadership, Work Ethic, Work Discipline.

b. Dependent Variable: Employee Performance

Source : Primary data processed, 2023.

By referring to Table 2, it can be observed that the adjusted R2 value reaches 0.437. These results indicate that the independent variables, namely leadership, work ethic and work discipline, are able to explain around 43.7% of the variation in the dependent variable (employee performance). Meanwhile, around 56.3% of this variation is explained by other variables which are not the focus of this research.

3.3 Hypotesis Testing

Testing the hypothesis in this study using the t-test and F-test, as follows:

Partial test results are carried out via the t test, where the values are compared with a significance level of 0.05. Details of partial test results can be found in Table 3.

**Table 3. T-Test (Partial Test)
Coefficients^a**

Model	t	Sig.
1 (Constant)	.839	.406
Leadership	2.424	.020
Work Ethic	3.481	.001
Work Discipline	3.558	.001

Source : Primary data processed, 2023.

Table 3 depicts the results of the t test, where a significance value for the leadership variable was found to be 0.020, which is lower than the significance level of 0.05. Therefore, the null hypothesis (H0) is rejected, and the alternative hypothesis (Ha) is accepted. These results indicate that the leadership variable has a partially significant influence on employee performance. Furthermore, it is found that the significance value for the work ethic variable is 0.001, which is also less than 0.05. As a result, H0 is rejected, and Ha is accepted. This means that the work ethic variable partially has a significant effect on employee performance. Finally, the significance of the work discipline variable reaches a value of 0.001, which is less than the significance level of 0.05. Thus, H0 is rejected and Ha is accepted. In conclusion, the work discipline variable has a partially significant influence on employee performance.

The F test is used to evaluate the extent to which independent variables, such as leadership, work ethic, and work discipline, influence the dependent variable, namely employee performance together. The purpose of the F test is to identify the simultaneous influence of these variables. Comparison of the results of the probability values is carried out in the F test, which will then be compared with a significance level of 0.05. Detailed results of this simultaneous test can be found in Table 4.

Table 4. F-Test (SimultaniousTest)

		ANOVA ^a	
Model		F	Sig.
1	Regression	12.383	.000 ^b
	Residual		
	Total		

Source : Primary data processed, 2023.

From the F test output listed in Table 4, it was found that the significance value reached 0.000, this value is lower than the significance level of 0.05. Thus, the null hypothesis (H0) is rejected and the alternative hypothesis (Ha) is accepted. In conclusion, the variables of leadership, work ethic, and work discipline have a significant influence simultaneously on employee performance variables.

3. Conclusion

The positive and significant influence of leadership on employee performance, the better the leadership at CV Putra Jaya, the more employee performance will increase. The same thing applies to work ethic, which is proven to have a positive and significant influence on employee performance. This indicates that the better the work ethic among CV Putra Jaya employees, the higher their performance will be. Likewise, work discipline has a positive and significant influence on employee performance, increasing work discipline among CV Putra Jaya employees can improve their performance. Simultaneously, leadership, work ethic, and work discipline have a positive and significant influence on employee performance CV Putra Jaya, Nganjuk Regency. Determination value of 43.7% indicates that employee performance can be influenced by these three independent variables. The remainder, around 56.3%, was influenced by other factors not explained in this study.

The recommendation for CV Putra Jaya is to pay special attention to the leadership factor, which has the lowest regression value. It is hoped that flexible and authoritative leadership can improve employee performance, which in turn aims to increase turnover and profits.

This research can be used as a basis for further research, especially by considering the addition of research variables. This is recommended because the variables of leadership, work ethic, and work discipline only influence employee performance by 43.7%, so other factors such as wages, incentives, etc. need to be studied further because they also have the potential to influence employee performance.

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