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Leadership Style and Compensation on Employee Performance at "Simple Fit" Convection Blitar

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ABSTRACT

Using a quantitative technique, this study seeks to ascertain the extent to which employee performance at Konveksi Simple Fit, Blitar Regency is impacted by leadership style and salary. Multiple Linear Analysis Test, The data in this study was analyzed using the following steps: Validity Test, Reliability Test, Normality Test, Partial Test (t Test), Simultaneous Test (F Test), and Determination Coefficient Test (R²). The results of the study showed that: (1) the leadership style variable has a significant effect on the employee performance variable (4.311 with a value of 0.000 less than 0.05); (2) the compensation variable has a significant effect (3.128 with a value of 0.003 less than 0.05); and (3) concurrently Leadership style and compensation are important considerations. 110.055 in the employee performance variable. Employee performance is 83% impacted by leadership style and pay, according to the determination test findings

INTRODUCTION

Human resources play an important role in every company, they are the ones who run the organization. The potential of human resources must be maximized in order to produce optimal output. Reliable, responsible, and hard-working employees are resources needed by every company. Competent and well-performing human resources can support and develop a business. On the other hand, incompetent human resources and poor performance put the company in a losing position in business competition. To ensure good company performance, management must consider several aspects such as leadership style and compensation (Fitrianingrum, 2019)

Leadership functions as an action taken by a leader in an effort to motivate his subordinates to be willing to do work according to the plan to work together to accomplish the company's objectives. The ability of a leader to execute his leadership in an organization based on management duties determines the business's prosperity (Ediyono, 2022). A leader persuades people to achieve company goals by using their leadership style. Alternatively, a leader's attitude, conduct, strategy, or philosophy is referred to as their leadership style (Ediyono, 2022).A

A leader who is effective with his style develops a successful leadership style. The decisions made by a leader have a big influence on the existence

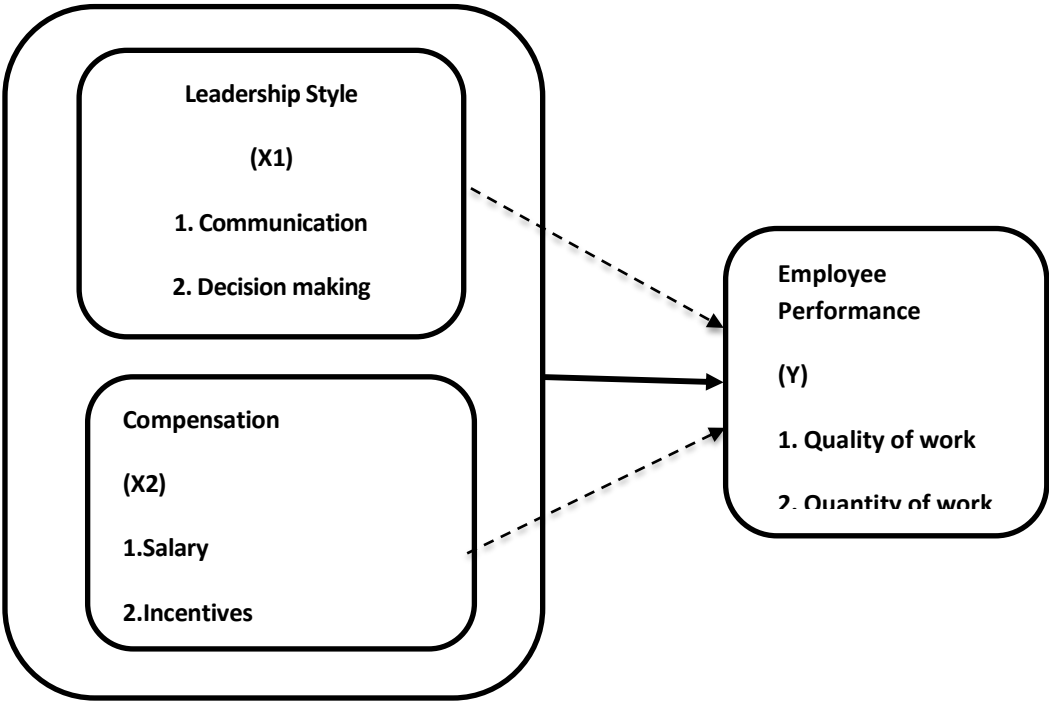
and operations of the business as well as the productivity of its workforce (Purnamasari, 2020). Suyatin (2022) A leadership style can have an impact on performance as it involves direct communication between superiors and subordinates. Employee performance will undoubtedly be significantly impacted by an unpleasant leadership style since it will reduce employee empathy for superiors. Restitution is a benefit. that every worker will undoubtedly get. Compensation is sometimes regarded as a corporate gift given to workers for all of their duties within the organization, but it may also serve as a performance incentive (Purnamasari, 2020). The quality of work and behavior reached in completing tasks assigned with full accountability within a given time range is known as performance. On the other hand, employee performance is described as an activity that is influenced by several elements, such as aptitude, assistance, drive, workplace culture, and relationships with coworkers (Wandi, 2022). Employee performance is evaluated using six metrics: quality, quantity, effectiveness, independence, timeliness, and job devotion (Melati, 2022). The relationship between leadership style and compensation has a significant influence on employee performance because competent leaders can motivate their teams, and a suitable compensation plan increases productivity and work satisfaction. This study sought to

ascertain whether leadership style at Konveksi Simple Fit, Blitar Regency, had an effect on worker performance and make a payment.

METHODS

The study's sample and population consisted of 48 Konveksi Simple Fit employees. Data collection techniques included questionnaires, interviews, and recordkeeping. Leadership Style (X1), together with the Leadership Style Indicators, is the study's

independent variable (X) being; Decision Making, Ability to Direct Subordinates, Communication, Participative and Ability to Control Emotions (Fitrianingrum, 2019). Compensation (X2) with Compensation Indicators being; Salary, incentives, bonuses, insurance, Facilities (Melati, 2022). While the Dependent Variable (Y) is employee performance with indicators of Work Quality, Work Quantity, Punctuality, Responsibility, Independence (Melati, 2022).



Source: Data Processed 2024

Figure 1. Framework of Thought

RESULTS AND DISCUSSION

Instrument Test Results

Validity Test

The significance test compares the r count and r table. In this instance, the quantity may be computed as 48-2 or df = 46 with alpha 0.05 since n-2

is the degree of freedom (df). The r table value obtained is 0.291; the item in the statement is considered legitimate if the value of the r count obtained is more than the value of the r table (0.291).

Table 1. Validity Test Results

Variable	Statement	Value <i>r</i> Count	Value <i>r</i> table	Sig	Information
Leadership Style	X1.1	0,893	0,291	0,000	Valid
	X1.2	0,685		0,000	Valid
	X1.3	0,726		0,000	Valid
	X1.4	0,893		0,000	Valid
	X1.5	0,378		0,008	Valid
Compensation	X2.1	0,612	0,291	0,000	Valid
	X2.2	0,587		0,000	Valid
	X2.3	0,692		0,000	Valid
	X2.4	0,612		0,000	Valid
	X2.5	0,741		0,000	Valid
Employee performance	Y.1	0,716	0,291	0,000	Valid
	Y.2	0,682		0,000	Valid
	Y.3	0,757		0,000	Valid
	Y.4	0,623		0,000	Valid
	Y.5	0,820		0,000	Valid

Source: Processed Data, 2024

Reliability Test

A If the Cronbach Alpha value is more than 0.6, the variable is

considered dependable. The reliability test's findings are as follows:

Table 2. Reliability Test Results

Variable	Alpha-Cronbach	Condition	Information
Leadership Style	0,785	>0,6	Reliable
Compensation	0,748		Reliable
Employee performance	0,782		Reliable

Source: Processed Data, 2024

Research Data Test Results

Normality Test

A statistical test called the Kolmogorov Smirnov test was employed in this

investigation; if the significant result is greater than 0.05, the data is considered to be regularly distributed.

Table 3. Kolmogorov Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.63291931
Most Extreme Differences	Absolute	.182
	Positive	.182
	Negative	-.142
Kolmogorov-Smirnov Z		1.258
Asymp. Sig. (2-tailed)		.084
a. Test distribution is Normal.		

Source: Processed Data, 2024

It can be inferred from the above table that Because the

significant value in this study is 0.084, which is more than 0.05, the data is regularly distributed.

Multicollinearity Test

The following is a method for detecting multicollinearity by determining analyzing the correlation matrix between independent variables and the Tolerance and Variance Inflation Factor (VIF).

Examining the tolerance value

- a. The data under test does not exhibit multicollinearity if the

tolerance value is more than 0.10.

- b. Multicollinearity in the tested data is indicated if less than 0.10 is the tolerance threshold.

Examining the value of the Variance Inflation Factor (VIF):

- a. The data under test does not exhibit multicollinearity if the VIF score is less than 10.
- b. Multicollinearity in the tested data is shown if the VIF score is more than 10.0.

Table 4. Multicollinearity Test

Model	Collinearity Statistic	
	Tolerance	VIF
Leadership Style	0,201	4.981
Compensation	0,201	4.981
Dependent Variable: Employee Performance		

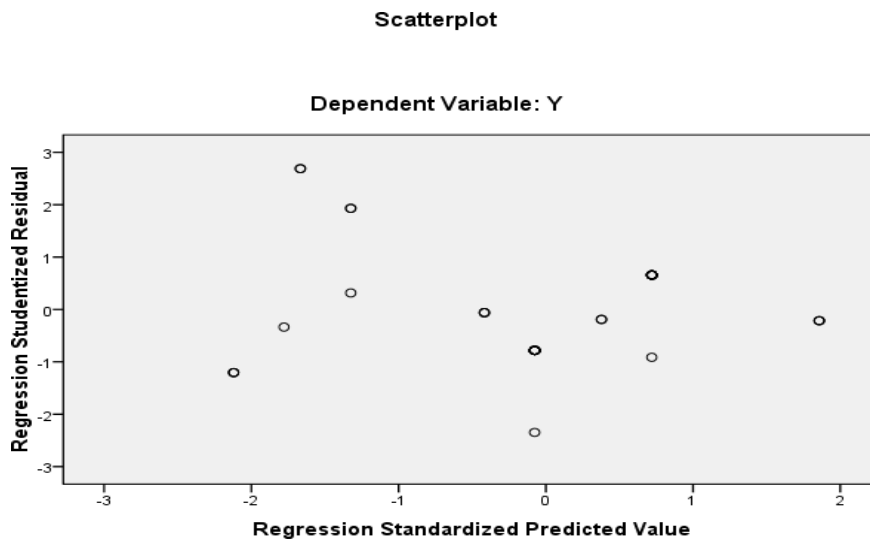
Source: Processed Data, 2024

Since the tolerance values of the leadership style variable (X1) and compensation (X2) are 0.201 and 0.201, respectively, which are greater than 0.10, and the VIF values of the leadership style variable (X1) 4.981 and compensation (X2) 4.981 are less than 10.0, it can be said that the regression model in this study does not experience multicollinearity.

Heteroscedasticity Test

The heteroscedasticity The scatter plot approach is the test employed in this investigation. A

scatter plot is displayed on the anticipated value of the X axis with the value of the Y residue in order to discover whether or not there is an error variance between Y and the Y residue.



Source: Processed Data, 2024

Figure 2. Results of the Employee Performance Scatter Plot Heteroscedasticity Test

It is clear from the following figure that there is no evidence of heteroscedasticity in the regression model employed in this study. When utilizing the heteroscedasticity test, scatter plot test, it still has significant shortcomings.

Multiple Linear Regression Analysis

The multiple linear regression test is used to determine the extent to which employee performance (Y) is impacted by the leadership style factors (X1) and compensation (X2).

Table 5. Multiple Linear Regression Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.181	1.557		-1.401	.168
X1	.604	.140	.545	4.311	.000
X2	.543	.174	.395	3.128	.003

Dependent Variable: Y
Source: Processed Data, 2024

The following results of the multiple linear regression analysis equation are displayed in Table 7: $Y = a + B_1X_1 + B_2X_2$

$$Y = -2.181 + 0.604X_1 + 0.543X_2$$

Depending on the value of the regression model, it might be read as follows:

- a. The constant number $a = -2.181$ represents the state of the Y variable (employee performance) before it is affected by other factors (X_1 , X_2).
- b. B_1 , or the regression coefficient value of X_1 of 0.604, indicates the extent to which the leadership style variable (X_1)

affects the employee performance variable (Y).

- c. The regression coefficient value, B_2 , which is 0.543, indicates the extent to which the wage variable (X_2) influences employee performance (Y).

Hypothesis Test

Partial Significance Test (t-Test)

The partial significance test, also referred to as the t-test, compares the significance values of each variable that are less than 0.05 and the estimated t value is more than the t-table value in order to ascertain if independent variables (X_1 , X_2) have an effect on the dependent variable (Y). The results of the t-test are as follows

Table 8. T-Test Results
Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.181	1.557		-1.401	.168
X1	.604	.140	.545	4.311	.000
X2	.543	.174	.395	3.128	.003

• Dependent Variable: Y

Source: Processed Data, 2024

Meanwhile, to find out the ttable value, it can be calculated using the formula:

$$t_{\text{tabel}} = t(a/2 ; n-k)$$

$$a = 5\%$$

$$t = (0,05/2 ; 48-3)$$

$$t = 0,025 ; 45$$

$$t_{\text{tabel}} = 2,014$$

So, the t_{table} value in this t-test is 2.014.

An explanation of the t-test for every variable is provided below, based on the previous table:

- a. Because the leadership style variable (X1) has a significant value of 0.000, which is less than 0.05, and the estimated t is 4.311, which is more than the ttable, which is 2.014, it can be said that Ho1 is rejected and Ha1 is approved. This suggests that leadership style and

employee performance are significantly correlated.

- b. Since the compensation variable (X2) has a significant value of 0.003, which is less than 0.05, and the estimated t is 3.128, which is more than the ttable value of 0.05, it may be concluded that Ho2 is rejected and Ha2 is approved. 2.014. Employee performance and salary are significantly correlated.

Simultaneous Significance Test (F Test)

The simultaneous significance test (F test) is used to ascertain if the independent variables (X1, X2) have a significant effect on the associated variable (Y) concurrently. By comparing the computed F value is more than the F table and the significant value is less than 0.05, this test may be carried out. Table 4.10 presents the findings of the F test.

Table 9. F Test Results
ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	87.575	2	43.788	110.055	.000 ^a
Residual	17.904	45	.398		
Total	105.479	47			

- Predictors: (Constant), X2, X1
- Dependent Variable: Y

Source: Processed Data, 2024

The 0.000 significant value is less than 0.05, as can be seen from the table above.

The df (n1) and df (n2) values may be used to get the Ftable value, which is 3.20. It is possible to conclude that Ho3 is rejected and Ha3 is approved simultaneously because the independent variables of leadership style and compensation (X1, X2) have an impact on the variable related to employee performance (Y), as

indicated by the Ftable value of 3.20 and the Fcount value of 110.055, both of which are higher than the Ftable value as displayed in the above table.

Determination Coefficient Test (R²)

To assess how well the independent variables (X1, X2) connect to the related variables (Y), the The determination coefficient test is used. The determination coefficient's results test (R²) are as follows.

Table 9. Results of the Determination Coefficient Test (R²)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.911 ^a	.830	.823	.63077

Source: Processed Data, 2024

The test results table indicates that the coefficient of determination (R²) is 0.830. The data in the figure indicates that the leadership style variable (X1) and wage (X2) have an 83% impact on employee performance (Y).

Employee performance, the dependent variable (Y), is significantly impacted by the independent variable (X), leadership style (X1), according to the t-test results. A leader's communication item and leadership style indication have an impact on this. Effective communication is essential for a leader since it may motivate and guide his team to accomplish company objectives. Every leader in the company is required to have communication skills that can foster a productive and positive work environment, which will ultimately boost employee performance. Employee performance is the dependent variable (Y), and remuneration (X2) influences it. The company's bonuses serve as influencing indicators. and amenities that can raise worker productivity. Results show that the employee

performance variable (Y) is 83% impacted by the variables of leadership style (X1) and compensation (X2), with 17% influenced by factors not included in the study's model. The R Squared value, also referred to as the Determination Coefficient, obtained is 0.830, or 83%.

CONCLUSION

One of the primary determinants of an employee's effectiveness is the leadership style of their superior. An effective and sensible leadership style will boost worker productivity and help the business or organization reach its objectives. While pay is one of the primary ways that employees may satisfy their requirements, meeting these needs will also help employees concentrate on their job, which will improve performance and hasten the achievement of corporate objectives. The results of the study show that leadership style and pay have an 83% (0.83) impact on employee performance, with other factors influencing the remaining 17%.

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