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The Influence of Democratic Leadership Style and Productivity on Employee Performance at PT. XYZ

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Abstract –

This study aims to analyze the influence of democratic leadership style and productivity on employee performance at PT. XYZ Jakarta. A quantitative approach using a survey method was conducted with a saturated sample of 126 employees. Data were collected using a Likert-scale questionnaire and analyzed through multiple linear regression with SPSS. The results show that both democratic leadership style and productivity have positive and significant effects on employee performance, both partially and simultaneously. These findings indicate that participative and productivity-oriented management practices can improve employee performance in the organization. The study concludes that strengthening democratic leadership and enhancing productivity are essential strategies for improving overall performance. The results contribute theoretically to the development of leadership and human resource management studies, and practically by providing recommendations for PT. XYZ's management in optimizing employee effectiveness in the digital era.

Keywords – *Democratic Leadership Style; Productivity; Employee Performance; Human Resource Management; Organizational Behavior*

I. INTRODUCTION

One of the main aspects that influences the success of an organization is employee performance, which is greatly affected by leadership style and work productivity. PT. XYZ Jakarta, as one of the major companies in Indonesia, faces challenges in optimizing its employees' performance. Based on the pre-survey, it was found that most employees were dissatisfied with the implementation of the democratic leadership style and their work productivity levels. This dissatisfaction directly impacts the achievement of organizational goals. Therefore, this research was

conducted to determine and analyze the influence of democratic leadership style and productivity on employee performance at PT. XYZ Jakarta.

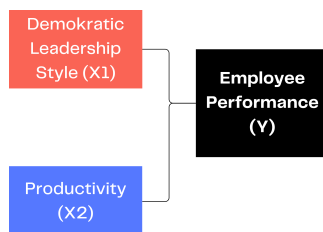
This research was initiated based on the importance of understanding the factors that influence employee performance within an organization, especially in the era of increasingly complex and dynamic global competition. Employee performance is a vital asset in supporting the achievement of corporate goals, as the long-term success of an organization is greatly influenced by the individual and collective contributions of its employees. In this context, two variables are considered to have a significant influence on performance: democratic leadership style and employee productivity. The democratic leadership style is chosen for its participatory, open, and collaborative nature, while productivity is regarded as an indicator of the effectiveness and efficiency of employees in carrying out their duties.

Several previous studies have shown that leadership style and productivity significantly affect employee performance. Robbins and Judge (2017) state that a democratic leadership style encourages employee participation and improves motivation. Northouse (2021) also emphasizes that participative leadership enhances team collaboration. Similarly, research by Sink and Tuttle (2016) and Mangkunegara (2020) found that higher work productivity contributes to better individual and organizational performance. However, limited studies have examined these relationships simultaneously in Indonesian corporate settings, particularly at PT. XYZ Jakarta, which reflects the novelty of this study.

This study is grounded in two major theoretical frameworks. The first is the Participative Leadership Theory (Northouse, 2021), which explains that effective democratic leaders involve employees in decision-making, maintain open communication, and foster empowerment to enhance motivation and performance. This theory supports the role of leadership style (X1) in influencing employee performance (Y). The second is the Human Resource Management (HRM) Theory (Mathis & Jackson, 2016), which emphasizes that employee performance is the result of effective management of people, particularly through leadership and productivity improvement. Productivity (X2) is therefore positioned as a critical HRM function that directly contributes to employee performance. These theories provide a strong conceptual foundation for this study, forming the basis of the proposed relationships between democratic leadership, productivity, and employee performance.

Based on the underpinning theories and previous research findings, this study develops a conceptual framework that illustrates the relationship among democratic leadership style (X₁), productivity (X₂), and employee performance (Y).

Democratic leadership is expected to positively influence employee performance through participation, openness, and shared responsibility. Productivity, as a measure of effectiveness and efficiency, is also assumed to contribute significantly to performance outcomes. Both variables are believed to have a simultaneous influence in improving employee performance at PT. XYZ Jakarta.



From the conceptual framework above, the hypotheses of this study are formulated as follows:

H₁: Democratic leadership style has a positive and significant effect on employee performance.

H₂: Productivity has a positive and significant effect on employee performance.

H₃: Democratic leadership style and productivity simultaneously have a significant effect on employee performance.

II. METHOD

The variables in this study consist of the independent variables Democratic Leadership Style (X₁) and Productivity (X₂) and the dependent variable, Employee Performance (Y). Each variable was operationalized into measurable indicators based on established theories, as shown below:

Operationalization of Variables

VARIABLE	INDICATOR	RESOURCE
Democratic Leadership Style (X ₁)	1. Employee participation in decision-making 2. Two-way communication 3. Empowerment and involvement in work processes 4. Transparency and fairness	Robbins & Judge (2017); Northouse (2021)
Productivity (X ₂)	1. Work time efficiency 2. Output quality and accuracy 3. Optimal use of resources 4. Achievement of work targets	Sink & Tuttle (2016); Daft (2018)
Employee Performance (Y)	1. Achievement of work results and targets 2. Quality of work 3. Teamwork and collaboration 4. Recognition and accountability	Mangkunegara (2020); Mathis & Jackson (2016)

The population in this study consisted of all 126 employees of PT. XYZ Jakarta. Because the total population was relatively small and accessible, this study used a saturated sampling technique, where all members of the population were used as research samples. This approach ensures more accurate data representation and minimizes sampling bias, as every employee was given an equal opportunity to participate. According to Sugiyono (2017), saturated sampling is appropriate when the population size is limited and the researcher intends to include all members to obtain comprehensive results.

Data analysis was carried out using multiple linear regression with the help of SPSS software to test the effect of the independent variables—democratic leadership style (X₁) and productivity (X₂)—on the dependent variable, employee performance (Y). Before the regression analysis, the data were tested for validity and reliability, as well as classical assumptions including normality, multicollinearity, and heteroscedasticity, to ensure that the regression model met the statistical requirements. The coefficient of determination (R²), partial test (t-test), and simultaneous test (F-test) were used to evaluate the significance and strength of the relationships between variables.

III. RESULTS AND DISCUSSION

Variable	Unstandardized Coefficient (B)	Standardized Beta	t-value	Sig. (p)
Constant	10.245	–	–	–
Democratic Leadership Style (X ₁)	412	512	5.842	0
Productivity (X ₂)	358	436	4.927	0
F-test	–	–	52.137	0
R ² (Coefficient of Determination)	–	–	–	652

The results of multiple linear regression analysis show that both democratic leadership style (X_1) and productivity (X_2) have positive and significant effects on employee performance (Y). The regression equation obtained is: $Y = 10.245 + 0.412X_1 + 0.358X_2$.

The t-test results show that the democratic leadership style variable has a t-value of 5.842 with a significance level of $0.000 < 0.05$, indicating a significant positive effect on employee performance. Similarly, the productivity variable has a t-value of 4.927 with a significance level of $0.000 < 0.05$, showing that productivity also has a significant positive effect on employee performance.

The F-test result of 52.137 with a significance value of $0.000 < 0.05$ indicates that democratic leadership style and productivity simultaneously have a significant effect on employee performance.

Furthermore, the coefficient of determination (R^2) of 0.652 means that 65.2% of the variation in employee performance can be explained by the two independent variables – democratic leadership style and productivity – while the remaining 34.8% is influenced by other factors not included in the model. These results demonstrate that the regression model fits the data well and that both variables are reliable predictors of employee performance.

IV. CONCLUSIONS

A study concludes that both democratic leadership style and productivity have positive and significant effects, both partially and simultaneously, on employee performance at PT. XYZ Jakarta. The results indicate that leaders who apply participative, transparent, and empowering approaches can enhance employee motivation and achievement. Similarly, higher productivity – reflected in time efficiency, resource optimization, and task accomplishment – significantly contributes to improved employee performance.

Theoretically, the study reinforces the relevance of Participative Leadership Theory and Human Resource Management Theory, emphasizing that employee performance is the outcome of effective leadership and productivity practices. Practically, the findings suggest that PT. XYZ's management should enhance participative leadership programs, foster two-way communication, and provide productivity-based incentives to sustain high performance in the digital era.

This study was limited to one company, PT. XYZ Jakarta, so the results may not fully represent other industries or regions. The study also focused only on two independent variables – leadership style and productivity – without including other potential determinants of performance such as motivation or work environment.

Future studies are recommended to involve a larger sample from multiple organizations and sectors to improve generalizability. Additional variables such as organizational culture, motivation, and job satisfaction can also be integrated to provide a more comprehensive understanding of employee performance determinants.

REFERENCES

Robbins and Judge (2017) argue that a democratic leadership style encourages employee participation, builds two-way communication, and enhances motivation, which ultimately improves performance.

Mangkunegara (2020) explains that employee performance is the result of both the quality and quantity of work achieved, and it is strongly influenced by motivation, leadership, and the working environment.

Sink and Tuttle (2016) state that productivity is a measure of efficiency and effectiveness in utilizing resources to produce goods or services, making it crucial to organizational performance.

Ghozali (2018) emphasizes the importance of using multivariate analysis to examine relationships among variables in social research, particularly with the support of tools like SPSS.

Sugiyono (2017) defines quantitative research as a positivist-based approach that focuses on examining specific populations and samples to test predetermined hypotheses using statistical analysis.

Arikunto (2019) explains that data collection must be conducted systematically to ensure valid and reliable research results, using tools such as questionnaires, observation, and documentation.

Mathis and Jackson (2016) highlight that human resource productivity is closely related to employee quality, training, motivation, and a supportive working environment.

Gomes (2015) mentions that employee productivity is not only reflected in physical output but also in behavioral consistency and adherence to standard procedures.

Daft (2018) suggests that organizational productivity can be assessed through multiple lenses, including goal achievement, resource utilization, and stakeholder satisfaction.

Northouse (2021) describes participative leadership as a key element of democratic leadership, where decision-making is shared between leaders and their teams.

Bolden (2016) introduces the concept of distributed leadership, in which leadership is a shared responsibility, aligning with democratic principles in management.

Spears and Eva et al. (2020) elaborate on servant leadership, where leaders prioritize employee needs, participation, and empowerment – qualities central to democratic leadership.

Carson, Pearce, and Conger (2017) explain that shared leadership involves multiple team members contributing to leadership functions, fostering collective decision-making.