



The Effect of Leadership Styles on Employee Motivation and Organizational Performance In Public Health Centers

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Abstract. This study analyzes the influence of leadership style on employee motivation and organizational performance in community health centers in the East Bandung area. Using a quantitative approach and data collected from 220 staff members, the study employs the Structural Equation Modeling (SEM) method to analyze the relationships between variables. The findings indicate that leadership style significantly affects employee motivation and organizational performance, both directly and indirectly through motivation as a mediating variable. Effective leadership enhances employee motivation, which ultimately improves organizational performance, particularly in meeting the minimum service standards at health centers. These findings highlight the importance of adaptive leadership in improving employee motivation and organizational performance in the public health sector.

Keywords: Leadership style, Employee motivation, Organizational performance, Public health centers, Structural Equation Modeling (SEM).

1 Introduction

Employees are crucial assets for achieving organizational goals, especially amidst demographic changes and evolving expectations (Sokolic et al., 2024). Leadership styles such as directing, consulting, and delegating enhance motivation and performance (Dewi et al., 2024), while poor motivation negatively impacts performance and retention (Landra et al., 2022). This study explores performance issues at East Bandung's UPTD Puskesmas, linking unmet health standards from 2020-2023 to inadequate management (Asiyah BiBi et al., 2023; Zubair, 2024) and showing that intrinsic motivation can further boost performance (Zubair, 2024; Shiferaw et al., 2020).

Three hypotheses are proposed: H1—leadership style affects motivation; H2—leadership style affects performance; H3—motivation mediates the impact

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of leadership on performance. Despite extensive research in this area, the urgency to enhance understanding remains (Hair et al., 2021; Cao, 2023). The findings aim to provide insights for health administrators.

2 Method

A Likert scale survey (1-5) was used to measure leadership style, employee motivation, and performance at UPTD *Puskesmas* in East Bandung. From 488 employees, 220 respondents were selected using Slovin’s formula. A total of 16 items were used: 4 items measured leadership style (Xuefeng, 2023), 4 measured motivation (Shiferaw et al., 2020), and 8 assessed performance (AlShehhi et al., 2021).

Data were analyzed with SEM using SmartPLS 3.2.9, focusing on factor loadings, reliability, AVE, and VIF. Hypotheses were tested via t-statistics and bootstrapping.

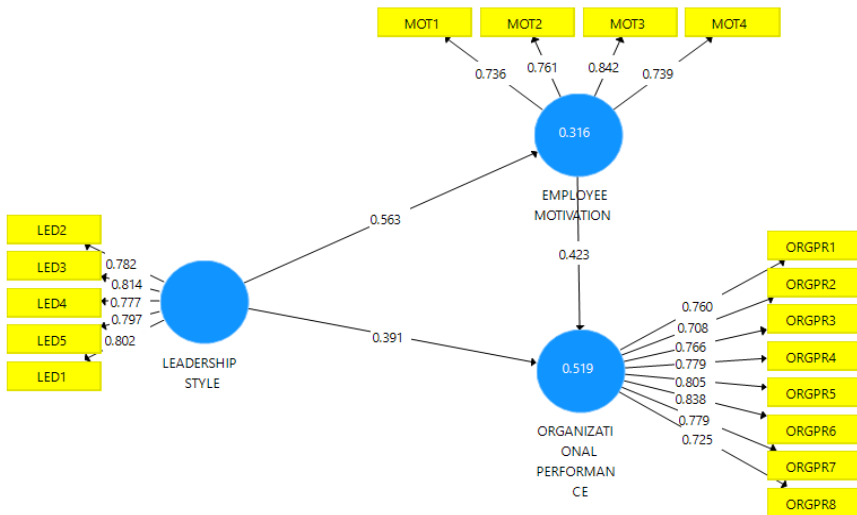


Fig. 1. SEM-PLS Model Output displaying the relationships between Leadership Style, Employee Motivation, and Organizational Performance.

Source: SmartPLS Data Processing Results version 3.2.9 for windows 2024

3 Results

In this study, data analysis was performed using Structural Equation Modeling (SEM), a multivariate statistical technique for analyzing the structural relationships between measured variables. SEM allows researchers to simultaneously test theoretical models that involve multiple relationships among variables. SmartPLS 3.2.9 software was employed to conduct Partial Least Squares-based SEM (PLS-SEM).

Validity was assessed using Average Variance Extracted (AVE) to ensure that each construct (leadership style, employee motivation, and organizational performance) captured sufficient variance to represent its respective variables. The AVE values for all constructs exceeded 0.50, indicating good convergent validity. Reliability was evaluated using Composite Reliability (CR) and Cronbach's Alpha (CA), with all variables showing CR and CA values above 0.70, demonstrating high reliability for the constructs. To confirm the absence of multicollinearity between indicators, the Variance Inflation Factor (VIF) was examined. All VIF values were below 5, indicating no significant multicollinearity issues.

Table 1. Confirmatory factor analysis and descriptive statistics

Variabel	Indicator	VIF	Factor Loadings	AVE	CR	CA
Leadership Style	LED1	2.265	0.802	0.631	0.860	0.855
	LED2	1.712	0.782			
	LED3	2.123	0.777			
	LED4	1.817	0.814			
	LED5	2.181	0.797			
Employee Motivation	MOT1	1.540	0.736	0.594	0.778	0.771
	MOT2	1.556	0.761			
	MOT3	2.040	0.842			
	MOT4	1.725	0.739			
Organiza- tion Perfor- mance	ORGPR1	2.180	0.760	0.594	0.906	0.902
	ORGPR2	1.957	0.708			
	ORGPR3	2.142	0.766			
	ORGPR4	2.464	0.779			
	ORGPR5	2.627	0.805			
	ORGPR6	2.559	0.838			
	ORGPR7	2.151	0.779			
	ORGPR8	1.886	0.725			

Source: SmartPLS Data Processing Results version 3.2.9 for windows 2024

Note: VIF = Variance Inflation Factor, AVE = Average Variance Extracted, CR = Composite Reliability, CA = Cronbach's Alpha

The Fornell-Larcker Criterion was applied to assess discriminant validity. The AVE values for each variable were higher than the inter-variable correlations, indicating that each construct was distinct and could be differentiated from the others (Hair et al., 2021). Discriminant validity, assessed using Fornell-Larcker criteria, showed AVE values higher than latent variable correlations, with Leadership Style having an AVE of 0.794.

Table 2. Fornell-Lacker Criterion

	Employee Motivation	Leadership Style	Organizational Performance
Employee Motivation	0.771		
Leadership Style	0.563	0.794	
Organizational Performance	0.644	0.630	0.771

Source: SmartPLS Data Processing Results version 3.2.9 for windows 2024

However, Roemer et al. (2021) and Hair et al. (2021) suggest that the Fornell-Larcker criteria may be ineffective when indicator loadings are close. As an additional confirmation, Heterotrait-Monotrait Ratio (HTMT) values below 0.90 (0.677-0.764) confirm good discriminant validity.

Table 3. Heterotrait – Monotrait Ratio (HTMT)

	Employee Motivation	Leadership Style	Organizational Performance
Employee Motivation			
Leadership Style	0.677		
Organizational Performance	0.764	0.701	

Source: SmartPLS Data Processing Results version 3.2.9 for windows 2024

This section discusses standardized path coefficients from Table 4. Hypothesis 1 (H1) shows leadership style positively influences employee motivation (path coefficient 0.563, t-value 12.363, p-value 0.000). Hypothesis 2 (H2) confirms leadership style positively affects organizational performance (path coefficient 0.630, t-value 11.638, p-value 0.000). Hypothesis 3 (H3) demonstrates leadership style impacts performance through motivation, with significant indirect effects (Cao, 2023).

Table 4. Hypotesis Testing

Hypothesis	Path Coefficient	T-value	P-value	Result
H1. Leadership Style -> Employee Motivation	0.563	12.363	0.000	Accepted
H2. Leadership Style -> Organizational Performance	0.630	11.638	0.000	Accepted
H3. Leadership Style -> Employee Motivation -> Organizational Performance	0.238	5.621	0.000	Accepted

Source: SmartPLS Data Processing Results version 3.2.9 for windows 2024

The results of the SEM analysis show that leadership style has a significant effect on employee motivation with a path coefficient of 0.563, indicating that

every one unit increase in leadership style will increase motivation by 0.563. Similarly, the effect of leadership style on organizational performance is significant with a path coefficient of 0.630. This indicates that an effective leadership style will directly improve organizational performance. The mediation of employee motivation is shown by the indirect path coefficient of 0.238, confirming that employee motivation plays an important role as a link between leadership style and organizational performance.

4 Conclusions

Overall, this study shows that leadership style significantly impacts employee motivation and organizational performance in public health centers. Both transformational and transactional leadership directly enhance motivation, which positively affects performance. Additionally, motivation acts as a key mediating variable, indicating that effective leadership influences performance both directly and indirectly.

This study also provides important practical implications for Head of Public health centers. The results of the study can be applied in several ways:

- 1) Leadership Training: Public health centers can adopt training programs that focus on developing transformational and transactional leadership skills. This training will help leaders understand how to motivate employees through recognition, rewards, and empowerment.
- 2) Employee Motivation Programs: Organizations can increase employee motivation through initiatives such as performance recognition, career development opportunities, and strengthening communication between leaders and employees.
- 3) Performance Monitoring and Feedback: Regular performance evaluations with constructive feedback can help leaders adjust their leadership styles to be more effective in motivating employees.
- 4) Policy Reform: Public sector policies need to incorporate leadership assessment and motivational strategies as part of reforms to improve service standards that are currently not being met.

Application in Practice:

- 1) By adopting an adaptive leadership style as suggested by this study, public health centers can enhance overall performance, particularly in achieving minimum service standards that are often difficult to meet.
- 2) More motivated employees tend to be more productive and more committed to carrying out their duties, so that organizational goals can be achieved more efficiently.
- 3) Overall, this study provides valuable insights for head of health center to understand the importance of effective leadership in influencing employee motivation and performance. With proper implementation, the results of this study can bring positive changes in public health services.

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