

# THE EFFECTS OF INCENTIVES AND LEADERSHIP STYLES ON AGENT WORK PERFORMANCE IN PT ASURANSI TAKAFUL KELUARGA REPRESENTATIVE OFFICE RIAU AGENCY PEKANBARU

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## **THE EFFECTS OF INCENTIVES AND LEADERSHIP STYLES ON AGENT WORK PERFORMANCE IN PT ASURANSI TAKAFUL KELUARGA REPRESENTATIVE OFFICE RIAU AGENCY PEKANBARU**

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### **ABSTRAK**

PT. Asuransi Takaful Keluarga RO Riau Agency Pekanbaru sangat memperhatikan SDM di perusahaannya. Rumusan masalah penelitian ini adalah bagaimana pengaruh insentif dan gaya kepemimpinan terhadap prestasi kerja agen. Jenis data yang digunakan dalam penelitian ini adalah data primer dan data sekunder. Teknik pengambilan sampel digunakan dengan cara sampel jenuh, sedangkan teknik pengumpulan data dilakukan dengan penyebaran angket. Untuk menganalisis data digunakan metode deskriptif kuantitatif. Dalam menganalisis data kuantitatif digunakan analisis linier berganda menggunakan SPSS for Windows version 23.0. hasil penelitian ini diketahui hubungan insentif dan gaya kepemimpinan terhadap prestasi kerja agen memiliki hubungan yang cukup kuat sebesar 0.546. Sedangkan hasil uji parsial terdapat pengaruh yang signifikan antara insentif terhadap prestasi kerja agen, ini diketahui dari tingkat signifikan sebesar 1,809 dan terdapat pengaruh yang signifikan antara gaya kepemimpinan terhadap prestasi kerja agen, ini diketahui dari tingkat signifikan sebesar 2,185. Secara umum dapat disimpulkan bahwa insentif dan gaya kepemimpinan terhadap prestasi kerja agen pada PT. Asuransi Takaful Representative Office Riau Agency Pekanbaru berpengaruh.

**Kata Kunci : Insentif, Gaya Kepemimpinan, Prestasi Kerja, Takaful.**

### **ABSTRACT**

*PT Asuransi Takaful Keluarga RO Riau Agency Pekanbaru that observes the Human Resource in their company. The research problem is how incentives and leadership style impact to agent work performance. The data used in this study were primary data and secondary data. The sampling technique used was saturation sampling, while the data collection technique used was questionnaire distribution. Quantitative descriptive method was used to analyse the data. In analysis quantitative data, multiple linear analyses were used using SPSS for Windows version 23.0. The results showed that there is a strong correlation between incentives and leadership styles with a score of 0.546. As for the results of partial test, there is a significance effect of incentives on agent work performance, which is indicated by a significance level of 1.809 and there is a significance effect of leadership styles on agent work performance, which is indicated by a significance level of 2.185. Principally, it can be concluded that incentives and leadership styles impact to agent work performance in PT Asuransi Takaful Keluarga RO Riau Agency Pekanbaru.*

**Keywords: Incentives, Leadership Styles, Work Performance, Takaful.**

## INTRODUCTION

Human resources are the only resource blessed with senses, feelings, desires, skills, knowledge, drives, power, and works (mind, heart, and soul). Each one of those human resource potentials affects the organization's efforts to achieve goals. It would be an uphill battle for an organization to achieve goals without human resources, despite technological advancement, information development, capital and material availability.

Human resource management is part of management as a whole. Therefore, human resource management focuses its discipline on the regulations of human roles in actualizing optimal targets. The regulations encompass the issue of planning, organization, directing, control, procurement, development, compensation, integration, maintenance, discipline and termination of employment to support the realisation of company goals, employee and society satisfaction (Hasibuan, 2009). Incentive policy is an important aspect to note since this aspect is correlated with the work of employees in carrying out tasks and performing their duties. By giving incentives in accordance with the work standard set, it gives satisfaction and fosters strong relationship between employees and the organization where they work. Therefore, relationship that leads to the achievement of objectives will greatly benefit the organization, such as PT Asuransi Takaful Keluarga Representative Office (RO) Riau Agency Pekanbaru. An agent is a person or a legal entity that provides service in marketing insurance services for and on behalf of insurance companies (Soemitra, 2009). In conducting the pre-research, the author interviewed a number of agents in PT. Asuransi Takaful Keluarga Representative Office

RO Riau Agency Pekanbaru, from which the author found that agents are hard at work in procuring clients in order to gain incentives.

## LITERATURE REVIEW

### Incentive

Incentives are a stimulation or encouragement for employees in an organization to stimulate greater productivity. By giving incentives, employees will feel more valued and respected for the services they provide (Winardi, 2008). Incentives are the source of performance feedbacks for a group of high achiever employees, especially when it is given as a bonus and appreciated by people that desire greater success as a driver to perform better in work (Handoko, 2013). Incentives connect the appreciation and performance by giving performance bonus that is not based on seniority and working hour. While incentives are given to groups, they often appreciate individual behaviors. Incentive program is devised as such to boost employee motivation.

The objective of incentives in an organization, especially in production activity, is to boost employee work productivity by encouraging employees to work harder, faster, more diligently and creatively. While for employees, incentives bring advantages as a performance standard measured quantitatively and as the basis of remuneration in form of money.

### Leadership

Effective leadership will only be realized if it is carried out in line with its functions. The leadership function directly correlates with the social situation in the lives of each group or organization, implying that every leader exists inside, not outside, of the situation. Leadership function is a social

phenomenon, because it must be realized in interactions between individuals in a social situation of a group or an organization. Since leadership function greatly impacts the progress and decline of an organization, the division of work within an organization will not work well without clear definition of the function of the leader.

Sodang P. Siagian, in his book, *Teori dan Praktek Kepemimpinan*, said that some of the functions of a leader are as a director in their efforts to achieve goals, as a representative and a spokesperson in relation to parties outside the organization, as a mediator, especially in inward relationship, to diffuse conflicts and as an effective, rational, objective and neutral integrator (Siagian, 1999).

#### Leadership Sytle

William H. Newman (1968), in Thoha (2003), said that leadership is an act to influence other people's behaviors or an art of influencing human behaviors, both in individuals and groups. One thing to note is that leadership is not constrained by regulations and bureaucratic manners. Leadership can happen anywhere, so long as the person manifests the capability of influencing other people's behaviors toward the achievement of a certain goal. Leadership styles can be defined as the manifestation of a behavior of a leader related to his/her capability to lead. This manifestation usually forms a certain pattern or shape. This definition of leadership style is consistent with the argument expressed by Davis K and Newstrom (1995). Both said that <sup>13</sup> pattern of leader action as a whole as perceived or referenced by subordinates is kno<sup>13</sup> as leadership style (Tjiptono, 2006). Leadership style is a method used by a leader to interact with

their subordinates. The forms of leadership style are as follows:

- Autocratic Leadership
- Democratic Leadership
- Delegative Leadership
- Bureaucratic Leadership
- Laissez-Faire Leadership
- Charismatic Leadership
- Diplomatic Leadership
- Moralist Leadership
- Administrative Leadership
- Analytical Leadership
- Assertive Leadership
- Entrepreneurial Leadership
- Visionary Leadership
- Situational Leadership
- Traits Model of Leadership
- Military Leadership

#### Work Performance

According to Sutrisno (2009), work performance is a work outcome achieved by one through their behavior in doing work activities and information related to the high and the low of work performance of an employee. According to Hasibuan (2013), work performance is a work outcome achieved by one in doing the tasks given based on the skills, experience, and de<sup>8</sup>gation and time (timeliness). Work performance is a combination of three important factors, namely skills and interests of an employee, skills and acceptance of task delegation, and roles and motivation level of an employee. The higher the three factors above are, the greater the work performance of an employee will be.

### Factors Influencing Work Performance

According to Sutrisno (2009), there are two factors influencing work performance, which are individual and environmental factors. Individual factor measures the behavior itself or to what extent the individual behave in accordance with what is expected by the organization or institution, in other words, work performance that is generally linked to achievement of results from established work standards. In this study is work performance measurement.

### Takaful Insurance

Insurance is an agreement where the insuring party commits to to the insured party by obtaining premium to compensate for a loss, or un-obtained expected profit, which may be due to an unexpected event.

Insurance, in an economic perspective, is a method to reduce risk by moving and combining uncertainty about financial losses. In a business perspective, insurance is a business whose main enterprise is to accept/sell service, risk transfer from other parties and obtain benefits with various risks among a number of customers. From a social perspective, insurance is a social organization that accepts risk transfer and collects funds from members to compensate losses that may happen to each of its members (Soemitra, 2009).

According to Article 246 of the Commercial Law Code (UHD) of The Republic of Indonesia, insurance is an agreement, in which the insuring party commits to the insured party by accepting premium, to pay compensation for a loss due to a loss, damage or un-obtained profit, which may be suffered due to an uncertain event (Ali, 2008).

In Arabic, insurance is called At-ta'min, the insuring party is called mu'aimin, and the insured party is called mua'mmanlahu or musta'min At-Ta'min, which are taken from the word amanah that means providing protection, serenity, security and freedom of fear (Syakir Sula, 2004).

Takaful, in muamalah sense, is bearing risk among people so that between one another the insurer insures for the others' risks. This mutual insurance is carried out on the basis of mutual help in kindness by expending tabarru' fund, a donation intended for bearing risks. Takaful, in this sense, is in accordance with Quran verses in surah Al-Maidah [5:2]. This principle of insurance, according to it, is very good and commendable, because it relieves other people's burden hit by a problem. According to Fatwa No. 21/DSN-MUI/X/2001 on General Guidelines for Sharia Insurance, insurance is an effort to protect and help between people/parties through investment in the form of tabarru' asset that offer trading pattern to bear certain risk through akad (agreement) in accordance with sharia law (Ali, 2008).

## RESEARCH METHOD

### Research Designs

The design of this study is causality study, which is a study to analyze the possibility of causalities between variables. In this design, causalities generally can already be predicted by researchers and the researchers are able to determine the classification of independent variables and dependent variables (Sanusi, 2014).

### Instrument Test

Research instruments are measuring instruments or tools. Valid instruments mean that the measuring instruments used are valid (Sanusi,



2014). Instrument test used in this study is validity and reliability tests. Multiple regressions were used to predict the dependent variables (Y) if the independent variables (X) are known. The equation of the multiple regressions is as follows (Hasan, 2008).

Where:

Y = dependent variables (predicted value Y)  
 $X_1, X_2$  = independent variables with certain value to predict  
 $a, b_1, b_2$  = multiple linear regression coefficient  
 $a$  = Y value, if  $X_1 = X_2 = 0$   
 $b_1$  = the amount of increase/decrease in Y in units, if  $X_1$  increases/decreases one unit and  $X_2$  is constant  
 $b_2$  = the amount of increase/decrease in Y in units, if  $X_2$  increases/decreases one unit and  $X_1$  is constant  
 $+ \text{ or } -$  = symbol that indicates the direction of the relation between Y and  $X_1$  and  $X_2$ .

Multiple determinant coefficient, symbolized by  $K_{PBY.12}$  or  $R^2$ , is used to measure how significant the contribution of dependent variables (X) together to dependent variables (Y). According to Akdon and Riduwan (2013), the method to identify the determinant coefficient to square correlation coefficient value with the following formula:

Where:

KP = Determinant coefficient  
 $r$  = Correlation coefficient value

### Hypothesis Test

T Test is conducted to identify the influence of each independent variable on dependent variables. The step is to formulate the hypothesis and determine the level of significance of  $\alpha = 0.05$ . while F test is used to identify the influence of independent variables (X) together on dependent variables (Y).

## RESULT AND FINDING

Table 1. Validity Test

Variables	Statement Items	Corrected Item-Total Correlation (R Count)	Result Description (If $r$ count $> 0.3$ "valid")
X1	Item 1	0,821	Valid
	Item 2	0,803	Valid
	Item 3	0,892	Valid
	Item 4	0,880	Valid
	Item 5	0,664	Valid
	Item 6	0,658	Valid
	Item 7	0,778	Valid
	Item 8	0,545	Valid
	Item 9	0,694	Valid
	Item 10	0,699	Valid
X2	Item 11	0,395	Invalid
	Item 12	-0,75	Invalid
	Item 13	0,135	Valid
	Item 14	0,513	Valid
	Item 15	0,340	Valid
	Item 16	0,442	Valid
	Item 17	0,030	Invalid

	Item 18	0,032	Invalid
	Item 19	0,496	Valid
	Item 20	0,732	Valid
	Item 21	0,535	Valid
	Item 22	0,370	Valid
	Item 23	0,645	Valid
	Item 24	0,592	Valid
	Item 25	0,591	Valid
	Item 26	0,852	Valid
	Item 27	0,185	Invalid
	Item 28	0,091	Invalid
	Item 29	0,782	Valid
	Item 30	0,784	Valid
	Item 30	0,594	Invalid
	Item 32	0,687	Valid
	Item 33	0,076	Invalid
	Item 34	0,139	Invalid
	Item 35	0,535	Valid
	Item 36	0,516	Valid
	Item 37	0,617	Invalid
	Item 38	0,617	Valid
	Item 39	0,672	Valid
	Item 40	0,758	Valid
	Item 41	-0,134	Invalid
	Item 42	-0,01	Invalid
	Item 43	0,818	Valid
Y	Item 44	0,884	Valid
	Item 45	0,811	Valid
	Item 46	0,759	Valid
	Item 47	0,740	Valid
	Item 48	0,848	Valid
	Item 49	0,830	Valid
	Item 50	0,830	Valid
	Item 51	0,751	Valid
	Item 52	0,256	Invalid
	Item 53	0,873	Valid
	Item 54	0,647	Valid

Source: Processed Data (2018)

#### Reliability Test

For reliability test, Cronbach Alpha technique was used, where an

instrument can be deemed reliable if its reliability coefficient, or alpha, is 0.6 or more (Sanusi, 2014).

**Table 2. Reliability Test**

Variables	Cronbach Alpha	Result Description (If Cronbach Alpha > 0.6" Reliable ")
X1	0,903	Reliable
X2	0,898	Reliable
Y	0,942	Reliable

Source : Processed Data (2018)

### Multiple Regression Analysis

From the calculation of multiple regression analysis through SPSS for

Windows version 23, the values for independent and dependent variables are showed in the table :

**Table 3. Multiple Regression Analysis**

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	5.996	11.705	
	Incentives (X1)	.294	.162	.306
	Leadership Style (X2)	.272	.124	.369

Source : Processed Data (2018)

Based on the table above, following multiple regression equation can be formulated:

$$Y = 5,996 + 0,294X^1 + 0,272X^2$$

Numbers in the equation above represent constant value (a) of 5.996. It means that if the incentive is assumed to be zero (0), then the work performance (Y) is 5.996. the value of regression coefficient of incentive variable (X1) is

0.294 which means that every increase in incentive factor by one unit will increase work performance factor (Y) by 0.294 with the assumption that X2 variable is constant. The regression coefficient value of Leadership Style variable (X2) is 0.272, meaning that every increase in Leadership Style factor by one unit will increase Work Performance (Y) by 0.272 with the assumption that X1 is constant.

**Table 4. T-Test (Partial Test)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.996	11.705		.512	.613
	Incentive (X1)	.294	.162	.306	1.809	.042
	Leadership Style (X2)	.272	.124	.369	2.185	.038

Source: Processed Data (2018)

- If  $-t_{table} \leq t_{count} \leq +t_{table}$ , then  $H_0$  is accepted and  $H_a$  is rejected.
- If  $-t_{table} \geq t_{count} \geq +t_{table}$ , then  $H_0$  is rejected and  $H_a$  is accepted.

From the data processing above, the value of t-count of Incentive variable (X1) is 1.809 and the value of t-table is 1.703 with significance level of 0.05 and a degree of freedom of 27 ( $dk=n-k-1$  (30-2-1)), Thus, it is clear that: t-count > t-table or 1.809 > 1.703. This indicates that  $H_0$  is rejected and  $H_a$  is accepted, in

other words, there is a significant effect between incentives with agent work performance variable. The value of t-count of Incentive variable (X2) is 2.185 and the value of t-table is 1.703 with significance level of 0.05 and degree of freedom of 27 ( $dk=n-k-1$  (30-2-1)), thus, it is clear that: t-count > t-table or 2.185 > 1.703. It indicates that  $H_0$  is rejected and  $H_a$  is accepted, in other words, there is a significant effect between incentives with agent work performance variable.



**Simultaneous Test (F Test)**  
F test is used to determine the effect of each independent variable on dependent

variable. The results of the F test are as follows:

**Table 5. Simultaneous Test (F-Test)**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	184.604	2	92.302	5.726	.008 <sup>b</sup>
	Residual	435.263	27	16.121		
	Total	619.867	29			

Source : Processed Data (2018)

The table above shows that the f-count is 5.726, while the f-table at significance level ( $\alpha$ ) of 5 and with df 2 of 27 ( $n-k-1=30-2-1$ ) is 3.35. Therefore, f-count > f-table is  $5.726 > 3.35$  which means that  $H_0$  is rejected. It means that the independent variables (Incentives and Leadership Style) together have a significant effect

on dependent variable (Work Performance).

### Correlation Coefficient

To identify the relation between independent variables and dependent variable, correlation coefficient is used with SPSS for Windows version 23. The results is showed in the table below:

**Tabel 6. Correlation Coefficient**

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.546 <sup>a</sup>	.298	.246	4.0151

Source : Processed Data (2018)

R value shows multiple correlation between independent and dependent variables. In the table, the R value is 0.546 or 54.6%. It means that the multiple correlation between X variables (Incentives and Leadership Style) and Y variable (Work Performance) is fairly strong.

### Coefficient of Determination

With the adjust value of R Square of 0.246, the contribution of the effect of independent variables (Incentives and Leadership Style) to Y variable (Work Performance) is 24.6%, while the other 75.3% are influenced by other variables not included in this model.

### CONCLUSION

1. The incentive has positive influence and significance toward agent work performance with t-test value of 0.425 < 0.05 (significant value) and regression coefficient of incentive ( $X_1$ ) of 0.294. It means that increasing in Incentive will increase agent work performance.
2. The leadership style also has positive influence and significance toward agent work performance with t-test value of 0.45 or < 0.05 (significant value) and regression coefficient of leadership style ( $X_2$ ) of 0.272. It means that increasing in leadership style will increase agent work performance.

3. Simultantly, the incentive and leadership style has positive influence and significance toward agent work performance with f-test value of 0.008 or < 0.05 (significant value). It means the incentive and leadership style increasing simultantly will increase agent work performance.
4. Suggestion, PT Asuransi Takaful Keluarga RO Riau Agency Pekanbaru should always give incentive to their agent fairly and create best leader to increase their agent work performance.
5. Futher research, it need other research with other variable (except; Incentive and Leadership styel) to measure agent work performace.

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