

# The Impact Of Leadership Style and Work Environment On Employee Performance

(Case Study At PT. Warna Warni Investama Surabaya)

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**Abstract.** The purpose of this research is to determine: (1) The partial influence of leadership style and work environment on employee performance at PT. Color Warni Investama with an  $F_{count}$  value of 57.061 in Sig. ( $P$ ) = 0.000. or  $F_{count} > F_{table}$  ( $57.061 > 3.14$ ); (2) To determine the influence of leadership style and work environment simultaneously on employee performance at PT. Colorful Investama; (3) The leadership style variable is the dominant variable that influences employee performance. The sample used in this research was 65 people. In this research, data analysis uses multiple linear regression statistics with the help of the SPSS program. The results of the research show that: (1) leadership style and work environment variables simultaneously have a significant effect on employee performance, (2) leadership style and work environment variables partially have a significant effect on employee performance, (2) leadership style variables have a significant effect on employee performance with a  $t_{count}$  value of 6.346 in Sig. ( $P$ ) = 0.001 or  $t_{count} > t_{table}$  ( $6.346 > 1.998$ ); (3) that work environment variables have a significant effect on employee performance; (4) The leadership style variable is the dominant variable that influences employee performance. This can be seen from the standard leadership style beta coefficient of 0.551 > the work environment beta coefficient of 0.374.

**Keywords:** Leadership Style, Work Environment, Employee Performance.

## INTRODUCTION

Employee contributions to the organization are very dominant, because employees are the producers of work for the organization. Therefore, it is necessary to provide compensation to employees according to their nature and circumstances. Employees need to be given appropriate training and learning regarding their work responsibilities in order to achieve optimal production. Apart from employee motivation, in this case, organizational leaders are also required to be able to motivate employees well so that the goal of achieving optimal production can be achieved.

Apart from leadership style factors, another factor that can influence employee performance is the work environment. One of the company's goals in creating a work environment is to achieve organizational goals by increasing motivation at work and work enthusiasm which makes an employee or employee work motivation better. A good work environment can be reflected in a company that has prepared appropriate and comfortable working conditions for employees. so that the company's employees can work optimally so that the company's goals can be carried out optimally. The work environment is also an

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important part of the company so that employees can increase their work motivation in accordance with what the company desires. A good work environment will have an impact on performance starting from increasing work motivation.

The success of employees in carrying out a job is determined by three main aspects. First, the aspect of workforce management capabilities. Second, the aspect of labor efficiency. Third, aspects of workplace environmental conditions. These three aspects are interrelated and integrated in a system and can be measured using various simple measures. "If one aspect is not fulfilled, it will result in the achievement of production results that are not optimal" (Singodimejo, 2002).

## **LITERATURE REVIEW**

### **Theoretical basis**

#### **Human Resource Management**

The main aspect of management is recognizing the role and importance of other people. Good managers know that the only way they can achieve organizational goals is through the people in the organization. Management experts at the beginning of the twentieth century, (Marry Parker Follet, 2006) defined management as "The art of getting things done through people." Management is often considered holistic because it uses organizational resources to achieve goals and successfully achieve optimal production for the entire organization. profit or non-profit oriented. Thus, management can be defined as achieving organizational goals in an effective and efficient manner through planning, organizing, directing and controlling organizational resources. There are several opinions, including those that can be explained as follows:

Hasibuan (2010:10) says "Human resource management is the art of managing the role relationships of the workforce so that they are effective and efficient in helping to realize the goals of the company, employees and society."

According to Mangkunegara (2013:2) defines "Human resource management is planning, organizing, coordinating, implementing and supervising the procurement, development, provision of services, integration, maintenance and separation of workforce in order to achieve organizational goals."

Meanwhile, according to Handoko (2001:4) "Human resource management is the attraction, selection, development, maintenance and use of human resources to achieve both individual and organizational goals."

## **Human Resource Management Function**

According to Sutrisno (2010:9) The function of human resources is as follows:

- a) Planning
- b) Organizing
- c) Direction and Procurement
- d) Control
- e) Development

## **Human Resources Direction and Development**

Rewards and organizational development, including how to mobilize its members to carry out their duties and obligations, how leaders motivate their members, how to communicate within the organization, how to bring about change and development within the organization and how to resolve all conflicts that exist within the organization. A leader's ability to motivate and influence, direct and communicate will determine the leader's effectiveness in achieving optimal results. Leaders who can see motivation as a system will be able to predict the behavior of their subordinates.

## **Leadership**

In carrying out activities, leaders have various styles in the process of influencing and directing their employees in an effort to achieve company goals. In facing various problems, companies have various strategies that are in accordance with the goals they want to achieve. Therefore, leaders will try to be as effective as possible in their leadership in order to achieve the goals of the group or organization optimally.

According to Soekarso-Agus Sosro (2010:16) states that "Leadership is the process of influencing the behavior of other people towards achieving goals." Leadership includes the process of influencing in determining organizational goals, motivating follower behavior to achieve goals, influencing to improve the group and its culture. Meanwhile, power is the ability to influence other people to do what the other party wants.

According to Paul Hersey and Kenneth H. Blanchard (2010:16), "Leadership is the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation".

According to George R. Terry (2005: 5) "Leadership is an activity to influence people so that they are directed to achieve organizational goals."

Hersey, Blandchard and Natemeyer (2001:6) define "Leadership is someone who is expected to exercise some type of power within or over an organization".

## **Leadership Functions**

According to Hasibuan (2010: 22) states "The functions of leadership are to guide, lead, coach, develop or develop work motivations, drive the organization, establish good communication networks, provide efficient supervision/supervision, and bring followers to the target you wish to achieve, in accordance with the provisions of time and planning.

The function of a leader in an organization often has different specifications in other areas of work or organizations. This difference is caused by several things, including: type of organization, social situation in the organization, and number of group members (Ghiselli & Brown, 2001) in Sutrisno (2010: 2019).

The functions of leaders in organizations can be grouped into four, namely:

1. Planning
2. Organizing
3. Mobilization
4. Control

The main duties of a leader are:

- 1) Provide a clear structure to the complex situations faced by the group.
- 2) Monitor and channel group behavior.
- 3) Feeling and explaining the group's needs in the outside world, regarding the group's attitudes, hopes, goals and concerns (Gerungan, 2002).

## **Leadership Role**

According to Sutrisno (2010:2019) Leaders in an organization have a very important role, not only internally for the organization concerned, but also in dealing with various parties outside the organization, all of which are intended to increase the organization's ability to achieve its goals. This role can be categorized into three forms, namely interpersonal, informational, and in the decision-making arena, namely:

- 1) Interpersonal roles
- 2) Informational roles
- 3) Decision making role

## **Leadership Style**

This view regarding leadership theory began to develop when Vroom, as quoted by Hersey and Blanchard (2001: 106), doubted the effectiveness of the theory which said that "Leadership is innate or something that can be learned". The idea offered by Vroom is that the leadership process contains three main components, namely (1) Leader, (2) Followers, (3) Situation. Success itself can be achieved if the three components above can interact well. The

complex relationship between these three components means that a leader must have many styles to be effective in all situations.

Definition of leadership style according to Miftah Thoha (2001:49) "The behavioral norms used by a person when that person tries to influence other people".

The issue of leadership cannot be separated from management discussions, the role of management in a company has one important function, namely coordination, which is felt to be very necessary. Because the success or failure of a goal achieved by an organization depends on the manager's leadership in carrying out this coordination function.

### **1. Understanding Leadership Style**

According to Wirawan (2009:79), leadership style reflects what the leader does to influence his followers to realize his vision. In leading their followers, leaders use certain behaviors that differ from one leader to another. Leadership style has an influence when influenced by the leader in leadership, namely the process of interaction with his followers. This interaction will influence behavioral patterns called follower style. Leadership style is the way a leader influences his followers.

The leadership style of a leader is generally influenced by the characteristics of the leader himself. Where these traits can be seen through their everyday personality. There are several factors that influence the personality expressed in this leadership style, including:

- a. Gender
- b. Age
- c. Physical, Mental and Mind (Intellectual)
- d. Education
- e. Maturity
- f. Live background

A person's leadership style can change depending on followers and the situation. In other words, a leader can influence a number of behavioral patterns that influence his followers as long as the leader's behavior includes:

- a. Behavior analyzes the characteristics of its followers.
- b. Behavior of choosing and using power.
- c. Behavior of choosing and using influencing techniques.
- d. Behavior using personal characteristics.
- e. The behavior of analyzing the results influences.
- f. Behavior evaluates leadership results.

Definition of leadership style according to Miftah Thoha (2003:49) "The behavioral norms used by a person when that person tries to influence the behavior of other people".

In Kartini Kartono's book (2009: 34) W.J Reddin in the article what kind of manager, and edited by Wahdjosumidjo (Dep. P&K., Center for Employee Education and Training, 2001), determines the character and type of leader based on three basic patterns:

- a. Task oriented leader
- b. Work relations oriented leader
- c. Effective results-oriented leader

Explained in the book by Cecep Hidayat and Iskandar Putong (2010: 45) there are two main types of leadership styles, namely:

- a. Task-oriented leader
- b. People-oriented style

## **2. Types of Leadership Style**

Types of leadership styles in leadership theory, there are three main types of leadership styles according to Iskandar Putong-Cecep Hidayat (2010:43), namely:

- 1) Autocratic Leadership Style
- 2) Democratic Leadership Style
- 3) Free Control Leadership Style

According to Putong-Cecep Hidayat (2010:49) The characteristics of a free control leadership style are:

- a. Complete freedom for group or individual decisions with minimal participation from leadership.
- b. Various materials are provided by the leader so that employees are always ready if they want to provide company information when asked.
- c. There is absolutely no participation from the leader in determining the tasks.
- d. Leaders themselves determine company policy.

## **Leadership Style Indicators**

According to Kartini Kartono (2008:34) states that the leadership style indicators are as follows:

- 1) Nature
- 2) Habits
- 3) Temperament
- 4) Character
- 5) Personality

The above can be explained as follows:

1. Nature
2. Habits
3. Temperament
4. Character
5. Personality

## **Work environment**

### **Understanding the Work Environment**

A conducive work environment provides a sense of security and allows employees to work optimally. If an employee likes the work environment where he works, then the employee will feel at home at work, carrying out his activities so that working time is used effectively. On the other hand, an inadequate work environment can reduce employee performance. Several experts define the work environment as follows:

According to Nitisemito in Nuraini (2013: 97) "The work environment is everything that surrounds the employee and can influence him in carrying out the tasks assigned to him, for example by having air conditioner (AC), adequate lighting and so on."

"The work environment is something that exists in the workers' environment which can influence them in carrying out their duties, such as temperature, humidity, ventilation, lighting, noise, cleanliness of the workplace and whether work equipment is adequate or not" Isyandi (2004: 134).

According to Simanjuntak (2005:39) "The work environment can be interpreted as all the tools encountered, the surrounding environment where a person works, his work methods, as an influence on his work both as an individual and as a group". Meanwhile, according to (Mardiana, 2005:78) "The work environment is the environment where employees carry out their daily work."

From the definitions above, it can be concluded that the work environment is everything around workers/employees that can influence employee job satisfaction in carrying out their work so that maximum work results will be obtained, where in the work environment there are work facilities that support employees in completing their tasks. charged to employees in order to improve employee work in a company.

### **Factors That Influence the Work Environment**

Humans will be able to carry out their activities well. So that optimal results can be achieved, if they are supported by appropriate environmental conditions. An environmental condition is said to be good or suitable if humans can carry out their activities optimally,

healthily, safely and comfortably. Inappropriate work environment results can be seen over a long period of time. Even farther. Unfavorable environmental conditions can require more energy and time and do not support the design of efficient work systems. Many factors influence the formation of work environment conditions.

The following are several factors described by Sedarmayanti (2011: 28) which can influence the formation of work environment conditions related to employee capabilities, including:

- 1) Lighting / Light in the Workplace
- 2) Temperature in the Workplace
- 3) Humidity in the Workplace
- 4) Air Circulation in the Workplace
- 5) Noise in the Workplace
- 6) Mechanical Vibration in the Workplace
- 7) Odors in the Workplace
- 8) Color Management in the Workplace
- 9) Workplace Decorations
- 10) Music at Work
- 11) Workplace Safety

### **Physical Work Environment Indicators**

Based on the description above, the indicators used in this research were adapted from theories and expert opinions as stated by Sedarmayanti (2011:26), including:

- a. Lighting in the work space
- b. Air circulation in the work space
- c. Noise
- d. Use of color
- e. Humidity
- f. Facility

### **Factors That Influence the Non-Physical Work Environment**

Factors that influence the non-physical work environment according to Sedarmayanti (2011:27) are:

1. Leader attention and support, namely the extent to which employees feel that the leader often provides direction and attention and appreciates them.
2. Cooperation between groups, namely the extent to which employees feel there is good cooperation between existing groups.



3. Smooth communication, namely the extent to which employees feel that there is good, open and smooth communication both between co-workers and with management.

### **Non-Physical Work Environment Indicators**

The indicators used in this research refer to the theory put forward by Budi W. Soetjipto (2008:87), while the indicators for the non-physical work environment are as follows:

- a. Harmonious relationships Harmonious relationships are a form of relationship from one person to another person in an organization.
- b. Opportunities for advancement Opportunities for advancement are an opportunity that an outstanding employee has in carrying out his work in order to get more results.
- c. Security at work is security that can be included in the work environment, in this case especially the security of personal property for employees.

### **Work Environment Aspects**

The work environment can be divided into several parts or can also be called aspects that form the work environment, these parts can be described as follows (Simanjuntak, 2003:39):

1. Job services
2. Working Conditions
3. Employee Relations

### **Benefits of the Work Environment**

The benefit of a work environment is that it creates enthusiasm for work, so that work productivity increases. Meanwhile, the benefit gained from working with motivated people is that work can be completed correctly. This means that work is completed according to the correct standards and within the specified time scale. Their performance will be monitored by the individual concerned and will not require too much supervision and their fighting spirit will be high. (Arep and Tanjung, 2003:103).

### **Employee Performance**

#### **Understanding Employee Performance**

Basically, an employee's performance is an individual matter because each employee has a different level of ability in carrying out their duties. According to Hasibuan (2006: 105) performance is a work result achieved by a person in carrying out the tasks assigned to employees which is based on the employee's ability, discipline, seriousness and work results.

According to Mangkunegara (2005:67) employee performance (work achievement) is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

Meanwhile, Rivai (2008:14) defines that performance is an assessment of a person (employee) during a certain period, the assessment can be in the form of assessing the results of carrying out tasks, fulfilling work targets and this has been mutually agreed upon. So from the theory above it can be concluded that performance is the result achieved by someone in carrying out their duties or work in accordance with the standards and criteria set and given to an employee.

The definition of employee performance according to Bambang Kusriyanto (1991:3) in Mangkunegara (2005:9) is a comparison of the results achieved with the participation of labor per unit time (usually per hour).

### **Employee Performance Assessment**

Performance appraisal is a measuring/assessing activity to determine whether an employee is successful or failed in carrying out their work by using benchmark work standards (Nawawi, 2003 in Dharmawan, 2009: 83).

According to Andrew E. Sikula (1981:2005) in A.A Anwar Prabu Mangkunegara (2005:69) stated that "employee assessment is a systematic evaluation of an employee's work and the potential that can be developed. Assessment is in the process of interpreting or determining the value, quality or status of several objects, people or things (goods).

According to Simamora (2004:338) performance appraisal is a process used by organizations to evaluate individual employees' work implementation.

### **Benefits of Performance Appraisal**

In general, the benefits of performance appraisal (Dharmawan, 2009:85) are:

1. As input for leaders to help and mobilize employees to improve their performance in the future.
2. To carry out improvements and improvements to other HR management activities, such as:
  - a. Align wages/salaries or incentives for employees who excel at work.
  - b. Improve placement, promotion, transfer and demotion activities according to the employee's achievements or failures being assessed.
  - c. Help improve training activities
  - d. Providing information for employees to develop career plans
  - e. The results of performance assessments can be used to diagnose organizational problems that must be resolved.

### **Performance Standards**

In carrying out the assessment, it must reflect the actual performance or evaluate behavior that reflects the success of the job implementation. Thus, the performance appraisal system must have good standards because performance measurement is a tool for measuring the achievement of goals and objectives as a reference for decision making.

According to Dharma (2003:355) there are three performance measurement standards, namely:

- a. Quantity, which relates to the amount produced and the amount that must be completed or achieved by employees.
- b. Quality, which is related to whether the quality produced by employees is good or not.
- c. Timeliness is related to measuring the completion time of work carried out by employees.

### **Employee Performance Indicators**

Employee performance indicators according to Robert L. Mathis and John H. Jackson (2006:378) are as follows:

1. Quantity
2. Quality
3. Reliability
4. Presence
5. Ability to work together

### **Hypothesis**

The hypothesis in this research is as follows:

1. Partially there is a significant influence between leadership style variables and work environment on the performance of PT employees. Colorful Investama.
2. Simultaneously there is a significant influence between the variables of leadership style and work environment on the performance of PT employees. Colorful Investama.
3. The leadership style variable has a dominant influence on the performance of PT employees. Colorful Investama.

Companies that have competence in the fields of marketing, manufacturing and innovation can make it as a source to achieve competitive advantage (Daengs GS, et al. 2020:1419). The research design is a plan to determine the resources and data that will be used to be processed in order to answer the research question. (Asep Iwa Soemantri, 2020:5). Standard of the company demands regarding the results or output produced are intended to develop the company. (Istanti, Enny, 2021:560). Time management skills can facilitate the implementation of the work and plans outlined. (Rina Dewi, et al. 2020:14).

## RESEARCH METHODS

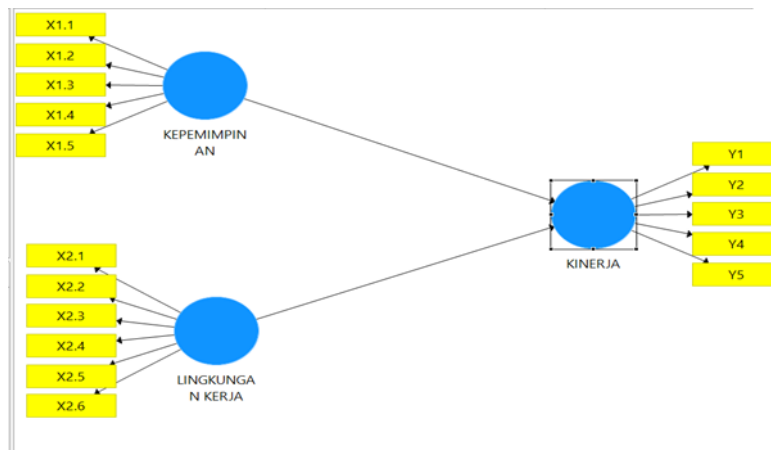
### Research Approach and Conceptual Framework

#### Research Approach

Based on the background and problem formulation presented, this research uses a quantitative research approach which is carried out by formulating hypotheses to answer the problem, while analyzing the data uses descriptive statistics. Descriptive statistics are used to analyze data by describing or illustrating the data that has been collected as it is without intending to make general conclusions or generalizations. This type of quantitative research is research data in the form of numbers and analysis using statistics.

#### Conceptual Framework

Based on the theoretical matters above, the conceptual framework in this research is as follows:



Conceptual Framework Drawing

#### Description of Conceptual Framework

1. Leadership to Performance
2. Environment to performance.

#### Population and Sample

##### Population

According to Sugiyono (2006:117) Population is a generalized area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The population in this study was 65 people, with a total of 59 employees and 6 leaders.

##### Sample

According to Sugiyono (2006:118) the sample is part of the number and characteristics of the population. Because the population is relatively small (less than 100 people), namely 65

employees, this research uses saturated sampling (census), namely the entire population is taken as respondents.

## **Research Variables and Operational Definitions**

### **Research variable**

In this research the variables can be identified as follows:

- a. Independent variable (X)
- b. Dependent variable (Y)

### **Operational definition**

According to Mustafa (2009:92) an operational definition is a definition of a variable that provides an overview of how a variable will be measured, so variables must have a very specific and measurable meaning. The operational definition of this research is:

#### **1. Leadership Style (X1)**

According to Wirawan (2009:79) "Leadership style reflects what the leader does in influencing his followers to realize his vision". According to Kartini Kartono (2008:34) the indicators of leadership style are as follows:

- a. Characteristic
- b. Habit
- c. Temperament
- d. Character
- e. Personality

#### **2. Work environment (X2)**

According to Nitisemito in Nuraini (2013:97) "The work environment is everything that surrounds the employee and can influence him in carrying out the tasks assigned to him, for example by having air conditioner (AC), adequate lighting and so on."

The indicators used in this research were adapted from theories and expert opinions as stated by Sedarmayanti (2011:26), including:

- a. Lighting
- b. Noise
- c. Music
- d. Job Security
- e. Personality

### **3. Employee Performance (Y)**

A work result achieved by a person in carrying out the tasks assigned to an employee which is based on the employee's ability, discipline, seriousness and work results (Hasibuan 2006: 105).

The employee performance indicators are:

- a) Quality of Work
- b) Work Quantity
- c) Presence
- d) Ability to work together

### **Research Limitations and Assumptions**

#### **Research limitations**

The limitation of the research used in this research is that this research is aimed at employees and leaders of PT. Colorful Investama. This research only focuses on the relationship between leadership style and work environment with employee performance.

#### **Research Assumptions**

This research is limited to leaders and employees at PT. Colorful Investama. Assuming the level of significance (probability of error) in the research is 5% or 0.05.

### **Data Types and Sources**

#### **Data Type**

In this research, the data used is cross section data, namely a collection of data to examine a certain phenomenon in one period of time through the distribution of questionnaires.

#### **Data source**

In discussing this research, accurate data is needed, so the types and sources of data used in this research are:

- a. Primary data
- b. Secondary data

#### **Data analysis technique**

Based on the data collected, the next step is to analyze and process the research results in order to obtain a conclusion. Analysis that describes the influence between variables with the help of the SPSS statistical program. The analysis used is:

#### **1. Multiple Linear Regression Analysis**

Multiple Linear Regression Analysis is an analysis that shows the dependence between one variable called the dependent variable on several other independent variables. The multiple linear regression formula is as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Where :

Y = Employee performance

X<sub>1</sub> = Leadership Style

X<sub>2</sub> = Work environment

a = Constant

b<sub>1</sub> = Regression coefficient of leadership style

b<sub>2</sub> = Regression coefficient from work environment

e = Error (Confounding variables outside the independent variable)

In this research, Multiple Linear Regression calculations will be calculated with the help of the SPSS statistical program.

## 2. F Test (Simultaneous Test)

The F test is a test of the regression coefficients simultaneously. This test was carried out to determine the influence of all independent variables contained in the model together (simultaneously) on the dependent variable. According to Sugiyono (2013:257) it is formulated as follows:

$$F_h = \frac{R^2/k}{(1 - R^2)/(n - k - 1)}$$

Information :

F<sub>h</sub> = F test value

R<sup>2</sup> = coefficient of determination

k = number of independent variables

n = number of sample members

The steps for carrying out an F test are as follows:

### 1. Hypothesis

H<sub>0</sub> = Leadership Style and Work Environment simultaneously do not have a significant influence on Employee Performance.

H<sub>a</sub> = Leadership Style and Work Environment simultaneously have a significant influence on Employee Performance.

1. Significance Level The significance level used is 0.05 ( $\alpha = 5\%$ ).
2. Determine the calculated F based on the SPSS program output or formula.
3. Determine F table

Determine F table based on df 1 (number of variables – 1) and df 2 ( $n - k - 1$ ) in the output table then search in table F, or can be searched in the Ms program. Excel by typing = **finv(significance level, df1, df2) in an empty cell and then pressing enter.**

4. Test criteria

$H_0$  is accepted if  $F_{count} \leq F_{table}$

$H_0$  is rejected if  $F_{count} > F_{table}$

5. Compare calculated F with table F

**2. t test (partial test)**

The t test is used to determine whether the independent variable partially has a significant influence on the dependent variable. The steps are as follows:

1. Hypothesis

$H_{01}$  = Leadership Style and Work Environment partially do not have a significant influence on Employee Performance.

$H_{a1}$  = Leadership Style and Work Environment partially have a significant influence on Employee Performance.

2. Significance Level

The significance level used is 0.05 ( $\alpha = 5\%$ )

If the significance of t is  $> 0.05$ , it means that  $H_0$  is accepted or  $H_a$  is rejected

If the significance of t  $< 0.05$  means  $H_0$  is rejected or  $H_a$  is accepted

3. Determine the t count

Determining the calculated t from the table can be seen in the SPSS output table column 1 according to the independent variable.

4. Determine the t table

The t distribution table is searched at  $\alpha = 5\% : 2 = 2.5\%$  (2-sided test) with degrees of freedom (df) =  $n - k - 1$ .

5. Testing criteria

$H_0$  is accepted  $-t_{table} \leq t_{count} \leq t_{table}$

$H_0$  is rejected if  $-t_{count} < -t_{table}$  or  $t_{count} > t_{table}$

6. Compare the calculated F with the F table

**3. Coefficient of Determination (R<sup>2</sup>)**

The coefficient of determination is used to find out how big the relationship between several variables is in a clearer sense. The coefficient of determination will explain how much change or variation in a variable can be explained by changes or variations in other variables.



The coefficient value is between 0 and 1 ( $0 \leq R^2 \leq 1$ ). If the result is closer to 0, it means that the ability of the independent variables to explain variable variations is very limited. But if the result is close to 1, it means that the independent variables provide almost all the information needed to predict variations in the dependent variable, with the formula:

$$R^2 = \frac{b_1 \sum x_1 y + b_2 \sum x_2 y + \dots + b_n \sum x_n y}{\sum y^2}$$

Where:

- $b_1$  = Leadership Style Variable Regression Coefficient  
 $b_2$  = Regression Coefficient of Work Environment Variables  
 $X_1$  = Leadership Style Variable  
 $X_2$  = Work Environment Variable  
 $Y$  = PT Employee Performance. Colorful Investama Surabaya

### Term Limitations

In order not to cause differences in understanding, there needs to be an explanation of the terms used in this research entitled "The Influence of Leadership Style and Work Environment on the Performance of PT Employees. Warna Warni Investama Surabaya". The boundaries of the terms used are taken from several opinions of experts in the field. However, some are determined by researchers with the aim of this research. Some term limitations that need to be explained are as follows:

1. Leadership Style
2. Work Environment
3. Employee Performance

## RESULTS AND DISCUSSION

### Evaluation of the Measurement Model or Outer Model

To estimate variable indicators that reflect structure, an estimation measurement model is needed. Model evaluation can be done by testing convergent validity, discriminant validity and combined reliability. Convergent validity is a test that shows the relationship between reflective elements and latent variables. An indicator is considered adequate if it contains an indicator value of 0.5–0.7 for each construct which is quite large (Ghozali, 2014). The table below shows the load factor values

**Table 1. Convergent Validity Test Results**

Variabel	Loading Factor	Keterangan
Leadership	0,911	valid
	0,875	valid
	0,852	valid

	0,884	valid
	0,887	valid
<b>Work environment</b>	0,801	valid
	0,725	valid
	0,811	valid
	0,788	valid
	0,831	valid
	0,834	valid
<b>Employee performance</b>	0,916	valid
	0,897	valid
	0,857	valid
	0,852	valid
	0,834	valid

**Source: Researcher (2024)**

Table 1 shows the loading factor value resulting from each indicator variable above 0.70. Thus, the indicator is considered a valid measure of the latent variable. Composite Reliability is used to test the reliability of indicators based on their structural elements. A variable is said to be good if the combined confidence value is greater than 0.7 and the recommended Cronbach's alpha is > 0.6 (Ghozali, 2016). The following is the significance of composite reliability and Cronbach's alpha value in the table below.

**Table 2 Results of Composite Reliability and Cronbach's Alpha**

Variabel	Composite Reliability	Cronbach's Alpha	Keterangan
<b>Leadership</b>	0,946	0,928	Reliable
<b>Work environment</b>	0,851	0,894	Reliable
<b>Employee performance</b>	0,902	0,783	Reliable

Table 2 shows the Composite Reliability value of the latent variable is more than 0.7, while the Cronbach's alpha value of the latent variable shows a value greater than 0.6 so that all variables show good reliability. Testing the structural model (inner model) helps determine the relationship between the significant value of the construct and the R-square research model. The structural model is estimated using R-square for each independent or dependent latent variable. The results of R-Square testing with SmartPLS are shown in the table below.

**Tabel 3 R Square**

Information	R-square	R-square Adjusted
Employee performance	0,857	0,850

**Source: Researcher (2024)**

The R-Square results in table 3 give a value of 0.857, meaning that 85.7% of employee performance variables are influenced by Leadership and Work Environment variables, while the remaining 14.3% is influenced by variables other than this research model. This means that there are still other variables that influence employee performance.

## Hypothesis Test Results

To test the hypothesis presented, t-statistics and p-values are needed. The hypothesis is accepted if the p-value  $< 0.05$ . The basis for direct hypothesis testing is the return contained in the coefficient or value of the output path and indirect effects. Structural model testing is used to explain the relationship between variables.

**Table 4 Path Coefficient Results**

Variabel	Original Sample (O)	Sample Mean (M)	Standar Deviasi (STDEV )	Statistik (O/STD EV)	P value	Information
Leadership – Performance	0,038	0,037	0,059	2,01	0,05	accepted
Work Environment – Performance	0,133	0,133	0,059	1,973	0,05	accepted

Table 4 shows that H1 Leadership has an effect on Performance with a t-statistic value of  $2.01 > 1.96$  and a p-value of  $0.05$ . H2 The work environment influences performance with a t-statistic value of  $1.973 > 1.96$  and a p-value of  $0.05$ .

## DISCUSSION

### The Influence of Leadership Style on Employee Performance

The exogenous construct of leadership has an influence ( $O = 0.038$ ) on performance. The p-values for this construct relationship are  $0.050$ . Therefore, the first hypothesis which states that leadership has a significant effect on performance is proven to be true. If leadership increases, performance will increase. Conversely, if leadership decreases, performance will decrease.

Based on the research results above, supported by the research results of Rasyid, and Utami (2013) stated that transformational leadership style has a significant effect on employee performance (study on employees of PT. AXISTelekom Indonesia Mega Kuningan Branch, Jakarta).

In line with this research, the results of Kurniawan's (2013) research partially state that transformational leadership has a significant effect on employee performance. This shows that leadership style has an important role in building employee performance.

Likewise, the results of research by Suminar, Mukzam and Ruhana (2015) stated that there was a significant influence between leadership style on employee performance variables in the Production Department of PT Essentra Indonesia, Sidoarjo.

Basically, leadership style is to provide influence on employees given by the leader and work motivation as encouragement in achieving goals which can influence performance.

Meanwhile, Aditya (2010:23) said that leadership style makes employees in a company race to obtain the best results or targets beyond their best strengths.

According to Sulistiyani (2008:141), in an achievement-oriented leadership style, the leader gives full trust to employees to achieve goals and produce the best possible performance.

Leadership style is based on the theory of a hierarchy of higher needs such as self-actualization, appreciation and affection. Transformational leadership style is a type of leadership that inspires followers to carry out their duties and responsibilities beyond their personal interests.

Each leader basically has different behavior in leading his followers. This leader's behavior is called leadership style. To support smooth and successful leadership, a leader must have the courage to use other leadership styles and does not have to always adhere to one particular leadership style that is considered perfect for the company environment he leads.

According to Robbins and Judge (2008:49), organizations need strong leadership and management so that their effectiveness is optimal. So that all actions taken in every activity are initiated and determined by the people who are members of the company. Therefore, company leaders must be able to maintain good relationships with their subordinates, in order to increase leadership values.

### **The Influence of the Work Environment on Employee Performance**

The Work Environment construct has an influence ( $O = 0.1330$ ) on the Work Performance construct. The p-values for this construct relationship are 0.050. Therefore, the hypothesis which states that the work environment has a significant effect on performance is proven to be true. If the work environment improves, performance will experience a significant increase. Conversely, if the work environment experiences a decline, performance will experience a significant decline.

The research above, supported by the research results of Suminar, Mukzam and Ruhana (2015), states that there is a significant influence between the physical work environment on the performance variables of employees in the Production Department of PT Essentra Indonesia, Sidoarjo.

In line with the research above, research results by Putra, Musadieg and Mayowan (2015) state that the work environment has a significant effect on the performance of employees of the Malang City Regional Drinking Water Company. This means that the work environment has an important role in carrying out work activities, so that the results achieved are in accordance with the plans set by the company.

NitiseMITO (2002:183) stated "The work environment is everything around workers that can influence them in carrying out their assigned tasks". A conducive work environment, both physical work environment and non-physical work environment, is able to influence employee enthusiasm and work motivation so that they are able to work optimally and in turn will be able to improve employee performance.

Broadly speaking, the type of work environment is divided into 2, namely the physical work environment and the non-physical work environment. The physical work environment is all physical conditions found around the workplace which can affect employees either directly or indirectly. (Sedarmayanti, 2009:21)

According to A. Dale Timple (in Mangkunegara, 2009: 15) Performance factors consist of internal factors and external factors, internal (dispositional) factors are factors related to a person's characteristics. Meanwhile, external factors are factors that influence performance someone who comes from the environment. Such as behavior, attitudes and actions of colleagues, subordinates or leaders, work facilities and organizational climate. From the description above, it can be seen that the work environment influences employee performance.

When collecting data sources, researchers collect data sources in the form of raw data. The survey method is a method of collecting primary data using written questions (Kumala Dewi, Indri et al., 2022: 29). This research will be conducted in three phases: measurement model (external model), structural model (internal model), and hypothesis testing. (Pramono Budi, et al., 2023; 970) Through this process, employees are given training and development that is relevant to their work performance, so that they are expected to be able to carry out their work responsibilities as well as possible. (Abdul Aziz Sholeh et.al. 2024:82) Good working conditions are when people can carry out work optimally in a healthy, safe and comfortable manner (Pandu Widodo, Hesti et al 2024:73)

## **CONCLUSION**

1. Leadership has a significant effect on employee performance
2. The work environment has a significant effect on employee performance

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