

# The Effect of Leadership Style and Employee Engagement on Employee Performance of PT Pegadaian in South Tangerang

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## ABSTRACT

Leadership style and employee engagement are two factors that can influence employee performance. A good leadership style can form a positive organizational culture and can motivate team members to improve overall performance. Apart from being effective in improving employee performance, employee engagement can also reduce turnover rates, increase loyalty and create a positive work environment. This research aims to analyze the influence of leadership style and employee engagement on employee performance at pawnshop companies in South Tangerang. The research method used in this research is associative quantitative. The sampling method used was non-probability sampling with data collection techniques through questionnaires. Data were processed with SPSS version 23 and used multiple linear regression analysis methods, validity testing, classical assumption testing, coefficient of determination analysis and hypothesis testing. The research results show that leadership style and employee engagement have a positive and significant influence on the performance of Pegadaian Cirendeu Branch Office employees.

**Keywords:** *Leadership Style, Employee Engagement, Employee Performance.*

## 1. INTRODUCTION

Employee performance according to Robbins (2016) is a result achieved by employees according to certain parameters for each job. Another opinion regarding employee performance is also stated by Bernardin and Russel (in Juniarti and Putri, 2021, p. 45) that the results of performance achievement are the realization of the abilities, skills, and desires achieved. In line with this statement, according to Mangkunegara (2018, p. 67) employee performance (work performance) refers to the quality and quantity of work achieved by employees when carrying out their duties in accordance with the responsibilities given.

Every company needs to conduct performance appraisals to measure and evaluate how well employees carry out their work processes. However, there are many variables that have the potential to affect employee performance, as according to Kasmir (in Juniarti and Putri, 2021; p. 45) which states that among others, it can be influenced by variables of ability and expertise (competence), personality, work motivation, leadership style, organizational culture, job satisfaction, compensation and the work environment around. In addition, different employee behavior patterns and a large number of employees also make it difficult for companies to monitor employee performance effectively. In this case, the human resources department plays an important role in reviewing and understanding each factor that becomes an obstacle in order to anticipate the impact of poor employee performance on the company's workflow.

Based on the statistical report on Indonesian pawnshop companies released by OJK, it shows the rapid competition in the pawn industry which is marked by the increasing number of private pawnshop business actors. As of February 2023, the number of private pawnshop business actors was 123 companies, then in November 2023 there were 152 companies. So that with this phenomenon, it requires all employees of the Pawnshop Company to continue to transform and improve company performance in order to continue to meet the needs of the community. The number of low-interest credit programs from the government that are distributed through banks (KUR, subsidized mortgages, Ultra Micro programs) and many other offers from competing businesses and now many banking institutions have begun to apply the pawn system to the development of their service products which is also one of the focuses of the Pawnshop Company on an ongoing basis in order to go through various challenges and continue to grow and remain the first choice for the community.

An indication that shows the low performance of employees at the Pawnshop Company in South Tangerang can be seen through the attendance recapitulation report for the period January - June 2023, where violations of discipline are still quite high as seen from the low working hours of employees.

**Table 1.** Average Working Hours for the Period January - June 2023

No.	Month	Maximum Working Hours	Average Working Hours	Percentage
1.	January	160 Hours	147,8 Hours	7,62
2.	February	160 Hours	150,8 Hours	5,75
3.	March	160 Hours	148.2 Hours	7,37
4.	April	160 Hours	140,5 Hours	12,19
5.	May	160 Hours	142,8 Hours	10,75
6.	June	160 Hours	128,1 Hours	19,94

Based on table 1. shows the instability of the average employee's working hours and tends to decrease as in June which decreased by 19.94%. The low number of employees working hours is due to the number of employees who arrive late and then leave early. This shows the lack of enthusiasm and engagement in employees, thus triggering the company's performance is not optimal.

Then, another indication was found that influenced the decline in employee performance based on information from brief interviews with several employees of the Pawnshop Company in South Tangerang. It is known that in the last three years, the company has experienced changes in leaders and personnel every year due to several factors such as the results of performance appraisals that do not meet expectations as well as the decision letter of transfer and promotion. Frequent changes in leaders can affect company stability and constant changes in policies, work culture and adaptation demand for employees. So, it is suspected that the decline in employee performance is also influenced by leadership style.

## 2. RESEARCH METHODS

This study uses quantitative research methods with associative research types with 42 respondents. The data collection technique was carried out through distributing questionnaires using a Likert scale. Then the data was processed and analyzed statistically using multiple linear regression analysis method using SPSS version 23.

## 3. RESULTS AND DISCUSSIONS

The results of the research obtained based on a questionnaire obtained from 42 respondents stated that Leadership Style has an influence on performance. The leadership style variable is a variable that influences strongly compared to other variables that affect employee performance. Another variable found to affect performance is employee attachment to the agency. And these two variables together affect employee performance.

Previous research, Munson (in Hutahaean, 2021, p. 2) states that in essence leadership is a skill or ability to deal with people in such a way as to produce maximum results with minimization of conflict. Each leader has their own talents, uniqueness, and personality in leading an organization, giving rise to different types of leadership styles. Quoted from Dzon's research (2021), according to Hasibuan, leadership style is a leader's character in influencing subordinates to work together productively to achieve organizational goals.

Leadership styles can develop and change according to the times and social perspectives. The shift in the meaning of leadership style not only includes the ability to influence members but also requires communication skills, integrity, a clear vision, the courage to take risks and be able to make the right decisions. It also requires the ability to motivate and inspire members so that they are proactive in seeking various actions to achieve success according to what the company expects. Based on the results of research conducted by Djalil et al. (2021) which states that leadership style has a partial and significant effect on employee performance. However, in another study conducted by Mardiani and Sepdiana (2021) which states that leadership style does not affect employee performance.

Employee engagement according to Schaufeli et al. (in Pratiwi, 2020) is a positive feeling that a person has towards his job accompanied by a willingness to channel abilities and energy which has the characteristics of enthusiasm, dedication and appreciation. Another opinion according to Mercer (in Ramadhan and Sembiring, 2014), employee engagement is a psychological state in which employees feel an interest in the company's achievements, so they are motivated to improve performance beyond the demand.

Employee engagement is important because it can influence the behavior of employees in a company to work optimally with advanced and enthusiastic steps and have a positive impact on performance, productivity, customer satisfaction and can reduce turnover rates. From several relevant previous studies such as Victoria (2018) which states that employee engagement has a positive and significant effect on employee performance. However, in another study conducted by Yusuf et al. (2019) stated that employee engagement has no significant effect on employee performance.

The discussion presented above reinforces that the allegations of this study are reinforced by previous researchers that the variables of leadership style, employee engagement have a significant effect on performance. These two variables also affect performance strongly.

#### 4. CONCLUSION

Employee performance in South Tangerang pawnshop company is influenced by leadership style and employee engagement. The results of this study were obtained from analyzing the data obtained through questions submitted by 42 respondents. There are other variables that significantly affect performance.

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