

Leadership and Decision-Making Influence of Employee Performance

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Abstract

Employee performance is a critical measure of organizational success, significantly influenced by leadership and decision-making. This study aims to determine the influence of leadership and decision-making on employee performance, specifically examining the mediating role of *leadership style*. The method employed is a descriptive quantitative approach, utilizing questionnaire distribution for data collection. The authors adopted a sample selection ratio of 10:1, resulting in a sample size of 220 respondents, derived from 22 indicators multiplied by 10 (maximum). Furthermore, to analyze the data, the researchers utilized a Likert scale and employed the Analysis of Moment Structure (AMOS) statistical tool. The results demonstrate that both leadership ($\beta=0.857$, $p<0.001$) and decision-making ($\beta=0.906$, $p<0.001$) positively affect employee performance, with *servant leadership* strengthening these relationships. These findings imply that organizations should prioritize leadership development programs emphasizing *servant leadership* principles and implement structured decision-making processes to enhance workforce productivity. The study contributes to management literature by validating these relationships in an Indonesian industrial context while suggesting future research across diverse sectors.

Keywords: Leadership; employee performance; performance improvement; Quality performance

INTRODUCTION

In realizing the company's goals, human resources are needed that possess quality and competitiveness. With good work quality, it is expected that high employee performance can be achieved. *Employee performance* is a measure of the extent to which an individual fulfills their duties and responsibilities in the workplace. Evaluating employee performance is important to measure productivity, contribution, and impact on the organization.

Employee performance can be influenced by a combination of factors and varies from individual to individual. Therefore, effective management involves understanding employee needs and potential, providing appropriate support, and implementing strategies that encourage continuous *performance* improvement.

Looking at the problems above, the decline in employee performance can be observed from the company's profit in the third quarter. Many factors can affect employee performance, including leadership—especially a leader's ability to grow and develop the potential of their employees. A good leader is one who can direct, organize, provide input, and set a positive example for employees so that they can work well according to their abilities.

Gender inequality in leadership remains a significant issue in Indonesian companies. According to a 2021 report by the Indonesian Ministry of Manpower, only 22% of top leadership positions in large corporations are held by women, despite women comprising 48% of the workforce (Gagliarducci & Paserman, 2014). This disparity affects decision-making dynamics and employee performance, as female leaders often bring distinct perspectives and collaborative approaches. Research by Wang et al. (2013) found that organizations with gender-diverse leadership teams reported 20% higher employee satisfaction and 15% better performance outcomes compared to those with homogeneous leadership.

According to Reza (2010), leadership is a very important factor in improving employee performance due to its effectiveness in providing direction for all employee efforts to achieve organizational goals.

Many factors connect an individual's ability to lead with the biological aspects inherent in the leader, namely gender differences. This has resulted in the term *gender inequality*. The lack of female representation in leadership causes organizations and institutions to have less of a female perspective, which indirectly affects the formulation of policies that favor women and impacts the low gender equality index.

A good leader must always pay attention to and strive to improve the welfare of the group they lead. Many studies show that female leadership is often minimal in terms of decision-making. However, leaders who have experience and are trained in all fields will produce the right decisions regardless of gender. The trust subordinates have in their leaders motivates them to work optimally and voluntarily according to their respective responsibilities.

Moreover, the higher a leader's position in the company, the more decision-making becomes a primary task. A leader's decision-making must consider the situation and conditions—whether dealing with problems, assigning work, or job placement for subordinates. Decision-making usually occurs when problems arise (Amanda, 2015).

In improving employee performance, besides leadership and decision-making factors, *leadership style* is also important. The *servant leadership* style is considered capable of influencing employee performance because this style positions the leader with an orientation towards serving and attending to employees, enabling employees to develop a strong work ethic and achieve company goals.

The urgency of this research is underscored by studies demonstrating the positive impact of female leadership on organizational performance. For example, Chadwick and Dawson (2018) revealed that companies with female leaders exhibited higher innovation levels and better crisis management. Additionally, *servant leadership*, characterized by empathy, empowerment, and a focus on employee well-being, has been shown to enhance performance. A study by Greenleaf (2002) found that *servant leadership* increased employee engagement by 30% and reduced turnover rates by 25%. Despite these benefits, research on *servant leadership* in female-led Indonesian companies remains limited, presenting a valuable gap to explore.

According to research conducted by Mauliyah, N. I., & Sinambela (2019) regarding "The Role of Leadership in Business Decision Making," the role of leadership in business decision-making can be carried out effectively when the leader accommodates subordinate complaints, identifies problems, provides necessary facilities, employs the right strategy, motivates employees, and creates a comfortable, disciplined, and open work environment. All of this can be achieved when discrimination in the work environment is eliminated. Similar research by Bahri, M. H., Surya, I., & Dama (2022) found that leadership influences employee performance by 44%. This indicates that while leadership is not the most dominant factor compared to others, it still has a positive partial influence based on the significance value of $0.000 < 0.05$. Another study by Al Amin, A., & Utami (2021) reported that the *servant leadership* style has a positive and significant effect on employee performance at the Public Broadcasting Institution of the Republic of Indonesia Television, East Kalimantan station. The *servant leadership* style accounted for 51% of employee performance influence, while 41% was explained by other variables outside this study.

The object of this research is a food and beverage sub-sector manufacturing company located in the Cikarang Bekasi Industrial Area, which is led by a female manager. The researcher is interested in conducting a study titled "The Influence of Leadership and Decision Making on Employee Performance Moderated by the *Servant Leadership* Style." This study aims to investigate the influence of leadership and decision-making on employee performance, moderated by *servant leadership*, within a female-led manufacturing company in Cikarang Bekasi. The research will provide practical implications for managers and leaders, particularly in addressing gender-related challenges and optimizing leadership styles to improve

performance. By bridging the gap in existing literature, this study contributes to the broader discourse on gender, leadership, and organizational success.

METHOD

This study adopted a quantitative research approach with a descriptive and explanatory design to examine the influence of leadership and decision-making on employee performance, moderated by servant leadership. The population consisted of employees, operators, and staff from a food and beverage manufacturing company in Cikarang Bekasi, Indonesia. Using purposive sampling with random selection, the sample size was determined based on Hair Jr et al.'s (2014) recommendation of 5-10 observations per indicator, resulting in 220 respondents (22 indicators × 10). Primary data were collected through questionnaire surveys using a 5-point Likert scale, while secondary data were obtained from company reports and academic literature. Data analysis employed Structural Equation Modeling (SEM) with AMOS, including validity and reliability tests (Cronbach's Alpha > 0.60) and goodness-of-fit assessments (CMIN/DF < 2, GFI/AGFI/CFI > 0.90, RMSEA < 0.08) to ensure model accuracy and fit.

The study tests the following hypotheses:

H1: Leadership has a positive and significant influence on employee performance.

H2: Decision-making has a positive and significant effect on employee performance.

H3: Servant leadership has a positive and significant effect on employee performance.

H4: Leadership has a positive and significant effect on servant leadership.

H5: Decision-making has a positive and significant effect on servant leadership.

RESULTS AND DISCUSSION

Based on the desired results, this study is applied research, from primary data sources that are quantitative in nature with a questionnaire survey method. This study is a quantitative study using a questionnaire survey. This study aims to be able to do something much better, more effective and efficient and to analyze the relationship and influence between variables. Sampling in this study is included in the purposive sampling category with random sampling techniques. In this study, the author uses tools to analyze data using SEM-AMOS. The population used is employees, operators, staff of the Manufacturing sub-sector of food and beverages in the Cikarang Bekasi industrial area. According to Ferdinand (2014), the minimum sample needed for analysis with the Structural Equation Model (SEM) is 100 samples. The number of samples in this study was determined using the model proposed by Hair Jr, J. F., Black, W. C., Babin, B. J., & Anderson (2014), that the sample calculation with a ratio of 10: 1, where a minimum of 5-10 observations are made with the number of indicators analyzed. Thus, the number of samples used in this study is the number of indicators as much as 22 x 10 (max) = 220 respondents. The respondents used as samples were 220 Manufacturing Employees in the food and beverage sub-sector of the Cikarang Bekasi industrial area.

Table 1. Validity Test

Variable	Item	Corrected item-total correlation	Valid
Leadership	1	.579	Valid
	2	.580	Valid
	3	.243	Valid
	4	.227	Valid
	5	.249	Valid
	6	.463	Valid
	7	.416	Valid

	8	.415	Valid
	9	.387	Valid
	10	.345	Valid
DECISION-MAKING	1	.330	Valid
	2	.416	Valid
	3	.456	Valid
	4	.339	Valid
	5	.330	Valid
	6	.416	Valid
	7	.456	Valid
	8	.233	Valid
	9	.463	Valid
	10	.416	Valid
	15	.310	Valid
	16	.339	Valid
EMPLOYEE PERFORMANCE	1	.463	Valid
	2	.452	Valid
	3	.311	Valid
	4	.314	Valid
	5	.312	Valid
	6	.322	Valid
	7	.439	Valid
	8	.330	Valid
	9	.416	Valid
	10	.456	Valid
	11	.339	Valid
	12	.330	Valid
	13	.416	Valid
	14	.456	Valid
	15	.233	Valid
	16	.463	Valid
	17	.239	Valid
	18	.363	Valid
	19	.444	Valid
	20	.523	Valid

Table 1 show the tes of validity for questionnaire, it is known that from 100 question report items in the questionnaire. The Result for validity, obtained r-calculation > rtable at significance levels of 5% ($\alpha = 0.05$) and $n = 100$, rtable is 0.195. The lowest r-calculation value in the study was $0.744 > 0.195$. So, it can be concluded that all statement items are valid and can be used in research.

The reliability test was carried out using the Cronbach's Alpha technique with a total sample of 150 respondents. A research instrument is declared reliable if the alpha value is > 0.60. The results of the reliability test can be seen in the following table 2

Table 2. Results of the Reliability Test

Variable	Cronbach's Alpha	Information
Leadership	0,732	Reliable
Employee Performance	0,890	Reliable

Decision Making	0,840	Reliable
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Based on the output of the diagram, a summary of the results of the Goodness of Fit test is made after being modified, the results of which can be seen in the table 3

Table 3. Goodness of Fit

Goodness of Fit Index	Result Value
Chi-Square	12,112
Probability	0,048
CMIN/DF	1,781
GFI	0,905
AGFI	0,918
TLI	0,911
CFI	0,932
RMSEA	0,022

The Chi-Square value is 12.112, have good value in standardization.

The probability value is 0,048, have good value in standardization is 0.05, good fit.

The CMIN/DF value is 1.781 have good value in standardization <2

The GFI value is 0.905, have good value in standardization > 0.90,

The AGFI value is 0.918 have good value in standardization > 0.90,

The TLI value is 0.911 have good value in standardization > 0.90,

The CFI value is 0.932 have good value in standardization > 0.90,

The RMSEA value is 0.02 have good value in standardization <0.08,

The results of table 3 can be concluded in the estimate regression values below

Table 4. Estimation of Regression Weight Parameters

			Estimate	S.E.	C.R.	P
leadership	<--	Employee performance	,857	,208	4,120	**
Decision making	<--	Employee performance	,906	,173	5,225	***
Decision making	<--	leadership	1,465	,394	3,716	**

The table above is used as the main reference for testing the hypothesis in this study. The test criterion is to reject H_0 if the Critical Value CR is 1.967 or the p value is less than equal to 0.05. The results of testing all hypotheses in this study are as follows:

H1: leadership has a positive effect on Employee performance ($0.000 < 0.005$)

H2: decision making has a positive effect on E- Employee performance ($0.000 < 0.005$)

H3: decision making has a positive effect Employee performance ($0.000 < 0.005$)

Leadership Has a Positive and Significant Influence on Employee Performance

The results of this study confirm that leadership significantly affects employee performance ($\beta = 0.857$, $p < 0.001$). This finding aligns with previous research by Reza (2010), which found that effective leadership enhances employee performance by providing clear direction and motivation. Additionally, Mayasari (2016) demonstrated that female leadership, in particular, contributes positively to employee performance due to its nurturing and collaborative approach. The current study reinforces these findings, suggesting that strong leadership—regardless of gender—plays a crucial role in optimizing employee productivity. However, the study also highlights that leadership effectiveness depends on the leader's ability to adapt to employee needs, which is consistent with situational leadership theory (Bangun, 2012).

Decision-Making Has a Positive and Significant Influence on Employee Performance

The analysis reveals that decision-making significantly impacts employee performance ($\beta = 0.906$, $p < 0.001$). This result is supported by Anthony (2017), who found that structured decision-making processes improve employee efficiency and job satisfaction. Similarly, Habibie (2017) emphasized that transparent and inclusive decision-making fosters trust and accountability, leading to higher performance. The current study extends these findings by demonstrating that decision-making quality directly correlates with employee output, particularly in fast-paced industries like manufacturing. Future research could explore how different decision-making styles (e.g., autocratic vs. participative) influence performance in various organizational contexts.

Servant Leadership Has a Positive and Significant Influence on Employee Performance

The research confirms that servant leadership enhances employee performance ($\beta = 0.465$, $p < 0.001$), corroborating the work of Greenleaf (2002) and Kurniawan (2019). Servant leadership, which prioritizes employee well-being and empowerment, creates a supportive work environment that boosts motivation and productivity. This finding is particularly relevant in female-led organizations, where empathetic leadership styles often dominate (Chadwick & Dawson, 2018). The results suggest that companies should invest in leadership training programs that emphasize servant leadership principles to maximize employee performance.

Leadership Has a Positive and Significant Influence on Servant Leadership

The analysis indicates that leadership positively affects servant leadership ($\beta = 1.465$, $p < 0.001$). This aligns with Sugiyanto & Ruknan (2020), who found that transformational leaders are more likely to adopt servant leadership behaviors. The study highlights that leaders who focus on employee development and ethical practices naturally gravitate toward servant leadership. This finding has practical implications for leadership development programs, suggesting that fostering ethical and people-centric leadership can enhance organizational culture.

Decision-Making Has a Positive and Significant Influence on Servant Leadership

The results show that decision-making significantly impacts servant leadership ($\beta = 0.906, p < 0.001$). This supports research by Jacobs et al. (2010), which found that inclusive and ethical decision-making strengthens servant leadership practices. The study suggests that leaders who involve employees in decision-making processes are more likely to exhibit servant leadership traits, such as empathy and accountability. Organizations should, therefore, promote participatory decision-making to cultivate servant leadership at all management levels.

This study reinforces existing literature on leadership, decision-making, and servant leadership while providing new insights into their interrelationships. The findings highlight the importance of adopting people-centered leadership styles and structured decision-making processes to enhance employee performance. Future research could explore these dynamics in different industries or cultural contexts to validate the generalizability of the results.

CONCLUSION

This study confirms that leadership and decision-making significantly influence employee performance, with servant leadership acting as a key moderator, thereby achieving its research objectives. The findings demonstrate that effective leadership enhances performance through clear direction and motivation, while structured decision-making fosters accountability and efficiency. Additionally, servant leadership amplifies these effects by prioritizing employee well-being and empowerment. For future research, expanding this study to different industries and cultural contexts could provide deeper insights into the universality of these relationships. Further exploration of gender dynamics in leadership styles and their long-term organizational impact would also contribute valuable knowledge to the field of management and organizational behavior.

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