THE EFFECT OF LEADERSHIP STYLE AND REWARD SYSTEM ON EMPLOYEE WELLBEING AT PDAM MANADO

PENGARUH GAYA KEPEMIMPINAN DAN SISTEM PENGHARGAAN TERHADAP KESEJAHTERAAN KARYAWAN DI PDAM MANADO

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Abstract: The importance of PDAM Manado City services to meet the clean water supply needs of the Manado City community cannot be separated from the role of PDAM Manado City employees who are always required to be productive for the fulfillment of community needs. So that it cannot be separated from the Leadership Style that can encourage employee productivity and is also related to the provision of rewards or awards in order to ensure the employee wellbeing who has had a positive impact on PDAM Manado City. The purpose of this study is researcher want to investigate the effect of Leadership style and Reward System simultaneously toward the Wellbeing of PDAM Manado's employees. This study using a quantitative method and multiple linear regression analysis as a tool to analyze the data that has been collected. Based on the result, the researcher provided several recommendations which are: Must improving and evaluating the leadership style that is carried out. The company must be able to preserve even increase the reward system.

Keywords: Leadership style, reward system, employee wellbeing

Abstrak: *Pentingnya pelayanan PDAM Kota Manado untuk memenuhi kebutuhan air bersih masyarakat Kota Manado tidak lepas dari peran pegawai PDAM Kota Manado yang selalu dituntut untuk produktif demi pemenuhan kebutuhan masyarakat. Sehingga tidak lepas dari Gaya Kepemimpinan yang dapat mendorong produktivitas pegawai dan juga terkait dengan pemberian reward atau penghargaan dalam rangka menjamin kesejahteraan pegawai yang telah memberikan dampak positif bagi PDAM Kota Manado. Tujuan dari penelitian ini adalah peneliti ingin mengetahui pengaruh Gaya Kepemimpinan dan Sistem Penghargaan secara simultan terhadap Kesejahteraan Pegawai PDAM Manado. Penelitian ini menggunakan metode kuantitatif dan analisis regresi linier berganda sebagai alat untuk menganalisis data yang telah terkumpul. Berdasarkan hasil penelitian, peneliti memberikan beberapa rekomendasi yaitu: Harus memperbaiki dan mengevaluasi gaya kepemimpinan yang dijalankan. Perusahaan harus dapat mempertahankan bahkan meningkatkan sistem penghargaan.*

Kata Kunci: *Gaya kepemimpinan, sistem penghargaan, kesejahteraan karyawan*

INTRODUCTION

Research Background:
    The high growth of population had raised the bar of water consumption. People's necessity of water quantity and quality are increased as well. The contained water or bad quality water could cause various diseases to develop among society that it might become one of the factors which caused the rate of fatality increased. PDAM Manado serves about 4900 customers. As a company which established to give the public service in overcoming the necessity and the processing of the clean water which directly handled by the government with its main task which is to serve the people, especially to run the clean water service at Mapanget District, Manado. The importance of Regional Water Supply Company's service to always trying to provide and to distribute the qualified drinkable water supply which has met the standard of drinkable water quality standard, is not irrespective of the role of the employees of Regional Water Supply Company Manado who always demanded to be productive by the company in order to suffice society's necessity. It requires a proper and accurate direction of the boss, therefore boss' leadership style really influential towards the work productivity of the employees. Beside demanding the productivity of its employees, Regional Water Supply Company itself must be able to guarantee the welfare of the employees related to the rewards system which is a means of sustaining the courage and performance of the employees whether it is through salary and incentive, including bonuses or the other various allowances.

Research Objectives:
1. To investigate the effect of Leadership style and Reward System simultaneously toward the Wellbeing of PDAM Manado's employees.
2. To investigate the effect of Leadership Style partially towards the Wellbeing of PDAM Manado's employees.
3. To investigate the effect of Reward System partially towards the wellbeing of PDAM Manado's employees.

THEORETICAL FRAMEWORK

Human Resources Management
    Human Resources Management is a knowledge which learns about how to empower employees in an enterprise, creating job, working group, developing employees who have skills, identifying an approach to be able to develop its employees' performance and giving a reward to them for their work (Bohlarander and Snell, 2010).

Leadership Style
    Generally every leader has various leadership style one another, and it is not a must that a leadership style is better or worst compare to other leadership styles. Someone's leadership style shows a leader's trust towards the ability of its subordinates directly or not. It means leadership style is a behavior and strategy, as the result of philosophical combination, skills, character a leader implemented when he tries to influence its subordinates. According to Thoha (2010), Leadership style is a norm of a behavior which used by someone when that person tries to affect other's behavior or sub-ordinates' to cooperate ad work productively to achieve organizational goals. Hasibuan (2013) also emphasized that leadership style is a compilation of characteristics which used by the head to influence sub-ordinates so that organizational goals can be achieved or can be said that leadership style is a behavioral pattern and strategy loved and mostly implemented by a leader.

Reward
    The action done by the employees in achieving accolades in his work, deserve an appreciation, as the utterance of gratitude and as the form of attention (Purnama, 2015). According to Nugroho in Koencoro (2013), reward is a gift, appreciation, or wage which aims to make someone became more active in his/her attempts to fix or to improve the achieved work performance. Appreciation is an incentive which related the payment in order to increase productivity of the employees in achieving a competitive superiority (Simamora, 2004). Reward is an attempt to grow the feeling of acceptance (admitted) by the work environment, which engaging compensation aspect and the aspect of relationship one another among workers (Nawawi, 2005). According to Ivancevich, Gibson, and Donnelly (2000), reward is divided in to two broad categories, namely: Intrinsic Reward and Extrinsic Reward. Whether Intrinsic Reward or extrinsic, both have the same goals for the company.

Employee Wellbeing

        Employee is a pivotal element in a company, therefore employees should be managed and motivated so that they may remain productive in running each of their tasks and duties, especially for the employee who has an achievement and a big contribution for company. A company must give wellbeing or complementary compensation so that they can make their employees who are loyal and highly dedicated with experience and competency and achievement in the field stay. Diener (2000) in previewing employee's wellbeing, the wellbeing is put within the concept that built globally and operated by enlisting employee's working satisfaction, family satisfaction and physical wellbeing whether it is physical or well-being psychologically.

Previous Research

        Tan Bee Wen, Theresa Char Fei Ho, Beni Widarman, Rafidah Othman, and Obed Rashdi Syed (2019) identified the degree of influence among the three types of leadership styles namely, transformational leadership, transactional leadership, and thought leadership on employees' job performances in the Malaysian private sector. However, thought leadership role has started to draw much attention on how leadership styles affect employees' job performances. This article also aimed to provide an alternative view that distinguishes from previous researches which focus on different leadership styles used by managers to improve employees' job performances in different settings. A conceptual framework has been developed to examine the impact of the three types of leadership styles on employees' job performances.

        Rizky Multi Amalia, Dwi Yuni Utami (2018) aimed to get the weight of employee performance criteria based on competence using the Analytical Hierarchy Process (AHP) method. The assessment uses 4 (four) weighted criteria, namely motivation, competence, skills and attitudes. The employee reward system is determined using the profit sharing method based on the percentage increase in performance appraisal achieved by each employee. The percentage increase in performance appraisal from the established standard will be compared with the total percentage increase in performance appraisal for all employees. So that a final value will be obtained which will be multiplied by the funds allocated for the reward. The calculation results obtained show that the higher the employee performance appraisal, the employee will get a greater reward

        Alice V. Edwards and Susan Marcus (2018) performed a pilot study to assess employee well-being using the Happiness Mini-Survey and a one-sample pre–post study design intended to quickly allow employees to subjectively rate their well-being before and after participating in various classes as part of a well-being program. The findings demonstrated statistical significance in employee subjective ratings; they reported feeling better emotionally, physically, and mentally after participating in the classes. The employees' self-rating for stress level also had statistically significant improvement after class participation.
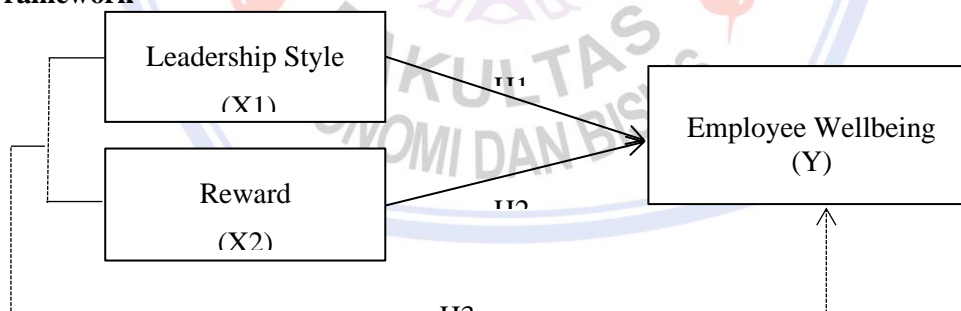
Conceptual Framework

Figure 1. Conceptual Framework
Source: Data Processed, 2020

Research Hypothesis

H_1: Presumably that partially Leadership Style effected on Employee Wellbeing.
H_2: Presumably that partially Reward System effected on Employee Wellbeing.
H_3: Presumably that Leadership Style and Reward System effected on Employee Wellbeing simultaneously.

RESEARCH METHOD

Research Approach

This research is using a quantitative approach. Babbie (2010) stated quantitative research is methods that emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques.

Population, Sample and Sampling Technique

The population in this research is all the employees of Regional Water Supply (PDAM) Manado. Sample method that can be used for this research is purposive sampling method. In this research, the writer minimized the population which previously 44 of the total of permanent employees become 30 employees by measuring the size of the sample which had been done using Slovin technique according to Sugiyono (2012). This research uses Slovin pattern since in the withdrawal of 30 samples, the amount must be representative so that the measurement does not need table of sample amount. However it can be done with the simple patterns and measurement. Slovin pattern to determine sample is as follow:

$$n = \frac{N}{1+N\,(e)^2}$$

n = The size of the sample/ the sum of the respondents
N = Population Size
E = Percentage of carefulness concession of the error sample collections which is still tolerable
e = 0,1

The population in this study was 44 employees, so that the leeway percentage used was 20% and the calculation results could be rounded up to achieve conformity. So to find out the research sample, with the following calculations: n = N / (1 + N e^2) = 44 / (1 + 44 x 01^2) = 30,5 n = 30.5; adjusted by the researcher into 30 respondents.

Data Collection Method

Primary data is Data source of the research which obtained directly from the genuine source (without mediator) and managed by the writer directly from the respondent.

Operational Definition of Research Variable
Table 1. Operational Definition of Variables

Variable	Definition	Indicators
Leadership Style	Leadership style is behavior and strategy, as a result of a combination of philosophies, skills, traits, attitudes, which a leader often applies when trying to influence the performance of his subordinates. (Tampubolon, 2007)	-Responsibility -Decision Making -Communication -Ability to control emotion
Reward System	Reward is a reward given by the company to the workers, because the workforce has been contribute energy and mind to the company's progress in order to achieving the goals that have been set. (Sastrohadiwiryo, 2009)	-Wage -Incentive -Promotion -Interpersonal Appreciation
Employee Wellbeing	Employee Wellbeing as any service or enjoyment provided by an employer in addition to ordinary salary and wages. (Moekijat, 2005)	-Facility -Warrantee Safety Work -Health Mentality employees -Pension Fund

Source: Data Processed (2020)

RESULT AND DISCUSSION

Validity and Reliability Test
Validity Test

The purpose of validity test is to know whether the instrument is valid or not. Theoretically, if the correlation coefficient between the value of one indicator and the total value of all indicators is equal to and more than 0.3 ($r \geq 0.3$) and below the significance level of 5%.

Table 2. Validity Test

Variable	Questions	r count	r table	Status
Leadership Style (X_1)	$X_{1.1}$	0,823	0,44	Valid
	$X_{1.2}$	0,832	0,44	Valid
	$X_{1.3}$	0,888	0,44	Valid
	$X_{1.4}$	0,805	0,44	Valid
	$X_{2.1}$	0,898	0,44	Valid
Reward System (X_2)	$X_{2.2}$	0,828	0,44	Valid
	$X_{2.3}$	0,891	0,44	Valid
	$X_{2.4}$	0,852	0,44	Valid
	Y_1	0,813	0,44	Valid
Employee Well- Being (Y)	Y_2	0,874	0,44	Valid
	Y_3	0,901	0,44	Valid
	Y_4	0,779	0,44	Valid

Source: SPSS Output (2021)

From the result in table 4.4 it can be seen that value of correlation index for relationship among variable independents (Leadership Style, Reward System) with variable dependent (Employee Well-Being) are greater than 0.3 and below the significant level of 10% (0.01). Therefore, the data is valid.

Reliability Test

Reliability test is used to check the consistency of the measurement instrument. To see whether the data is reliable or not, Alpha Cronbach test is utulized as reliability test in this research.

Table 3. Reliability Statistics

Cronbach's Alpha	N of Items
.646	3

Source: SPSS Output (2021)

The output of SPSS shows that the value of Cronbach's Alpha of 3 items used in this research is 0.646. The data is considered as reliable since the value of Cronbach's Alpha is above the minimum value which is 0.6.

Testing Classical Assumption
Normality

Normality test can be identified by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of thegraph. To identify the normality test, figure 4.1 shows the graphic result for the normality test.
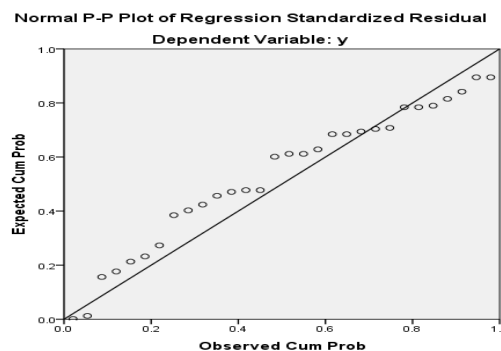
Figure 2. Normality Test
Source: SPSS Output (2021)

Figure 2 shows that the dots are spreading near to the diagonal line and follow the direction of the diagonal line. Therefore, the normality test is accepted which means the data of this research is normally distributed.

Heteroscedasticity

Heteroscedasticity test is the assumption of regression model where models in which error terms do not all have the same variance. Figure 3 below shows the result of heteroscedasticity test.
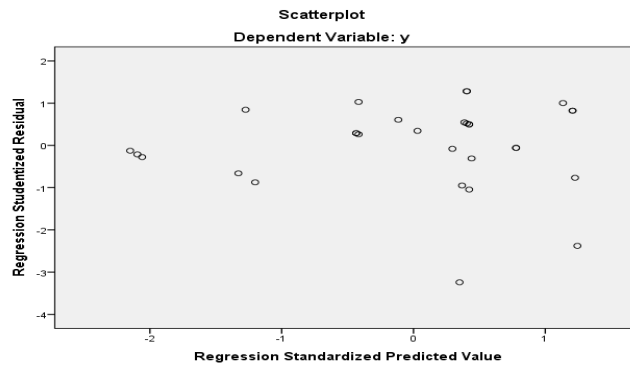

Figure 3. Heteroscedasticity Test
Source: SPSS Output (2021)

Figure 3 shows that the dots are spreading above and below the number zero (0) in the Y axis. This proves that there is no heteroscedasticity in this regression.

Multiple Regression Analysis
Table 4. Multiple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.691	2.382		.710	.484
	Leadership Style	.037	.108	.036	.341	.736
	Reward System	.831	.104	.837	8.007	.000

a. Dependent Variable: Employee Well-Being
Source: SPSS Output (2021)

Recall that the Multiple Linear Regression model is used to determine the effect of several independent variables on a dependent variable. The computation was done using SPSS 22 software. The computerized calculation ensures the accuracy of the analysis. From the result in the table above, the model define as:

$$Y = 1.691 + 0.037\ x1 + 0.831\ x2 + e$$

Y = Employee Well-Being
X_1 = Leadership Style
X_2 = Reward System
ε = Error

Multiple regression analysis is used to determine the effect of the independent variables on dependent variable. The multiple linear regression equation cab be interpreted as follows:
1. Constant value of 1.691 means that in a condition of ceteris paribus, if all independent variables equal to zero, then Employee Well-Being (Y) as dependent variable will be 1.691.
2. X_1's coefficient value of 0.037 means that if there is one unit increase in Leadership Style (X_1) then the Employee Well-Being (Y) will improve and increase by 0.037.
3. X_2's coefficient value of 0.831 means that if there is one unit increase in Reward System (X_2) then the Employee Well-Being (Y) will imrpove and increase by 0.831.

Table 5. Table of R and R Square

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843[a]	.710	.688	1.3414

a. Predictors: (Constant), Leadership Style, Reward System
Source: SPSS Output (2021)

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Table 5 shows the coefficient correlation (R) is 0.843; it means there is a very strong relationship between independent variables with dependent variable. The coefficient of determination (R^2) measures the ability of a model in explaining variation of dependent variable. The value of coefficient of determination is between 0 and 1. The coefficient of determination (R^2) according to the table 4.7 is 0.710 which shows that the variation of all independent variable explains 71% of variation in the Employee Well-Being (Y), while the remaining 29% is explained by other factors outside the model or not discussed in this research.

Hypothesis Testing
Table 6. Simultaneuos Test (F-test Output)

ANOVAᵃ

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	118.914	2	59.457	33.041	.000ᵇ
1	Residual	48.586	27	1.799		
	Total	167.500	29			

a. Dependent Variable: Employee Well-Being
b. Predictors: (Constant), Leadership Style, Reward System
Source: SPSS Output (2021)

Table 6 shows the value of F_{count} is 33.041. The value of F_{table} is found on the F Distribution Table by determining the degree of freedom 1 (numerator) is 2 and degree of freedom 2 (denumerator) is 27 with level of significance is 0.05 ($\alpha = 0.05$) and the level of confidence is 95% then F_{table} is 3.35. The result is F_{count} (33.041) > F_{table} (3.35). Therefore, since F_{count} is greater than F_{table}, Hypothesis 1 is accepted which means the independent variables simultaneously influence the dependent variable significantly.

Table 7. Partial Test (t-test result)

Variable	t_{count}	t_{table}	Description
Leadership Style (x1)	0.341	1.703	Rejected
Reward System (x2)	8.007	1.703	Accepted

Source: Data Processed (2021)

1. The value of t-count of X_1 is 0.341 with the level significant of 0.736. Since the value of $t_{count} = 0.341 < t_{table} = 1.703$ meaning that H_2 is Rejected. Sig <0.05 means that the confidence of this prediction is above 95% and the probability of this prediction errors is below 5% which is 0.000. The result of this declares that X_1 (Leadership Style) partially does not have a significant effect.
2. The value of t-count of X_2 is 8.007 with the level significant of 0.000. Since the value of $t_{count} = 8.007 > t_{table} = 1.703$ meaning that H_3 is accepted. Sig <0.05 means that the confidence of this prediction is above 95% and the probability of this prediction errors is below 5% which is 0.000. The result of this declares that that X_2 (Reward System) partially have a significant effect.

Discussion

This research was analayzed using multiple linear regression analysis. In the multiple regression method, regression procedures must divide the variables into two types which are dependent variables and independent variables. To get an accurate result from multiple linear regression method the purpose of this research is to analyzed the effect of Leadership Style (x1), Reward System (x2), as the independent variables towards Employee Well-Being (Y) as the dependent variable. The result of this research shows that based on hypothesis testing by using F-test, it is proven that there is linear relationship between independent and dependent variable simultaneously. It is also shows that based on hypothesis testing using t-test, from the significance value it can be seen that not all variables individually have a significant effect.

Leadership Style and Employee Well-Being

Leadership style of a leader is an important factor for the advancement of the company. Despite it is an important factor that determine the advancement of a company, it is also able to affect employees since not all leadership style could guarantee the well-being of all its employees. There are 4 important aspects in leadership style that is able to affect its employees which is used in this research namely; Responsibility, Decision Making, Communication, Ability to control Emotion. Nevertheless, this research findings showed that Leadership Style

does not have significant effect towards Employee's Well – Being in the context currently from the calculation result of SPSS above which is $t_{count} = 0.341 < t_{table} = 1.703$. This might happen because of the leadership style which measured in this research was only some parts of it and the target aimed was less accurate.

Reward System and Employee Well-Being

Varible of reward system has significant effect towards employee well-being according to the calculation result of SPSS it was found that $t_{count} = 8.007 > t_{table} = 1.703$. This result showed that the better the reward system that is being implemented in PDAM Manado the more well-being of the employee will increase. The reward system which has strong effect towards employee's well-being will definitely affect the performance and loyalty of employees towards the company directly, because if the performance and achievement of the employees are being honored and being given proper reward by the company then it would be a sustainable factor to the employees to compete one another in terms of their best performance and maximal result for the company which definitely will be win and win solution for both parties namely company and its employees. However if the reward system which was implemented and given by the company less likely to support employee's well-being and not a line with the work that had been done, then employees would definitely being discouraged and feeling unmotivated to do their job well. Thus, the correlation between rewards system and employee's well-being is the positive relationship.

CONCLUSION AND RECOMMENDATION

Conclusion
1. Leadership Style, and Reward System simultaneously affect the Employee Well-Being.
2. Leadership Style partially have positive relationship but no significant effect on Employee Well-Being. Meaning that the impact of Leadership style is not as big compare to other; however it can still give more changes to some employee and to an be a factor for the success of the company.
3. Reward System does have a relationship and significant effects on Employee Well-Being. Meaning that Reward system can give big impact on employee well-being in PDAM Manado now and in the future which also means that it can be a big factor in advancing the company through the employee well-being.

Recommendation
1. For Companies; Must improving and evaluating the leadership style that is carried out. And implement, develop every important aspect used in this research so that all employees can be motivated by the leadership style implemented in the company in order to increase work productivity and company progress so that there is a significant effect on employees well-being in the future.
2. Secondly; The company must be able to preserve even increase the reward system which had been implemented well up to this day, so that the result could be seen in this research is the positive and significant effect towards mostly some parts of its employees to keep on becoming motivated and making the employees who have worked according to each of their job desk prosperous for the sake of company's advancement.
3. The writer hopes that this research could be a reference for other researchers who are going to conduct a study with such object, and also as suggestion towards the next research to be able to get the better final result which is to develop or to add other related variables concerning the employee's well-being which has not been studied yet.

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