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The Influence of Work Motivation and Leadership Style on Employee Performance in Oil and Gas Companies in Palembang

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Abstract---This research aims to determine the influence of work motivation and leadership style on employee performance in oil and gas companies in Palembang. The population in this study consists of all production function employees in oil and gas companies in Palembang in the years 2022-2023, totaling 428 individuals. Based on calculations using the Slovin formula, the sample size for respondents in this study is 114 employees in oil and gas companies in Palembang in the years 2022-2023. The results of multiple linear regression analysis show that work motivation and leadership style positively and significantly impact employee performance. Regarding work motivation, it is recommended to make changes in specific work units to maintain good relationships among employees and superiors. Regarding leadership style, there should be special attention from the company management to the leadership role toward employees. For employees to be appointed leaders, stakeholder training is necessary to become leaders who can support and make fair decisions for all employees.

Keywords---employee performance, leadership style, work motivation.

Introduction

Employee performance is a crucial aspect in the operation of an organization to achieve its goals. Performance is the result achieved by employees in their work according to specific criteria applicable to a job. Several ways to achieve good performance include education, training, fair compensation, a conducive work environment, and the discipline of employees themselves.

Oil and gas companies in the city of Palembang have their own performance assessment mechanism for their employees. Each manager conducts performance assessments for their respective functions. The performance assessment is collected by the Human Capital (HC) function. The performance assessment data is then used as a basis for policy-making regarding employees. Performance assessment in oil and gas companies in Palembang is conducted annually. Performance is evaluated by assigning scores to employees using a 3-7 scale, called the Performance Management System (PMS), and is evaluated at the end of each year. This scale means that the lower

an employee's score, the lower their performance. Conversely, employees with high scores indicate good performance (Karatepe, 2013; Putra & Dewi, 2019; Astiti & Surya, 2020).

According to Decision Letter No. 012/KPI00000/2022-S0 issued in August 2022 by the President Director of the oil and gas company in question, information was obtained that employees with low performance would be prepared to participate in the Performance Improvement Program (PIP) implemented as part of the Performance Management System (PMS). The Decision Letter explains that PIP is a company policy to clearly, objectively, and transparently guide the development of low-performing workers, either through optimizing development tools or through the Termination of Employment by Request or Termination of Employment by Company Request based on the Understanding Report of PIP.

Employees who achieve high-performance scores will receive appreciation considered in compensation, allowances, and bonuses. Performance scores will also be recorded for each employee to be evaluated by the Human Capital (HC) function and will influence the promotion and position increase process, where employees with a good track record in the last three years are more likely to be promoted quickly. Conversely, employees with a track record of low performance (having received a score of 3) in the last three years will likely need help in promotion and position increase.

Composition of Employee Performance Assessment in the Production Department (2020-2022). Over the two years from 2020 to 2022, significant changes have been observed in the performance assessment of employees in the production department of an oil and gas company in Palembang. The findings from the data are as follows:

- 1) Problematic Employees: No employees were rated SMK 3 during the 2020-2022 period. Consequently, there were no employees with very low performance in the company during this timeframe.
- 2) Significant Decrease in Employees with SMK 4: In 2020, there were 38 employees with an SMK 4 rating.
- 3) The employees with SMK 4 ratings disappeared in both 2021 and 2022. Decrease in Employees with Performance Rating 5 (Average): The number of employees with a performance rating of 5 decreased from 211 in 2020 to 164 in 2021 and 156 in 2022. In other words, achieving a performance rating of 5 experienced a total decrease of 26% from 2020 to 2022.
- 4) Increase in Employees with Performance Rating 6: Employees with a performance rating of 6 increased from 132 in 2020 to 152 in 2021 and 155 in 2022. The addition of employees in the rating 6 category came from those who previously received scores of 3 or 4 in 2020, resulting in a total increase of 17.4% from 2020 to 2022.
- 5) Significant Increase in Employees with Performance Rating 7: Employees with a performance rating of 7 significantly increased, rising from 47 in 2020 to 112 in 2021 and 117 in 2022. This increase represents the largest among all rating categories, 149% from 2020 to 2022.

Palembang's oil and gas company follows a distinctive managerial pattern, with top management levels consisting of the General Manager, Senior Manager of Operation and Manufacturing (SMOM), and 17 other Functional Managers. The top management positions are not determined by seniority based on age. The management team's age composition can be broadly categorized into three groups: 30-39 years, 40-49 years, and >50 years. Here is the data on the management team based on age groups: [Details not provided; if you have specific questions or need information on the age composition, please let me know.]

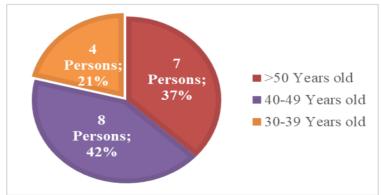


Figure 1. Diagram of Management Team Composition Based on Age Groups Source: Human Capital Function of the company, processed by the researcher, 2023.

From the data in Figure 1 above, it can be observed that the management team is predominantly in the age range of 30-49 years. This age group comprises 12 individuals, accounting for 63% of the total 19-member management team. The remaining 7 individuals, or 37%, are employees aged >50 years who hold top management positions.

The author found no explicit theories stating that age directly and mechanically influences one's leadership style. However, age can impact a person's experience and knowledge. James MacGregor Burns in Transactional Theory, or Fred Fiedler in Contingency Theory (Adeoye, 2021), implicitly acknowledge that factors such as experience, knowledge, and abilities play a crucial role in an individual's leadership style. Therefore, as age increases, an individual may have more experience, insights, and understanding of how to manage people and situations better, which can, in turn, influence their leadership style.

The diverse age composition of the management team implies differences in their experiences, insights, and understanding of how to lead and manage people, ultimately shaping their diverse leadership styles. This diversity is not only evident in their age but can also be seen in the gender composition of the management team of the oil and gas company in Palembang.

Research Methods

The population in this study consists of all production function employees in the Oil and Gas Company in Palembang in the years 2022-2023, totaling 428 individuals. The author narrowed down the population to all production function employees, totaling 428 employees, by calculating the sample size using the Slovin technique.

Based on calculations using the Slovin formula, the sample size for respondents in this study is 114 employees in the Oil and Gas Company in Palembang in the years 2022-2023. This was done to simplify data processing and ensure better testing results. The sample was taken using probability sampling, specifically cluster random sampling, where the researcher gave each population member (employee) an equal chance to be randomly selected as a sample, considering the SMK value group in 2022 (5-7) proportionally. Based on the predetermined sample size, the sampling distribution per each SMK value group (5-7) is as follows: [Details not provided; if you have specific questions or need information on the distribution, please let me know.]

Research Results

The correlation coefficient (r) between the independent and dependent variables is 0.712, or 71.2%. This indicates a strong correlation or relationship between the independent variables and the dependent variable (falling within the range of 0.60-0.79), as seen in Table 3.2. The coefficient of determination (R^2) of 0.507 shows that the independent variables, work motivation (X1), and leadership style (X2) can explain the dependent variable, employee performance (Y), by 50.7%. The remaining 49.3% is explained by other factors not included in this study.

The partial test results (t-test) are as follows:

- a) The significance value of the work motivation variable (X1) is 0.000 (smaller than $\alpha = 0.05$). This means work motivation significantly influences employee performance in Palembang's oil and gas company. Thus, the first hypothesis that work motivation has a positive and significant effect is accepted.
- b) The significance value of the leadership style variable (X2) is 0.014 (smaller than $\alpha = 0.05$). This means leadership style significantly influences employee performance in Palembang's oil and gas company. Therefore, the second hypothesis that leadership style has a positive and significant effect is accepted.

Influence of work motivation on employee performance in an oil and gas company in Palembang

The analysis results show that work motivation positively and significantly affects employee performance, confirming the first hypothesis. This aligns with research by Pham et al. (2022); Leman & Gustomo (2023); Aziz & Putra (2022); Tupti & Arif (2021); Pratiwi (2021); Wicaksono (2023); Jayaweera (2020); Shahzadi et al. (2020); Nzewi et al. (2020); Kiruja & Mukuru (2020); Paais & Pattiruhu (2020); Balansa et al. (2020); Cote (2019); Olusadum & Anulika (2018); Mfinanga (2018), indicating that work motivation has a positive and significant impact on employee performance.

In the achievement need dimension, the average percentage of Agree (40.8%) and Strongly Agree (39.9%) responses indicates that the achievement need of employees in the oil and gas company in Palembang falls into the "Good" category. This implies that employees are motivated to achieve targets, develop insights and knowledge, set

and achieve organizational goals, and provide good work results. However, "Strongly Disagree" and "Disagree" responses suggest that some employees still lack motivation in the achievement needs dimension.

In the affiliation need dimension, the average percentage of Agree (40.63%) and Strongly Agree (34.5%) responses suggests that the affiliation need of employees in the oil and gas company in Palembang falls into the "Fairly Good" category. Employees can enjoy collaborating with others rather than working alone, take responsibility for work results, and provide good work results among colleagues. However, responses of "Disagree" indicate that some employees still do not feel comfortable performing tasks and responsibilities perceived as somewhat burdensome (Eliyana & Ma'arif, 2019; Karatepe et al., 2006; Kuzu & Özilhan, 2014).

In the happiness need dimension, the average percentage of Agree (24.55%) and Strongly Agree (36.4%) responses indicates that the happiness need of employees in the oil and gas company in Palembang falls into the "Fairly Good" category. Well-established relationships among colleagues and superiors will create a more comfortable working atmosphere, positively impacting employee motivation and performance. However, "Strongly Disagree" and "Disagree" responses suggest that some employees still have less positive relationships with colleagues and superiors.

Based on the overall response results for the work motivation variable (X1), it can be concluded that, of the three dimensions of work motivation, the most significant percentage of "Agree" and "Strongly Agree" responses is 80.7% in the achievement need dimension. The lowest percentage is in the happiness need dimension, at 71.06%. This indicates that work motivation in Palembang's oil and gas company is perceived as somewhat lacking, even though the achievement needs dimension shows a "Good" result. However, employee-perceived work motivation will have an impact on their level of performance for the company.

The achievement needs dimension shows an average percentage of Agree (39.10%) and Strongly Agree (41.07%), falling into the "Good" category. This suggests that achieving the need for civil servants in the Regional Secretariat of South Sumatra is considered "Good." However, "Strongly Disagree" and "Disagree" responses indicate that some employees still lack motivation in the achievement needs dimension.

Influence of leadership style on employee performance in an oil and gas company in Palembang

The analysis in this study indicates that leadership style has a positive and significant influence on employee performance, thus accepting the second hypothesis. The questionnaire response frequency results show that leadership style positively and significantly impacts employee performance. This finding aligns with research by Zgrzepski (2022); Kalsoom et al. (2022); Arif & Akram (2022); Zulkifli (2022); Muaja et al. (2022); Paais & Pattiruhu (2020); Shafi et al. (2020); Lai et al. (2020); Surya et al. (2019); Li et al. (2019); Miao & Cao (2019); Wei & Subhan (2019); Harb & Sidani (2019); Paoluccia et al. (2018); Luhur (2018); Lumenta et al. (2018), indicating that leadership style has a positive and significant effect on employee performance.

In the directive leadership dimension in the oil and gas company in Palembang, the average percentage of Agree (35.05%) and Strongly Agree (43.4%) responses indicates that leaders in the company can instruct on task completion, set deadlines, and establish standards for task completion that employees must achieve. However, with respondents stating "Disagree," there is an indication that some employees feel that the leadership role in providing information to employees is sometimes unclear in the information conveyed.

In the supportive leadership dimension, the average percentage of Agree (29.23%) and Strongly Agree (40.33%) responses indicates that leaders in the oil and gas company in Palembang are friendly, approachable, can provide support to employees and praise employees for good performance falls into the "Fairly Good" category. However, with respondents stating "Strongly Disagree" and "Disagree," there is an indication that there is still a lack of leadership role and attitude in supporting employees.

In the participative leadership dimension, the average percentage of Agree (26.03%) and Strongly Agree (36.53%) responses indicates that leaders in the oil and gas company in Palembang can accept input from subordinates, often get involved in helping employees facing difficulties in completing tasks and responsibilities, and allow employees to provide input for decision-making. However, with respondents stating "Strongly Disagree" and "Disagree," there is an indication that some employees still feel that the leadership role is not involved in decision-making and the role of superiors in assisting employees (Byrne & Bradley, 2007; Nauman et al., 2010; Yang et al., 2011).

In the achievement-oriented leadership dimension, the average percentage of Agree (35.55%) and Strongly Agree (27.6%) responses indicates that leaders in the oil and gas company in Palembang have expectations for employees to deliver good and quality performance, and leaders also provide rewards to employees who achieve according to

the company's expectations. However, with respondents stating "Strongly Disagree" and "Disagree," there is an indication that some employees say that the role of superiors in supporting and rewarding employees is lacking.

Based on the overall response results for the leadership style variable (X2), it can be concluded that of the four dimensions of leadership style, the most significant percentage of "Agree" and "Strongly Agree" responses is 78.45% in the directive leadership dimension. The lowest percentage is in the participative dimension, at 62.56%. This indicates that the leadership style in the oil and gas company in Palembang is considered inadequate, even though the directive dimension shows a good result. However, in this case, the leadership style created by leaders will impact employee performance (Taghipour & Dejban, 2013; Dwivedula & Bredillet, 2010; Lam & Gurland, 2008).

Conclusion

Based on the research and analysis conducted, the following conclusions can be drawn: Work motivation and leadership style positively and significantly influence employee performance in an oil and gas company in Palembang.

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