
THE INFLUENCE OF LEADERSHIP STYLE AND INCENTIVE PROVISION ON EMPLOYEE WORK MOTIVATION AT PEAK EVEREST MINING LDA, TIMOR- LESTE

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Abstract

This study aims to analyze the influence of leadership style and incentivization on employee work motivation at Peak Everest Mining LDA, a mining company operating in Timor Leste. The background of this research is based on the importance of effective leadership roles and fair incentive systems in shaping the performance of motivated human resources, especially in the mining industry which demands high productivity and job security. The research method used is quantitative with a survey approach. Data was collected through a questionnaire that was distributed to 110 respondents out of a total population of 150 employees. The data analysis technique used was multiple linear regression, with classical assumption tests that included normality, multicollinearity, and heteroscedasticity tests. The results of the study show that leadership style and incentivization have a positive and significant effect on work motivation both partially and simultaneously. Leadership style has a regression coefficient of 0.998 with a significance value of 0.0000, while incentives have a regression coefficient of 2.056 with a significance of 0.0000. The F test showed that the two variables together had a significant effect on work motivation with an F-value of 733.863 and a p-value of 0.0000. A determination coefficient (R^2) of 0.932 indicates that 93.2% variation in work motivation can be explained by leadership style and incentivization. This study provides the implication that improving the quality of leadership and providing effective incentives are indispensable in building optimal work motivation in the Timor-Leste mining work environment.

Keywords: Leadership Style, Providing Incentives, Work Motivation, Multiple Linear Regression, Peak Everest Mining LDA

INTRODUCTION

The mining industry plays a strategic role in driving national economic growth, particularly in resource-based economies such as Timor-Leste. As reported by the IMF (2023), the industrial sector, including mining, contributed 56.7% to the nation's GDP, highlighting its central importance to economic diversification beyond oil and gas. However, the sector faces complex challenges in human resource management, given its extreme working environments, high accident risks, and remote operational sites (Gómez-Mejía, Balkin, & Cardy, 2020; Griffin & Phillips, 2023). In this context, organizations such as Peak Everest Mining LDA, operating in gold, copper, and manganese exploration, must address workforce motivation as a key determinant of productivity and retention (Dias & Da Costa, 2022; Guterres & Da Silva, 2024). Prior studies emphasize that inadequate compensation and uncertainty in employment are primary factors contributing to low motivation and high turnover in labor-intensive sectors (Hartono & Susanto, 2019; Guest, 1997).

Leadership style has been identified as a central factor in shaping employee motivation. Transformational and participative leadership approaches significantly enhance employee engagement and job satisfaction compared to authoritarian styles (Northouse, 2021; Wang, Chen, & Zhang, 2023). In mining environments characterized by physical and psychological demands, leaders who inspire, empower, and provide supportive communication foster a stronger sense of belonging and commitment among employees (Bass, 1985; Maslow, 1943). Leadership effectiveness extends beyond task direction, encompassing responsibility for creating a safe, motivating, and supportive work culture that promotes well being and organizational loyalty (Robbins & Judge, 2022).

Alongside leadership, incentive systems remain a critical driver of employee motivation. Incentives, both financial (salary, bonuses, allowances) and non financial (training, promotion opportunities, recognition), serve as key mechanisms for improving productivity and reducing turnover (Armstrong & Taylor, 2023; Locke & Latham, 2002). In the mining sector, where employees face hazardous working conditions, risk allowances, production bonuses, and additional facilities such as housing and health insurance are highly valued motivators (Kartika & Susilowati, 2021). Evidence shows that transparent and fair incentive systems significantly boost morale and performance, whereas inadequate schemes can diminish motivation and increase absenteeism (Mahardika & Puspitasari, 2023). Therefore, understanding the interplay between leadership style and incentive provision is vital for companies like Peak Everest Mining LDA to sustain employee motivation and performance in demanding operational contexts.

REVIEW OF LITERATURE

Management

Management is broadly defined as the process of planning, organizing, leading, and controlling resources to achieve organizational goals effectively and efficiently (Robbins & Coulter, 2022; Griffin & Phillips, 2023). It involves coordinating human, financial, and informational resources to generate value and ensure sustainability (Jones & George, 2021). Early contributions from Fayol (1916) and Drucker (1954) highlight that management not only directs resources but also creates structures that enhance organizational performance.

Human Resource Management (HRM)

Human resource management (HRM) is a strategic process that focuses on acquiring, developing, motivating, and retaining employees to support organizational effectiveness (Mondy & Martocchio, 2022; Noe et al., 2021). It involves designing systems for recruitment, training, performance appraisal, and compensation while ensuring employee well-being and competitive advantage (Gómez-Mejía et al., 2020; Guest, 1997).

Operational Functions of HRM

The operational functions of HRM include workforce planning, recruitment, training, performance management, compensation, employee relations, and occupational health and safety (Mondy & Martocchio, 2022; Noe et al., 2021). These practices ensure that employees are effectively aligned with organizational strategy, while also addressing motivation and retention (Werner & DeSimone, 2012).

Leadership Style

Leadership style refers to the behavioral patterns used by leaders to influence and guide their employees toward achieving organizational goals (Robbins & Judge, 2022; Northouse, 2021). Research emphasizes that leadership approaches strongly shape employee motivation and organizational culture, with transformational leadership emerging as particularly effective in dynamic and high risk industries like mining (Bass, 1985; Wang, Chen, & Zhang, 2023).

Dimensions of Leadership Style

Based on the transformational and transactional leadership model (Bass & Avolio, 1994), leadership can be categorized into styles that emphasize inspiration, intellectual stimulation, and individualized support versus those relying on rewards and punishments. Empirical findings indicate that transformational leadership has a stronger impact on employee motivation than transactional approaches (Wang et al., 2023; Putra & Suharto, 2021).

Incentive Provision

Incentives are organizational rewards both financial and non-financial designed to motivate employees to achieve higher performance (Mondy & Martocchio, 2022; Armstrong & Taylor, 2023). Effective incentive systems not only improve productivity but also reduce turnover, especially in high risk industries such as mining (Kartika & Susilowati, 2021; Soares & Barreto, 2023).

Types and Indicators of Incentives

Incentives can be classified into financial rewards (such as bonuses and allowances) and non financial recognition (such as career development opportunities and supportive work environments) (Mondy & Martocchio, 2022). Indicators of effective incentive systems include fairness, alignment with performance, employee satisfaction, and clarity of distribution criteria (Armstrong & Taylor, 2023; Wahyuni & Permana, 2020).

Work Motivation

Work motivation is the internal and external drive that encourages employees to engage in tasks and pursue organizational objectives (Robbins & Judge, 2022; Vroom, 1964). Motivation theories highlight both intrinsic factors, such as self fulfillment, and extrinsic factors, such as financial rewards, as key drivers of employee behavior (Deci & Ryan, 2020; Maslow, 1943).

RESEARCH METHOD

This study focuses on analyzing the factors influencing employee work motivation at Peak Everest Mining LDA in Timor Leste, with leadership style and incentive provision as the independent variables and employee motivation as the dependent variable. The research employs a quantitative approach with descriptive and verificative methods, supported by multiple linear regression analysis to test the hypotheses. Data were collected from a population of 150 employees through questionnaires, with a sample of 110 respondents determined using Slovin’s formula and selected by simple random sampling. Primary data were obtained directly from employees, while secondary data were gathered from company documents and relevant literature. The operationalization of variables includes transformational and transactional leadership, financial and non financial incentives, and dimensions of intrinsic motivation, extrinsic motivation, and work commitment. Data collection techniques combined questionnaires, interviews, observations, and documentation, and the instruments were tested for validity and reliability. Statistical analysis using SPSS involved descriptive analysis, classical assumption tests, multiple regression, and hypothesis testing (t-test, F-test, and coefficient of determination) to measure the influence of leadership style and incentives on employee motivation.

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis

The following is the result of multiple regression analysis using SPSS to determine the effect of Leadership Style (X1) and Incentive Provision (X2), both partially and simultaneously, on Employee Work Motivation (Y).

Table 1.

Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	7.422	0.289		25.709
Leadership	0.998	0.159	0.364	6.282
Incentives	2.056	0.191	0.624	10.772

Source: Research data (2025)

Based on the results of data processing, as shown in the regression analysis recapitulation, the regression equation can be formed as follows:

$$Y=7.422+0.998X1+2.056X2$$

The regression equation above can be explained as follows:

1. A constant of 7.422 means that if Leadership Style (X1) and Incentive Provision (X2) are 0, then Work Motivation (Y) is 7.422.
2. The regression coefficient for Leadership Style (X1) is 0.998. This means that if other independent variables remain constant and Leadership Style (X1) increases by 1%, then Work Motivation (Y) will increase by 0.998. The positive coefficient indicates a positive relationship between Leadership Style (X1) and Work Motivation (Y); the higher the Leadership Style, the higher the Work Motivation.
3. The regression coefficient for Incentive Provision (X2) is 2.056. This means that if other independent variables remain constant and Incentive Provision (X2) increases by

1%, then Work Motivation (Y) will increase by 2.056. The positive coefficient indicates a positive relationship between Incentive Provision (X2) and Work Motivation (Y); the higher the Incentives, the higher the Work Motivation.

Simultaneous Test (F-test)

To test the significance of whether the independent variables Leadership Style (X1) and Incentive Provision (X2) simultaneously have a significant effect on the dependent variable Work Motivation (Y). Based on the regression output, the calculated F value is shown in the table below.

Table 2.
Simultaneous Test (F-test)
ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	781.415	2	390.707	733.863	0.000b
Residual	56.967	107	0.532		
Total	838.381	109			

a. Dependent Variable: Work Motivation

b. Predictors: (Constant), Incentives, Leadership

Source: Research data (2025)

Statistical Hypotheses

1. H0: There is no positive and significant effect of Leadership Style and Incentive Provision simultaneously on Work Motivation.
2. Ha: There is a positive and significant effect of Leadership Style and Incentive Provision simultaneously on Work Motivation.

Based on the SPSS results, the calculated F value is 733.863. Meanwhile, the F table at a confidence level of 95%, $\alpha = 5\%$, df_1 (number of variables - 1) = 2, and df_2 ($n - k - 1$) = $110 - 2 - 1 = 107$ is 3.93.

Decision criteria:

1. If $F_{count} > F_{table}$, then H0 is rejected.
2. If $F_{count} < F_{table}$, then H0 is accepted.

Since $F_{count} > F_{table}$ ($733.863 > 3.93$), H0 is rejected. This means there is a positive and significant simultaneous effect of Leadership Style and Incentive Provision on the Work Motivation of employees at Peak Everest Mining LDA.

Partial Test (t-test)

The results of the partial test using SPSS are as follows:

Table 3.
Results of Partial Test (t-test)
Coefficientsa

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error		
1 (Constant)	7.422	0.289		25.709
Leadership	0.998	0.159	0.364	6.282
Incentives	2.056	0.191	0.624	10.772

a. Dependent Variable: Work Motivation

Source: Research data (2025)

Partial Test of Leadership Style Variable

1. H0: There is no positive and significant effect of Leadership Style on Employee Work Motivation at Peak Everest Mining LDA.
2. Ha: There is a positive and significant effect of Leadership Style on Employee Work Motivation at Peak Everest Mining LDA.

Based on the SPSS results, the tcount value for Leadership Style (X1) is 6.282. Meanwhile, the ttable at a confidence level of 95%, $\alpha = 5\%$, $df = (n - k - 1) = 110 - 2 - 1 = 107$, with significance (0.025; 107), is 1.982. Since $tcount > ttable$ ($6.282 > 1.982$), H0 is rejected and Ha is accepted. This proves that Leadership Style has a positive and significant effect on Employee Work Motivation at Peak Everest Mining LDA.

Partial Test of Incentive Provision Variable

1. H0: There is no positive and significant effect of Incentive Provision on Employee Work Motivation at Peak Everest Mining LDA.
2. Ha: There is a positive and significant effect of Incentive Provision on Employee Work Motivation at Peak Everest Mining LDA.

Based on the SPSS results, the t-count value for Incentive Provision (X2) is 10.772. Meanwhile, the ttable at a confidence level of 95%, $\alpha = 5\%$, $df = (n - k - 1) = 107$, with significance (0.025; 107), is 1.982. Since $tcount > ttable$ ($10.772 > 1.982$), H0 is rejected and Ha is accepted. This proves that Incentive Provision has a positive and significant effect on Employee Work Motivation at Peak Everest Mining LDA.

The two variables are summarized in the following recapitulation table:

Table 4.
Recapitulation of Partial Hypothesis Testing Results

Partial Test	Statement	tcount	ttable	Conclusion
X1 – Y	Effect of Leadership Style on Employee Work Motivation	6.282	1.982	H0 rejected, Ha accepted (+)
X2 – Y	Effect of Incentive Provision on Employee Work Motivation	10.772	1.982	H0 rejected, Ha accepted (+)

Source: Research data (2025)

Coefficient of Determination (R²)

The coefficient of determination in multiple regression is used to determine the percentage contribution of the independent variables (Leadership Style and Incentive Provision) simultaneously to the dependent variable (Employee Work Motivation).

Table 5.
Results of Coefficient of Determination Analysis
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.965a	0.932	0.931	0.72966	2.970

a. Predictors: (Constant), Incentives, Leadership

b. Dependent Variable: Work Motivation

Source: Research data (2025)

Based on the table above, the R^2 value is 0.932 or 93.2%. This shows that the percentage contribution of Leadership Style and Incentive Provision to Employee Work Motivation is 93.2%, while the remaining 6.8% is influenced by other variables not included in this research model.

According to Sugiyono (2022), the interpretation guidelines for the correlation coefficient are as follows:

Table 6.
Correlation Strength Classification

Coefficient Interval	Correlation Strength Classification
0.00 – 0.19	Very Low
0.20 – 0.39	Low
0.40 – 0.59	Moderate
0.60 – 0.79	Strong
0.80 – 1.00	Very Strong

Source: Sugiyono (2022)

Based on the regression analysis, as shown in the model summary table (Table 6), the R value obtained is 0.965. This indicates a very strong relationship between Leadership Style (X1) and Incentive Provision (X2) with Employee Work Motivation (Y).

Discussion

The results indicate that leadership style has a significant influence on employee motivation at Peak Everest Mining LDA, Timor Leste. Leaders who provide clear direction, support, and motivation are proven to enhance employee productivity, loyalty, and enthusiasm. This finding aligns with Putra & Suharto (2021) and Dias & Da Costa (2022), who confirmed that transformational leadership effectively drives work motivation, as well as Setiawan & Lestari (2021) and Kurniawan & Sari (2022), who demonstrated that participative and transactional leadership also contribute positively. Thus, a communicative and supportive leadership style becomes a crucial factor in creating a conducive and motivating work environment.

In addition to leadership, incentive provision also shows a positive and significant effect on employee motivation. Both financial incentives such as bonuses and allowances, and non financial incentives such as recognition and career development opportunities, serve as additional drivers in enhancing job satisfaction and work enthusiasm. This is supported by Wahyuni & Permana (2020), Soares & Barreto (2023), and Araujo & Pinto (2022), who emphasized the importance of incentive systems in improving motivation and loyalty. Even in the context of Timor-Leste's public sector, Almeida & Gomes (2023) found that non financial incentives remain effective in fostering motivation despite budgetary constraints.

Simultaneously, the combination of effective leadership style and appropriate incentive provision significantly influences employee motivation. Leaders who can provide direction while rewarding performance are able to build a productive work environment, as demonstrated by studies from Pratama & Widodo (2020), Lemos & Monteiro (2024), and

Martins & Dos Santos (2023). Further support comes from Purwanto et al. (2021) and Muizu et al. (2019), who confirmed that transformational leadership combined with performance-based incentives enhances motivation, engagement, and employee effectiveness. Therefore, this study concludes that leadership style and incentive provision, both individually and simultaneously, play an essential role in improving employee motivation at Peak Everest Mining LDA, Timor-Leste.

CONCLUSION

Based on the research data and analysis regarding the influence of leadership style and incentive provision on employee work motivation at Peak Everest Mining LDA, Timor-Leste, it can be concluded that leadership style, incentive provision, and work motivation are generally perceived as good by employees, although indicators related to active supervision, recognition through promotion, and job satisfaction received relatively lower scores compared to others. The partial test results show that leadership style has a positive and significant effect on employee motivation ($t = 6.282 > 1.982$), and incentive provision also has a positive and significant effect on employee motivation ($t = 10.772 > 1.982$). Furthermore, the simultaneous test results confirm that leadership style and incentive provision together significantly influence employee motivation ($F = 140.061 > 3.96$).

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