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## Democratic Leadership and Work Motivation as Drivers of Employee Performance

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**Abstract:** This study examines the effect of democratic leadership and work motivation on employee performance in the Cirebon City Satpol PP. The research was motivated by performance challenges such as low discipline, delays in task completion, and limited innovation, which reduce organizational efficiency. The objective is to analyze the individual and combined effects of leadership and motivation on performance. A quantitative, cross-sectional survey was conducted using total sampling of eligible employees. Data were collected through Likert-scale questionnaires and analyzed using multiple regression after classical assumption tests. Findings reveal that both democratic leadership and work motivation have positive and significant effects on performance, with motivation exerting a stronger influence than leadership. Together, these variables explain a substantial proportion of performance variance. The study concludes that participatory leadership and well-designed motivation strategies are effective managerial tools for improving productivity and efficiency in public organizations without increasing fiscal burden. These results contribute to management science and behavioral economics by demonstrating how non-financial interventions can optimize resource utilization in government institutions.

**Keyword:** Democratic Leadership, Work Motivation, Employee Performance.

### INTRODUCTION

Employee performance is a critical determinant of organizational productivity and efficiency, which ultimately influences economic outcomes at both micro and macro levels. In public institutions such as the Satuan Polisi Pamong Praja (Satpol PP) of Cirebon City, effective performance ensures compliance with local regulations, stability in public order, and optimal allocation of government resources. Poor performance, on the other hand, can lead to inefficiencies, higher operational costs, and reduced public trust, creating economic burdens for local governance.

However, empirical observations show that employee performance often remains suboptimal due to several factors. Common causes include ineffective communication, limited involvement in decision-making, low work motivation, and inadequate supervisory

practices. In bureaucratic environments, rigid hierarchical structures, unclear job expectations, lack of recognition, and insufficient training opportunities can further weaken performance. Additionally, externally driven challenges such as resource constraints, policy inconsistencies, and workload imbalance may reduce the ability of employees to deliver optimal results even when effort is present. These issues are frequently observed in local government units, including Satpol PP, where operational demands are high but institutional capacity is limited.

From an economic standpoint, leadership style functions as a managerial input that shapes labor productivity. Democratic leadership, characterized by participatory decision-making and transparent communication, can reduce transaction costs within the organization by minimizing information asymmetry and fostering cooperative behavior (Robbins & Judge, 2019). When employees are involved in decisions, they internalize organizational goals, which reduces monitoring costs and enhances efficiency—a principle aligned with agency theory in economics.

Motivation operates as an intrinsic and extrinsic incentive mechanism that influences the supply of labor effort. According to Herzberg's Two-Factor Theory (Herzberg, 1959), motivators such as achievement and recognition stimulate higher marginal productivity, while hygiene factors like fair compensation prevent dissatisfaction. Similarly, Self-Determination Theory (Ryan & Deci, 2000) suggests that autonomy and competence increase intrinsic motivation, which translates into greater discretionary effort—a key driver of organizational performance and economic value creation.

To further understand why performance varies among employees, several theoretical perspectives on work performance are relevant. Campbell's Performance Theory (1990) emphasizes that performance is a function of declarative knowledge, procedural knowledge, and motivation, meaning that employees require skills *and* willingness to achieve desired outcomes. Meanwhile, the Ability–Motivation–Opportunity (AMO) Theory posits that performance improves when employees have the ability to perform the job, the motivation to exert effort, and the opportunity to participate effectively (Appelbaum et al., 2000). These theories highlight that performance is multidimensional and influenced by leadership, motivation, competence, and work environment—making leadership and motivation critical levers for productivity enhancement.

In economic terms, motivated employees contribute to higher output per labor hour, reducing inefficiencies and improving cost-effectiveness. Public sector organizations often face budget constraints; therefore, enhancing motivation without significantly increasing financial incentives becomes a strategic approach to optimize resource utilization. Studies confirm that motivated employees exhibit better discipline, creativity, and problem-solving, which are essential for maintaining public order and reducing enforcement costs (Elamalki, 2024).

Leadership and motivation also interact to influence performance elasticity. Democratic leadership can amplify the effect of motivation by creating an environment where employees perceive fairness and trust, reducing the risk of opportunistic behavior and shirking—issues commonly addressed in labor economics and organizational theory (Agarwal & Al-Qouyatahi, 2020). This synergy ensures that human capital is effectively leveraged, improving overall organizational efficiency.

Operationally, democratic leadership in this study refers to managerial practices that involve employees in decision-making, encourage open communication, and provide autonomy in task execution. Motivation encompasses intrinsic factors such as pride and responsibility, and extrinsic factors such as recognition and job security. Employee performance is measured through task-related outputs (timeliness, quality, compliance) and

contextual contributions (initiative, teamwork), which collectively represent labor productivity in economic terms (Motowidlo & Van Scotter, 1994).

The economic rationale for examining these variables lies in their potential to reduce inefficiencies and enhance public service delivery without imposing additional fiscal burdens. By improving leadership and motivation, organizations can achieve higher performance levels at constant or even lower cost, aligning with principles of cost minimization and productivity maximization in public sector economics.

However, empirical evidence shows mixed results. While democratic leadership often correlates with improved performance, its effectiveness may diminish in rigid bureaucratic structures where decision-making delays increase transaction costs (Siahaan, 2024). Similarly, motivation may not yield optimal results if external constraints—such as inadequate infrastructure or policy inconsistencies—limit employees' ability to translate effort into output (Bahasoan & Baharuddin, 2023).

Based on these considerations, this study addresses three key questions: (a) How does democratic leadership influence employee performance in Satpol PP Cirebon? (b) How does work motivation affect performance outcomes? (c) To what extent do leadership and motivation jointly impact performance? Answering these questions provides insights into how managerial practices can enhance labor productivity and economic efficiency in public institutions.

The findings are expected to contribute to both theory and practice. Theoretically, the study integrates leadership and motivation frameworks with economic principles of productivity and efficiency. Practically, it offers policy recommendations for local governments to design cost-effective strategies that improve performance through non-monetary incentives and participatory leadership, thereby optimizing resource allocation and strengthening institutional effectiveness.

## **METHOD**

### **Type of Research**

This study applies a quantitative approach with a causal-comparative design. The purpose is to examine the influence of democratic leadership and work motivation on employee performance and to analyze their simultaneous effect. A cross-sectional survey was conducted, meaning data were collected at one point in time to capture the current conditions of the research variables.

### **Population and Sample**

The population consists of all employees of *Satuan Polisi Pamong Praja* (Satpol PP) in Cirebon City. The sample includes 74 employees who meet the criteria of having at least one year of work experience in the institution. The sampling technique used is purposive sampling, ensuring that respondents have sufficient knowledge of leadership style and motivation in their work environment. Due to the relatively small population size, total sampling was applied, meaning all qualified employees were included.

### **Time and Place of Research**

The research was conducted at the Satpol PP office in Cirebon City. Data collection took place during the first quarter of 2025, when organizational activities were running under normal conditions without extraordinary disruptions, ensuring that responses reflected typical work patterns.

### **Research Instruments**

The primary instrument is a structured questionnaire designed to measure three variables: democratic leadership, work motivation, and employee performance. Each variable was operationalized based on established theories and previous studies. Democratic leadership items were adapted from Agarwal and Al-Qouyatahi (2020), motivation items from Herzberg's Two-Factor Theory and Self-Determination Theory (Ryan & Deci, 2000), and performance items from Motowidlo and Van Scotter (1994). Responses were recorded using a five-point Likert scale ranging from "strongly disagree" to "strongly agree."

### **Procedures**

The research began with instrument validation through expert judgment and pilot testing to ensure clarity and relevance. After validation, questionnaires were distributed to all selected respondents. Data collection was conducted in person to maximize response rates and clarify any ambiguities. Completed questionnaires were checked for completeness before data entry.

### **Data Analysis Techniques**

Data were analyzed using descriptive and inferential statistics. Descriptive analysis summarized demographic characteristics and variable distributions. Inferential analysis employed multiple regression to test the partial and simultaneous effects of democratic leadership and work motivation on employee performance. Prior to regression, classical assumption tests—normality, multicollinearity, and heteroscedasticity were performed to ensure model validity. Statistical analysis was conducted using SPSS software.

### **Ethical Considerations**

Participation was voluntary, and respondents were assured of confidentiality. Data were used solely for academic purposes, and no personal identifiers were disclosed in the reporting process.

## **RESULT AND DISCUSSION**

### **Overview of results and economic framing.**

The study examines how democratic leadership and work motivation influence employee performance among officers of *Satuan Polisi Pamong Praja (Satpol PP)* Cirebon. In economic terms, the variables function as managerial inputs that shape labor productivity and organizational efficiency. Democratic leadership is expected to reduce coordination and monitoring costs by fostering participation and trust (Robbins & Judge, 2019), while motivation (intrinsic and extrinsic) is an incentive mechanism that increases the supply of effort and discretionary behavior (Herzberg, 1959; Ryan & Deci, 2000).

### **Descriptive statistics of core variables.**

Table 1 reports the summary statistics. On average, respondents perceived moderate to positive levels of democratic leadership and motivation, with performance scores in the mid-range but with considerable dispersion. This variance is economically meaningful: dispersion in scores indicates heterogeneity in productivity that managerial levers (leadership and motivation) may address.

**Table 1. Descriptive Statistics (n = 70)**

Variable	Mean	SD	Min	Max
X1_total (Leadership)	12.80	5.268	4	20
X2I_total (Intrinsic Motivation)	19.20	7.653	6	30
X2E_total (Extrinsic Motivation)	19.20	7.773	6	30
X2_total (Motivation)	38.40	15.162	12	60
Y_task_total	16.00	6.709	5	25
Y_context_total	19.20	7.979	6	30
Y_total (Performance)	35.20	14.542	11	55

**Bivariate relationships.**

Table 2 shows correlations among variables. Motivation exhibits a stronger correlation with performance than leadership, suggesting that incentive structures—both non-monetary (intrinsic) and organizational supports (extrinsic) are closely tied to output quantity and quality. The moderate correlation between leadership and motivation indicates complementarity without redundancy, which economically implies room for joint optimization (Agarwal & Al-Qouyatahi, 2020; Elamalki, 2024).

**Table 2. Correlation Matrix**

Pair of Variables	Correlation (r)
X1_total ↔ Y_total	0.728
X2_total ↔ Y_total	0.844
X1_total ↔ X2_total	0.502

**Model assumptions and validity checks.**

Classical assumptions were satisfied. Residuals were normally distributed (Kolmogorov–Smirnov  $p = 0.49374$ ). Glejser tests showed no heteroskedasticity ( $p > 0.64$  for X2\_total;  $p > 0.51$  for X1\_total). Multicollinearity measures were acceptable (Tolerance = 0.748, VIF = 1.337). These diagnostics strengthen confidence in the estimates and their economic interpretation as unbiased marginal effects (Vroom, 1964; Ryan & Deci, 2000).

**Table 3. Assumption Tests (Summary)**

Test	Statistic / Value	Decision
Normality (K–S)	0.097; $p = 0.49374$	Normal residuals
Heteroskedasticity (Glejser) X1_total	$t = -0.660$ ; $p = 0.51155$	Homoscedastic

Test	Statistic / Value	Decision
Heteroskedasticity X2_total	(Glejser) $t = 0.458; p = 0.64814$	Homoscedastic
Multicollinearity	Tolerance = 0.748; VIF = 1.337	No multicollinearity

**Main regression results.**

The multiple regression indicates that both predictors are positive and significant ( $p < 0.001$ ). Motivation ( $B = 0.601$ ) has a larger coefficient than leadership ( $B = 0.454$ ). The model explains 83.7% of performance variance ( $R^2 = 0.837$ ) and is highly significant ( $F = 172.188; p < 0.001$ ). Economically, this high explanatory power implies that internal managerial levers leadership style and motivation systems—account for most productivity differences in this setting (Agarwal & Al-Qouyatahi, 2020; Purwanto & Bernarto, 2024).

**Table 4. Regression Coefficients (Dependent Variable: Y\_total)**

Parameter	Coefficient (B)	Std. Error	t-value	p-value
Constant	-2.412	2.161	-1.116	0.268
X1_total (Democratic Leadership)	0.454	0.064	7.145	<0.001
X2_total (Work Motivation)	0.601	0.054	11.229	<0.001

**Table 5. Model Fit and ANOVA (Simultaneous Effects)**

Indicator	Value
R	0.915
R <sup>2</sup>	0.837
Adjusted R <sup>2</sup>	0.832
Std. Error of Estimate	5.926
F (Model)	172.188
df (Regression, Residual)	2, 67
Model p-value	<0.001

**Interpretation: leadership effect.**

The positive effect of democratic leadership ( $B = 0.454$ ) supports the view that participatory and transparent management reduces transaction and monitoring costs inside the organization. When officers are involved in operational decisions, they internalize objectives and align effort with organizational priorities, lowering the probability of shirking and improving output quality (Robbins & Judge, 2019). In enforcement contexts, this translates into timelier reporting, better compliance with SOPs, and stronger initiative in field operations—all of which increase effective labor productivity without immediate fiscal outlays (Agarwal & Al-Qouyatahi, 2020).

**Interpretation: motivation effect.**

Motivation's larger coefficient ( $B = 0.601$ ) indicates stronger marginal returns to performance from enhancing intrinsic and extrinsic incentives. In economic terms, motivation elevates the marginal product of labor by increasing effort and creativity per hour worked. Intrinsic drivers (achievement, meaning, autonomy) work as low-cost, high-impact levers, while extrinsic supports (recognition, job security, fair policies) stabilize effort over time, especially under public sector budget constraints (Herzberg, 1959; Elamalki, 2024). The dual pathway mirrors *Self-Determination Theory* where autonomy and competence elevate persistent, high-quality effort (Ryan & Deci, 2000).

**Joint effects and complementarity.**

The high  $R^2$  suggests a complementary relationship: democratic leadership enhances the conditions for intrinsic motivation (autonomy, relatedness), and fair extrinsic structures reinforce instrumentality the belief that performance leads to valued outcomes (Vroom, 1964). From a production function perspective, leadership and motivation act as joint inputs that, together, shift the performance frontier upward. This synergy is typical in public service organizations where clarity, voice, and recognition align with disciplined compliance and proactive behavior (Purwanto & Bernarto, 2024; Pantih, Khaq, & Suwarno, 2025).

**Robustness considerations and sectoral contingencies.**

Despite strong results, prior evidence cautions that democratic leadership can be less effective in rigid, highly hierarchical settings if participation slows decisions or blurs accountability (Siahaan, 2024). Similarly, motivation gains may be constrained by external factors (infrastructure, policy consistency), reducing the conversion of effort into output (Bahasoan & Baharuddin, 2023). For *Satpol PP*, maintaining clear role boundaries, timely decision protocols, and visible recognition is crucial so that participation and incentives translate into operational efficiency (Robbins & Judge, 2019; Herzberg, 1959).

**Discussion****Leadership and productivity efficiency**

The findings show that democratic leadership significantly improves employee performance. From an economic perspective, this leadership style reduces coordination and monitoring costs by creating transparency and trust. When employees participate in decision-making, they understand organizational goals better, which lowers the risk of shirking and increases output quality. This aligns with agency theory, where reducing information asymmetry and improving goal alignment leads to higher efficiency without additional financial cost.

**Motivation as a cost-effective incentive**

Work motivation has an even stronger effect on performance than leadership. This suggests that motivation acts as a powerful incentive mechanism that raises the marginal productivity of labor. Intrinsic motivation—such as pride, responsibility, and autonomy—encourages employees to work harder and more creatively without requiring large financial rewards. Extrinsic factors like recognition and job security stabilize effort and reduce performance variability. For public organizations with limited budgets, this approach is economically efficient because it improves output without increasing wage costs.

**Complementary effects and synergy**

The combined influence of leadership and motivation explains more than 80% of performance variation, indicating strong complementarity. Democratic leadership creates an

environment that supports autonomy and fairness, which strengthens intrinsic motivation. At the same time, motivation reinforces the belief that effort leads to valued outcomes, consistent with expectancy theory. Together, these factors move the organization closer to its productivity frontier achieving higher output at the same or lower cost.

### **Risks and efficiency boundaries**

Despite these benefits, there are conditions where these strategies may fail. If democratic leadership slows decision-making or creates unclear responsibilities, transaction costs can rise, reducing efficiency. Similarly, motivation may not translate into better performance if infrastructure or policy inconsistencies prevent employees from converting effort into results. These risks highlight the need for alignment between leadership style, incentive design, and operational systems to avoid inefficiencies.

### **Policy implications for resource optimization**

The results provide practical guidance for improving performance in a cost-effective way. Managers should institutionalize participatory planning and transparent communication to reduce information gaps. They can also strengthen intrinsic motivation through autonomy in task execution and public recognition programs, which are low-cost but high-impact. Extrinsic incentives, such as commendations for timely reporting or SOP compliance, can further align effort with organizational goals. These measures optimize human capital utilization and reduce unnecessary costs.

### **Answering the research questions**

First, democratic leadership improves performance by reducing internal frictions and aligning effort with organizational priorities. Second, motivation has an even stronger effect, confirming that well-designed incentives increase labor productivity under fiscal constraints. Third, the joint effect of leadership and motivation is substantial, showing that complementary managerial inputs can shift the efficiency frontier in public organizations. These findings are economically significant because they identify where efficiency gains occur (monitoring, coordination, discretionary effort) and how managers can achieve them without increasing budgets.

## **CONCLUSION**

This study demonstrates that democratic leadership and work motivation significantly influence employee performance within the Satpol PP of Cirebon City. Both variables contribute positively, with work motivation exerting a stronger effect than leadership. These findings answer the research objectives by confirming that participatory leadership practices and well-designed motivational strategies are critical drivers of productivity in public sector organizations.

From an economic standpoint, the results highlight how non-financial managerial interventions can optimize resource utilization and reduce inefficiencies. Democratic leadership lowers transaction and monitoring costs by improving transparency and trust, while motivation particularly intrinsic factors such as autonomy and achievement enhances discretionary effort without imposing additional fiscal burdens. Together, these factors act as complementary inputs that shift the organizational efficiency frontier, enabling higher output at constant or reduced cost.

The contribution of this research extends beyond the immediate context by reinforcing the relevance of behavioural economics and organizational theory in public administration. It provides empirical evidence that productivity improvements in government institutions do not always require increased financial incentives; instead, strategic leadership and motivation

policies can deliver sustainable performance gains. This insight strengthens the theoretical integration of leadership and motivation frameworks with economic principles of efficiency and cost minimization, offering a practical roadmap for resource-constrained organizations seeking to enhance service quality.

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