The Effects of Leadership Behavior, Competency, and Reward Management on Employee Performance at Xyz Inc

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Abstract:- Employee performance has a crucial role in achieving company goals. Therefore, employee performance at needs to be analyzed to know whether existing employees have given their maximum performance in doing their work or not. This research aims to analyze the performance of employees at XYZ Inc. and provide recommendations for future company development. This research was conducted on 70 permanent employees at XYZ Inc. as the respondents by using purposive sampling technique. Data were analyzed by multiple linear regression with the help of SPSS version 25.0 for Windows. The results of this research showed that Leadership Behavior, Competency, and Reward Management all had positive and significant effects on Employee Performance.

Keywords:- Leadership Behavior, Competency, Reward Management, Employee Performance.

I. Introduction

The current development of the industrial world encourages companies to survive in business competitions. To achieve the company goals, companies must have quality human resources that have good performances. For XYZ Inc, which works in the Food and Beverage Retail industry, employee performance evaluation needs to be carried out so that the company can achieve its predetermined goals and be able to compete in the increasingly competitive industry.

From the results of interviews with the company leaders, several problems in human resource management that affected employee performance at XYZ Inc were found. To this, the authors are interested in conducting research related to the variables that are suspected to influence employee performance, which includes leadership behavior, competency, and reward management.

II. THEORETICAL REVIEW

A. Employee Performance

Koopmans (2014) defines performance patterns of behavior and actions of employees that are relevant to organizational goals. This performance emphasizes the behavior patterns and actions of employees rather than the results of the behavior itself. There are four dimensions of Employee Performance, namely:

1. Task Performance is the ability (e.g., competency) of an individual to perform a task. Five things are a part of task performance: job-specific task proficiency, non-job-specific task proficiency, written and oral communication, supervision/leadership, management/administration.
2. Contextual Performance tends to define activities that do not contribute to the technical core but support the organizational, social, and psychological environment that the organization wants to achieve.
3. Adaptive Performance defines an individual's ability to change the individual's behavior to suit the demands of the work environment.
4. Counterproductive Work Behavior consists of intentional actions by employees that harm the organization or shareholders. Employee behavior that aims to damage their organization or members of the organization includes theft, sabotage, aggression, interpersonal, slow working, wasting time, and spreading rumors or gossip.

B. Leadership Behavior

Leadership behavior is the process of influencing others to understand and agree on what needs to be done and how to do it, as well as the process of facilitating individual and collective efforts to achieve common goals (Yukl: 2013). There are three dimensions of Leadership Behavior, namely:

1. Task-Oriented Behaviors are task-oriented, especially about completing tasks efficiently and reliably. This dimension emphasizes the ability of employees to achieve the company goals.
2. Relations-Oriented Behaviors are relationship-oriented, especially those related to increasing mutual trust, teamwork, job satisfaction, and identification with the team or organization.
3. Change-Oriented Behaviors are mainly concerned with understanding the environment, finding innovative ways to adapt to it, and implementing significant changes in strategies, products, or processes.

C. Competency

Competency is a basic characteristic of an individual's behavior related to effective reference criteria and or superior performance in a job or situation (Spencer & Spencer: 2008). There are five dimensions of competency, namely:

1. Motives are things that a person consistently thinks or wants to cause an action. Motives will encourage, direct, and choose behaviors to achieve certain actions or goals.
2. Traits are attributes that make people behave or respond to something in a certain way.
3. Self-concepts are the attitudes and values that a person has.
4. Knowledge is information that a person has for a particular field.
5. Skills are the ability to carry out a specific task either physically or mentally.

D. Reward Management

Reward management aims to formulate and implement strategies and policies to reward people equitably, fairly, and consistently according to their value to the organization (Karami: 2013). There are three dimensions of Reward Management:

1. Financial Rewards are allowances given to employees in the form of money or finance such as salaries, bonuses, and benefits.
2. Inherent Rewards are allowances given to employees in the form of pride and empathy from the company.

3. Non-Financial Rewards are allowances given to employees in the form of non-money such as authority, appreciation, and appointment of employees as company representatives.

E. Conceptual Framework and Hypotheses

Several previous studies support the conceptual framework developed by the author related to the influence of leadership behavior, competency, and reward management on employee performance. According to Barkhowa (2017) and Putra (2017), leadership has a positive impact on performance. Pramularso (2018) states that competency has a positive and significant effect on employee performance. Sunarto, *et al.* (2017) mentioned that rewards have a positive and significant influence on employee performance.

Based on theoretical studies and previous researches related to the influence of leadership behavior, competency, and reward management on employee performance, the authors develop a conceptual framework and hypotheses as follows:
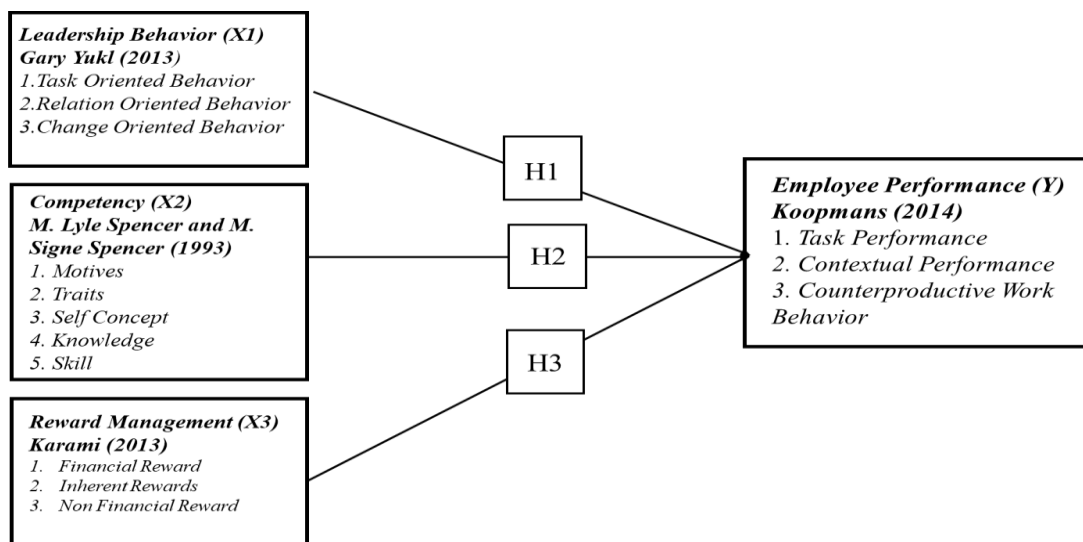
Picture 1. Conceptual Framework

Based on the conceptual framework, the hypotheses that can be developed are as follows:

Hypothesis 1: Leadership behavior has a positive and significant effect on employee performance.

Hypothesis 2: Competency has a positive and significant effect on employee performance.

Hypothesis 3: Reward Management has a positive and significant effect on employee performance.

III. RESEARCH METHOD

The research was conducted using quantitative methods by distributing questionnaires with a Likert scale as its measurement. The sampling technique that is used is the Purposive Sampling method. The population selected in this research was 70 permanent employees with a tenure of more than one year. The analysis method used is the Multiple Linear Regression Analysis, while the data processing is done with SPSS 25.0 software.

IV. RESULT AND DISCUSSION

A. Descriptive Statistic Analysis

The characteristics of respondents by gender are 43 male respondents (61%) and 27 female respondents (39%). Based on age, 47 respondents are between 24 – 40 years old (67%), while 23 respondents are under 24 years (33%). Based on education, 45 respondents have a bachelor's degree (64%), 15 respondents are high school graduates (21%), while 10 respondents have a Diploma 3 (14%). 54 respondents had a work period of 1 - 2 years (77%), 15 respondents had a work period of 2 - 3 (21%), while only 1 respondent had a work period of > 3 years (1%). Based on position level, 53 respondents are at a Staff level (76%), 8

respondents are at a Supervisor level (11%), 6 respondents are at an Assistant Manager level (9%), and 3 respondents are at a Manager level (4%).

B. Measurement
1. Validity and Reliability
a) The validity range for Employee Performance is 0.564 to 0.817; Leadership Behavior is 0.580 to 0.890; Competency is 0.244 to 0.821; and Award Management is 0.597 to 0.789. Therefore, item statements are valid and can be used as research questionnaires.

b) The Reliability test refers to the degree of stability and consistency. The results of the reliability scores using Cronbach's Alpha show that Employee Performance score is 0.957 ($\geq$0.70); Leadership Behavior score is 0.986 ($\geq$0.70); Competency score is 0.782 ($\geq$0.70); and Award Management score is 0.877 ($\geq$0.700).

2. Classical Assumption Test
a) The normality test was executed with a Normal Probability Plot (P-P Plot) that is also statistically calculated. The results of the analysis showed a significance value of 0.200, which has exceeded the 0.05. Hence, this proves that the residual data is distributed normally.

Table 1. The Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		70
Normal Parameters[a,b]	Mean	0
	Std. Deviation	5.65107515
Most Extreme Differences	Absolute	0.078
	Positive	0.078
	Negative	-0.063
Test Statistic		0.078
Asymp. Sig. (2-tailed)		0.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

b) The multi-collinearity test shows that the VIF values are less than 10 and the tolerance values are greater than 0.1; so, there is no multi-collinearity happened in the regression model.

Table 2. The Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	0.436	2.295
	X2	0.514	1.944
	X3	0.749	1.335

a. Dependent Variable: Y

c) The heteroscedasticity test was carried out using the Gletsjer test with a significance value of the leadership behavior variable (X2) 0.813 > 0.05; competency variable (X2) 0.346 > 0.05; reward management variable (X3) 0.177 > 0.05. The heteroscedasticity test shows that the significance value of all variables has exceeded 0.05, which indicates that no heteroscedasticity happened in the regression model. Therefore, the regression model is declared valid.

3. Hypothesis Test
a. The Model Feasibility Test (F-Test) resulted in a significance value of 0.000. With the decision basis that the significance value is < 0.05, it can be concluded that the variables of Leadership Behavior (X1), Competency (X2), and Award Management (X3) simultaneously affect the Employee Performance (Y).

Table 3. The Model Feasibility Test (F-Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7007.495	3.00	2335.83		0.000[b]
	Residual	2203.491	66	33.39		
	Total	9210.986	69			

a. Dependent Variable: Y
b. Predictors: (Constant), X3, X2, X1

b. Coefficient Determination Test (R^2) showed the R square model of 0.761 and adjusted R square of 0.750, which indicates that 75% of employee performance variances are contributed by leadership behavior, competency, and reward management variables, while the remaining 25% of employee performance variances are contributed by other factors which are not used in this research. [Table 4 Coefficient Determination (R^2)]

Table 4. Coefficient Determination (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.872[a]	0.761	0.75	577.808

a. Predictors: (Constant), X3, X2, X1
b. Dependent Variable: Y

c. The Hypothesis Testing (t-test) resulted in the value of t-statistics > t-table, so, Leadership Behavior has a positive and significant effect on Employee Performance indicated by t-statistics 0.474 > t-table 1.998; hence, the hypothesis is accepted; Competency has a positive and significant effect on Employee Performance, indicated by t-statistics 0.326 > t-table 1.998; hence, the hypothesis is accepted; Reward Management has a positive and significant effect on Employee Performance, indicated by t-statistics 0.230 > t-table 1.998; hence, the hypothesis is accepted.

Table 5. Regression Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.88	4.757		0.816	0.418
	X1	0.195	0.037	0.474	5.202	0
	X2	0.488	0.126	0.326	3.887	0
	X3	0.678	0.205	0.230	3.311	0.002

a. Dependent Variable: Y

4. Multiple Linear Regression Analysis Test

Based on Table 5. Regression Coefficients, the following regression equation can be obtained:

Y = 0,474 X1 + 0,326 X2 + 0,230 X3

Descriptions:
Y = Employee Performance
X_1 = Leadership Behavior
X_2 = Competency
X_3 = Reward Management

5. Correlation Matrix of the Dimensions

Table 6. Inter-Dimensional Correlation Analysis

Variable	Dimension	Employee Performance (Y)		
		Task Performance Y1	Contextual Performance Y2	Counterproductive Work Behavior Y3
Leadership Behavior (X1)	Task Oriented Behavior (X11)	0.697**	0.727**	0.570**
	Relations-Oriented Behavior (X12)	0.696**	0.763**	0.544**
	Change-Oriented Behavior (X13)	0.735**	**0.835****	0.530**
Competency (X2)	Motives (X21)	0.691**	0.635**	0.363**
	Traits (X22)	**0.706****	0.645**	0.413**
	Self Concept (X23)	0.657**	0.663**	0.470**
	Knowledge (X24)	0.636**	0.597**	0.443**
	Skills (X25)	0.657**	0.583**	0.594**
Reward Management (X3)	Financial Rewards (X31)	**0.495****	0.396**	0.335**
	Inherent Rewards (X32)	0.473**	0.481**	0.342**
	Non Financial Rewards (X33)	0.444**	0.460**	0.336**

** Corellation is significant at 0.01 level (2-tailed)

* Corellation is significant at 0.05 level (2-tailed)

Based on the Correlation Matrix of the Dimensions show that:
a. The correlation scores of Change-Oriented Behavior is 0.835, Relations-Oriented Behavior is 0.763, and Task-Oriented Behavior is 0,727; therefore, the dimensions of Leadership Behavior are highly correlate to Contextual Performance dimension.
b. The correlation scores of Traits is 0.706 and Motives is 0.691, Self-Concept and Skills is 0,657, and Knowledge is 0,636; therefore, the dimensions of Competency are

highly correlate to Task Performance dimension in the Employee Performance.
c. The correlation scores of Financial Reward dimension is 0.495; therefore, the dimension of Reward Management are moderately correlate to Task Performance dimension in the Employee Performance, closely followed by Inherent Reward dimension (0.473) and Contextual Performance dimension (0,444).

V. CONCLUSIONS AND RECOMMENDATION

A. Conclusions

Based on the research held by XYZ Inc regarding Food and Beverages retail, it is concluded that:
1. Leadership behavior significantly and positively affects the performance of the workers.
2. The competency of each worker significantly and positively affects the performance of the workers.
3. Management Awards significantly and positively affects the performance of the workers.

The managerial implications at XYZ Inc are the development of change-oriented behavior related to environmental understanding, innovation, strategy, and development of leadership behavior that focus on relationships to increase mutual trust and teamwork. These implications will highly affect the improvement of employee performance in activities supporting the psychological environment of the company and the company itself. The development of employees' character to act and respond to a situation in a certain way and the development of motives will improve the completion of tasks efficiently and correctly. Giving rewards in the form of money or finance is very effective in influencing employee performance in performing tasks effectively and correctly. In addition, increasing benefits such as respect and empathy for employees will increase activities that help the company achieving goals. Moreover, it will also improve employee performance in carrying out their duties effectively.

RECOMMENDATIONS

From the research results, several suggestions are given to the head of the XYZ company. They are company should provide opportunities for employees to develop their skills, giving supports to their needs at work, to be friendly with colleagues and supervisors, improve employee competency and confidence, and pay attention to their salaries related to work outputs. The researcher suggests for the upcoming researchers to analyze the following topics, such as leadership behavior, competency, and reward management effects on employee engagement, satisfaction, and turnover intention.

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