

**The Importance of Leadership Behavior and Motivation  
In Creating Employee Performance: (A Study at the  
Faculty of Economics and Business,  
University of Brawijaya)**University of Brawijaya  
Malang, Indonesia  
<http://apmba.ub.ac.id>**Abdo-Alaziz. H. E Mihrez<sup>a\*</sup>**  
**Armanu<sup>b</sup>**<sup>a</sup> Higher Institute of Comprehensive Vocations in Yefern, Libya; <sup>b</sup> Faculty of Economics and Business, University of Brawijaya, Malang, Indonesia**Abstract**

This research was conducted at the faculty of economics and business, Brawijaya University which aimed to determine whether there is a direct effect of leadership behavior on intrinsic motivation, extrinsic motivation, and employee performance. In addition, it was done to determine the effect of indirect leadership behavior on employee performance through intrinsic and extrinsic motivation. In this study, the data were collected using a questionnaire with Likert scale, and then distributed to 65 employees UB. To answer the purpose of this study, the method of analysis used was used Partial Least Square (PLS). The results of the analysis in this study inform that leadership behavior has a positive and significant effect on intrinsic motivation, extrinsic motivation, and employee performance. Later in this study it was found that intrinsic motivation variable does not have significant and negative effect on the performance of employees and it is unable to mediate the effect of leadership behavior on employee performance. Meanwhile, extrinsic motivation variable gives positive and significant effect on the performance of employees and it is said that extrinsic motivation is also able to mediate the influence of leadership behaviors on employee performance.

**Keywords**Leadership Behavior, Intrinsic Motivation, Extrinsic Motivation, and Employee Performance.  
Received: 10 September 2014; Accepted: 11 November 2014; Published Online: 30 December 2014**Introduction**

Managing people at work is an integral part of the management process. The human element is the most important real resource affecting the efficiency and effectiveness of the organization since it is the ruling and the most influential among all elements of the production process

(Flippo 1984). Flippo (1984) in his book about "Personnel Management, 6th edition" said the Department of Human Resources of the most important management functions to focus on the human element, which is considered the most valuable resources of the administration, and also the most influential in productivity.

Administration of human resources means short optimal use of the human component expected over the efficiency, capabilities and expertise of this human element. The foundation aims to make better quality in each individual of the organization through the management of human resources. These foundations start from planning, testing, training, giving incentives, evaluating, and all things related to the human resources (Flippo 1984).

A well-managed organization appreciates the average worker as the root source of quality and productivity gains (Flippo 1984). Such organizations do not consider capital investment, but employees, as the fundamental source of their improvement. The organization is considered to be effective to the extent that it can achieve its objectives. Effective organization will make sure that there is a spirit of cooperation and the spirit of commitment and satisfaction within their sphere of influence. In order to make employees feel satisfied and committed to their jobs in academic and research libraries, for example, there is a need for strong and effective motivation at the various levels, departments, and sections of the library (Flippo 1984).

Motivation is a basic psychological process. Recent data which are based on comprehensive analysis conclude that competitiveness problems appear to be largely motivational in nature (Miner, Ebrahimi, and Wachtel, 1995). Along with perception, personality, attitudes, and learning, motivation is a very important element of behavior. Nevertheless, motivation is not the only explanation of behavior. It interacts with and acts in conjunction with other cognitive processes. Motivating is the management process of influencing behavior based on the knowledge of what make people click (Luthans, 1995). Organizations are an-

integral parts of our lives because they provide services to meet the basic needs we have. Central to any organization's performance is the motivation of its members. Indeed, organizational motivation is closely related to some fundamental questions in organization theory in particular and to public administration in general. Organizations focus on how organizations can be efficient and responsive or accountable to their customers. Since organizations are simply human collectivities, in essence applies to organizational members and, in particular, to what motivate them to be efficient and responsive. Although various models of organization have been addressed, either implicitly or explicitly, the question of motivation in organizations, have not yet come up with satisfactory answers (Luthans, 1995).

Luthans (1995) in his book about "Organizational Behavior, 5th edition" said the significance of organizational motivation does not consist of its close relationship to the fundamental questions of organizational efficiency and responsiveness alone, but also of its relevance to how organizations are structured. As this latter consideration may affect such concepts as human dignity, freedom, respect, brotherhood, and justice. This is said that organizational structures are not morally or spiritually neutral though much as these values have moral and spiritual roots (Luthans, 1995). Organizational structures are found on certain underlying assumptions about human nature and motivation that underpin several principal organization models.

One common characteristic of these models is the assumption that the individual has certain self-centered needs governing his/ her behavior and that the organization can, by satisfying these needs, motivate the individual to contribute

toward the achievement of organizational goals (Luthans, 1989). It can be seen that these models describe the organizational structures that are harmful to some human values, and the reduction of the individual to a mere tool of the organization is considered fail in solving any of the permanent organizational problems. These values give staffs guidance in conducting certain motives for certain work to be effective and responsive to the public. Luthans (1989) asserts that motivation is the process that arouses, energizes, directs, and sustains behavior and performance. It is the process of stimulating people to act and to achieve a desired task. One way of stimulating people is to employ effective motivation, which makes workers feel more satisfied with and committed to their jobs. Money is not the only motivator as there are other incentives which can also serve as motivators.

Based on the theory and empirical evidence, researchers use variables of leadership behavior, motivation, and job satisfaction are expected to provide an explanation of the effect on employee performance, which is expected to become effective accelerator for reaching the purpose, vision and mission of FEB UB.

This study aims to investigating the direct effect of leadership behavior on intrinsic, extrinsic motivation and employee's performance, then the effect of intrinsic and extrinsic motivation on employee performance. Than in this study also investigates the influence of indirect leadership behavior on employee performance through intrinsic and extrinsic motivation.

## **Review of Related Literature And Conceptual Model**

### **Introduction**

Leadership is the ability that belongs to someone to influence others in order

to achieve work objectives. Leadership behavior is the response of employees against various behavior committed by their leaders in the process of directing, leading and influencing employees or workers (Robbins (2003). The leadership behavior is related to the process of social influence. Inside it there are some aspects like functions guide, guide, build, give, motivate, reward, which build a network of communication and bring members to the achievement of the vision and mission of the organization. If the leadership goes with optimal function, it can be predicted that it will boost employee performance, and vice versa. According to Robbins (2003), the ability which included intelligence and leadership of smart employees who has appropriate leadership behavior will boost employees will work well and produce employees who can produce a good performance as well.

The performance was the appearance of the work of employees both in quantity and quality aspect. Performance can be either an individual work and group performance (Ilyas, 1993). With good leadership behavior, a leader will be well likened by his employees and thus it will increase employee performance and vice versa. If the leadership behavior of superiors is not liked by subordinates or employees it will result in a decrease of performance of employees. Research conducted by Saleh (2006) states that the leadership affect the performance of employees in an organization.

Every employee has the psychological factors that indicate individual interests to the forefront of his choice, complacency and his decision in taking a part in a responsible working activity (Robbins (2003). Motivation is a factor that moves people to act, as the psychological factors can grow due to the demands of the fulfillment of the requirement (Robbins (2003). The higher the level of fulfillment

will foster a strong motivation in working, that the relation between motivation of working with performance can be predicted. According to Robbins (2003), motivation affects the performance of the employees, because if employees are motivated in their work, then they will work happily and excitedly and thus produce good performance.

Employee motivation is measured by 2 things: namely extrinsic motivation and intrinsic motivation (Herzberg, 1959). The Intrinsic motivation of the work is the motivation that comes from the employee himself that includes interest and positive working attitude. The existence of the high and positive working interest will produce better work efficiency so that its employees can produce optimal performance (Herzberg, 1959). Employee performance is reached by someone in doing work activities over time. Extrinsic motivations also have an effect on the performance of employees (Herzberg, 1959). It is done by giving stimulation in the form of bonuses and allowances to recognize employees who have better working achievement compared to other employees. This stimulation will affect employee interests which can foster a positive attitude on employees (Herzberg, 1959).

This condition is expected to affect the performance of the employees. Herzberg (1959) says that, in general high work motivation makes employees work well and give all effort to obtain maximum results which increase from time to time. Based on the above description it can be concluded that in the presence of a high work motivation then is expected to improve the performance of employees.

Working performance is defined as the outcomes of the employees work and objectives which are aligned with the organizational goals and objectives

which require the employees to work effectively and efficiently. Motivation and work performance of the employees are measured using different techniques of performance appraisal system. Currently there more and more studies conducted to measure the performance by reactions of user to performance appraisal (Jawahar, 2007). The reactions are approximately always appropriate and adverse reactions can be very difficult which is carefully constructed as the system of appraisal (Murphy and Cleveland, 1995).

Kuvaas (2006a, 2007) concludes that there is positive relationship between performance appraisal and commitment of the organization and that intrinsic motivation plays a moderate role in the relationships. Furthermore, positive relationship is evident between the performance appraisal and employees work performance in which autonomy orientation acts as moderate between their relationships (Kuvaas, 2006a, 2007). He also asserts that there is increasing and positive interaction between reactions of the employees and employees work performance in which feedback plays moderate role between their relationships (Kuvaas, 2011). This present study employs the 6 advanced work performance dimensions (acceptability, hard-working, extra effort, better performance, job engagement, and quality of work) of Kuvaas for the measurement and identification of the employees.

According to Stephen p. Robbins (2001), it is mentioned that employee performance is a function of the interaction between ability and motivation but there are still parts that are still missing from an individual who was part of both the ability and motivation of each employee, namely a chance. Thus it can be concluded that the employee performance is made up from the ability and motivation. Faustino Gomes (1995) says the performance of

the job is to record the results or outputs (outcomes) that results from a particular job or specific function activities within a given time period. While performance measurement according to Faustino Gomes (1995) is a way to measure the level of contributions of the individual to the organization.

Faustino Gomes (1995) further explains that there are two criteria for the measurement of employee performance namely (1) the measurement based on the end result (result-based performance evaluation); and (2) measurement based on behavior (behavior-based performance evaluation). Measurement based on the results measures performance based on the achievement of the objectives of the organization or measure the end results only. The purpose of the organization is defined by the management or the Working Group, then the employees based on their performance is assessed and spurred how far they achieve the goals that have been set. The criteria of this measurement refer to the concept of management by objective (MBO). Performance measurement which is gained this way has the criteria of having all targets clearly and quantitatively measurable. The main drawback, however, is in practice life organization has a lot of work which cannot be measured quantitatively so it neglects the performance dimensions which cannot be quantified (Faustino Gomes, 1995).

The performance of the employees in this study is measured based on the criteria of a specific behavior with the consideration that the measurement of this kind, although according to Faustino Gomes (1995) actually has been around since long ago, has gained wider attention in empirical research on organizational behavior and human resources. Performance measurement based on behavior allows disclosure aspects of the wider work until

it acquires the picture of comprehensive performance.

### **Leadership Behavior**

Leadership is an important activity in an organization. However, to find and to be a leader that is able to bring to a change is not easy. This was also claimed by Gordon (1991) that not all can be an effective leader in an organization. An effective leader is a leader whose members can feel that their needs can be met, either work, motivation, recreational, health, food, housing needs or any needs that people deserve to get. This means that all staffs need working in an organization can fully be met. This situation illustrates a positive relationship between a leader and his organizational member. According to Boles (1980) leadership is a group of acts in which one leader uses his influence, authority to another (follower) in driving a social system to gain one or more social systems.

In an educational institution, leadership is essential. As stated by Petos and Austin (1986) in Sallis (1993) who stated that every institution needs a leader having vision and mission, to be close to his university student, possessing a broad and innovative idea, be familiar and having strong spirit. The result of leadership in higher education will be noted from how he determines a policy of consideration bases in making a decision, a way and a party who accepts delegation, behavioral guides in working and standard guides in monitoring.

Leadership is defined as “the process of influencing the activities of an organized group towards goal setting and goal accomplishment”. This definition is much broader than previously cited definitions for, in addition to mention the importance of goal and group; it takes into account the relevance of goal setting as



well as accomplishment. The traditional perspectives of leadership perceive the concept of leadership as inducing compliance, respect and cooperation. In other words, the leader exercises power over the followers to obtain their cooperation (Anderson et, al., 1998). In addition to that, the old leadership perspectives are based on leader's role as formulating goals, and ensuring their efficient accomplishment.

Leadership can also be viewed as a capacity, which implies that, the capacity of a leader is to listen and observe, and to use his expertise as a starting point to encourage dialogue between all levels of decision-making, to establish processes and transparency in decision making, and to articulate his own values and visions clearly but not to impose them. (Schermerhorn, Hunt and Osborn (2000)).

However, Maxwell (1999) has a different opinion stating that the leader's attention is on what he/she can put into people rather than what he/she can get out of them, which can be used to build the kind of relationship that promotes and increase productivity in the organization. For example, leadership as a process in which an individual sets direction for their people and carries them along in that direction with competence and productivity. This approach emphasis is on transformation that brings positive change in the organization, groups, interpersonal relationships and the environment.

The execution of tasks and work is an obligation for employees within an organization, either in a government organization or in a non-governmental organization. Later it is expected that the execution of tasks is done in accordance with the standard set which has previously been set so that it will gain the satisfactory results. To get a good work which is in accordance with the objectives of the

organization any leader of an organization can be ensured to have rules and regulations as outlined in the policy form. This policy is created with the intention that every component of the organization is expected to carry out duties in accordance with its intended purpose. In order to achieve these objectives, there needs to be a factor that must be owned by the employees, the morale. Morale itself arises and grows in employees due to the motivation of the leaders in the sense of a leader to motivate or give encouragement to employees or members, both physical and mental support. Therefore, the provision of motive by the leader is an obligation that must be executed in order to grow and arise employee morale as employee success depends very much on the motivation and the leadership provided by the policy.

The leader has the responsibility for creating a situation that could encourage members to achieve the purpose specified. Leadership became a symbol of a person's ability to affect individual or group. A leader must be able to maintain the harmony between his full of an individual needs with objectives of an organization. An effective leader should recognize the important forces in the an individual or a group, as well as the flexibility in how to approach objectives to improve the performance of the entire organization.

Leadership within the company is important in an era of modern organizations that require the presence of democratization in the execution of the work and leadership of the company. Leadership is an art which exerts any resources that belong in an attempt to reach a strategy which is adapted to the environmental conditions. A consequence that may arise from the existence of bad leadership is the Employee performance of his descent which will take effect to decrease the total performance of the company. Leadership is the ability to

influence others or his subordinates so they are willing to do the will of the leader to achieve the objectives of the Organization even though personally it is probably not acceptable.

Gooraki, et al (2013); Jenster (2009); Mario Buble, et al (2014); show leadership behavior has positive and significant effect on intrinsic and extrinsic motivation. Than the research of Zainal Ariffin, et. al (2009); Veronica Celattia Tandoh (2011), show leadership behavior has positive and significant effect on employee performance.

Employee performance cannot be separated from the role of the leader to provide instruction and care for the employees and to always set goals and standards to be achieved by the employee in performing their duties, so that it will automatically create harmonious working conditions. By doing so, the employees will feel motivated by the presence fun working conditions. Not only that, the strategies of leadership which are able to improve the performance of employees, such as recognition performance, awards, office workers for promotion, salary increases, become very important aspects. Thus employees are comfortable with the conditions of service given and they will be motivated to make improvements in their performance.

Yidong, Tu and Xinxin, Lu (2013) and Muhlis Mallajareng (2014); show leadership has positive and significant indirect influence to employee performance through motivation.

The followings are the hypotheses that explain the relationship between leadership motivation on intrinsic motivation, extrinsic motivation and employee performance, intrinsic motivation mediates the relationship between group ethical leadership and innovative work behavior, so it can be concluded that the

leadership group ethical gives significant effect on intrinsic motivation which later can affect the innovative work behavior.

H1: There is a leadership behavior impact in intrinsic motivation in FEB UB

H2: There is a leadership behavior impact in employee performance in FEB UB

H3: There is a leadership behavior impact in extrinsic motivation in FEB UB

H6: The influence of the leadership behavior toward employee performance is mediated by the intrinsic motivation at FEB UB

H7: The influence of the leadership behavior toward employee performance is mediated by the extrinsic motivation at FEB UB

### **Employee Motivation**

Robbins (2003) stated that motivation is a willingness to do optimal endeavor which is possible in the accomplishment of an organization objective that is influenced by the ability to satisfy needs some individual. According to Flippo (1984), motivation is a skill, in driving employees and organization to work and succeed so desire of the employees and organizational goal can be well achieved at once. The desire of a work can be improved with the help from two aspects of motivation.

Steers and Porter (1983), explained that the motivation of working is a condition in which the influence of activator, direction and maintenance of conduct are appropriate with the task that one does. Motivation refers to the movers, briefing or plaintiff, and persistence in behavior. Understanding these three aspects of motivation, i.e. movers, direction, and perseverance is very important. Movers is directed to the ability to answer the question why the special things they do everything, while briefing answers

statement on why the special things are done and perseverance is the ability to answer the question why one keeps on continuing the job (Berry and Houston, 1993).

Motivation is one of the movers in one's heart to do or accomplish something objective. Motivation can also be described as a plan or desire to reach success and avoid failure. In other words, the motivation is a process to achieve a purpose. Someone who has the motivation means he does have the power to gain success in life. According to Herzberg (1959), there are two types of factors that encourage a person to attempt to achieve satisfaction and distance themselves from the insurrection. These are called hygiene factor (extrinsic factor) and to motivator factor (intrinsic factor). Hygiene factor motivates someone to get out of dissatisfaction, including therein is human relationships, reward, environmental conditions, and so forth (extrinsic factor), whereas motivator factor motivates someone to attempt to reach a contentment, including achievement, recognition, life level development, etc. (intrinsic factor).

Intrinsic motivation is a tribute from the perceived individual when doing a job and that job is able to give satisfaction to him or her. Intrinsic motivation does not only lie in the individual, but also in relationships between individuals with its activities. Intrinsic motivation is a form of motivation that has great power in which a person feels comfortable and happy in doing tasks that are customized with the value of the task. People who are intrinsically motivated will commit to a job than those who are motivated by extrinsic motivation (Deci and Ryan, 2000). People who are intrinsically motivated will perform tasks since there is a pleasure when doing the task. Ryan and Deci (2000) expect people to be able to take responsibility for their own actions

and do not do actions which are against the rule so that the job they do will give a pleasure feeling to that person.

Intrinsic motivation is an impetus that exists in the individual where the individual feels happy and excited after doing a series of jobs (Elliot, et al, 2000). Intrinsic motivation occurs and inherent in the work itself and it is not imposed from outside. Intrinsic motivation factors are factors that drive employee to achieve his goals which are affected by outer factor including achievement, creative and challenging work, and increased responsibility (Luthans, 1995).

Extrinsic motivation is a concept about the activities which are carried out to achieve the results that come from outside yourself. Behavior that is motivated by extrinsic behavior is not inherent in the individual, so there is a need to get a boost from the outside. Behavior that is motivated by extrinsic behavior is not a inherent in the individual so there is a need to get encouragement from the outsider. The main reason for people to behave this way because they feel valued by others who are close to him. Intrinsic factors include security status, relationship with a colleague, working conditions, relationships with supervisors, and administrative wisdom of the company.

Extrinsic motivation is something given to employees in the form of vacation and other thing which is considered helpful to relieve the tension of. For the benefit of this research there are two factors of motivation namely intrinsic motivation factors in the form of the job contentment of an individual feel when doing the job covering achievement, confessions, responsibility, growth and development of this work. Whereas, the extrinsic motivation factors relating to environmental terms or from the outside work which may be reared covering salary,



relations with fellow worker, supervisor, and wisdom organization.

Motivation is the attitude of the employees when facing certain working situation in companies. Motivation is the condition or the energy that moves the selves guided or directed employees to achieve organizational governance. It is the mental attitude of pro and positive employees against work situation to achieve maximum performance. Motivation is seen in the sense of how members of your organization interpret their work environment. Vitality will very much based upon the worker's factors what gives participation and deals with the negative effects of a person's vitality as well as what caused excitement in the work.

Having employees with high working motivation is the central capital for an enterprise to be able to increase a higher enterprise performance through employees; it is certainly the hope to be achieved by the company. The company can choose how to motivate employees properly in accordance with the situation and condition of the company.

Employees are the persons who are able to achieve the goal of the company. To develop positive behaviors on how to work in a company, an employee should be taught on how to accomplish an

objective and thus motivation in case is internal and external good motivation. Motivation is encouragement, effort and desire existing in an individual which can lead one's behavior to do a duty or a good job, while performance is the level of achievement after conducting a specific task execution. In the context of human resource development, performance of an employee in a company is required to achieve his own success and the success of the company as well.

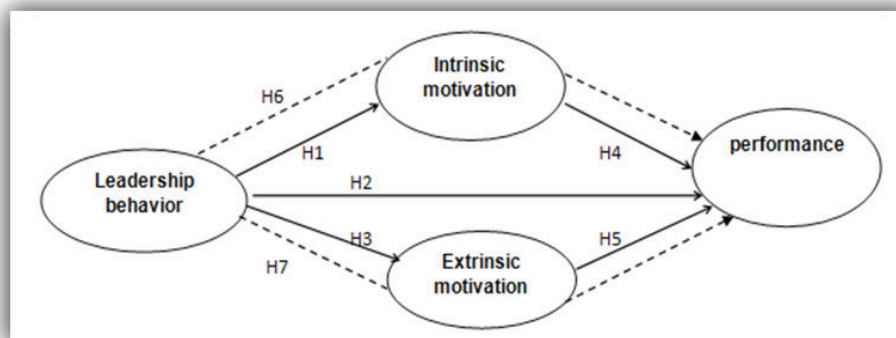
Akanbi and Ayobami (2001), Ismail Khan, et. al, (2013); Fauzilah Salleh (2011); Hatice Özutku (2012); Yidong, Tu and Xinxin, Lu (2013); Rashid Saeed, Hafiza Hafsa Nayyab and Rab Nawaz Lodhi (2013), said in their research that intrinsic and extrinsic motivation has positive and significant effect in increasing employee performance.

The followings are the hypotheses that explain the relationship between intrinsic and extrinsic motivation on employee performance.

H4: There is intrinsic motivation impact in employee performance in FEB UB

H5: There is extrinsic motivation impact in employee performance in FEB UB

Based on the explanation above, this study is regarded as important to conduct. The concept of this study can be seen in the Figure 1.



**Figure 1. The Concept of Study**

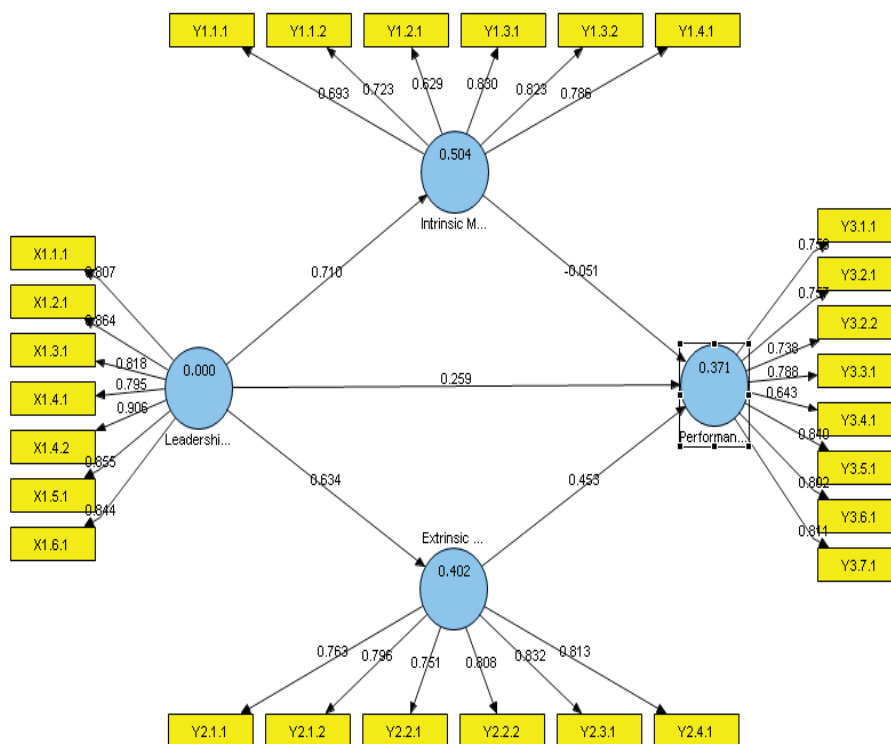
**Methodology**

The research design of this study is using quantitative approach and the method used is empirical research survey. A quantitative approach is research that is identical with the deductive approach which the common issues are made into particular details so that this research must have a foundation of theory. Quantitative research is divided into two methods: descriptive and explanatory research methods. Explanatory research is research that aims to analyze the relationships between the variables with other variables or how one variable affects the other variable (Kotler, et al., 2006). This study will be conducted all employee of FEB UB. The unit of analysis used in this study is the individual. Primary data collection was carried out with distributing the questionnaire. This study uses data measurement Likert scale; scale ranges

used are the numbers 1 through 5. Figure 1 indicates “strongly disagree “, the number 2 indicates “disagree “, the number 3 shows the “neutral”, the number 4 shows the “agree”, and the number 5 indicates “strongly agree “ Kinnear in Umar (2003). Data analysis methods used in this study is the description and analysis of the inferential statistical Partial Least Square (PLS).

**Result and Analysis**

Hypothesis testing and direct path coefficients between leadership behavior, intrinsic motivation, and intrinsic motivation on employee performance in FEB UB can be seen from the path diagram of the estimation results of analysis of Partial Least Square (PLS). Exogenous variables has a significant effect on endogenous variable if the value of t-statistics greater than 1.96 (alpha ( $\alpha$ ) = 5%).



**Figure 2. Diagram of Direct Path and Hypothesis Testing**

First hypothesis discuss the influence of leadership behaviour on intrinsic motivation. In the table of hypotheses testing, this finding shows that leadership behaviour has a positive effect on intrinsic motivation ( $\beta=0.710$ ,  $t=12.971$ ). The statistic testing shows that  $t$  statistics  $> 1.96$ , so that the leadership behaviours have positive and significant relationship on intrinsic motivation. This means that stronger leadership behaviours tend to improve intrinsic motivation. The better leadership behaviour perceived by employee, the higher is the intrinsic motivation and the wiser is the instruction wise.

Second hypothesis influences the leadership behaviour of the employee performance. In the table of hypotheses testing, this finding shows that leadership behaviour has a positive effect on employee performance ( $\beta=0.634$ ,  $t=8.576$ ). The statistic testing shows that  $t$  statistics  $> 1.96$ , so that the leadership behaviour has positive and significant relationship on employee performance. This means that stronger leadership behaviours tend to improve employee performance. The better leadership behaviour perceived by employee, the higher is the employee performance, the wiser is the instruction.

Third hypothesis describes the influence of leadership behaviour on extrinsic motivation. In the table of hypotheses testing, this finding shows that leadership behaviour has a positive effect on extrinsic motivation ( $\beta=0.259$ ,  $t=2.320$ ). The statistic testing shows that  $t$  statistics  $> 1.96$ , so that the leadership behaviour has significant relationship on extrinsic motivation. This means that stronger leadership behaviours tend to improve extrinsic motivation. The better leadership behaviour perceived by employee the higher is the extrinsic motivation.

Fourth hypothesis influences intrinsic motivation to employee performance. In the table of hypotheses testing, this finding shows that intrinsic motivation has a negative effect on employee performance ( $\beta=-0.051$ ,  $t=2.320$ ). The statistic testing shows that  $t$  statistics  $< 1.96$ , so that the intrinsic motivation doesn't have significant relationship and it has negative effect on employee performance. This means increasing intrinsic motivation, tends to decrease in employee performance, but its effect was not significant. The better intrinsic motivation perceived by employee the higher the employee performance which later results in the appreciation of employee work.

Fifth hypothesis is the effect of extrinsic motivation to employee performance. In the table of hypotheses testing, this finding shows that extrinsic motivation has a positive effect on employee performance ( $\beta=0.453$ ,  $t=2.959$ ). The statistic testing shows that  $t$  statistics  $> 1.96$ , so that the extrinsic motivation has positive and significant relationship on employee performance. This means increasing extrinsic motivation tends to improve employee performance. The better extrinsic motivation perceived by employee, the higher is the employee performance which is safety is prioritized in the working environment.

Sixth hypothesis is the influence leadership behaviour towards employee performance through intrinsic motivation. In the test results shown in the table above it can be seen that the value of path coefficient between leadership behaviours towards employee performance through intrinsic motivation is  $-0.036$ . This means that leadership behaviours has negative effect on employee performance through intrinsic motivation, so stronger leadership behaviours tend to improve the intrinsic

motivation to decrease the employee performance. Then the value of t statistics relationship between leadership behaviour towards employee performance through intrinsic motivation is 0.520 (<1.96). This suggests that leadership behaviour has not significantly influence the performance of employees through intrinsic motivation.

Seventh hypothesis is the influence the leadership behaviour to employee performance through extrinsic motivation. In the test results shown in the table above it can be seen that the value of t statistics relationship between leadership behaviour towards employee performance by extrinsic motivation is 0.288 stating that the leadership behaviours give positive effect on employee performance through extrinsic motivation. This means that stronger leadership behaviours tend to improve extrinsic motivation, which leads to the increase of employee performance. Then the value of t statistics relationship between leadership behaviour towards employee performance by extrinsic motivation is 2.781(>1.96). This suggests that the leadership behaviours give significant effect on employee performance through extrinsic motivation.

## Discussion

The results of the analysis conclude that the leadership behaviours give direct positive and significant effect on intrinsic motivation, in which stronger leadership behaviours tend to improve intrinsic motivation. The hypothesis formulated in this study show a relatively equal finding and support several previous studies as proposed by Mario Buble, et al. (2014); Jenster (2009); and Ficke H. Rawung (2013). Leadership behaviour develops the inner strength of the human being motivating them to act and behave well. Though physically invisible, it is felt in the form of strength to help a leader to act and work to satisfy his needs. Good leadership

behaviour helps a leader in stimulating the activity of the individual and activates his own behaviour toward particular goal. It is done to achieve the goal or result to satisfy the need of certain physiological and psychological state. Overall, it is done to achieve organizational goals in order to increase one's ability to meet certain needs.

Based on the results of the analysis, it is revealed that the leadership behaviours directly give positive and significant impact on employee performance, in which stronger leadership behaviours tend to improve employee performance. The hypothesis formulated in this study show a relatively equal result and support several previous studies proposed by Veronica Celattia Tandoh (2011); Zainal Ariffin, et al. (2009); and Abdikarin Sheikh Abdulahi Ali, Hussein Osman Elmi, and Ali Ibrahim Mohamed (2013). Leadership behaviour is very important and has a significant impact in increasing employees motivation through direct communication with employees. Thus a leader must know his behaviour and needs and make them in line with the employees expectation which can be used to raise the level of the university and to reach to the achieve goals. Samples of this study reveal the fact that the university did not neglect this aspect and the results are satisfactory. The influences may be caused by many factors ranging from salaries, independence of work, job security, and flexibility in the workplace, and leadership. In particular, the leaders of the organizations can adopt appropriate leadership behaviour to affect employee satisfaction, commitment and productivity. The results of the study show that the university does not neglect this aspect and the results are satisfactory. The success of the organization in achieving its goals and mission is related to the manner he performs and the qualities of successful leadership he shows. It can



also be seen from his ability to recruit potential staffs who can work hard to build positive human relations among workers, and improve the performance of work they have and motivate them to continue working. Leaders in higher education is the most important approach to the development of this type of education because of its important role in influencing the workers, and deliver their thoughts and behaviour in order to achieve the goals of the University. He is also considered as the commander who is also responsible for organizing interactions between workers, and maintaining the relationship between colleagues to solve the problems caused by this interaction. Democratic leadership is seeking good human relations by involving employees in the decision-making process, and creating good working climate to motivate employees to do their best to achieve the desired goals. Besides having democratic characteristics, a leader seeks trust among his subordinates to reduce anxiety and frustration they have. Overall, there is always a positive relationship between the democratic leadership and work performance.

Based on the results of the analysis, it is concluded that the leadership behaviours give direct positive and significant effect on extrinsic motivation as stronger leadership behaviours tend to improve extrinsic motivation. The hypothesis formulated in this study show a relatively equal finding and support several previous studies as proposed by Mario Buble, et al. (2014) and Jenster (2009). The motivation must be related to the level of performance so that there is difference between the employees according to the level of their performance, which encourages all employees no matter what career they have to make every effort to improve their performance. By doing so organizations will give them incentives

for their improved performance. However, this mode is not followed by the university in terms of the distribution of incentives. This study found that samples do not think that the distribution of incentives is considered proper which thus it results in the dissatisfaction felt by its employees which later impact the labour productivity. It is possible that extrinsic rewards may complicate the relationship between employees and their leader to the point that sometimes a leader may influence his employees to do things which are in contrast with what an employee expects which thus create an inverse relationship between them. If this is found to be the case, the management of non profit organization, especially with respect to leader control will give stronger influence which may be more complicated than earlier thought. Ultimately, the possible relationship between leadership and performance suggests further studies focuses on the relationship between performance and motivation (Howell & Avolio, 1993)

From the results of the analysis, it is concluded that intrinsic motivation directly gives no significant negative effect on employee performance. The hypothesis formulated in this study showed results which are consistent with previous research done by Akanbiand Ayobami (2001) stating that there is no relationship between intrinsic motivation and employee performance. Most of FEB UB Employees are male whose ages range from 40-49 years at most. Moreover, when they work they feel lack of appreciation as they rarely get awards from the leader and co-workers when they do better performance. Moreover, they rarely get any job promotion. In this case, male employees tend to expect to get appreciation or reward and promotion in order to improve their performance. In other words, FEB employees whose ages

range from 40-49 years are expecting a promotion. Therefore, intrinsic motivation gives no significant effect on employee performance. In some ways, such assessments are based on objective and systematic criteria, which include factors relevant to the person's ability to perform on the job. Hence, the overall purpose of performance evaluation is to provide an accurate measure of how well a person is in performing the task or job assigned to him or her. Based on this information, decisions which have been made affect the future of the individual employee.

Human is the most important element which an institution can depend on as human plays an active role in improving the institution progress. It is definitely known that a man usually does not work with all of his power which makes him does less effort. Hence the role of management is to urge staff on improving their performance. Human resource management has contributed to this field which always seeks to attempt to encourage human to always show his maximum performance by making more efforts in the work place. Intrinsic motivation and incentives are groups of the driving forces within human personality of the individual which are important towards the goals of the institution. Intrinsic motivation gives effective impact on the employee performance as it helps them in achieving the goals and his passion for this work have a direct impact on their behaviour, which make them feel that the institution an integral part of their life. The role of management in this case, is the direct contact the employee and fairness in the work between the staff and the Justice and Equality distribute them and refrain from engaging their participation in the decision and responsibility, and this makes the employee works every effort to complete the work and achieve the goals that the organization seeks to reach. Through the questionnaire, which was distributed to

the staff found that the university does not care about the intrinsic motivations for employees and from my point of view on the university must concern the psychological aspect of the employee by raising morale and encouraging them to like the action and refrain from engaging their participation in the decision and take responsibility.

The results of the analysis conclude that the extrinsic motivation directly gives positive and significant impact on employee performance. The hypothesis formulated in this study show the results which is consistent with previous research as proposed by Ismail Khan, et. Al, (2013) stating that extrinsic rewards are found to be positively and significantly correlated with employee performance. Later research by Akanbiand Ayobami (2001) stated that there is existing relationship between extrinsic motivation and the employee performance. Other research has found a link between extrinsic motivation and paid work engagement (Baard, Deci, & Ryan, 2004), public sector employees satisfaction (Leete,2000), and performance related extrinsic rewards (Perry, Hondeghem, & Wise, 2010). Extrinsic motivation is a set of external variables in the work environment or society used by the institutions in an attempt to influence the desires and needs of individuals. It is something outside from the work environment which is provided in the form of employees facilities to raise their needs and motivations.

Extrinsic motivation is the external factor that influences and encourages the individual to do better performance. This is used as a tool used by the leader to enhance employees' superior and outstanding performance which later can improve their job satisfaction and loyalty to the institution and thus it results in the increasing performance. Extrinsic motivation can be used to encourage the

employees to produce maximum efforts in helping the institution achieving its objectives. Extrinsic motivation is given in the forms of bonuses, salary increase and promotions, awards and other things that develop and encourage the employee to work, and develop their abilities to reach the institution's desired goals. It is clearly shown by the statement from the samples taken in this study stating that this university is interested in applying extrinsic motivations to enhance employee performance to work and achieve the objectives of the university in the scientific aspect and contribute to the development of the country through scientific research conducted. Hence, the graduate students are expected to be able to apply their knowledge and experience in the field of management and economics to compete with other countries in improving the country's economy shown by strong and good management it performs.

The results of the analysis conclude that the leadership behaviours directly give no significant negative effect on employee performance. Meanwhile, the hypothesis formulated in this study shows that leadership behaviours directly give positive and significant impact on employee performance. The Leadership Behaviour is very important in the work environment because of its important role in motivating employees to work harder. However, from the sample studied, it seems that this is not followed by the university as leaders here play the leadership role of being mediator by raising the pressures of work. This becomes a problem for employees and the problem faced by the employee and to facilitate their mission to accomplish the simplest and easiest way environment and this leads to love employee to work and motivated by the lack of fear of the assigned tasks. The leaders at the university seem to follow a policy of democratic style in completing

the tasks, but they have neglected the role of mediator in this aspect which then gives negative impact reflected based on the outcome of the study. The good leadership behaviour at work is important to ensure employees job satisfaction and to measure the level of performance of the employee. From the result of the study conducted at Brawijaya University, there is a clear depiction on job satisfaction among employees and this method can be adopted by the administrative leaders for always spreading the spirit of cooperation between the employees and administrative leaders at the university. The importance of giving incentives vary from one individual to another, according to gender, age, job position and the standard of living and one's scientific knowledge as the incentives vary from one institution to another depending on the activity and work practiced by that institution,. It also depends on the field of education or any other area. Therefore, this study helps determining the range of incentives given to different staffing levels. Staffs at Brawijaya University, like other staff s in other institutions need a certain level of those extrinsic motivation or intrinsic motivation to raise their level of performance and to motivate them to do maximum effort. The supervisory approach followed by the leader to his staffs will give them a substantial effect or stimulus to get incentives. This is done as one of his ways of showing his authority and ability to influence the behaviour of workers and urge them to show good work performance and execute commands with the consent and satisfaction, and thus they should not be afraid offer or punishment and administrative concept so that in this case a leader applies a democratic concept.

FEB UB employees has good impression toward the current leadership. The leadership behaviours of their leaders are in a good criterion level. Next, it is

revealed that most employees in FEB UB are male. Then based on age, FEB UB employees have ages ranging from 40-49 years. Moreover, these employees also mention that they rarely get appreciation from their leader or co-workers once they commit to the job they have even when they perform good performance the award and the job promotion are lacking. Meanwhile, male employees tend to expect their work appreciated or rewarded and thus they require promotion in order to improve their performance. Those who are expecting promotion are employees whose ages range from 40-49 years. There fore, it is revealed that there is no significant intrinsic motivation on employee performance. Although the leadership behaviour in FEB UB is considered good, but still this cannot increase employees intrinsic motivation which later influence employee performance. At least this effect has important implications for the performance and satisfaction of employees and it is especially important with regard to the universities importance.

## Research Implication

### Theoretical Implications

The theoretical implications of the findings in this study, implies that, leadership behaviours directly give positive and significant effect on intrinsic and extrinsic motivation, which is in accordance with previous findings by Mario Buble, et al. (2014) and Jenster (2009). Other theoretical implications also confirm the findings of previous studies done by Veronica Celattia Tandoh (2011) and Zainal Ariffin, et al. (2009) stating that the leadership behaviours directly give positive and significant impact on employee performance. Later in this study, it is also found out that intrinsic motivation directly gives negative and no significant effect on employee

performance. This finding is in line with the findings Akanbiand Ayobami (2001). On the other hands, this study results in the finding that extrinsic motivation I directly gives positive and significant impact on employee performance which confirms the study by Ismail Khan, et. al. (2013) and AKANBI and Ayobami (2001). Moreover, the leadership behaviours directly gives no significant negative effect on employee performance. Meanwhile, the leadership behaviours directly give positive and significant impact on employee performance.

### Practical Implications

The findings in this study also produce a practical implication stating that the leadership behaviours can influence employee performance directly or indirectly through intrinsic and extrinsic motivation. This means that improving employee performance can be done by improving and updating the leadership behaviours including the leader's activity in deciding things together with his staffs, giving attention to employees who are not successful at work, always giving clear and discreet instructions, making labour standards, and setting up goals which must be achieved in carrying out the work. Not only the behaviour of the leader, but it can also be done through intrinsic and extrinsic motivation by giving provision of achievements, awards, and promotion, increasing appropriate salaries and benefits, supporting co-workers, giving provision of facilities and social security, and providing adequate working conditions are all things which are empirically proven to improve employee performance.

Thus, the results of this study can provide practical implication that in order to improve the performance of the employee; the leader needs to increase the application of leadership behaviours,



intrinsic and extrinsic motivation as well. Thus, it will carry on improving employee performance improvement in FEB UB.

### Research Limitation

In this study, the conclusion applies in general, are not distinguished by employees working unit, so it cannot optimize the performance of employees in accordance with the needs of employees in each work unit.

In this study, it is found that only employee performance is influenced by leadership behaviour, intrinsic motivation, and extrinsic motivation. Next, there are several variables that affect the performance of the employee, such as organizational culture, organizational commitment, self-efficacy, job satisfaction, and so on. Therefore, to optimize the performance of employees at FEB UB, these variables can also be used.

Measuring the performance of employees in this study is limited to the assessment by the employee. Whereas according to the theory and previous research findings, employee performance measurement is actually so complex including the measurement of employee performance by colleagues and leaders. Therefore, this research can be developed to include the employee performance appraisal of other employees or executives.

### Conclusion

Leadership behaviour variable is predominantly measured by 'instruction-wise' indicators, in which a leader always gives an instruction wise to evaluate his employee. The analysis also mentions that the leadership behaviours directly gives positive and significant effect on intrinsic motivation variable which is predominantly measured by Work facility indicator as suitable work facilities in the office may boost employees intrinsic motivation. Then leadership

behaviour variable directly gives positive and significant impact on employee performance which is predominantly measured by dependability indicator stating that the activity of completing a job on time will show one's good performance. Furthermore, leadership behaviour variables directly gives positive and significant effect on extrinsic motivation which is predominantly measured by responsibility indicator, in which the role and authority of employees is in accordance with the responsibilities attached to them which later can grow their extrinsic motivation. In addition, the leadership behaviour expressed as a variable can provide the most dominant influence on employee performance.

Suitable facilities at work in the office can grow employees intrinsic motivation. However, suitable work facilities are not enough in delivering the intrinsic motivation to influence the employee performance and thus it is directly revealed that it gives no significant effect on employee performance. In contrast to extrinsic motivation, the role and authority in accordance with the responsibilities of the employee is able to grow employees extrinsic motivation and thus it is able to give positive and significant impact on employee performance.

The analysis also shows that there is no indirect effect on the employee performance leadership behaviours through intrinsic motivation. Leadership behaviour gives no significant and negative effect as well on employee performance through intrinsic motivation. This means that the intrinsic motivation is able to mediate the intervening influence on employee performance leadership behaviours. In addition, leadership behaviours also expressed indirect influence on employee performance through extrinsic motivation. Leadership behaviour gives a significant

positive effect on employee performance through extrinsic motivation. This means that extrinsic motivation serves as mediating or intervening influence of leadership behaviours on employee performance.

### Notes on Contributors

**Abdo-Alaziz. H. E Mihrez** is a Lecturer in Higher Institute of Comprehensive Vocations in Yefern, Libya. He has graduated Master of Management University of Brawijaya.

**Ananda Sabil Hussein** is a Senior Lecturer in Management Department at the Faculty of Economics and Business, University of Brawijaya, Indonesia. He got his doctorate degree in Lincoln University Canterbury, New Zealand. His research interests are in marketing strategy, consumer behavior and marketing services.

**Armanu** is a professor in Management Department at the Faculty of Economics and Business, University of Brawijaya, Indonesia. His research interest are in Human Resource Management (HRM) and Operational Management.

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