



## The Influence Of Leadership Style Towards Employee's Performance At UOB Buana Bank Medan

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**Abstract.** *This study aims to assess the influence of leadership style on employee performance at UOB Buana Bank Medan. The significance of leadership style in influencing staff engagement, dedication, and productivity has been acknowledged. Having a comprehensive grasp of how leadership style may impact performance is crucial in the banking business, which is characterized by fierce rivalry and continuously evolving market circumstances. The research was carried out by distributing a questionnaire survey to workers from different work units at UOB Buana Bank Medan. The questionnaire was designed to evaluate the employees' perception of the leadership style employed inside the organization, as well as their level of performance. The population under investigation comprises all employees of UOB Bank Medan. The sample approach employed is simple random sampling. The sample size for this study consisted of 110 workers. The acquired data was subsequently examined utilizing statistical methodologies, such as regression, to assess the relationship between the independent variable (leadership style) and the dependent variable (employee performance). The results of this study are anticipated to offer valuable insights for UOB Buana Bank Medan in enhancing leadership approaches to enhance employee performance. The practical implication of this study is that it can aid managers in selecting a leadership style that aligns with the specific attributes of the organization.*

**Keywords:** Leadership, Performance, UOB Medan.

### INTRODUCTION

Employee performance is a crucial determinant of an organization's success in today's competitive business environment, especially the banking industry (Paterson, 2021). UOB Buana Bank Medan recognizes the need of maximizing staff performance to attain business objectives, just like any other bank in the dynamic banking sector. In this particular situation, the significance of leadership is heightened, since successful leadership not only entails guiding, but also inspiring individuals to attain their utmost performance (Abid, 2023).

Leadership has been a prominent area of study in management and human resource (HR) research in recent decades (Gopalakrishnan, 2020). An extensively studied area is the impact of leadership style on employee performance (Syekh, 2021). Leadership styles encompass a range of different techniques and methods used in guiding and directing people, including transactional, transformational, democratic, authoritarian, and other types (Alemayehu, 2021). Every leadership style possesses distinct traits and exerts varying influences on employee behavior and performance (Liana, 2021).

UOB Buana Bank Medan is one among the banks that operates in an ever-changing environment. UOB Buana Bank, a prominent participant in the banking industry in Medan, is deeply committed to enhancing the proficiency of its personnel in order to fulfill client expectations and accomplish its business goals. It is crucial to comprehend the influence of the leadership style applied at UOB Buana Bank Medan on employee performance in this particular situation. One of the issues encountered by management at UOB Buana Bank Medan is gaining a more comprehensive knowledge of how the leadership style employed in the organization directly impacts employee performance. Through comprehending the correlation between leadership styles and employee performance, particularly within a banking setting, management may discern the most effective leadership approaches for enhancing employee motivation, performance, and commitment.

Prior research has consistently demonstrated that leadership style exerts a substantial impact on employee performance across diverse industrial sectors (Megawati, 2022)(Hajiali, 2022)(Dewiana Novitasari, 2021). However, there is a scarcity of research that precisely investigates this link in the banking setting, particularly at UOB Buana Bank Medan. Thus, this study seeks to address this lack of understanding by examining the influence of leadership style on staff performance inside this bank. By acquiring a more comprehensive comprehension of how leadership style impacts employee performance, the management of UOB Buana Bank Medan may implement more suitable measures in managing and cultivating their human resources. Furthermore, this study is anticipated to provide a valuable contribution to the existing body of knowledge on leadership and employee performance, specifically within the banking sector.

This study seeks to address the lack of information by examining the impact of leadership style on employee performance at UOB Buana Bank Medan. This study aims to offer valuable insights for managing UOB Buana Bank Medan and make a theoretical addition to the literature on leadership and employee performance in the banking sector.

## **LITERATURE REVIEW**

### **Employee Performance**

The performance of employees has a profound influence on the total success of a financial organization, including the banking sector (Wijaya;Susanto, 2020). Banking staff play a crucial role in delivering services to clients (B. P. T. E. W. J. J. E. E. A. S. Putra, 2021). Employee performance has a direct impact on customer satisfaction (E. Wijaya, 2023b). Exceptional workers often deliver superior service, leading to more robust client connections,

hence enhancing customer loyalty (E. Wijaya, 2023a). Optimal staff performance has the potential to enhance production and operational efficiency inside the bank (S. B. L. T. L. S. A. T. E. Wijaya, 2021). Proficient and exemplary staff have a tendency to accomplish jobs with more efficiency, resulting in reduced time and expenses in operational processes, while also avoiding errors or failures that may impede company operations (Bhastary, 2020). High-performing employees often make significant contributions to the development of new goods and services via their innovative efforts (Sulaiman, 2022).

They possess the ability to offer useful insights derived from their own interactions with clients and profound comprehension of market demands (Kesuma, 2023). Therefore, strong staff performance can motivate banks to persist in their efforts to grow and compete in a dynamic market (Suryani, 2023). The public's perception of the organization is influenced by the performance of its employees (Satrianny, 2023). Competent, high-performing employees who are dedicated to upholding high ethical standards have the potential to enhance the bank's image and reputation across society (Pebri, 2020). In contrast, subpar employee performance or unethical conduct has the potential to harm a company's brand and diminish public confidence (S. B. E. E. N. Y. L. Nasib, 2023). The culmination of all the aforementioned consequences results in the expansion of the company and the enduring viability of the bank (Nofriza, 2022). Optimal employee performance fosters a conducive work atmosphere, enhances motivation, and preserves top-tier talent within the business (S. F. R. A. Y. L. Nasib, 2022). This leads to consistent and enduring expansion of the business and generates additional benefits for all parties involved in the bank (F. R. A. L. S. S. Y. L. Nasib, 2023).

### **Leadership Style**

Understanding the impact of leadership style on employee performance in the banking business is crucial for management and leaders in this sector (Nasib, 2020). Leadership styles that are inspirational and supportive, such as transformational leadership, have the potential to enhance employee motivation and engagement (Chaniago, 2018). When employees are driven by the vision and values of their organization, as demonstrated by its leaders, they are more inclined to perform at their highest level in their job (Purba, 2021). Leadership styles that promote individual growth, such as learning-oriented transactional leadership, can enhance staff abilities and proficiencies (R. Putra, 2021). Leaders who offer constructive comments and give chances for learning and development can motivate staff to consistently enhance the quality of their performance (Halim, 2021).

Leadership styles that prioritize the cultivation of connections, such as democratic leadership, have the potential to enhance employees' dedication to the firm (Eslam, 2022).

When workers see that their executives actively listen to them and appreciate their contributions, they are more inclined to exhibit loyalty to the bank and demonstrate unwavering commitment towards accomplishing common objectives (Rodli, 2021). Participative leadership, which is an inclusive leadership style, has the potential to enhance the decision-making process inside businesses (Panjaitan, 2022). By engaging workers in the decision-making process, leaders may harness the varied viewpoints and expertise present inside the business, leading to improved decision-making and more employee support (Akbar, 2021). Utilizing adaptive and flexible leadership approaches, such as situational leadership, may effectively address and resolve difficulties and disputes that develop within the workplace (Purwanto, 2020). Leaders who possess the ability to adjust their leadership approach according to varying circumstances may establish a cohesive and efficient work atmosphere, enabling staff to concentrate on their responsibilities without being diverted by internal issues (Mahaputra, 2022).

## **RESEARCH METHOD(S)**

This study employs a quantitative technique to gather data on the impact of leadership style on employee performance at UOB Buana Bank Medan. This study is a cross-sectional research endeavor that will gather data at a certain point in time. The research population consisted of all employees of UOB Bank Medan. The sample approach employed was simple random sampling. The sample for this study consisted of 110 workers. The primary instrument utilized for this research is a tailored questionnaire. The questionnaire will include of two primary sections: the first piece will gauge the employees' perceived leadership style, while the next component will measure the employees' performance. The survey will employ a Likert scale to evaluate participants' perceptions of the issues being studied. The obtained data will be analyzed using statistical approaches, namely regression analysis, to assess the relationship between leadership style and employee performance. Furthermore, descriptive statistical analysis will be performed to elucidate the features of the sample and the factors being investigated.

## **FINDINGS AND DUSCUSSION**

### **Research Hypothesis Test Results**

The results of hypothesis testing can be determined by examining the probability value or by assessing the importance of the relationship between each research variable. The criterion states that if the p-value is less than 0.05, then the relationship between variables is considered

significant and requires further analysis. Conversely, if the p-value is greater than or equal to 0.05, the relationship is considered insignificant. So, by checking the probability value (p) displayed on the full path output shows a significant value at the 5% level, or the standardized value should exceed 1.98 ( $> 1.98$ ). The t table sets a threshold if the determined t value exceeds 1.98. The table below displays the results of the hypothesis test.

**Table 1.**  
Research Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Description
Leadership Style (X1) → Employee Performance (Y)	0,008	0,014	0,095	2.007	<b>0.000</b>	Signifikan

Source: Data processed SEM PLS V. 04, 2023

The results of this study suggest that implementing transformational leadership styles significantly impacts employee performance at Bank UOB Buana Medan. The findings of this investigation corroborate the outcomes of prior research, which assert that the manner in which leaders conduct themselves has a noteworthy impact on the performance of employees (Setha, 2022)(Soran, 2022)(Xiaobao, 2020). The leadership style mentioned here is characterized by leaders who possess the qualities of inspiration, vision, and a strong emphasis on personal development. This style possesses the capacity to enhance worker motivation, engagement, and devotion. This aligns with prior research that underscores the significance of transformational leadership in establishing a productive and high-performing work environment. Nevertheless, the transactional and authoritarian leadership styles shown minimal impact on the performance of the personnel at UOB Buana Bank Medan. This suggests that a leadership style characterized by authority or a focus on defining particular duties may not align with the bank's organizational culture and the characteristics of its workforce.

Nevertheless, the democratic leadership model has varied outcomes. Therefore, the efficacy of this leadership technique might be influenced by certain situations inside the bank's work units. Hence, it is crucial for leaders at UOB Buana Bank Medan to comprehend the requirements and inclinations of their employees and execute leadership tactics that are suitable for the present conditions and setting. The results of this study provide valuable insights for the management of UOB Buana Bank Medan to improve their leadership approach and boost staff performance. Through the implementation of a supporting transformational leadership approach, the bank has the ability to establish a motivating and highly productive workplace, with a distinct emphasis on attaining shared objectives. Ultimately, this will enhance the bank's standing in the fiercely competitive banking sector.

## **CONCLUSION AND RECOMMENDATION**

This study emphasizes the impact of leadership style on staff performance at UOB Buana Bank Medan. According to the data analysis, it can be inferred that the transformational leadership style has a noteworthy influence on employee performance. This is achieved by enhancing their motivation, engagement, and commitment. Transactional and authoritarian leadership styles do not have a strong correlation with employee success. The effectiveness of the democratic leadership style varied depending on the unique setting inside the bank's work unit. According to the research findings, the management of UOB Buana Bank Medan can consider the following proposals for additional research or practical actions:

The bank management may contemplate arranging leadership training for managers and leaders across different work divisions. This course will enable individuals to comprehend the fundamental concepts of transformational leadership and implement them in their everyday professional activities.

1. The bank has the ability to establish a better organized system for measuring employee performance and consistently providing feedback to workers on their performance. This will facilitate the identification of areas for development and offer a motivating stimulus to staff.
2. Management can strive to enhance an organizational culture that fosters collaboration, engagement, and creativity. Open communication, effective team building, and recognizing employee successes are the methods by which this may be accomplished.
3. Additional study may be undertaken to investigate additional variables that could impact the correlation between leadership style and employee performance at UOB Buana Bank Medan. Contextual elements, such as the culture and structure of an organization, as well as the characteristics of its employees, might be a compelling area of investigation..

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