

# Effort to Improve Work Motivation at State Owned Corporations Based on Leadership Style, Human Resources Training and Promotion Policies

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**Abstract:** Work motivation is an important factor for the organization to achieve its goal. Various efforts are carryout by an organization to improve the staff motivation. Thos efforts were implemented by human resources (HR) training and promotion policy. Realizing that leadership style and promotion policy are the key elements of human resource management. This research considers that it is important to analyze the work motivation both directly or indirectly. According to the background and the statement of the problem, the aim of the research is to analyze the effect of the leadership style, HR training, and promotion policy on work motivation which consist of intrinsic and extrinsic motivation. The research was an analytic design cross sectional study which the population of the research was all staffs of PT Pertamina (Persero) Surabaya Regional Office with 70 officials. The questionnaire was used to collect data. The measurement of the variables was described in the statement form of items with interval scale as the reference. The score shift is 1-5. the variable used are leadership style, HR training, promotion policy, and work motivation. Moreover, the research results suggested that there is no direct effect of leadership style on work motivation, but it has indirect effect on work motivation through promotion.

**Keywords:** leadership style, HR training, promotion policy, work motivation

Human resources management has important role in company or organization and become internal forces in facing competition with rivals. So the attention toward human as determinant component should be given. At other side, leadership also become one of keys in influencing and driving subordinates to reach organization goals effectively and efficiently.

The presence of leadership in relation with effort to improve work motivation is great. Because naturally, Bratton and Gold (2003) stated that all people have potentials to develop. Because of that a leader responsible to actualize their people potentials optimally, especially for the goodness of the people and the organization. With other words, the main challenges that should be faced by leader is supervising the subordinates to be the best for themselves and at the

same time also change to be the best for themselves or their organization.

If investigated further, the Bratton and Gold (2003) about human potentials to develop, identify that each person also has certain behavior in work. The behavior is possibly influenced by how far their needs fulfilled. If institutions where they work able to fulfill, then it will motivate them. Because, if their needs not fulfilled, then will cause non optimal employee performance, so the organization unable to reach the goals suitable with the plan. It emerges embodiment and demotivation that experienced by the employee.

Generally, the work motivation giving is something that produce encouragement or work spirit where individuals motivated to work based on their needs system. Because of that, each organization demanded to plan, organize stipulations and means that needed to fulfill the employee needs. The matter can be seen as generating, reinforcing and driving someone behavior.

Each individual want to work to fulfill their needs and wants (physical and mental), either conscious

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needs or unconscious needs. Each individual needs are similar, such as each individual want to eat and drink but each individual wants are different because influenced by taste, habit, and environment. By knowing the employee needs, it is expected able to influence employee through the needs fulfillment so employee will be motivated to perform their jobs suitable with the organization expectation.

Schein in Mangkunegara (2001) illustrate that organization has certain characteristic whose structure and goals related each other and depend on human communication to coordinate activity in the organization. It can be stated that organization has goals to make its life need can be fulfilled so obtain satisfaction. Because of that, organization expect employee able to get achievement and able to create situation and conductive condition so employee will not saturate, boring, and lazy to work that decrease the work spirit. Related with the matter, organization needs to organize the training program of human resources that able to determine the promotion appropriateness for someone.

Conceptually, training as stated by Mondy and Noe (1990) is planned effort in facilitating employee learning to improve competence suitable with work needs. Manager today agree that employee training program not only be used to improve specific skill and add employee knowledge. But more than that, the program is believed able to improve the intellectual capital that include basic skills, advance skill, and self motivation to create creativity.

To improve work motivation, organization needs to think effective promotional policy. In governmental organization, including affiliated companies, promotion understanding is post promotion and also rank/group promotion. Chronologically, promotion is policy that born from human resources training. While theoretically, promotion program able to give some benefits to company and employee. First, promotion enable company to use expertise and abilities of employee as high as possible, especially if there is feeling that effective performance produce promotion. Third, effective employee promotion system produce efficiency and high moral standard. Promotion decision making will influence employee work motivation (Dessler, 1997).

PT Pertamina (Persero) is one of State Owned Corporation, is government's corporation that run in petroleum and mining. PT Pertamina (Persero) as other government companies in general has similar management practice of human resources for some line. Since the recruitment, selection, training-development up to promotion mechanism, career planning and performance valuation. To answer the main problem in the research, it is selected PT Pertamina (Persero) of Marketing Unit V of Surabaya as object. PT Pertamina (Persero) of Marketing Unit V of Surabaya include East Java marketing, Bali, and Nusa Tenggara. With many work area that handled by PT. Pertamina (Persero) of Marketing Unit V of Surabaya, of course including sufficient human resources quantitatively. Because of that, management needs to think about concept that appropriate for motivation improvement based on leadership, human resources training, and promotion.

In general, state owned corporation run in area that fulfill the needed of many people. In recent context, the government company also called as public companies that tactically faced to performance challenge to serve society in general. The effort can be handled through work motivation improvement of human resources that effuse their potentials in organization. The condition suitable with the Kim research (2006) that affirmed that work motivation influence heavily to the performance improvement efforts in public sectors. Then, the research with leadership style, training-development, promotion, work motivations themes and etc important to do in many companies that work in public services.

From the picture above, it can be concluded that government company as PT Pertamina (Persero) still need work strategies improvement. Of course to implement it needs leader that able to cooperate with subordinate to reach company goals. Through the leadership style it is expected the leader able to direct subordinate to do their work effectively. Through the good organization, management able to make human resources training well that encourage the career achievement through promotion program. Finally, the felt impacts by employee is the improvement of motivation to work harder so influence the service quality to society in general.



## Leadership theories

Leadership style terminology today develop. Basically leadership related with individual, behavior, influence to other, interaction pattern, role relation, the place at administrative position, and perception by other people about the authority of the influence. Beside that leadership able to be understood as the initial improvement and the structural maintenance in expectation and interaction (Stogdill in Yuki, 1994). While Tannenbaum, Weschler, and Massarik in Yuki (1994) called leader as influence among personal, run in certain situation, and directed to communication process, to the attainment of certain goals.

Then, the research look the leadership style based on Path-Goal Theory. The theory try to explain the influence of leader behavior toward motivation, satisfaction, and work execution of their subordinates. According to House in Thoha (2000) stated that path goal theory enter four types or main styles of leadership as follows:

- Directive leadership  
The model stated that subordinate know the expectation of the leaders. In this case no participation from subordinates.
- Supportive leadership  
The leadership model has availability to self explain, make friend with, approachable, and has humanity attention to the subordinates.
- Participative leadership  
In this leadership style, the leader try to ask and use the suggestion from the subordinates. But the decision making still at him.
- Leadership that oriented to achievement  
The leadership style determine series goals that challenge the subordinates to make achievement. And also the leader give belief to them that they able to do their task to reach goals well.

The research done by Fernandez (2003), Armandi, *et al.* (2003) and Xenikou, *et al.* (2006) stated that leadership style has significant and positive impacts to work motivation of employee and able to be implemented optimally. In this case the leader help the subordinate to reach goals and give direction and support that needed to ascertain that the goals also wan to be reached by organization. The conditions able to motivate employee to reach performance standard that determined by company. Furthermore

in Mehta, *et al.* (2001) found that in regulating organization, participative, supportive, and directive leadership style felt effective in improving work motivation of organization lines, that in turn will improve the performance. The results showed that the three styles influence significantly and positively to work motivation, especially the work characteristic that related with services.

## Training and the goals

The next matters that considered as important in process of work motivation improvement is the human resources training. Armstrong (2000) stated that the training is to fill the gap between what things that can be done and who that should do the jobs. The main goals is to ensure that employee as soon as possible reach work ability level in their post. Training will establish foundation and add skill and knowledge that needed to improve achievement and post or development of someone career. While Schuler (1997) stated that the main goals of the training is to eliminate the deficiencies, either today or in the future.

In the relation with human resource training, the Orpen training (1997) previously has tried to test the influence of the two formal training types toward work motivation, organization commitment and employee performance. The results showed that 1) there is relation between two formal training variables (opportunity to interact and closeness relationship), where both influence significantly to work motivation and organizational commitment 2) relation between two formal training variables (opportunity to interact and closeness relationship) with performance showed non significant relation and the occurred relation is indirect. Finally Orpen (1997) stated that formal training able to improve employee work motivation, but their ability in improve their performance is short term.

## Promotional policies

Writher Jr and Davis (2004) stated: "a promotion occurs when an employee is moved from one job to others that is higher in pay, responsibility and/organization level". Bratton and Gold (2003) added that promotion usually assumed to increase the responsibility and power where the results is the salary increase, benefit and rights.



From the understanding, it can be known that promotion will always be followed by higher task, responsibility, authority from the previously held post and not always followed by the pay and other facility improvement. Promotion give important role for each employee, because promotion means there is trust and acknowledgement about ability and proficiency of employee to fill the higher post. Finally, promotion will give encouragement for employee to improve the work achievement, fervor, and discipline.

The theoretical proving from the explanation has been done by Takahashi (2006) that look to the pay and promotion influence toward employee work motivation. The research showed that promotion and pay positively influence the employee work motivation. In this case, promotion is the strongest motivating variable then pay level and pay increase variables.

### Work motivation concept

Basically each person has expectation. The expectation between effort and performance showed perception of individual about how much effort done by employee and influence to the achievement of the effort in the form of performance. If the leader give higher encouragement to the fulfillment of the expectation, then motivation of employee will improve and if someone is motivated then he will try the best. But the high effort level possibly will not produce the expected performance if the effort level not directed to organization goals and not followed by the sufficient abilities among employee.

Berelson et al in Hasibuan (2000) stated that: "a motive is a inner state that energizes, actives, or moves and directs or channels behavior toward goals", that is s motive is internal supporter to act or move directly or direct to the final goals. While, Robbins (2003) stated that motivation is willingness to try optimally in reaching the organizational goals that influenced by effort to satisfy the individual needs.

To answer the problem formulation, the research use two factors motivation theory from Herzberg. Herzberg in Robbins (2003) stated that in implementing the job, someone influenced by two factors, that is

- **Maintenance factors**

It is maintenance factors that related with human essence that want to get physical tranquility. The

health needs is continuous needs, because the need fill back to zero point when fulfilled. Such as hungry person will eat, then hungry again and eat and so on. The maintenance factos including "pay, physical conditions, work certainty, please supervision, official car, official house, and other supports. The loss of the maintenance factors able to produce dissatisfaction and absence of employee, and even make employee out of the company

- **Motivation factors**

It is motivating factors that related with psychological needs, that is perfect feeling in doing work. The motivating factors are related with the personal reward directly related with jobs, such as soft chair, comfort room, and good placement and etc.

### METHOD

Based on the type, the research is survey research. The survey research do research by asking questions to peoples and record the answer for analysis (Singarimbun and Effendi, 1995). While the used approach is qualitative approach that use cross sectional (Sekaran, 2003). The research used level of explanation. While the used analysis unit is individuals (Singarimbun and Effendi, 1995). The individuals here are employees of PT. Pertamina (Persero) of Marketing Unit V of Surabaya.

The populations of the research of 230 persons. The populations then taken according to Slovin formulation with sample sag percentage of 10 percent. The sample calculation then known of 69.69 (rounded become 70 persons).

Data sources in the research come from primary and secondary data. The used technique for data collection is interview and documentation. While the used instrument in data collection is questionnaire. The questionnaire distribution aimed to get data or relevant and valid information so able to picture the condition of PT. Pertamina (Persero) of Marketing Unit V of Surabaya better and actually. Furthermore, the used analysis to estimate the causality among variable (casual model) is path analysis.

**RESULTS**

**First path**

The first path made to know the direct influence between leadership style and human resources training toward promotional policy. It is done through multiple linear regression analysis as in Table 1.

Multiple regression analysis as in table 1 then produced model as follows:

$$\text{Promotion policy} = 0.240 \text{ leadership} + 0.251 \text{ human resources training}$$

; R square = 0.137

or

$$Z_{\text{promotion policy}} = 0.240 Z_{\text{leadership style}} + 0.251 Z_{\text{human resources training}}$$

In the model the influence of error determined as follow:

$$P_{ei} = \sqrt{1 - R_i^2}$$

$$P_{ei} = \sqrt{1 - R_3^2} = \sqrt{1 - 0.137} = 0.928$$

**Second path**

The second path is made to know the presence of direct influence between leadership style, human resources training and promotion policy toward work motivation. It is done through multiple linear regression as in Table 3 and Table 4.

Multiple regression analysis as in table 4 then produce model as follows:

$$\text{Performance} = 0.126 \text{ leadership style} + 0.316 \text{ human resources training} + 0.502 \text{ promotional policy}$$

: R square = 0.450

or

$$Z_{\text{work motivation}} = 0.126 Z_{\text{leadership style}} + 0.316 Z_{\text{human resources training}} + 0.502 Z_{\text{promotion policy}}$$

In the model the error is determined as followed:

$$P_{ei} = \sqrt{1 - R_i^2}$$

$$P_{ei} = \sqrt{1 - R_3^2} = \sqrt{1 - 0.450} = 0.741$$

**Leadership style**

e1

Based on the influencing models above, then it can be arranged the track model called as path analysis as in figure 1

The matter above then interpreted as follows:

- The direct influence of leadership style to work motivation is 0.126
- The indirect influence of leadership style to work motivation is : leadership style to promotional policy to work motivation = 0.240x0.502 = 0.120
- The total influence of leadership style to work motivation is 0.246
- The direct influence of human resource training to work motivation is 0.316

**Table 1. Regression model of path 1**

Model	R	R square	Adjusted R square	Standard error of the estimate
1	0.371	0.137	0.111	0.32468

(Sources: processed data)

**Table 2. Regression analysis results of path 1**

Independent variables	Standardized coefficient	T	Sig
	Beta		
Leadership style (X1)	0.240	2.148	0.032
Human resources training (X2)	0.251	2.160	0.031

(Sources: processed data)



Table 3. Regression model of path 2

Model	R	R square	Adjusted R square	Standard error of the estimate
2	0.671	0.450	0.411	0.31187

(Source: processed data (2011))

Table 4. Regression analysis results of path 2

Independent variables	Standardized coefficient	T	Sig
	Beta		
Leadership style (X1)	0.126	1.242	0.211
Human resources training (X2)	0.316	3.450	0.002
Promotional policy (Z)	0.502	4.498	0.000

(Sources: processed data)

- The indirect influence of human resources training to work motivation is: human resource training to promotional policy to work motivation =  $0.251 \times 0.502 = 0.126$
- The total influence of promotional policy to performance is 0.442

Then, to show the significance of each path, can be seen in Table 5.

**DISCUSSION**

The results showed that the leadership style influence significantly to the promotional policy. It is

based on the finding statistically, where  $t_{\text{calculated}}$  of 2.148 at significance level of 0.032 ( $\alpha=0.05$ ). The number showed that the role of leadership style is significant in influencing the promotional policy of PT Pertamina (Persero) of Marketing Unit V of Surabaya.

The coefficient value of 0.240 indicated that with optimization of leadership style practices of path goals theory able to improve the employee promotional policy. In general the condition can be understood, recall to the one of path goal theory leadership style signaling the presence of leader/managed that oriented

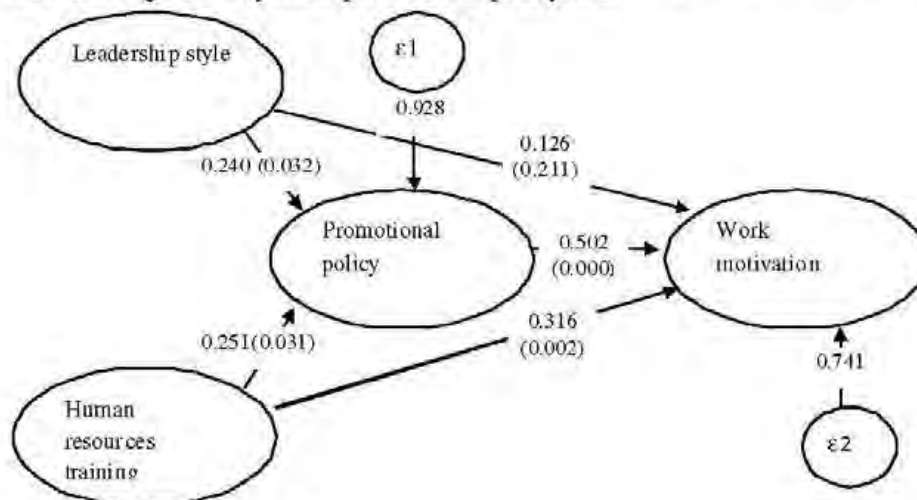


Figure 1. Path analysis model

(Source: processed data (2011))

Table 5. Path significance

Independent variable	Dependent variable	T <sub>calculated</sub>	Sig ( $\alpha = 0.05$ )	Explanation
Promotional policy	Leadership style	2.148	0.032	Significant
	Human resources training	2.160	0.031	Significant
Work motivation	Leadership style	1.242	0.211	Not significant
	Human resources training	3.450	0.002	Significant
	Promotional policy	4.498	0.000	Significant

(Source: processed data (2011))

to achievement. The promotional policy is determined by someone achievement that will be assessed by superior. At other side, the leadership style that direct to supportive leadership actually able to make superior as the facilitator to encourage the subordinate progress.

Then the research also proved that the human resources training influence significantly to the promotional policy. It is based on the statistical findings, where the  $t_{\text{calculated}}$  value of 2,160 at significance level of 0.031 ( $\alpha = 0.05$ ). The number showed that the role of human resources training is significant to influence the promotional policy at PT Pertamina (Persero) of Marketing Unit of Surabaya. While the beta coefficient of 0.251 indicated that with the human resources training form, then it able to improve the promotion policy.

The condition is in line with the Schuler opinion (1997) that stated that the training able to remove the deficiencies today and in the future. Related with the deficiencies in the future, then someone tend to be promoted if able to ensure the management that they able to do well in the future. The belief for the achievement should be answered by solving various deficiencies today. Related with the matter, the research also along with the Armstrong (2000). Armstrong stated that the training will form foundation and add the needed skill and knowledge to improve achievement or develop their potentials in the future.

Research results also showed that the leadership style did not influence significantly toward the work motivation. It is based on the statistical findings, where the  $t_{\text{calculated}}$  of 1.242 at significance level of 0.211 ( $\alpha = 0.05$ ). The number showed that to improve the work motivation, the employee should be stimulated with clear promotional policy. The role of leadership style

in this case more at effort to make effective promotional policy as one efforts to improve work motivation at PT Pertamina (Persero) of Marketing Unit V of Surabaya.

While the beta coefficient of 0.126 indicated that basically the leadership style able to influence the work motivation level of someone. But the magnitude of the number not significant statistically. The condition showed that the employee look at the leadership style should be transformed into management practice of human resources that can be felt directly by organization line, the practice will bring change to the spirit or work motivation entirely. The possibility is in line with the research of Takahashi (2006) that look at the influence of promotional policy toward employee work motivation.

The next findings that appeared from the research results is the direct influence of human resource training toward work motivation. The results showed that the promotional policy influence significantly to the employee performance. The statistical finding showed that the  $t_{\text{calculated}}$  of 3,450 at significance level of 0.002 ( $\alpha = 0.05$ ). The number showed that the work motivation at PT. Pertamina (Persero) of Marketing Unit V of Surabaya, can be improved directly through human resources training form.

The beta coefficient value of 0.316 indicated that with the human resources training form that able to improve work motivation. The research along with the Orpen research (1997) that proved the influence of two formal training types toward work motivation. the difference of research is, Orpen (1997) related work motivation with organization commitment and then at the employee performance. While seen from the research object, it seen that respondent consider the human resources training as important element,



because the work full of technology usage. Because of that the enrichment or update of technology or new method are helpful in understanding the work field that influence the improvement of spirit and work motivation.

Then, the research also showed that the promotion policy able to influence significantly to the work motivation. The statistical findings showed that  $t_{\text{calculated}}$  of 4.498 at significance level of 0.000 ( $\alpha=0.05$ ). While the beta coefficient of 0.502 indicated that the effective promotion policy able to create work motivation among employee.

The condition also can be understood recall to factually, promotion policy able to bring impacts for the change of responsibility and power. The change results that can be felt directly be employee is pay increase, certain profit and new rights.

## CONCLUSIONS AND SUGGESTIONS

### Conclusions

Based on the explanation of the results and discussion, then it is concluded as follows:

- The leadership style is proven influence significantly to the promotional policy. It showed that the leadership style practice based on path goal theory able to determine the promotion policy.
- The human resources training is proven influence significantly to the promotional policy. It showed that the training participation also be followed by the increase of promotion policy.
- The leadership style is proven did not influence significantly to work motivation directly, although there is relation between both. Although both variables influence indirectly through the promotion policy
- The human resources training influence significantly to the work motivation directly, and between both there is correlation relationship. Beside that, both variable also influence indirectly through promotional policy.
- Promotional policy is proven influence significantly to the work motivation. It showed that the promotion policy by management able to improve the work motivation.

### Suggestions

The research also recommended some matters below:

The presence of significant influence directly or indirectly from the leadership style variables, human resources training toward promotional policy and work motivation, should be understood by PT Pertamina (Persero) of Marketing Unit V of Surabaya as something that should be followed up. One of crucial thing is digging and optimization of leadership style that able to encourage the promotional policy and work motivation (leadership style that orient to achievement and supportive in nature). Because of that, superiors should always evaluate each leadership policy that run with two key questions: "are leadership style has produced employee promotion policy?" and "do promotion that is embodied from the employee style practice able to improve the work motivation?"

The empirical finding of the research indicated the influence of promotion policy toward work motivation that should be understood as the proof of urgency from the career development policy in organization. Because of that, in the future the management attention in this case PT Pertamina (Persero) of Marketing Unit V of Surabaya should design the effective promotion policy for the work motivation improvement.

The research about leadership style, human resources training, promotional policy and work motivation in the future should more consider the other influence between the existing variables. For example by entering the emerging elements as the consequences of causality relation between leadership style, promotional policy and work motivation such as organizational culture and/or work ethos. The next research also able to enter the new relevant variables, such as individual character, commitment, work satisfaction and employee productivity. It is aimed to make empirical finding develop become wider causality system.

Although the research aimed at describing general condition at state owned corporation, but the similar research in the future should give more considerations to the research object comprehensiveness. It is aimed to improve the research results ability in generalizing a phenomenon, especially that is symptomatic in the state owned corporations.



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