

The Effect of Leadership, Motivation, and Compensation on Employee Performance (Case Study at XYZ Company)

Ahmad Badawi Saluy^{1*}, Trias Maulana²

¹Postgraduate Program, Universitas Mercu Buana, Jalan Meruya Selatan No. 1, Meruya Selatan, Kembangan, RT.4/RW.1, Meruya Sel., Kembangan, Kota Jakarta Barat, Daerah Khusus Ibukota Jakarta 11650, Indonesia

²Magister Management, Universitas Mercu Buana, Jalan Meruya Selatan No. 1, Meruya Selatan, Kembangan, RT.4/RW.1, Meruya Sel., Kembangan, Kota Jakarta Barat, Daerah Khusus Ibukota Jakarta 11650, Indonesia

***Corresponding author**
Ahmad Badawi Saluy

Article History

Received: 06.07.2018

Accepted: 17.07.2018

Published: 30.07.2018

DOI:

10.36348/sb.2018.v04i07.015



Abstract: This study aims to examine and analyze the influence of motivational leadership and compensation on employee performance of PT XYZ. The sampling method used is a saturated sample. The population is 47 employees and the samples are all employees. The method of analysis used in this study is multiple linear regression. The results showed that leadership, motivation and compensation simultaneously have a significant effect on employee performance. Partially, leadership and motivation have a significant positive effect on performance. Motivation and compensation have a significant positive effect on performance.

Keywords: leadership, motivation, compensation, employee performance.

INTRODUCTION

Organizations or companies that are currently having rapid progress are organization engaged in information technology systems. Companies are competing to use the most up-to-date technology to improve employees' performance. The success of achieving organizational goals is also influenced by human resources. This is because human resources are a resource that has feelings, resourceful, skills, knowledge, encouragement, power and work (ratio, taste, and intention) [1].

The authors assume that the decline in employee performance can't be separated from motivation in work, leadership style and compensation.

The results of observations that the authors conduct indicate that these three factors greatly affect employee performance in work. This bad performance is transmitted from seniors then decreased to new or junior.

Formulation of the problems

- How is the influence of leadership on employee performance in PT XYZ ?
- How is the influence of motivation on employee performance in PT XYZ ?
- How is the effect of compensation on employee performance in PT XYZ ?
- How is the influence of leadership, motivation and compensation on employee performance in PT XYZ ?

REVIEW OF LITERATURE

Leadership

According to Masyhudzulhak [2], leadership is the core in moving the management of the very successful role of strategy formulation and strategy implementation in an integrated and consistent in the

implementation of applied strategies. Wibowo [3] states that leadership is about influencing, motivating and enabling others to contribute to the effectiveness and success of the organizations to which they are the member in it. Leadership is an important factor that helps individuals or groups identify their goals and motivate them in achieving their intended goals. According to Hasibuan [4], the leader is someone who with leadership authority directs his subordinates to do his work in achieving the goal. So the leader must have subordinates, can divide his work and must be responsible for his work. According to Robbins and Judge [5], there are two types of leadership: the charismatic and transformational descendants. According to Sudaryono [6] transformational leadership models result significant organizational change as these forms of leadership emphasize a higher increase in the instrument motivation, trust, commitment and subordinate loyalty.

Motivation

According to Thoha [7], motivation is a driver for someone to do an activity to achieve its goals.

According to Siswanto [8], motivation can be interpreted as a state of mental and mental attitude of human beings who provide energy, encourage activities (moves), and direct or channel behavior toward achieving needs that give satisfaction or reduce imbalance. According to Sutrisno [20], motivation is the giving or inclusion of motives or can also be interpreted as things or circumstances to be motive. So motivation is something that raises the spirit or the drive of work. Motivation as a psychological process in a person will be influenced by several factors. According to Sutrisno [20], these factors can be distinguished from internal factors (the desire to live, the desire to have, the desire to gain respect, the desire to gain recognition, and the will to power) and the external (Conditions of the Working Environment , Adequate compensation, good supervision, job guarantees, Status and responsibilities, and flexible rules).

Compensation

According to Sutrisno [20], compensation is all kinds of rewards in the form of money or not money given to employees properly and fairly for their services in achieving company goals. According to Widodo [21], compensation is a form of payment in the form of benefits and incentives to motivate employees to increase work productivity. According to Simamora [9], compensation is what employees receive in exchange for their contribution to the organization. In addition, compensation including financial rewards, services and benefits received by employees as part of the employment relationship. According to Siagian [10], a good reward system is a system capable of ensuring the satisfaction of members of the organization that allows the organization to acquire, maintain and employ a number of people with positive attitudes and behaviors to work productively for the benefit of the organization. According to Mangkunegara [11] there are six factors that influence the compensation policy (Government Factor, Bidding between company and employee, Standard and cost of living of employee, Size of wage comparison, Demand and inventory and Ability to pay).

Performance

According to Mangkunegara [11], performance is the work of quality and quantity achieved by an employee in performing tasks in

accordance with the responsibilities given to him. According to Simamora [9], performance refers to the level of achievement of tasks that form an employee's work. In addition, performance also reflects how well employees meet the requirements of a job. Widodo [21] states that performance is a result achieved by a person according to the size applicable to the work in question. According to Widodo [21], the factors that affect the performance are: Quality and ability of employees, Supporting facilities, and Supra facilities. Mangkunegara [11] states that the assessment of performance or achievement of employees is a process of employee performance appraisal conducted by company leaders systematically based on the work assigned to him. According to Mondy [22], performance appraisal is a formal system to assess and evaluate the performance of individual and team tasks.

RESEARCH METHODOLOGY

The approach used in this research is causality that is research aims to describe the relationship characteristics of a state or object of research conducted through data collection and quantitative data analysis and statistical testing.

This research has three independent variables namely Leadership (X1), Motivation (X2), and Compensation (X3) and one dependent variable that is performance (Y). Each variable based on indicators and dimensions as follows in Table-1.

The research instrument is used as a measure of the value of variables studied aiming to produce accurate qualitative data then each instrument must have a scale. In this study, the authors use Likert scale, which can determine the indicators and arrange the instruments associated with research variables.

According to Sugiyono [12], population is a generalization region consisting of objects and subjects that have a certain quantity and characteristics applied by the researchers to be studied and it is taken a conclusions. In this study, the population used is PT XYZ work by population or employee is 47 respondents.

Data collection techniques can be collected by interview, questionnaire, observation and the combination of all them.

Table-1: Relevant Research Results

Variables	Dimensions	Indicators
Leadership H.B Siswanto [8]	High initiative Desire to serve subordinates Understanding environmental conditions Open and straightforward Effective Widyasuara	Having high initiative Be Able to develop subordinates Having a sensitivity and sensitivity to the work environment and employees Can accept new things from anywhere for organizational progress Have good communication
Motivation ERG Theory Clayton P. Alderfer in H. Edy Sutrisno [1]	Existence Kinship Growth	The fulfillment of basic needs (Clothing, food board) and a sense of security Be accepted into group members. Can meet the opportunity to develop themselves
Compensation Hendry Simamora [9]	Salary Bonus Commission Benefits	The salary is in accordance with the agreement and on time Receipt of bonuses as work performance Receipt of the commission as a project completion award Receiving benefits as social security for workers Performance
Dessler in Suparno Eko Widodo [21]	Work performance Quantity of work Discipline Communication	Fulfillment accuracy, accuracy, skills, and output acceptance. Fulfillment of output and contribution volumes Fulfillment accuracy of work time and attendance The existence of good two-way communication between superiors and subordinates

Validity Test

Good research should be able to prove that the tested variable is completely valid. According to Sugiyono [12], valid means the instrument can be used to measure what should be measured. Validity test in this research is calculated by using Product Moment Correlation formula as follows:

$$r = \frac{\sum X_1Y_1 - 1/n(\sum X_i)(\sum Y_i)}{\sqrt{(\sum X_i^2 - 1/n(\sum X_i)^2)(\sum Y_i^2 - 1/n(\sum Y_i)^2)}}$$

Explanation

- r = Correlation Coefficient
- ΣXi = Number of item scores
- ΣYi = Total score / entire item
- n = Total of respondents

Based on the validity test, it is stated that all statements of each variable are valid, so all statements can be used for further discussion. Valid or not valid questionnaire is calculated by using the provision r (correlation coefficient), as follows:

- If r count ≥ r table so it is valid.
- If r count ≤ r table so it is invalid.

Reliability test

A questionnaire is reliable if one's response to a statement is consistent or stable over time. The way used to test the reliability of the questionnaire in this study is to measure reliability by Alpha Cronbach statistical test.

Normality Test

Normality test aims to test whether in the regression model, the intruder or residual variable has a normal distribution. In principle, normality can be detected by looking at the spread of data (dots) on the diagonal axis of the graph or by looking at the histogram of its residual. The basic of taking decision is [23]: If the data spread around the diagonal line and follow the direction of the diagonal line so the regression model meets the assumption of normality.

Multicollinearity test

The multicollinearity test is to test whether there is a strong correlation between the independent variables included in the model formation. To see the existence of multicollinearity in linear regression model can be checked by using Variance Inflation Factor (VIF) on each independent variable

Heteroscedasticity Test

The heteroscedasticity test is to examine the inequality of variance from one observational residue to another in the regression model. One way to find out whether or not heteroscedasticity is to look at the plot graph between the predicted value of the dependent variable and its residual.

RESULTS AND DISCUSSION

Research results

This study uses questionnaires to collect data. Questionnaire is a number of written questions that are used to obtain information from respondents about the

person and the scope of work, or things he knows. The purpose of the questionnaire used in this study is to determine whether or not and how much influence of leadership, motivation, and compensation on employee performance in PT XYZ.

Based on data processing using SPSS 20.0 program, it is obtained the results of validity, reliability, normality test, multicollinearity test, heteroscedasticity test, partial test (t test), simultaneous

test (F test), multiple linear regression test, coefficient of determination test, and correlation test between dimensions as follows:

Validity Test

The result of validity test from leadership variable with each dimension obtained r value count is 0,444, 0,478, 0,590 and 0,305. So the result is r count > r table, so the data are valid. The results can be seen in the table below:

Table-2: Leadership Validity Test Results

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Initiative	10,04	3,389	0,444	0,818
Desire	9,87	3,201	0,478	0,787
Environment	11,77	2,488	0,590	0,637
Widyaswara	11,02	3,978	0,305	0,898

The result of validity test from motivation variable with each dimension obtained r value count is 0,899, 0,874, and 0,541. So the result is r count > r

table, then the data can be interpreted valid. The results can be seen in the table below:

Table-3: The results of Motivation validity test

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The existence	11,00	2,696	0,899	0,844
Kinship	10,89	3,054	0,874	0,902
The growth	12,09	2,167	0,541	0,813

The result of validity test from variable of compensation with each dimension obtained r value count is 0,487, 0,739, 0,527 and 0,692. So the result is

r count > r table, then the data are valid. The results can be seen in the table below:

Table-4: Compensation Validity Test Results

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Salary	10,77	4,053	0,487	0,926
Bonus	10,94	2,496	0,739	0,672
Commission	11,85	5,512	0,527	0,761
Benefits	10,73	3,926	0,692	0,752

The result of validity test from performance variable with each dimension obtained r value count is 0,676, 0,783, 0,687 and 0,762. So the result is r count >

r table, then the data are valid. The results can be seen in the table below:

Table-5: The results of Performance validity test

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Work performance	11,25	5,513	0,676	0,764
Work quantity	11,46	5,681	0,783	0,656
Discipline	11,82	5,172	0,687	0,728
Communication	10,95	4,967	0,762	0,791

Reliability

The results of calculation of reliability of each variable that is leadership, motivation, compensation

and performance in which Alpha > standard values can be seen in the table below:

Table-6: Result of Reliability Calculation

Variabel	Cronbach's Alpha	N of Items	Standard value
Leadership	0,689	16	0,60
Motivation	0,650	16	0,60
Compensation	0,653	16	0,60
performance	0,674	16	0,60

Normality Test

The statistics table below shows that the regression model for employee performance variables is normally distributed with Asymp. Sig. (0.845) > 0.05. for normally distributed leadership variables, the value is Asymp. Sig. (0.966) > 0.05, motivation

variable is normally distributed with Asymp. Sig. (0.958) > 0.05; and the normally distributed compensation variable is Asymp. Sig. (0.975) > 0.05. It can be concluded that leadership, motivation, compensation and performance variables are normally distributed.

**Table-7: Normality test
One-Sample Kolmogorov-Smirnov Test**

		Leadership	Motivation	Compensation	Performance
N		47	47	47	47
Normal Parameters ^{a,b}	Mean	30.91	33.72	34.02	35.23
	Std. Deviation	8.262	7.983	7.722	7.072
Most Extreme Differences	Absolute	.072	.074	.070	.090
	Positive	.072	.067	.070	.090
	Negative	-.060	-.074	-.069	-.078
Kolmogorov-Smirnov Z		.497	.508	.481	.614
Asymp. Sig. (2-tailed)		.966	.958	.975	.845
a. Test distribution is Normal.					
b. Calculated from data.					

Multicollinearity test

The VIF value does not exceed 10 so it can be concluded that this model is not exposed to multicollinearity issues.

Heteroscedasticity Test

Based on the graph below, spots appearing to be randomly distributed do not form a certain clear pattern, and spread either above or below number 0 on the Y axis. This means there is no heteroscedasticity in the regression model.

Table-8: Multicollinearity test

Model		Coefficients ^a			T	Sig.	Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients			Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	4.396	2.356		1.866	.069		
	Leadership	.170	.094	.199	2.803	.027	.360	2.781
	Motivation	.334	.080	.376	4.144	.000	.530	1.888
	Compensation	.421	.087	.460	4.818	.000	.480	2.083
Dependent Variable: Performance								

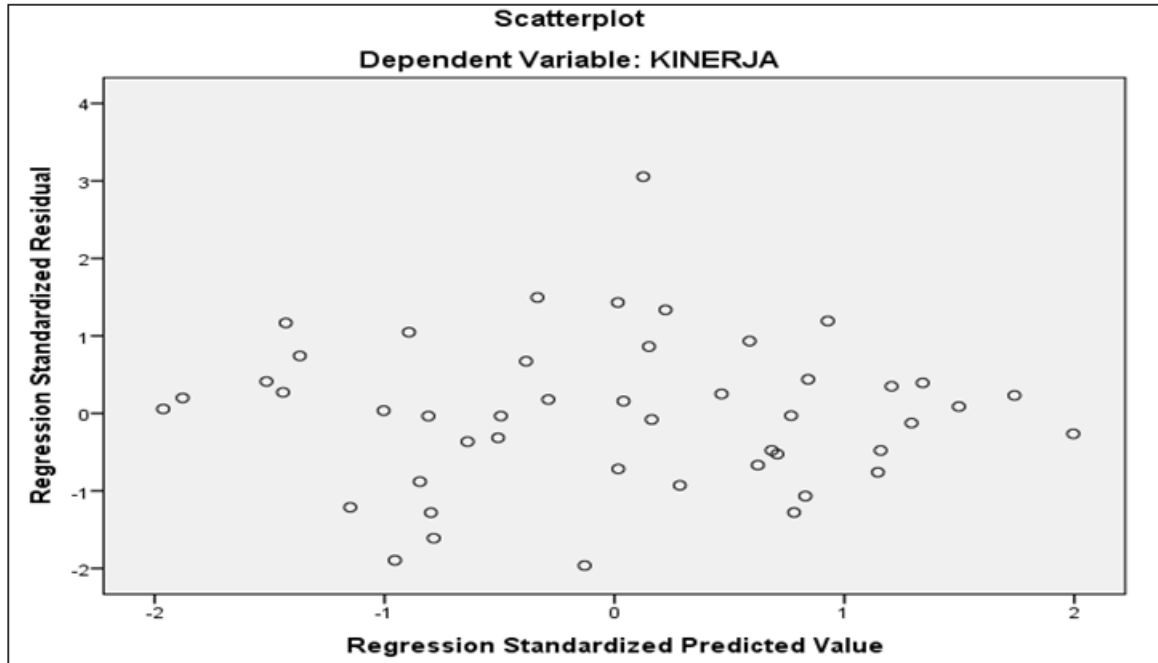


Fig-1: Heteroscedasticity Test

Linearity Test

The basic decision-making to detect normality is if the data spreads around the diagonal line and follows the diagonal direction, then the regression

model meets the assumption of normality. Whereas if the data spreads far from the diagonal line or does not follow the diagonal direction, then the regression model does not meet the assumption of normality.

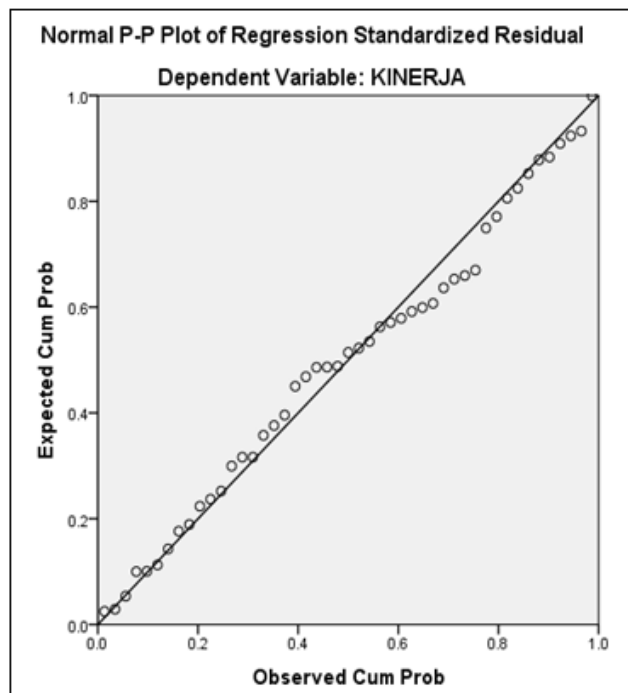


Fig-2: Linearity Test

Simultaneous Regression Test (F test)

Based on the table below, it is known the score of F count = 61.876. When it is compared to F table value using probability 0,5, it is known the value

of F table = 0,05 (k-1). (n-k) = 0.05 (n-3-1). (47-4) = 4.06; then it can be concluded that F count is greater than F table or 61.876 is greater than 4.06 or H_0 is rejected and H_a is accepted.

Table-9: Simultaneous test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1867.767	3	622.589	61.876	.000 ^b
	Residual	432.659	43	10.062		
	Total	2300.426	46			
A. Dependent Variable: Performance						
B. Predictors: (Constant), Compensation, Motivation And Leadership						

Coefficient of Determination

The value of R in the table below is the value of correlation or the value of relationship between leadership, motivation and compensation and

employee performance at PT XYZ. It is 0.901. So the value of relationship between leadership, motivation and compensation with employee performance is 90.10%.

Table-10: Coefficient of Determination

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.901 ^a	.812	.799	3.172
Predictors: (Constant), Compensation, Motivation, Leadership				
Dependent Variable: Performance				

DISCUSSION

Effect of Leadership on Employee Performance

Rivai [13] defines leadership is as the ability and skill of a person who occupies the position as head of the work unit to influence the behavior of others, especially his subordinates. Leaders encourage the employee to think and act in such a way that through his positive behavior makes a real contribution in the achievement of organizational goals.

The results of research conducted by Agung Roscahyo shows that the leadership style which is autocratic, democratic, and independent control each variables have partially significant influence to the employees' performance [14]. The quotation can be interpreted that an autocratic, democratic, and independent leadership style control every variable that has a partially significant influence on employee performance. Thus it can be concluded that leadership is significantly influenced to employee performance.

Influence Motivation on Employee Performance

Winardi [15] states that work motivation is a potential force within a human being, which can be developed by a number of outside forces that essentially revolve around monetary rewards. It is also non-monetary rewards that can affect their performance results in a positive or negative way which depends on the situation and conditions faced by the person concerned.

Research results conducted by Masud Ibrahim show that the impact of motivation on organizational performance as improving employees' level of efficiency, helping employees to meet their personal goals, employee satisfaction, and helping employees bond with the organization [16]. The above quote shows the impact of motivation on organizational

performance can improve employee efficiency level, help employees to meet their personal goals, employee satisfaction, and employees bond with the organization. In addition, the results of research conducted by Ahmad Badawi Saluy and Yuwinta Treshia proved that the motivation of work has a positive and significant impact on employee performance [17]. So It can be concluded that motivation has an effect on and significant to employee performance.

Effect of Compensation on Employee Performance

According to Sutrisno [20], compensation is all kinds of rewards in the form of money or not money given to employees properly and fairly for their services in achieving company goals. The Quotes can be interpreted that compensation can improve performance by the achievement of corporate goals.

The results of research conducted by Muhamad Rizal indicate that compensation has a significant effect on motivation and organizational commitment, and have a significant effect on employee performance [18]. The quote above shows that compensation has a significant influence on organizational motivation and commitment, and it has a significant effect on employee performance.

Effect of Leadership, Motivation and Compensation on Employee Performance

The value of coefficient of determination (R²) which is simultaneously contribution of leadership, motivation and compensation to increase employee performance is 0.895. This score can be interpreted that 89.50% of the variance in employee performance variables can be predicted by leadership, motivation and compensation variables, while 10.50% comes from

other independent variables as a determinant of high employee performance.

The results of research conducted by Yofi Dwi Hari Valianto stated that the result of the examination of t-test shows that leadership has significant and positive influence to the employees' performance, compensation has positive and significant to the employees' performance [19]. The results showed that leadership, motivation and compensation have a significant positive effect on performance.

CONCLUSIONS AND SUGGESTIONS

CONCLUSION

- Leadership has a significant effect on employee performance at PT XYZ. Dimension of understanding the environmental condition is most dominant dimension on the performance of employee employees at PT XYZ. It is open leadership behavior that means leaders receive suggestions and ideas from subordinates, while straightforward means the leadership is not rigid in leading a company. Therefore the subordinates will feel comfortable when having a leader close to his subordinates.
- Motivation has a significant effect on employee performance at PT XYZ. Growth dimension is the most dominant that affects employee performance. Thus, as the growing need for growth in potential employees can be developed through these motivations. So that there will be an increase in employee performance.
- Compensation has significant effect on employee performance at PT XYZ. Bonus dimension is the most dominant that affects employee performance. Bonus is an award to employees who are good performance can be money or goods, as part of corporate management strategies so that employees can improve their performance.
- Leadership, motivation and compensation simultaneously have a significant effect on employee performance at PT XYZ. The results of the simultaneous test can be concluded that the joint contribution of leadership, motivation and compensation on employee performance in PT XYZ is stronger than other variables that are not examined. This means that leadership, motivation and compensation synergize in providing the best performance for the company in accordance with company goals.

SUGGESTIONS

Leadership

It is obvious that leadership can be accepted by employees by the following points:

- Give the leader or manager the opportunity to create a regulation so that the company runs well.

- Provide an opportunity for the leader or manager of the company to perform its functions as a manager and the employees need to support it for the sake of the company's progress.
- Give the leader or manager a chance to innovate in managing the company.
- Leadership makes a work evaluation program to ask for feedback to employees in order to improve the work that is being and will be done.

Motivation

The real motivation can be improved as follows:

- Leaders or managers of the company do not get bored to give spirit and motivation to their employees in every time and opportunity.
- The managers of the company get used to provide direction to their employees before performing their work.
- Leaders or managers of the company should pay more attention to the needs and desires of employees, so that employees become comfortable in work.
- Leaders create training programs to improve and develop employees.

Compensation

The real compensation given to employees is as follows:

- Give compensation to employees who have contributed to the progress and increased productivity of the company.
- Provide compensation to employees as a form of corporate gratitude and care to employees.
- Give employees compensation and incentives and bonuses for outstanding employees.

REFERENCES

1. Sutrisno, E. (2012). *Manajemen Sumber Daya Manusia*. Prenadamedia Group. Jakarta
2. Masyhudzulkhak. (2017). *Manajemen Strategi: Formulasi Implementasi Penegndalian*. LP2S. Bengkulu.
3. Wibowo. (2016). *Prilaku Organisasi*. RajaGrafindo Persada. Jakarta.
4. Malayu, S. P., & Hasibuan. (2016). *Manajemen (Dasar, Pengertian dan Masalah)*. Jakarta: PT. Bumi Aksara.
5. Robbins, S. P., & dan Timothy Judge, A. (2015). *Organizational Behavior*.
6. Sudaryono. (2014). *Leaderships: Teori dan Praktek Kepemimpinan*. Lentera Ilmu Cendikia. Jakarta.
7. Thoaha, M. (2017). *Prilaku Organisasi: Konsep Dasar dan Aplikasinya*. Raja Grafindo Persada. Jakarta
8. Siswanto, H. B. (2010). *Pengantar Manajemen*. Bumi Aksara. Jakarta.

9. Simamora, H. (2015). *Manajemen Sumber Daya Manusia*. STIE YKPN. Yogyakarta.
10. Siagian, S. P. (2015). *Manajemen Sumber Daya Manusia*. Bumi Aksara. Jakarta
11. Mangkunegara, A. A., & Anwar, P. (2013). *Manajemen Sumber daya Manusia Perusahaan*. Remaja Rosdakarya. Bandung.
12. Sugiyono. (2016). *Metode Penelitian Kuantitatif , Kualitatif dan R&D*. Alfabeta. Bandung.
13. Rivai, V. (2008). *Kepemimpinan dan Perilaku Organisasi*. Raja Grafindo. Jakarta.
14. Roscahyo, A. (2015). Pengaruh gaya kepemimpinan terhadap kinerja karyawan pada Rumah Sakit Siti Khodijah Sidoarjo. *Jurnal Ilmu & Riset Manajemen*, 2(12).
15. Winardi. (2009). *Motivasi dan Permotivasi dalam Manajemen*. PT Raja Grafindo Persada. Jakarta.
16. Ibrahim, M., & Brobbey, V. A. (2015). Impact of Motivation on Employee Performance. The Case Of Some Selected Micro Finance Companies In Ghana. *International Journal of Economics, Commerce and Management. United Kingdom. United Kingdom*, 3(11).
17. Aji, O. P., Suryoko, S., & Budiarmo, A. (2015). Pengaruh Lingkungan Kerja, Disiplin Kerja, Dan Kompensasi Terhadap Kinerja Karyawan PT. Masscom Graphy Semarang. *Jurnal Ilmu Administrasi Bisnis*, 4(2), 20-29.
18. Rizal, M., Idrus, M. S., & Djumahir, M. R. (2014). Effect of compensation on motivation, organizational commitment and employee performance (studies at local revenue management in Kendari city). *International journal of business and management invention*, 3(2), 64-79.
19. Valianto, Y. D. H., & Yuniati, T. (2016). Pengaruh Kepemimpinan, Motivasi Kerja Dan Kompensasi Terhadap Kinerja Karyawan CV Sahabat Mandiri. *Jurnal Ilmu & Riset Manajemen*, 4(8).
20. Sutrisno, A., Kwon, H. M., Gunawan, I., Eldridge, S., & Lee, T. R. (2016). Integrating SWOT analysis into the FMEA methodology to improve corrective action decision making. *International Journal of Productivity and Quality Management*, 17(1), 104-126.
21. Widodo, H. P. (2015). *The development of vocational English materials from a social semiotic perspective: Participatory action research* (Doctoral dissertation).
22. Mondy, K. E. (2008). Determinants of endothelial function in human immunodeficiency virus infection: a complex interplay among therapy, disease, and host factors. *Journal of the cardiometabolic syndrome*, 3(2), 88-92.
23. Ghozali, I. (2005). Applications multivariate analysis with SPSS program. Semarang: BP Undip.