

Employee Performance and The Influence of Leadership Style and Compensation

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ABSTRACT

This study aims to determine the influence of Leadership Style and Compensation on employee performance in South Sulawesi Province's public works and spatial planning offices. This type of research is quantitative research. The data used is secondary data. The sample used in this study was 62 consisting of 162 populations registered at the Office. Data analysis used Explanatory Research and Multiple Regression Analysis techniques assisted by SPSS for data analysis. The results of this study indicate that partially Leadership Style has a positive and significant influence on Employee Performance, Compensation has a positive and significant influence on Employee Performance, and Leadership Style and Compensation simultaneously have a positive and significant influence on Employee Performance.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Gaya Kepemimpinan dan Kompensasi terhadap Kinerja Pegawai Dinas Pekerjaan Umum dan Tata Ruang Provinsi Sulawesi Selatan. Jenis penelitian ini adalah penelitian kuantitatif. Data yang digunakan adalah data sekunder. Sampel yang digunakan dalam penelitian ini adalah 62 yang terdiri dari 162 populasi yang terdaftar di Dinas. Analisis data menggunakan teknik Explanatory Research dan Multiple Regression Analysis berbantuan SPSS untuk analisis data. Hasil penelitian ini menunjukkan bahwa secara parsial Gaya Kepemimpinan berpengaruh positif dan signifikan terhadap Kinerja Karyawan, Kompensasi berpengaruh positif dan signifikan terhadap Kinerja Karyawan, dan Gaya Kepemimpinan dan Kompensasi secara simultan berpengaruh positif dan signifikan terhadap Kinerja Karyawan.



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INTRODUCTION

A company's business success cannot be separated from the Human Resources factor. If the Human Resources factor is considered not good in a company, the company will certainly experience a decline in company performance. Company performance is the extent to which the company's success rate in achieving certain goals in a certain period. Performance not only explains the work's results but also the process of the work. A company or agency consists of a group of people cooperating in carrying out planned activities. An organization can run effectively if the management functions such as planning, organizing, motivation, discipline, and supervision

function properly and the supporting elements are available and meet the requirements. One of the most important elements that can support the company's running is human resources (employees). Labor or human resources can be defined as workers, employees, workers, or employees with expertise in their respective fields and the same intention to achieve an organizational or company goal. Thus, human resource management is important in determining a company's success.

In the era of competition, an organization has the ability in various aspects and formulates strategies in dealing with changes that occur in the organization, be it government business organizations or other organizations that are expected to achieve goals. The achievement of organizational goals will depend on how the Human Resources in that part of the organization can develop their managerial, human, and operational, technical abilities. Talking about the implementation of this task, the role of work performance is to greatly determine the quality of an employee in a company/organization. An important resource of an organization is its workers. Workers are rich and ready-to-use resources. Of all wealth, human resources are the only treasures with great potential for their level of productivity.

To advance a company, therefore, there is a need for confidence that various groups and parties must support all hard work and efforts. The role of employees in a company is also very influential, where employees are needed to achieve company goals. In addition, a leader also has a no less important role in a company. Not only playing an active role in providing direction but also motivating, spurring employees, channeling creative ideas, and acting positively for the company's betterment. Leadership style plays a very important role in management. Therefore, leadership style is needed by every human being because of certain limitations in human beings. From this arises the need to lead and be led. Leadership style is defined as individual characteristics, habits, ways of influencing others, interactions, positions in the administration, and perceptions of legitimate influences. The right leadership style will encourage morale and employee work attitudes. Leadership style is a set of characteristics that leaders use to influence subordinates in achieving organizational goals, or it can also be said that leadership style is a pattern of behavior and strategy often applied by a leader (Zainal et al., 2019). Leadership style is a way of improving performance to achieve something through motivation. The leader must be more related to job satisfaction and create a clear picture of how subordinates can obtain an award based on the achievement of their performance (Sinurat, 2017).

In addition to Leadership Style, a Compensation factor also plays a role in improving employee performance. Compensation can be any form of employee appreciation for contributions to the organization (Jufrizen, 2018). There is also Compensation. According to Sihotang (2007) in Lestari & Listyawati (2019), Compensation is the overall arrangement of providing Compensation for employees and managers in the form of financial and service goods and services received by each employee. The research results by Yuniarti & Suprianto (2020) stated that Leadership Style significantly influences employee performance. Meanwhile, according to the results of research by Yusuf et al. (2021), there is a significant influence on performance. The results of the research of Putra et al. (2018) State that there is a significant influence exerted by Work Motivation and Work Compensation on Employee Performance.

Management is the science and art of organizing the process of utilizing human resources and other resources effectively and efficiently to achieve a certain goal. This understanding explains that

management is a science and art where a manager needs to find ways to empower the resources owned effectively and efficiently to achieve company goals. According to Marwansyah (2019), it is revealed that human resource management can be interpreted as the utilization of resources in the community, which is carried out through the functions of human resource planning, recruitment and selection, development of human resources, and Compensation to implement existing functions for objective performance appraisal analysis. Human Resource Management itself is inseparable from Leadership as part of it.

Leadership is the ability to convince and move others to be willing to work together under their Leadership as a team to achieve a certain goal (Zainal et al., 2019). A leader's leadership style is unique and cannot be inherited automatically. Each leader has certain characteristics that arise in different situations. The indicators in this study are work productivity, the delegation of authority, labor relations, responsibility, and workability. According to (Riinawati, 2019): leadership styles include the following: a) Authoritarian Leadership Style; b) Pseduo's Leadership Style is democratic; c) Free Leadership Style (Laissez-faire); d) Democratic Leadership Style; e) Charismatic Leadership Style; f) Paternalist Leadership Style. Leadership style (Leadership) is the process of directing and influencing members to carry out various organizational activities. Leaders use their influence to clarify organizational goals to their subordinates, motivate them to achieve them, and help create a working atmosphere so that employees can be productive in the qualities needed by a leader.

In addition to the importance of womanhood, working people also want to earn money to make ends meet. For this reason, an employee begins to appreciate hard work and increasingly shows loyalty to the organization so that the organization rewards the employee's work achievements by providing Compensation. To increase employee productivity can be through providing Compensation so that employees work enthusiastically in carrying out their duties. In essence, Compensation is one of the steps in improving employee performance. Employees will be more satisfied and motivated to achieve goals with the correct Compensation. Compensation is very important for employees because the Compensation provided will reflect their value to them, their families, and society. According to Widyaningrum (2019), Compensation can be defined as a form of lead services given to employees form of appreciation for their contributions and work to the organization. The Compensation can be either direct or indirect financial, and the award can also be indirect. According to Sembiring et al. (2021), Compensation is all forms of financial returns and benefits obtained by employees as part of a staffing relationship. Furthermore, according to (Sutrisno, 2020), Compensation is one of the important functions in human resource management (MSDM).

Edison et al. (2017) termed normative and policy Compensation. The division of terms used to divide Compensation is based on its behavior which refers to the applicable legislation. Normative Compensation is the minimum Compensation that must be received, which consists of salary or wages (including basic salary/wage, fixed benefits), and other fixed components, such as health and holiday/religious benefits. Meanwhile, policy compensation is Compensation based on policies and due to special considerations, such as professional benefits, food and transport allowances, bonuses, leave money, production services, and vacations. Based on the explanation above, the authors used normative and policy compensation indicators in this study.

Furthermore, according to Sembiring et al. (2021), Compensation includes extrinsic and intrinsic rewards. The intrinsic rewards of the organization take the form of recognition, the provision of opportunities for promotion, and the challenge of employment opportunities. Based on the form of Compensation above, it can be concluded that the Compensation given by the organization to employees is not always in the form of cash but can also be in the form of goods, recognition, and others. It is hoped that whatever the form of Compensation, it can improve employee performance and productivity.

In principle, every organization is always required to improve employee performance. Performance is an organization's appreciation of the achievements of work results achieved by employees in dealing with work dynamics. Assessing these results or failures is always measured through performance achievements. It means that performance is important and constantly improved for the sustainability and balance of the organization to realize its goals. Performance is work performance, which is a comparison between work results and established standards (Man, 2020). Performance results from work in quality and quantity achieved by a person carrying out tasks according to the responsibilities given (Mangkunegara & Prabu, 2017).

Leadership style is a characteristic trait or behavior by a leader aimed at subordinates to provide positive encouragement. According to Panjaitan (2017), leadership style is how leaders interact with their subordinates. Compensation, according to Hasibuan (2019), is all income in the form of money, direct or indirect goods received by employees in return for services provided by the Office. In the future, Compensation can be grouped into financial and non-financial. Financial Compensation consists of payments to employees in the form of wages, salaries, bonuses, or countries. Indirect Compensation or benefits consist of all payments not covered by direct financial Compensation, including vacations, various kinds of insurance, and services such as child care or security services.

H1: Leadership Style positively and significantly affects employee performance

H2: Compensation positively and significantly affects employee performance

H3: Leadership Style and Compensation positively and significantly affect employee performance

RESEARCH METHODS

This research was conducted at the Office of the Public Works and Spatial Planning Office of South Sulawesi Province. The population in the study amounted to 162 people. To determine the number of samples in this study using the slovin formula. A sample of 62 people was obtained. The type of data used in this research is quantitative data, and The data source used in this study is secondary data. The data collection method in this study used a questionnaire. Data analysis of this study uses descriptive analysis methods. The analysis methods used are validity tests, Reliability as data feasibility tests. This study uses the classic assumption test, which includes the normality and multicollinearity tests. To test the hypothesis using partial and simultaneous tests to see the effect of the variables in this study with the help of SPSS as a data processor.

RESULTS AND DISCUSSION

This data is secondary data obtained based on the results of existing questionnaires with other

data that support this study. As well as the test results of the analysis method used in this study using the SPSS 10 data processing program. As seen in the following table:

Table 1. Validity Test

<i>Question</i>	<i>r-count</i>	<i>r-table</i>	<i>Information</i>
X1-1	0.600	0.210	Valid
X1-2	0.696	0.210	Valid
X1-3	0.694	0.210	Valid
X1-4	0.664	0.210	Valid
X1-5	0.767	0.210	Valid
X2-1	0.768	0.210	Valid
X2-2	0.537	0.210	Valid
X2-3	0.565	0.210	Valid
X2-4	0.754	0.210	Valid
X2-5	0.706	0.210	Valid
Y-1	0.607	0.210	Valid
Y-2	0.706	0.210	Valid
Y-3	0.489	0.210	Valid
Y-4	0.681	0.210	Valid
Y-5	0.562	0.210	Valid

Source: Primary Data processed by Researchers, 2022

The validity test results indicated that all question items in the research variables in the questionnaire were valid and could be used as a research measurement tool. This study is evidenced by the value of Corrected Item - Total or $r\text{-count} > r\text{-table}$ with a value of 0.210.

Table 2. Reality Test

<i>Variable</i>	<i>Alpha coefficient</i>	<i>Information</i>
Leadership Style(X1)	0.790>0.210	Reliable
Compensation (X2)	0.794>0.210	Reliable
Employee Performance (Y)	0.722>0.210	Reliable

Source: Primary Data processed by Researchers, 2022

Table 2, based on the reliability testing results, where the coefficient alpha value > 0.210 , shows that all variables used as instruments in the study are reliable and can be used as a data collection tool. Furthermore, a normality test is performed to see whether bound and free variables have a normal distribution in the regression model. A good regression model is a normally distributed regression model. A reliable method is to look at the normal probability plot. In the normal chart of the plot, we can see that the dots spread around the diagonal line and follow the direction of the diagonal line.

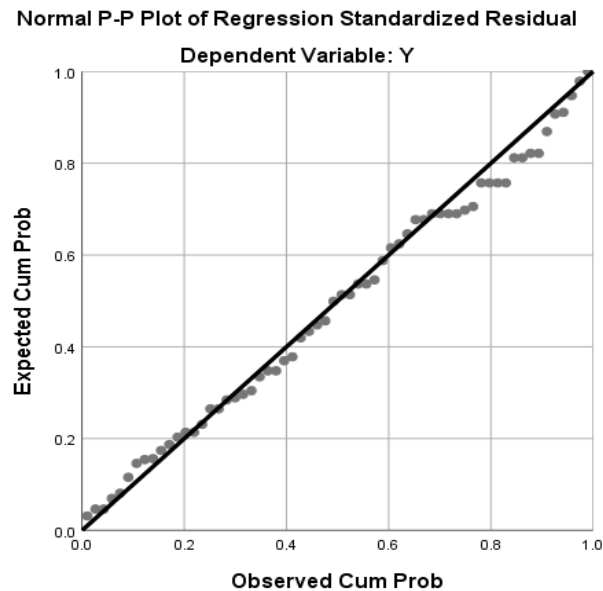


Figure 1. Test the Normality of the Probability Plot

Based on the normal probability plot graph, it can be seen that the points spread around the diagonal line, and the spread follows the diagonal line, so it can be said that the distribution pattern is normal. From the graph above, it can be concluded that the regression model in this study can be used because it fulfills the assumption of normality.

Furthermore, multiple linear regression analysis was conducted to determine the functional relationship between several independent variables and the dependent (Y). From the results of testing with SPSS, the results of the multiple linear regression equation were found as follows.

Table 4. Multiple Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.845	.258			3.273	.002
X1	.424	.090	.496		4.728	.000
X2	.391	.097	.424		4.041	.000

a. Dependent Variable:

Source: Primary Data processed by Researchers, 2022

Based on the table above, the regression equation can be formulated as follows:

$$Y = 0.845 + 0.424X1 + 0.391X2$$

The equation will describe multiple linear regression tests for each of the variables in the study.

1. 0.845 is a constant, which means that if there is no change from the independent variable, i.e., Leadership Style (X1) Compensation (X2), work performance (Y) is 0.845.
2. 0.424 is the coefficient of Leadership Style (X1), which means that if there is an increase in Leadership Style (X1), then Employee Performance (Y) will increase by 0.424.

3. 0.391 is Compensation (X2) which means that if there is Compensation (X2), then Employee Performance (Y) will increase by 0.406

After performing multiple linear regression analysis, the next test is partial testing. The partial test determines whether the independent variable (X) significantly affects the dependent variable (Y). The test was carried out with a significance level of 0.05. If the t-count value is < from the t-table, then the proposed hypothesis is accepted, but if the calculation is > from the t-table, the proposed hypothesis is rejected.

Table 5. Partial Test

<i>Variable</i>	<i>Sig. < α</i>	<i>Information</i>	<i>Hypothesis</i>
Leadership Style (X1)	0.000<0.05	Significant	Accepted
Compensation (X2)	0.000<0.05	Significant	Accepted

Source: Primary Data processed by Researchers, 2022

Based on the partial test results in table 5, it can be seen that the Leadership Style variable (X1) has a significant influence on Employee Performance and Compensation (X2) and has a partially significant influence on work performance (Y).

The next test is the simultaneous significance test or F test, which aims to see the influence of the overall free variables on the bound variables. The test was carried out with a significance level of 0.05.

Table 6. Simultaneous Test

<i>ANOVA^a</i>						
	<i>Type</i>	<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	Regression	6.347	2	3.173	94.004	.000b
	Residual	1.992	59	.034		
	Total	8.339	61			

Source: Primary Data processed by Researchers, 2022

Based on the results of simultaneous tests, it is known that the probability value of 0.000 is less than the 95% confidence level ($\alpha = 0.05$). Thus, it can be concluded that the independent variables of Leadership style (X1) and Compensation (X2) simultaneously have a significant influence on Employee Performance (Y).

Furthermore, the analysis of the coefficient of determination, analysis is used to determine the percentage of the magnitude of the influence of independent variables together on independent variables.

Table 7. Coefficient of Determination Test

<i>Type</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.872a	.761	.753	.18374

Source: Primary Data processed by Researchers, 2022

From table 7, based on the results of the coefficient of determination test above, the R-square value obtained was 0.761, which shows that employee performance (Y) is influenced by Leadership Style (X1) and Compensation (X2) by 76.1% and the remaining 23.9% is influenced by other variables that have not been studied in this study.

Discussion

Leadership Style towards Employee Performance

The test results from the first hypothesis show a positive and significant influence between Leadership Styles on employee performance at the South Sulawesi Provincial Public Works and Spatial Planning Office. From the respondents' questionnaire answers, the leadership style given by the Leadership to their employees always provides a good example, not just giving directions or instructions. There is an attitude of mutual trust between the Leadership and employees as well as the commitment and work maintained by the Leadership at the Office of the public works and spatial planning office of south Sulawesi province. The results of this first test are in line with the results of previous research tests, which also support a positive and significant relationship between Leadership Styles and Employee performance, namely research conducted by Maliki (2021) which also examines leadership style variables to employee performance which provides results that by providing examples, directions, visions and strong commitment in leadership styles can improve employee performance

Compensation for Employee Performance

The test results from the second hypothesis show a positive and significant influence between Compensation on employee performance at the Office of the Public Works and the Spatial Planning Office of South Sulawesi Province. From the questionnaire answers filled out by the respondents, the Compensation given by the Office to its employees based on the wages given has met the minimum elements set by the government, the existence of yield incentive benefits and other incentives provided by the south Sulawesi provincial public works and spatial planning office so that employee performance increases. The results of this second test are in line with the results of previous research tests, which also support a positive and significant relationship between Compensation to employee performance, namely research conducted by Murtiyokok Sugiono et al. (2020) which also examined the variables of Compensation for employee performance which gave positive results that by providing wages and incentives in the form of performance incentives and holidays were able to have a positive impact in improving employee performance

CONCLUSION

Based on the research results in the previous chapter, the research conclusions are as follows: 1) This study proves that there is a positive and significant influence carried out in a partial test between Leadership Style and Employee Performance. With a good example, vision, trust in each other, and strong commitment made by the Leadership, able to improve the performance of employees at the South Sulawesi Provincial Public Works Office; 2) This study proves that there is a positive and significant influence carried out on a partial test between Compensation and

Employee Performance. The provision of wages carried out by existing provisions, the provision of incentives for good performance results, and other incentives provide employee job satisfaction that can improve employee performance at the Public Works Office South Sulawesi Provincial; 3) This study proves that there is a positive and significant influence carried out simultaneously between Leadership Style and Compensation on Employee Performance. Suggestions For readers, the results of this study are expected to add insight into knowledge related to leadership style and Office Compensation in public works and spatial planning of south Sulawesi province as well as the indicators that influence it. Especially for those interested in knowing more about the performance of employees in the province of South Sulawesi, especially Makassar City (conducting research), it is necessary to modify independent variables by adding variables or other indicator variables. So it will be more objective and varied in conducting research. Furthermore, advanced researchers become reference material or references in researching leadership styles and Compensation.

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