# The Influence of Leadership Style, Employee Training, Intrinsic Reward, and Extrinsic Reward on Employee Motivation

## *Oda I.B. Hariyanto[1] Haverina[2],*
[1]oda@uib.ac.id [2]1746009.haverina@uib.edu

[1]Economy, Universitas Internasional Batam, Batam, Indonesia
[2] Economy,  Universitas Internasional Batam, Batam, Indonesia

## Abstract

This research aimed to know if leadership style, employee training, intrinsic reward, and extrinsic reward had a significant relationship toward employee motivation. Data collected from 221 respondents who were employees of Tour & Travel Agents in Batam. The sampling method used was purposive sampling which took sample with some consideration. The result shows that all of them have positive significance to employee motivation. Besides, employee training has the greatest amount of significance on employee motivation.

**Keywords:** Employee Motivation, Leadership Style, Employee Training, Intrinsic Reward, Extrinsic Reward.

## Introduction

Human asset is the most important asset of any organization. Employees are considered to be valuable assets that determine the success of a business. Employee motivation is needed to get an efficient and effective result of human resources (Hafiza et al., 2011). Without the right and qualified human resources, a company will be difficult to achieve its goals (Wahyuni et al., 2019). 'Happy' employees will be motivated to work as well as they could and be more productive. Decreasing motivation is a common thing to happen among employees (Kompas.com, 2017). But, motivation is the 'petrol' of employee success. Without motivation, there is no desire to work well and durability to face the challenges.

Providing the right motivation is very important because employees are able to carry out as much as they could to finish those tasks and objectives given to them (Wahyuni et al., 2019). Therefore, many kinds of research are done to prove the factors that influence employee motivation. Factors that may influence employee motivation in this research are leadership style, employee training, intrinsic reward, and extrinsic reward. However, much literature found is not about these factors effect on employee motivation in the tourism sector, especially in Tour & Travel Agents. Though tourism is the most effective sector to increase foreign exchange (Kompas.com, 2019). Not only the foreign exchange, but the number of foreign tourist visits also increased. It makes the existence of tour & travel agents are needed to fulfill the needs of

tourist and tourism services. Therefore, this study is going to find the effects of leadership style, employee training, intrinsic reward, and extrinsic reward on employee motivation in tour & travel agents.

Leadership is the ability to increase a group to get the vision or set of goals (Chaudry & Javed, 2012). Leadership is a very big toll or the weapon of an organization to accomplish its goals and its necessary objectives. Without leadership, the implementation of tasks and their achievements are impossible (Chaudry & Javed, 2012).

Training has a distinct role in the achievement of an organizational goal by incorporating the interests of the organization and the workforce. The training process was more job oriented that could change employee attitudes and behaviors that motivate them to increase their knowledge and understanding of the job according to the dynamic corporate environment (Afroz, 2018).

Reward systems seek to attract people to join the organization to keep them coming to work and motivate them to perform at high levels (Pratheepkanth, 2011). The employee will give their maximum when they have a trust that their efforts will be rewarded by the management (Husain & Batagoda, 2017). But managers must consider that various incentive plans can affect employees in different ways and at different positions and times (Haryono et al., 2020).

## Literature Review
### Employee Motivation Definition

Research about employee motivation has been done a long time ago. Many researchers believe this motive is the reason why someone working hard to achieve the organization's goal. The word 'motivation' comes from Latin "*movere*" which means to push or move. Motivation is a process that explains the intensity, direction, and perseverance of a person to achieve victory (Wahyuni et al., 2019).

Pranitasari (2020) explains motivation as a process that causes intensity, direction, and continuous effort of individuals towards the achievement of goals. Intensity shows how hard someone trying. But high intensity may not lead to good performance, except the effort is made in the direction that benefits the organization. Motivation is a measure of how long someone can maintain their effort. A motivated individual will perform its task for a long time until the goal is achieved.

Mahardiana & Thahir (2019) argue motivation is the effort or effort of a person in achieving their targets of working to gain the needs of life in the long term consisting of three important elements: effort, the direction of long-term goals, and fulfilling desires, which are affected by motives, hopes, and incentives. Based on definitions presented by previous researchers, motivation can be concluded as a pusher or power that makes someone trying diligently to achieve the goal. In other words, motivation is the reason that influence employee working continuously to attain the company or organization's goal.

### The Relationship between Leadership Style and Employee Motivation

A leader can motivate employees in various ways, such as allow the employees to make decisions in a chance, create a harmonious atmosphere, and build trusting and respectful working relationships. Different leadership styles will color the behavior and type of leadership, producing a task-oriented leadership style and an employee-oriented leadership style (Wahyuni et al., 2019).

This research is dividing leadership style into transactional leadership, transformational leadership, and laissez-faire leadership. Nadeak et al. (2019) define transactional leadership as the ability to influence others' behavior and mind to achieve the organization's goal in a particular situation. Aunjum et al. (2017) state that transformational leadership is the quality of a leader that influences his or her subordinate's beliefs and way of work to finish the organization's goal. Chaudry & Javed (2012) describe laissez-faire leadership as "abdicates responsibilities avoid making decisions." So, it is difficult to maintain this leadership style unless the subordinates are specialist employees who an expert and well-motivated. Even Mondy & Premeaux (1995) interpreting laissez-faire as "a leader who lets the group member make all decisions" (Chaudry & Javed, 2012). The leader does not interfere in decision making because the leader let the subordinates have the power to make their own decision for their work.

The result of research by Chaudry & Javed (2012) mentions that transactional leadership and laissez-faire leadership has a significant and positive relationship with motivation. Aunjum et al. (2017) estimated that transformational leadership has a positive and significant impact on employee motivation. Transformational leaders attempt to develop the full potential of the employee, by influencing and engaging them (Zareen et al., 2014). So, the employee feels more transformed and developed. The main foundation of transformational leadership is the leader's ability to motivate the employee to accomplish more than what the employee planned to accomplish (Zareen et al., 2014).

## The Relationship between Employee Training and Employee Motivation

Afroz (2018) defines training as "learning activity directed to get knowledge and specific skill for an occupation or task. Dorcas et al. (2020) state that employee training has a positive effect on employee motivation and organizational performance. This state is supported by Afroz (2018), which mentions between training and employee motivation there is a positive relationship that makes the employee more involved in work. After that, produce better performance and productivity for the employee itself or the organization.

## The Relationship between Intrinsic Reward and Employee Motivation

Hafiza et al. (2011) mention that there must be an effective reward to maintain high performance in an organization and that reward must be related to employee productivity. Intrinsic reward is an intangible reward. The reward can not be touched but only felt like an appreciation and caring attitude (Zafar et al., 2014). Intrinsic reward is the reward in the job itself, such as satisfaction after successfully finishing the task, achievements, appreciation from boss or senior, and more (Hafiza et al., 2011; Husain & Batagoda, 2017). Based on Safiullah (2014), his conclusion is when an employee's income increased, then money is not a motivator anymore. However, when the employee's age is growing, an attractive job will be a good motivator. The employee who gets an intrinsic reward feel valued and needed by the organization. This pride increases the spirit and desire to work voluntarily. Thus employees have a strong motive to work better.

## The Relationship between Extrinsic Reward and Employee Motivation

Extrinsic reward is a tangible reward, out of work such as salary, bonuses, allowances, promotion, job security, private room, and indirect payment as compensation for an off day (Husain & Batagoda, 2017). Extrinsic reward is used to show that organization is serious about rating the team's contribution to quality. The existence of tangible rewards makes the

employees realize that their efforts are not going to waste. Every hard work will be a benefit for themself. In realistic, that real reward is the one that can fulfill every need in his or her life. Zafar et al. (2014) argue that salary has an important role in motivating the employee. Besides, if the organization gives a bonus and incentive to an employee, the employee will be satisfied and be motivated to work hard to achieve the organization's goal. Also, Husain & Batagoda (2017) mention that employees will be committed as long as they receive an external reward for the work they have done.
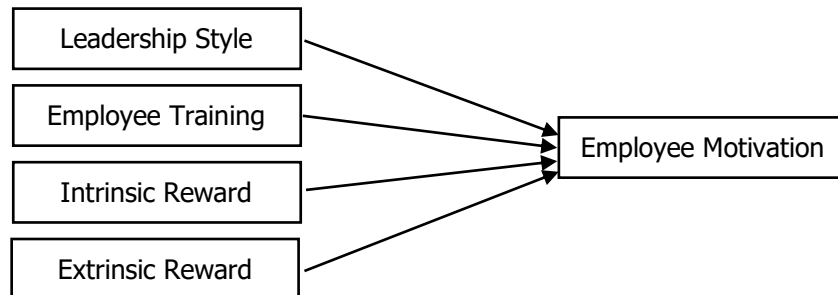


**Figure 1. Conceptual Framework**

Based on the conceptual framework showed before, the hypothesis that formulated in this research are:

H1: Leadership style has a significant relationship with employee motivation
H2: Employee training has a significant relationship with employee motivation
H3: Intrinsic reward has a significant relationship with employee motivation
H4: Extrinsic reward has a significant relationship with employee motivation

## Research Methods

This research design was conducted without focusing on problem-solving. Basic research was related to academics and had one goal, to expand a theory (Indriantoro N & Supomo B, 2013). This study used a survey method to gather data from respondents.

The population refered to all groups of people, events, or interesting things that a researcher wanted to investigate (Sekaran & Bougie, 2016). So, the population in this research were employees who worked at tour & travel agent in Batam. The sample was a sub-collection from the population, taken some from the population but not all of them. The exact number of how many employees worked in tour & travel agents was unknown. So, the number of samples would be determined by referring to a journal by Nunkoo et al. (2013). Research to 209 articles published in 9 tourism journals between the year 2000 until 2011, showed the majority of studies used sample between 151 until 400 respondents (99 articles, 47.4%). 56 articles (26.8%) used the sample between 401 until 650 respondents, 20 articles (9.6%) used sample between 651 until 900 respondents, and 25 articles (12%) using sample more than 900 respondents (Nunkoo et al., 2013). Limited studies (9 articles, 4.3%) used sample less than 150 respondents. Therefore, the minimum number of samples required in this research was 200 respondents. This number determined as the number between 151 until 400 respondents.

This study used non-probability as a sampling method, which was purposive sampling. This method draws the sample with a certain amount from the population with consideration or using decided criteria (Sekaran & Bougie, 2016). The criteria to select the sample to use were:

a. Respondent was someone who was 18 years old and above.
b. Respondent was a person who was working or had once worked at Tour & Travel Agent (employee in the tour & travel sector).
c. Working and domiciled in Batam, Riau Islands, Indonesia.

Data collection was performed into two categories, which were primary data and secondary data. Primary data is data received from the first source, such as a questionnaire outcome or interview results done by the researcher (Sekaran & Bougie, 2016). While secondary data is data that already available (in a company, industry, archived, and more) or information collected from various sources like the internet (Sekaran & Bougie, 2016). This research used those two types of data by utilizing a questionnaire as the primary data. The questionnaire was made based on the journal and using Google Forms as the media (docs.google.com/forms). Then the questionnaire was distributed using the google forms link. There are 114 Tour & Travel Agents who participated in this research. Secondary data in this research used the government's publication, online newspapers, electronic books, articles, journals, and other written media. All of the secondary data were accessed through Google web searcher and Google Scholar site.

## Results and Discussion

There were 250 questionnaires distributed from November 2020 until December 2020. Distribution was done using online media such as Line, WhatsApp, Facebook, Official Website, and E-mail. But around 29 questionnaires did not return, so the total number of questionnaires used were 221 copies. The characteristics of 221 respondents are shown in the table below.

**Table 1. Descriptive Statistics of Respondents' Demographics**

|  |  | Frequency | Percentage |
|---|---|---|---|
| 1 | **Gender** | | |
|  | Male | 105 | 47.5% |
|  | Female | 116 | 52.5% |
| 2 | **Age** | | |
|  | 18-22 years old | 83 | 37.6% |
|  | 23-27 years old | 79 | 35.7% |
|  | 28-32 years old | 31 | 14% |
|  | 33-37 years old | 18 | 8.1% |
|  | >37 years old | 10 | 4.5% |
| 3 | **Last Education** | | |
|  | Senior/Vocational High School | 95 | 43% |
|  | Bachelor | 124 | 56.1% |
|  | Magister | 2 | 0.9% |
| 4 | **Emploement Status** | | |
|  | Permanent | 152 | 68.8% |
|  | Freelancer | 69 | 31.2% |
| 5 | **Working Period** | | |
|  | 0-1 year | 80 | 36.2% |
|  | 2-4 years | 93 | 42.1% |
|  | 5-9 years | 35 | 15.8% |
|  | >10 years | 13 | 5.9% |
| 6 | **Division** | | |
|  | Admin | 42 | 19% |
|  | Ticketing Staff | 31 | 14% |

| | | |
|---|---|---|
| Tour Consultant | 34 | 15.4% |
| Marketing Staff | 25 | 11.3% |
| Accounting Staff | 13 | 5.9% |
| Manager | 21 | 9.5% |
| Tour Guide | 33 | 14.9% |
| Tour Leader | 22 | 10% |

Source : Primary Data Processed (2020)

### Data Quality Test Results

Collected primary data must be tested if they are valid or not. The validity of every question item can be seen by its loading factor value. The requirement of valid is the loading factor must more than 0.6 (Hair et al., 2010). The results of validity are shown below.

**Table 2. The Results of Validity Test**

| Variable | Question | Loading Factor | Conclusion |
|---|---|---|---|
| Leadership Style | LS1 | .736 | Valid |
| | LS2 | .723 | Valid |
| | LS3 | .755 | Valid |
| | LS4 | .655 | Valid |
| | LS5 | .743 | Valid |
| | LS6 | .648 | Valid |
| | LS7 | .688 | Valid |
| | LS8 | .485 | Invalid |
| | LS9 | .366 | Invalid |
| Employee Training | ET1 | .815 | Valid |
| | ET2 | .803 | Valid |
| | ET3 | .827 | Valid |
| | ET4 | .700 | Valid |
| Intrinsic Reward | IR1 | .540 | Invalid |
| | IR2 | .586 | Invalid |
| | IR3 | .810 | Valid |
| | IR4 | .692 | Valid |
| Extrinsic Reward | ER1 | .807 | Valid |
| | ER2 | .808 | Valid |
| | ER3 | .803 | Valid |
| | ER4 | .746 | Valid |
| Employee Motivation | EM1 | .725 | Valid |
| | EM2 | .669 | Valid |
| | EM3 | .753 | Valid |
| | EM4 | .759 | Valid |
| | EM5 | .760 | Valid |
| | EM6 | .777 | Valid |

Source : Primary Data Processed (2020)

Table 2 shows four question items that do not pass the requirement to have a loading factor of more than 0.6. They are LS8, LS9, IR1, and IR2 that only have a loading factor around 0.485, 0.366, 0.540, and 0.586. They are not going to participate in further tests as they have value under 0.6.

The value that needs to be focused on reliability test is Cronbach's Alpha. Question items considered as reliable if they have Cronbach's Alpha more than 0.6 (Hair et al., 2010). Those values are shown in the table below.

**Table 3. The Results of Realibilty Test**

| Variable | Cronbach's Alpha | Conclusion |
|---|---|---|
| Leadership Style | 0.835 | Reliable |
| Employee Training | 0.796 | Reliable |
| Intrinsic Reward | 0.642 | Reliable |
| Extrinsic Reward | 0.798 | Reliable |
| Employee Motivation | 0.833 | Reliable |

Source : Primary Data Processed (2020)

## Classic Assumption Test Results

The multicollinearity test aims to know if a regression model has a correlation between its independent variables. The requirement in this test is Tolerance value must be more than 0.1 and the VIF value less than 10.

**Table 4. The Results of Multicollinearity Test**

| Variable | Tolerance | VIF | Conclusion |
|---|---|---|---|
| Leadership Style | .583 | 1.715 | No multicollinearity exist |
| Employee Training | .576 | 1.736 | No multicollinearity exist |
| Intrinsic Reward | .608 | 1.646 | No multicollinearity exist |
| Extrinsic Reward | .571 | 1.751 | No multicollinearity exist |

Source : Primary Data Processed (2020)

A normality test is performed to see if data deployment is normal. Normality testing used Kolmogorov Smirnov Test.

**Table 5. The Results of Normality Test**

**One-Sample Kolmogorov-Smirnov Test**

| Asymp. Sig. (2-tailed) | .200[c,d] |
|---|---|

Source : Primary Data Processed (2020)

If Asymp. Sig (2-tailed) value is more than 0.05, data are considered as normal. Based on table above, the value is 0.200 and it is stated as normal because more than 0.05.

Heteroscedasticity test used Glejser Test to show the regression model does not contain heteroscedasticity. The independent variable must not significantly influence its residual absolute value. In other words, significance value in the t test must be more than 0.05.

**Table 6. The Results of Heteroscedasticity Test**

| Variable | Sig | Conclusion |
|---|---|---|
| Leadership Style | .077 | No heteroscedasticity exist |
| Employee Training | .001 | Heteroscedasticity exist |
| Intrinsic Reward | .286 | No heteroscedasticity exist |
| Extrinsic Reward | .951 | No heteroscedasticity exist |

Source : Primary Data Processed (2020)

## Hypothesis Test Results

A simultaneous significance test aims to know the influence of the independent variable simultaneously. The criteria in this test is if the significance value shown in the ANOVA table is less than 0.05, the independent variable is considered simultaneously influence the dependent variable.

**Table 7. The Results of Simultaneous Significance Test**

**ANOVAa**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1072.516 | 4 | 268.129 | 72.641 | .000b |
| | Residual | 797.294 | 216 | 3.691 | | |
| | Total | 1869.810 | 220 | | | |

*Source : Primary Data Processed (2020)*

The significance value shown above is 0.000, which means leadership style, employee training, intrinsic reward, and extrinsic reward are simultaneously significant to employee motivation.

Adjusted R Square value was used to see how much those independent variables in this research could explain the dependent variable.

**Table 8. The Results of Determination Coefficient Test**

**Model Summaryb**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .833a | .694 | .688 | 1.37622 |

*Source : Primary Data Processed (2020)*

The result shows that leadership style, employee training, intrinsic reward, and extrinsic reward can explain employee motivation for 68%. The rest of it 32% is explained by other factors that do not exist in this research.

The individual parameter significance test was used to know how influential each independent variable. Significant value must less than 0.05 and Beta value is needed to know either the independent variable influence positively or negatively. As greater the Beta value, the influence is greater too.

**Table 9. The Results of Individual Parameter Significance Test**

| Variable | Beta (Coefficients) | Sig | Hypothesis |
|---|---|---|---|
| Leadership Style | .178 | .000 | Significant |
| Employee Training | .381 | .000 | Significant |
| Intrinsic Reward | .154 | .002 | Significant |
| Extrinsic Reward | .293 | .000 | Significant |

*Source : Primary Data Processed (2020)*

From the table above, all of the independent variables are significant to employee motivation. Besides, those independent variables positively influence employee motivation. The most influencing variable is employee training (0.381), followed by extrinsic reward (0.293), leadership style (0.178), and intrinsic reward (0.154).

## Conclusions

This research aimed to know if leadership style, employee training, intrinsic reward, and extrinsic reward have significance with employee motivation. After all process of gathering and calculating data, it is found that leadership style, employee training, intrinsic reward, and extrinsic reward positively influence employee motivation. From four independent variables involved, employee training shows the greatest influence on employee motivation. Leadership style, employee training, intrinsic reward, and extrinsic reward explain employee motivation for 68%. This amount shows mostly of employee motivation are well explained by them. As for the remaining 32%, are those factors not involved in this research.

## References

Afroz, N. N. (2018). Effects of Training on Employee Performance : A Study on Banking Sector, Tangail Bangladesh. *Global Journal of Economic and Business*, *4*(1), 111–124. https://doi.org/10.12816/0048158

Aunjum, A. H., Abbas, G., & Sajid, M. (2017). Transformational Leadership and Employee Motivation in Banking Sector of Pakistan. *Advances in Economics and Business*, *5*(9), 487–494. https://doi.org/10.13189/aeb.2017.050901

Chaudry, A. Q., & Javed, H. (2012). Impact of Transactional and Laissez Faire Leadership Style on Motivation. *International Journal of Business and Social Science*, *3*(7), 7. http://www.ijbssnet.com/journals/Vol_3_No_7_April_2012/28.pdf

Dorcas, T., Oparanma, A., & Ejo-orusa, H. (2020). Training and Employee Motivation of Non-Governmental Medical Organizations in Port Harcourt, Nigeria. *International Journal of Business & Law Research*, *8*(1), 128–135.

Hafiza, N. S., Shah, S. S., Jamsheed, H., & Zaman, K. (2011). Relationship Between Rewards and Employee's Motivation in The Non-Profit Organizations of Pakistan. In *Business Intelligence Journal* (Vol. 4, Issue 2). http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.472.8414&rep=rep1&type=pdf#page=130

Hair et al. (2010). Multivariate Data Analysis. Seventh Edition. Prentice Hall. In *England: Pearson*.

Haryono, S., Supardi, S., & Udin, U. (2020). The Effect of Training and Job Promotion on Work Motivation and Its Implications on Job Performance: Evidence from Indonesia. *Management Science Letters*, *10*(9), 2107–2112. https://doi.org/10.5267/j.msl.2020.1.019

Husain, A., & Batagoda, C. (2017). Impact of Organizational Rewards on Employee Motivation of Operational Level Employees in the Sri Lankan Large Scale Apparel Industry in Colombo District. *HRM Scintilla Human Resource Management Journal*, *5*(2), 29–39.

Indriantoro N, & Supomo B. (2013). Metodologi Penelitian, Cetakan Ketujuh. In *Yogyakara; Penerbit BFEE UGM.*

Kompas.com. (2017, January 26). *Bekerja Lebih "Happy" dengan "Internal Motivations."* https://money.kompas.com/read/2017/01/26/060700426/bekerja.lebih.happy.dengan.internal.motivations.?page=all

Kompas.com. (2019, March 23). *BI: Industri Pariwisata Jadi Sektor Paling Hasilkan Devisa*. https://travel.kompas.com/read/2019/03/23/084500627/bi--industri-pariwisata-jadi-sektor-paling-hasilkan-devisa

Mahardiana, L., & Thahir, H. (2019). A Study of Competence and Motivation of Employees To

Achieve Performance in a Supermarket. *Review of Behavioral Aspect in Organizations and Society*, *1*(1), 45–56. https://doi.org/10.32770/rbaos.vol145-56

Nadeak, B., Sasmoko, Iriani, U. E., Naibaho, L., Sormin, E., & Juwita, C. P. (2019). Building Employees' Mental Health: The Correlation between Transactional Leadership and Training Program with Employees' Work Motivation at XWJ Factory. *Indian Journal of Public Health Research and Development*, *10*(6), 1373–1379. https://doi.org/10.5958/0976-5506.2019.01489.X

Nunkoo, R., Ramkissoon, H., & Gursoy, D. (2013). Use of Structural Equation Modeling in Tourism Research: Past, Present, and Future. *Journal of Travel Research*, *52*(6), 759–771. https://doi.org/10.1177/0047287513478503

Pranitasari, D. (2020). The Influence of Effective Leadership and Organizational Trust to Teacher's Work Motivation and Organizational Commitment. *Media Ekonomi Dan Manajemen*, *35*(1), 75. https://doi.org/10.24856/mem.v35i1.1257

Pratheepkanth, P. (2011). Reward System And Its Impact On Employee Motivation In Commercial Bank Of Sri Lanka Plc, In Jaffna District. *Global Journal of Management and Business Research*, *11*(4).

Safiullah, A. B. (2014). Impact of Rewards on Employee Motivation of the Telecommunication Industry of Bangladesh: An Empirical Study. *IOSR Journal of Business and Management*, *16*(12), 22–30. https://doi.org/10.9790/487x-161222230

Sekaran, U., & Bougie, R. (2016). Research Methods for Business. In *Encyclopedia of Quality of Life and Well-Being Research* (Vol. 7). https://doi.org/10.1007/978-94-007-0753-5_102084

Wahyuni, N. P. D., Purwandari, D. A., & Syah, T. Y. R. (2019). Transactional Leadership , Motivation and Employee Performance. *Journal of Multidisciplinary Academic*, 156–161.

Zafar, N., Ishaq, S., Shoukat, S., & Rizwan, M. (2014). Determinants of Employee Motivation and its Impact on Knowledge Transfer and Job Satisfaction. *International Journal of Human Resource Studies*, *4*(3), 50. https://doi.org/10.5296/ijhrs.v4i3.5874

Zareen, M., Razzaq, K., & Mujtaba, B. G. (2014). Impact of Transactional, Transformational and Laissez-Faire Leadership Styles on Motivation: A Quantitative Study of Banking Employees in Pakistan. *Public Organization Review*, *15*(4), 531–549. https://doi.org/10.1007/s11115-014-0287-6