

The Role of Outsourcing Leadership on Employee Performance at PT Titoh Wirapati Batam

Martonius Waruwu¹
STIE Galileo

Nasruji²
STIE Galileo

Correspondence : Martonius Waruwu (martowar12@gmail.com)

Submitted : 10-05-2024, Accepted : 09-06-2024, Published : 10-07-2024

Abstract

This study will look at how outsourced leadership, work motivation, and job satisfaction affect staff performance at PT Titoh Wirapati Batam. This study discovered that work motivation has a considerable beneficial effect on employee performance, with a significance level of 0.00. The T coefficient analysis yields a value of 3.330, which exceeds the T table value of 1.660, indicating that work motivation has a considerable impact on employee performance. Job happiness has no significant effect on employee performance (p-value = 0.482). The T coefficient analysis yields a value of 0.706, which is less than the T table value of 1.660, implying that work happiness has no meaningful impact on employee performance. Leadership style has a strong beneficial effect on employee performance (p-value=0.014). The T coefficient analysis yielded a value of 2.499, which is higher than the T table value of 1.660, indicating that leadership style has a considerable impact on employee performance. The F test findings demonstrate that the factors of work motivation, job satisfaction, and leadership style have a strong influence on employee performance, with a calculated F value of 24.953, which is higher than the F table value of 2.463. The R value of 0.662 implies that the variables collectively explain 66.2% of the variation in employee performance, with other factors accounting for 33.8%. In conclusion, this study emphasizes the importance of work motivation and leadership style in boosting employee performance, while job happiness has no significant impact.

Keywords: Work motivation, leadership style, outsourced labor.

Introduction

Outsourcing is vital for improving operational efficiency, lowering costs, and allowing businesses to focus on core activities, all of which have an impact on the global business environment and internal organizational dynamics, including human resource management (Hasan Alpag0, 2022). Leadership is a crucial part of managing human resources in an outsourcing environment since it includes overseeing the selection of reliable outsourcing providers, guaranteeing workforce quality, and establishing agreements for effective supervision. Effective leadership is essential for navigating the intricacies of outsourcing, managing external relationships, and aligning outsourcing activities with the organization's strategic goals and values.

Leadership has a vital role in decreasing outsourcing risks, establishing new management competencies, and enhancing decision-making processes in order to maximize advantages while mitigating negatives. Leadership plays a crucial role in implementing corporate risk management control activities (LRP Simbulan, 2022), encouraging employee involvement in business process management to increase company profitability (Shaik Fasi Ahamad, 2022), and promoting strategic flexibility through implementation leadership to reduce risks in the dynamic business environment (Dušan Gošnik, 2023). Effective leadership, particularly transformational leadership in human resource management, inspires value alignment inside the organization, impacting performance and culture to meet organizational goals (Rifat Kamasak, 2017). Organizations may negotiate outsourcing obstacles, develop crucial abilities, and make educated decisions to maximize outsourcing benefits while limiting potential drawbacks by utilizing leadership methods.

In an outsourced setting, leadership has a significant impact on staff engagement, productivity, and satisfaction. According to research findings, a good leadership style increases employee job satisfaction, which promotes performance (Furqon Hidayatulloh, 2023). Furthermore, work motivation has been shown to improve performance, with motivated individuals displaying improved excitement and productivity, resulting in higher job satisfaction (Muhammad Yusuf, 2023). Furthermore, combining work motivation and job happiness has been shown to have a considerable impact on work productivity, emphasizing the importance of these aspects in reaching optimal organizational goals (Nurul Qomariah, 2022). As a result, strong leadership, together with motivation and job satisfaction, is critical for developing a productive and contented team in an outsourced environment. This research focuses on outsourcing leadership at PT Titoh Wirapati Batam, a company functioning in the midst of a fast rising industry in the Batam industrial area. PT Titoh Wirapati Batam, for example, confronts particular problems in maintaining optimal staff performance in the face of dynamic global and local industry developments.

Leadership style is crucial in the outsourcing setting, as it influences project performance and workforce morale. According to research, several leadership styles, such as transformational, transactional, and people-oriented behavior, influence the success of outsourcing projects (Muhammad Dieo Cahya Pratama, 2022). The effectiveness of leadership styles is also influenced by contextual factors, project features, and organizational context, emphasizing the importance of a systematic approach to matching leadership styles to specific scenarios in outsourcing projects (Gabriella Cserhádi, 2023). According to Maja Strugar Jelača (2023), trust is a crucial aspect of leadership that fosters employee innovation and information sharing in outsourcing organizations. Understanding the relationships between leadership style, contextual circumstances, and trust is crucial for improving the performance and success of outsourcing initiatives.

According to research undertaken in numerous industries, leadership has a significant impact on staff performance. A study conducted at Alfamart in Batam City, PT. Telekomunikasi Indonesia, PT Putra Wijaya, and BP Batam found that leadership style had a substantial impact on employee performance (Wasiman Wasiman.2021). The study found that leadership style, career development, individual dedication, participative leadership, and organizational culture all help to improve employee performance. These studies underline the importance of good leadership in creating a positive work atmosphere, inspiring individuals, and eventually improving overall performance. Understanding and implementing proper leadership methods can result in higher employee productivity, job satisfaction, and organizational success, highlighting the complicated relationship between leadership and employee performance. Human resource management research, particularly on HR outsourcing and optimal human resource allocation, adds substantial theoretical knowledge and practical insights to corporate management (Mykhailo Vedernikov, 2022). Companies can gain a competitive advantage, streamline procedures, and allocate resources more effectively by implementing current approaches such as HR outsourcing (Zhou Wang, 2022). Furthermore, the use of innovative

personnel technologies, such as improved multi-objective particle swarm optimization algorithms, can result in lower costs and increased efficiency when managing outsourced labor, ultimately benefiting the company's overall system and promoting long-term development (Chen Jin, 2022). This comprehensive approach not only adds to the HR management literature, but also provides practical ways for businesses to maximize staff management and achieve operational excellence.

This research, using a quantitative analytic technique, intends to provide in-depth insights and strategic solutions for PT Titoh Wirapati Batam and other firms coping with outsourcing workforce management difficulties. This research will draw from various sources, including the need for adequate workforce planning to maintain efficient business operations (Rodrick M. K. Sitompul, 2023), legal protection issues surrounding agency workers in Indonesia (Ülkem Özkan, 2019), the importance of understanding expectations between HR departments and consulting companies in outsourcing decisions (Anak Agung Prabhaputra, 2019), lack of legal certainty, and industrial relations challenges in the ou By combining these findings, this study hopes to provide useful tips for businesses navigating the complexity of properly managing an outsourced workforce.

Literature Review

Concept of Outsourcing and HR Management

Outsourcing is a strategy in which a firm outsources some or all of its business tasks in order to boost efficiency and focus on its main business (Dibbern et al., 2008). Human resource management (HR) is critical in determining how leadership can effectively manage relationships with service providers to fulfill a company's strategic goals. A study of communications service providers in Botswana found that leaders have an important role in aligning followers with business goals (P Boxall, 2020). Furthermore, the significance of personnel management in reaching strategic goals is emphasized, stressing human resources as a critical asset for increasing firm efficiency and performance (Zainab Hamid, 2020). The

relationship between leadership and HRM is then studied, highlighting the importance of integrating these two variables to maximize their impact on organizational success (Shu-kuan Zhao, 2022).

Leadership Styles in Outsourcing Contexts

Leadership styles in outsourcing management can vary, from transformational leadership that encourages innovation and employee motivation, to transactional leadership that focuses on achieving targets and performance standards (Chang et al., 2010).

1. **Transformational Leadership**, This theory suggests that transformational leaders are able to influence subordinates to achieve higher goals through inspiration, motivation and intellect (Bass, 1985). Transformational leadership has been shown to have a significant impact on organizational commitment, which can be important in an outsourcing context. Research has shown that a transformational leadership style positively influences organizational commitment (Emmy Mariatin, 2023), leading to higher employee performance and dedication to organizational goals. This leadership style fosters a sense of shared vision, motivation, and empowerment among employees, encouraging them to go above and beyond in their contributions. In addition, this research highlights the importance of organizational culture in improving employee performance and commitment (Nguyen Trung Kien, 2023). Therefore, in an outsourcing context, transformational leaders can inspire enthusiasm and commitment in outsourced employees, inspiring them to excel and contribute more than expected, ultimately benefiting the success of the organization.

2. **Concept of Outsourcing and HR Management**

Outsourcing is a strategy in which a company transfers part or all of its business functions to external parties to increase efficiency and focus on the core business (Dibbern et al., 2008). Human resource management (HR) plays an important role in considering how leadership can effectively manage relationships with service providers to achieve a company's strategic goals. The influence of leadership on strategy implementation was

highlighted in a study of communications service providers in Botswana, emphasizing the importance of leaders in aligning followers with organizational goals (P Boxall,2020). In addition, the importance of personnel management in meeting strategic objectives is underlined, emphasizing human resources as a vital asset for achieving company productivity and performance (Zainab Hamid, 2020). Next, the relationship between leadership and HRM is explored, emphasizing the need to integrate these two variables to maximize their impact on organizational success (Shu-kuan Zhao, 2022).

Strategic Human Resource Management (SHRM) plays a vital role in optimizing human resources to drive companies towards their strategic goals effectively. Research has shown that practicing SHRM has a significant positive relationship with job satisfaction (JS) (Md. Kamruzzaman Kamruzzaman,2022), aligning HR practices horizontally and vertically can predict job satisfaction and turnover intentions, ultimately supporting organizational strategic goals (Emmanuel L . Tandika, 2021). Furthermore, aligning HRM system objectives and capabilities with business strategy is very important to maximize performance results, especially in competitive strategies based on quality differentiation or innovation differentiation (Brian C. Martinson, 2018). By understanding the relationship between SHRM practices, leadership practices, and service provider relationships, HR professionals can increase organizational success by ensuring that human resources are strategically aligned with the company's overarching goals.

Management Challenges and Strategies

Despite the importance of leadership in outsourcing, firm management faces several problems. For example, conflict resolution between internal and outsourced personnel, expectation management, and internal-external organizational culture integration (McIvor, 2005).

Case of PT Titoh Wirapati Batam

This study, conducted at PT Titoh Wirapati Batam, will look into how outsourced leadership influences employee performance and management methods that may be used to maximize the benefits of the outsourcing relationship. To establish effective and sustainable leadership strategies for optimal outsourced employee performance, PT Titoh Wirapati Batam might draw on several research papers. Understanding the significance of leadership in organizations such as PT Telkom (Cantika Dewi Ayu Ananda, 2022) and the importance of sustainable management and leadership in improving business performance (Muddassar Sarfraz, 2023) can help PT Titoh Wirapati Batam develop a leadership strategy. Furthermore, researching the characteristics that influence sustainable leadership, such as Harmonious Leadership, Ethical Leadership, Personal Values Leadership, and Caring Leadership (Willy Candra, 2020), can give a foundation for designing leadership techniques that are adapted to the needs of outsourced personnel. Furthermore, understanding the impact of leadership learning on the competency of vocational school graduates (Jogie Suaduon, 2019) and the emergence of innovative, executive, effective, and adaptive leadership attributes in increasing long-term competitiveness (Noorliza Karia, 2022) can help to shape PT Titoh Wirapati Batam's approach to leadership development for outsourcing employees.

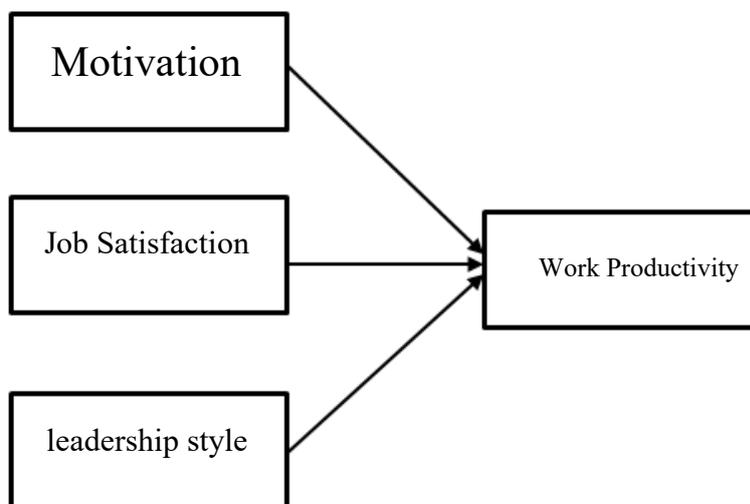
Methods

This study uses a quantitative approach to assess customer behavior on the TikTok application connected to fashion content. A qualitative approach was used to acquire a full knowledge of users' motivations and preferences for consuming fashion content on TikTok. Meanwhile, a quantitative technique is used to determine how ingested content affects changes in consumer trends and preferences. The survey included 100 active TikTok users who were interested in fashion content.

Results and Discussion

Framework

Figure 1.
 Leadership Style Role Framework



Based on the framework image above, a hypothesis can be drawn from the research conducted at PT. Titoh Wirapati Batam, as follows:

H1: There is a positive influence of motivation on work productivity

H2: There is a positive influence of job satisfaction on work productivity

H3: There is a positive influence of leadership style on work productivity

Validity & Reliability Test

Validity test

Table 1 Validity test

		Correlations			
		leadership style	Motivation	Satisfaction	Performance
Leadership Style	Pearson Correlation	1	,625"	,696"	,572"
	Sig. (2-tailed)		,000	,000	,000
	N	100	100	100	100
Motivation	Pearson Correlation	,625"	,721"	1	,552"
	Sig. (2-tailed)	,000	,000		,000
	N	100	100	100	100
Satisfaction	Pearson Correlation	,696"	,721"	1	,552"
	Sig. (2-tailed)	,000	,000		,000
	N	100	100	100	100

Performance	Pearson Correlation	,572"	,614"	,552"	1
	Sig. (2-tailed)	,000	,000	,000	
	N	100	100	100	100

Based on the results of SPSS25 data processing, it is known that all variables in this research can be declared valid, this is because all variables have a sign value of 0.00, while in validity theory it is stated that if the research variable has a significance value below 0.005 then the data is declared valid.

Reliability Test

Table 2. Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
,841	4

The results of data processing using the SPSS 25 application, it is known that the Cronbach's Alpha value of all variables is 0.841, with these results it means that all variable items are worth continuing, because based on the theory that if the Cronbach's Alpha value is above 0.600 then it can be concluded that the item This variable is declared reliable.

Multiple Regression Test

T test

Table 3. T test

	Coefficient ^a			t	Sig.
	Unstandardized B	Coefficients Std.Error	Standardized Coefficients Beta		
(Contant)	7,591	1,588		4,779	,000
Leadership style	,474	,190	,275	2,499	,014
Motivation	,551	,166	,379	3,330	,001
Satisfaction	,157	,223	,087	,706	,482

a. Dependent Variable : Performance

Based on the results of the T Test from statistical data processing, it can be stated that the hypothesis in this research is stated as follows :

H1: There is a positive influence of motivation on work productivity with a sign value of 0.00, thus there is an influence of motivation on employee performance.

H2: There is no influence of the job satisfaction variable on work productivity. This can be seen with a significance value of 0.482, thus the hypothesis is declared rejected

H3: There is a positive influence of leadership style on work productivity. The variable test results show that there is a positive influence. This can be seen from the significance value of 0.014, thus the hypothesis is declared accepted

F Test

Table 4. T test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	481,057	3	160,352	24,953	,000 ^b
	Residual	616,903	96	6,426		
	Total	1097,960	99			

a. Dependent Variable : Performance

b. Predictors : (Constant) : Satisfaction, Leadership style, Motivation

Simultaneously, the variables in this research are stated to have an influence on employee performance, this can be seen from the significance value of 0.000, this value is <0.05.

Discussion

I. Based on the results of the path coefficient T test, it can be seen that each variable contributes to the influence as follows:

1. The motivation variable contributes an influence of Tcount of 3,330 to the Employee Performance variable. Based on the data above, it is known that the Tcount value is greater than Ttable of 1.660, thus it can be stated that the employee motivation variable has an effect on employee performance.
2. The leadership style variable contributes to the employee performance variable of Tcount 2.499, greater than Ttable. Thus, the leadership style variable has an influence on employee performance

3. The employee satisfaction variable has a negative effect on employee performance. This can be seen from the Tcount test value of 0.706 while the Ttable is known to be 1.660, thus it can be stated that the employee satisfaction variable has no effect on employee performance.

II. Based on the results of the F test, it was stated that simultaneously all the variables in this study contributed a value of F table 24.953, while F table was 2.463, thus the calculated F was greater than F table. So it can be stated that simultaneously all of these variables influence employee performance.

III. Determination coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,662 ^a	,438	,421	2,535

a. Predictors : (Contant), Satisfaction, Leadership Style, Motivation

b. Dependent Variable : Performance

Based on data results from SPSS 25, it is known that the R value is 0.662, thus it can be stated that all the variables studied have an influence of 66.2% on employee performance.

Conclusion

This research aims to examine the influence of outsourcing leadership style, work motivation, and job satisfaction on employee performance at PT Titoh Wirapati Batam. Based on the data analysis carried out, the following are the conclusions of this research:

1. The Effect of Motivation on Employee Performance. The results of the analysis show that there is a significant positive influence of work motivation on employee work productivity with a significance value of 0.00. This means that the hypothesis which states that there is an influence of motivation on employee performance is accepted. The T coefficient for the motivation variable is 3.330, which is greater than the T table of 1.660. This shows that work motivation significantly influences employee performance.

2. The Effect of Job Satisfaction on Employee Performance. The results of the analysis show that there is no significant influence of job satisfaction on employee work productivity with a significance value of 0.482. The hypothesis which states that job satisfaction influences employee performance is rejected. The T coefficient for the job satisfaction variable is 0.706, which is smaller than the T table of 1.660. This shows that job satisfaction does not have a significant influence on employee performance.
3. The Influence of Leadership Style on Employee Performance. The results of the analysis show that there is a significant positive influence of leadership style on employee work productivity with a significance value of 0.014. The hypothesis which states that leadership style has a positive effect on employee performance is accepted. The T coefficient for the leadership style variable is 2.499, which is greater than the T table of 1.660. This shows that leadership style significantly influences employee performance.
4. Simultaneous Influence. Based on the results of the F test, it is known that simultaneously, all the variables in this research (work motivation, job satisfaction, and leadership style) contribute to a calculated F value of 24.953, which is greater than the F table of 2.463. This shows that simultaneously, all of these variables have a significant effect on employee performance. The R value of 0.662 indicates that the variables studied have an influence of 66.2% on employee performance. This means that there are 33.8% other variables that were not examined in this research but may also influence employee performance.
5. Work motivation and leadership style have a positive and significant influence on employee performance. Meanwhile, job satisfaction does not have a significant influence on employee performance. But overall, these three variables make a significant contribution to employee performance at PT Titoh Wirapati Batam.

References

- Aleksić, M., Bjekić, R., Berber, N., Jelača, M. S., & Gašić, D. (2023). APPLICATION OF RESOURCE EFFICIENCY IN THE GREEN BUSINESS CONCEPT. In *XIII*
-

*International Symposium ENGINEERING MANAGEMENT AND
COMPETITIVENESS (EMC 2023)* (p. 159).

- ALPAGO, H. (2022). The Importance of Outsourcing In The Production Process In The Globalizing World. *Imgelem*, 6(11), 539-550.
- Avolio, B. J., Bass, B. M., & Jung, D. I. (1999). *Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire*. *Journal of Occupational and Organizational Psychology*, 72(4), 441-462.
- Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.
- Bogdány, E., Cserhádi, G., & Raffay-Danyi, Á. (2023). A proposed methodology for mapping and ranking competencies that HRM graduates need. *The International Journal of Management Education*, 21(2), 100789.
- Chang, S. J., Van Witteloostuijn, A., & Eden, L. (2010). *From the Editors: Common Method Variance in International Business Research*. *Journal of International Business Studies*, 41(2), 178-184.
- Chen, G., Kirkman, B. L., Kanfer, R., Allen, D., & Rosen, B. (2007). *A multilevel study of leadership, empowerment, and performance in teams*. *Journal of Applied Psychology*, 92(2), 331-346.
- Dibbern, J., Winkler, J., & Heinzl, A. (2008). *Explaining variations in client extra costs between software projects offshored to India*. *Information Systems Research*, 19(4), 456-474.
- Gošnik, D., Kavčič, K., Meško, M., & Milost, F. (2023). Relationship between Changes in the Business Environment, Innovation Strategy Selection and Firm's Performance: Empirical Evidence from Slovenia. *Administrative Sciences*, 13(4), 99.

- Judge, T. A., & Piccolo, R. F. (2004). *Transformational and transactional leadership: A meta-analytic test of their relative validity*. *Journal of Applied Psychology*, 89(5), 755-768.
- Kamasak, R. (2017). The contribution of tangible and intangible resources, and capabilities to a firm's profitability and market performance. *European journal of management and business economics*, 26(2), 252-275.
- McIvor, R. (2005). *The outsourcing process: strategies for evaluation and management*. Cambridge University Press.
- Nurfauzi, Y., Taime, H., Hanafiah, H., Yusuf, M., & Asir, M. (2023). Literature Review: Analisis Faktor yang Mempengaruhi Keputusan Pembelian, Kualitas Produk dan Harga Kompetitif. *Management Studies and Entrepreneurship Journal (MSEJ)*, 4(1), 183-188.
- Peng, Y., Felce, S. L., Dong, D., Penkava, F., Mentzer, A. J., Yao, X., ... & Dong, T. (2022). An immunodominant NP105–113-B* 07: 02 cytotoxic T cell response controls viral replication and is associated with less severe COVID-19 disease. *Nature immunology*, 23(1), 50-61.
- Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). *Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors*. *Leadership Quarterly*, 1(2), 107-142.
- Pratama, M. D. C., Andriana, I., & Hadjri, M. I. (2022). Pengaruh Gaya Kepemimpinan Terhadap Semangat Kerja Karyawan PT Indograha Outsourcing Palembang. *Jurnal Media Wahana Ekonomika*, 19(3), 458-466.
- Qomariah, N., Lusiyati, L., Martini, N. N. P., & Nursaid, N. (2022). the Role of Leadership and Work Motivation in Improving Employee Performance: With Job Satisfaction Intervening Variables. *Jurnal Aplikasi Manajemen*, 20(3), 611-631.
- Shaik, F. A. (2022). La importancia de fomentar la investigación en ingeniería, salud, ciencia y tecnología de la región Asia-Pacífico. *Salud, Ciencia y Tecnología*, 2, 270-270.

- Simbulan, L. R. P., & Laraya, J. M. (2022). The Influence of Organizational Leadership to Enterprise Risk Management. *Jurnal Attarbiyyah: Jurnal Ilmu Pendidikan Islam*, 2(03).
- Sitompul, R. M. (2022). Analysis And Formulation of Marketing Strategies in Third Party Logistics (3pl) to Increase Sales. *AMAR (Andalas Management Review)*, 6(2), 43-58.
- Soetirto, M. M., Muldjono, P., & Hidayatulloh, F. S. (2023). The Influence of Leadership Style on Employee Performance Mediated by Job Satisfaction and Moderated by Work Motivation. *International Journal of Social Service and Research*, 3(6), 1517-1527.
- Vedernikov, M., Bazaliyska, N., Zelena, M., Volianska-Savchuk, L., & Boiko, J. (2022). Management of remote staff selection processes by using Smart HR recruiting technology during COVID-19 pandemic. *Polish Journal of Management Studies*, 26.
- Wasiman, W. Influence of Competence, Motivation and Communication on Employee Performance at Private Hospitals in Batam City. *Jurnal Cafetaria*, 2(2), 28-36.
- Zhou, Y., Zhang, Y., Lian, X., Li, F., Wang, C., Zhu, F., ... & Chen, Y. (2022). Therapeutic target database update 2022: facilitating drug discovery with enriched comparative data of targeted agents. *Nucleic acids research*, 50(D1), D1398-D1407.