

The Influence of Leadership Style, Compensation and Motivation on Employee Performance in Vehicle Trader Company

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Abstract:

The primary objective of this investigation is to explore how leadership style, remuneration, and drive affect employee performance. The research was conducted on employees utilizing the convenience sampling method. Multiple regression was utilized as the statistical examination. The study has four core goals: firstly, to examine the influence of leadership style on employee performance; secondly, to assess the impact of remuneration on employee performance; thirdly, to scrutinize the effect of drive on employee performance; and fourthly, to investigate the impact of leadership style, remuneration, and drive on employee performance. The findings of this study indicate that there is a simultaneous effect on the variable on buying decisions. It is apparent that the significant value is less than 0.05, and the f-count value is higher than the f-table. Moreover, the results of this study demonstrate that the t-count value for the leadership style variable, remuneration, and drive is greater than the t-table, indicating that there is an effect on employee performance. The determination test shows that 72% of the independent variables influence the dependent variable, while 28% is influenced by other variables that are not included in this regression analysis, such as organizational culture, skills, job satisfaction, and others.

Keywords: leadership style, compensation, motivation, employee performance.

Introduction

There are various incentives in its efforts to expand the workforce that affect the efficiency and quality of government operations, often through productivity improvements. A scrutiny that focuses more on the performance of workers will give more importance to two key factors: a) the inclination or drive of the worker to work, which will eventually lead to the efforts of the worker; b) the capacity of the worker to work. Consequently, the anticipated drive of workers is that the role of these drives and abilities can have an impact on worker performance. Work drive is influenced by how a supervisor gives attention to subordinates, whether it is financially driven or not. The attention of a supervisor holds great significance for their subordinates, and in terms of gratitude or acknowledgment, it is highly valued by workers or subordinates (Subhki & Jauhar, 2013). Each manager possesses a unique approach to guiding their team, which is known as their leadership style. Leadership and motivation are closely intertwined, as a leader's ability to encourage others to attain set goals is largely dependent on their authority. Similarly, a leader's success in cultivating motivation in their subordinates, colleagues, and even superiors is crucial. Effective leadership is determined by employing the appropriate skills and behaviors, rather than one's personal traits (Ardana, 2012).

The absence of effective leadership in promoting positive communication and fostering employee growth will lead to subpar employee performance. Similarly, inadequate employee drive, such as poor attendance or a lack of effort, will result in low performance levels (Meisarah et al., 2023). Each leader has their own unique leadership style, which refers to their behavior when guiding their team (Sunyoto, 2012). Leadership and motivation are closely intertwined, as a leader's ability to inspire others to achieve set goals depends on their authority, as well as their ability to motivate colleagues, subordinates, and superiors. Leadership is a process that influences individuals or groups to attain specific objectives in various situations. To motivate employees to achieve these goals, companies must provide appropriate compensation that meets their needs. Compensation is given to employees in exchange for their contributions to the company. If managed effectively, compensation can help companies meet their objectives and attract and retain quality employees (Arizona, 2013).

The presence of an effective leadership style, fair compensation, and proper motivation are anticipated to enhance the efficiency of the workforce. Efficiency is the degree of output produced by an employee, compared to their colleagues, with regards to specific outcomes and conduct associated with their job. Efficiency is affected by various work-related factors, such as role stress and work-life balance (Hidayat, 2023). On the other hand, past studies suggest that efficiency is the amount of energy an individual expends on their work. The effectiveness of a staff member is the result of the caliber and number of tasks carried out by personnel in fulfilling their obligations in accordance with their designated duties (Endrawati & Widodo, 2019). The process of performance management is a method of identifying, motivating, measuring, evaluating, enhancing, and acknowledging staff member effectiveness. Performance management aims to cultivate a performance-driven culture by honing the skills, talents, and potential of human resources. Its interactive nature raises motivation, empowers human resources, and establishes a framework for enhancing efficiency (Sutikno, 2014). Performance management can also galvanize the active engagement of each member of the organization to attain organizational objectives by defining individual and group objectives while simultaneously developing their potential to achieve these objectives.

Literature Review

Personnel who exhibit self-restraint will guide themselves towards excellence. Management ethics is a tool employed by executives to engage with employees, encouraging them to alter their behavior and bolster their knowledge and willingness to comply with company policies and social norms (Rivai, 2009). A proficient leader is necessary to establish order as they are the driving force behind all company operations and determine the success or failure of the company (Rosidah, 2009). The success of a company hinges on the leader's management style, which is a reflection of their behavioral pattern in influencing others (Purwono, 2012). An effective leadership style will boost employee performance since the function of a leader is primarily to exert their leadership authority by establishing a communication system, preserving a cooperative attitude, and ensuring the smooth operation and requirements of the organization or company. The performance of employees plays a crucial role in the company's efforts to accomplish its objectives (Diyaul, 2023). Compensation is one of the factors that have an impact on

employee performance. As compensation can aid in achieving the company's goals, insufficient compensation may lead to the departure of current employees, posing a challenge for the organization to find replacements (Riani, 2013). Compensation management has a significant effect on the company's proficiency. At present, the compensation system is intricate, and organizations are often concerned about the high costs associated with it (Widodo et al., 2020). Performance refers to an employee's level of productivity in comparison to their colleagues with regard to certain outcomes and job-related behaviors. Work-related factors, such as role stress and work/non-work conflict, influence performance (Hidayat, 2023). Motivation is a driving force that encourages individuals to engage in activities and can enhance employee performance.

Methodology

The research population consists of 80 respondents who work for the company. Sampling was carried out by convenience sampling. The sample taken in this study consisted of 67 respondents who were employees. The technique for gathering data in this investigation involves utilizing primary information, which is information that is procured straightforwardly through research by means of polls and direct field interviews, tests, and observations of workers at organizations, specifically organizations engaged in the advertising agency sector. The primary information in this research was collected by distributing polls to workers, which were completed by all respondents as the research sample. The data analysis process utilized in this research is multiple regression analysis. In this study, a two-way significant test was used, namely a test that has two areas of H_0 rejection, which are located at the right and left ends. In two-way testing, it is common to use an equal sign (=) in the null hypothesis and a not-equal sign (\neq) in the alternative hypothesis. The signs (=) and (\neq) do not indicate one direction, so the test is carried out in two directions.

Case studies

Based on the results of the distributed surveys, it is evident that 69% of the respondents were male, with a total of 46 out of 67 respondents, while the remaining 31% were female, with 21 out of 67 respondents. The majority of the respondents, which is 46%, were aged between 26 and 30 years old, while the smallest percentage was 5% for those aged over 40 years. In terms of working period, 46% of the respondents had a working period of 1 to 3 years, while 23% had a working period of less than 1 year. Regarding the leadership style variable, the frequency of the respondents' responses to each question or indicator used to measure product quality was used to describe it. For the leadership style variable, which consists of 8 questions, the following can be explained: The leaders have good vision and articulation, which was agreed upon by 44 respondents and strongly agreed upon by 16 respondents. The company's leaders are sensitive to the work environment, which was agreed upon by 35 respondents and strongly agreed upon by 26 respondents. The leadership is sensitive to the needs of the employees, which was agreed upon by 46 respondents and strongly agreed upon by 14 respondents. The leaders provide rewards for the employees in accordance with the results provided for the company, which was agreed upon by 37 respondents and strongly agreed upon by 21 respondents. The leaders allow their employees to have the freedom to do their jobs, which was agreed upon by 33 respondents and strongly agreed upon by 16 respondents. The leader gives confidence to his employees in carrying out their duties, which was agreed upon by 36 respondents and strongly agreed upon by 20 respondents. The leaders inspire the employees, which was agreed upon by 34 respondents and strongly agreed upon by 24 respondents. The leaders provide training and always advise their employees at work, which was agreed upon by 35 respondents and strongly agreed upon by 22 respondents.

When explaining the compensation variable, the results of the respondents' answers to each question or gauge used to evaluate compensation frequency can be observed. The results of the respondents' answers to the compensation variable, which includes seven questions, can be elaborated as follows: The salary offered is aligned with the employees' requirements. This is evident from the agreement of 35 respondents and the strong agreement of 22 respondents. The company offers employee benefits. Leaders provide bonuses to employees who contribute. The incentives given to employees match their expectations. The company provides health insurance and lunch facilities for employees. The company also provides continuing education assistance to exceptional employees.

When describing the motivational variable, the frequency of the respondents' answers to each question or gauge used to assess motivation can be observed. The results of the respondents' answers to the motivational variable, which comprises of eight questions, can be explained as follows: The company's policies and administration are adequate and not challenging for employees. The company offers training to enhance employee performance. Employees have the liberty to establish relationships with their colleagues. The company provides comfortable working conditions. The company rewards exceptional employees with bonuses. Respondents are content with their work. The respondents are responsible employees who will perform their duties as per the company's wishes. When describing the employee performance variable, the frequency of the respondents' answers to each question or gauge used to measure customer satisfaction can be observed. The results of the respondents' answers to the employee performance variable, which includes seven questions, can be elaborated as follows: Employees' knowledge about their work motivates them to perform their duties. The company always offers work skills to employees. The company provides motivation for employees to work. Established rules ensure that employees work together effectively. The company provides training to enhance employee creativity. Employees are diligent and committed to their work. The employees are committed to being good and honest

It is clear that the t-value for the leadership style factor is 2.537, whereas the value in the t-table is 1.99. The p-value for the leadership style variable is 0.014, which is less than 0.05 and indicates its significance. If the t-value exceeds the t-table ($2.537 > 1.99$), then H_a is accepted and H_o is rejected, which means that the leadership style coefficient partially affects employee performance. These findings are consistent with previous research that analyzed the impact of leadership style, work motivation, and organizational commitment on employee performance using multiple linear regression. The regression equation can be used to assess the influence of independent variables on the dependent variable. The variables leadership style (X_1) and work motivation (X_2) have positive values, which means that an increase in their values will enhance performance. The t-value for the compensation coefficient is 3.920, and the value in the t-table is 1.99. The p-value for the compensation variable is 0.000, which is less than 0.05 and indicates its significance. If the t-value exceeds the t-table ($3.920 > 1.99$), then H_a is accepted and H_o is rejected, which means that the compensation coefficient partially affects employee performance. These results are in line with previous research that discussed the impact of employee compensation, motivation, and competence on employee performance in the Directorate of Business, Directorate General of Aquaculture, Ministry of Maritime Affairs and Fisheries, using multiple linear regression. The study's findings suggest that employee compensation, motivation, and competence have an impact on employee performance.

The motivation factor is represented by a t-count of 2.407, while the t-table value is 1.99. The p-value of the motivation variable is 0.019, which is less than 0.05, indicating its importance. When the t-count is greater than the t-table value ($2.407 > 1.99$), H_a is accepted, and H_o is rejected. Therefore, it can be concluded that the motivation factor partially affects employee performance significantly. These results are consistent with previous studies that have investigated the impact of motivation on employee performance in an Indonesian city's PDAM, with job satisfaction acting as a mediator. Multiple linear regression was used to achieve these results. The findings indicate that motivation has a significant effect on job satisfaction, but it does not significantly affect employee performance. However, job satisfaction has a significant impact on employee performance. Furthermore, job satisfaction acts as a mediator between motivation and employee performance. The F-count value is calculated to be 42.994. With a significance level of 5% and $df_1 = 3$ and $df_2 = 63$, the F-table value is 2.75. As the F-count value (42.994) is greater than the F-table value (2.75), it can be concluded that the three independent variables, leadership style, compensation, and motivation, significantly contribute to employee performance. Thus, H_o is rejected, and H_a is accepted. The regression equation presented above indicates a constant value of 0.438. This implies that if the values of leadership style, compensation, and motivation remain constant or equal to zero, employee performance will increase by 0.438 units or 43.8%.

The regression coefficient for the leadership approach factor is 0.261, suggesting that an increase of one unit in this factor would lead to a 26.1% rise in employee performance. It should be noted that all other variables are kept constant. The compensation factor has a regression coefficient of 0.367, indicating that a one-unit increase in this factor would result in a 36.7% increase in employee performance, with all other variables being constant. The motivation factor has a regression coefficient of 0.257, showing that a one-unit increase in this factor would lead to a 25.7% increase in employee performance, with all other variables being constant. The adjusted R square value is

0.72, or 72%, which means that the regression model indicates that the independent variables - leadership approach, compensation, and motivation - have a 72% effect on the employee performance factor. The remaining 28% (100% - 72%) is influenced by other unknown variables that have not been included in this regression analysis, such as job satisfaction, abilities, organizational culture, and others.

Conclusion

According to the findings of partial multiple regression analyses, it is evident from the t test results that the leadership style factor (X1) significantly impacts employee performance (Y). Similarly, the t test results reveal that the compensation factor (X2) and the motivational factor (X3) also have a noteworthy effect on employee performance (Y). Additionally, the F test results of simultaneous multiple regression analyses demonstrate that the three independent variables, namely leadership style, compensation, and motivation, significantly contribute to employee performance. Companies must improve their leadership style by giving sensitive attention to the needs of employees, carried out by leaders by providing compensation according to needs and providing the facilities needed by employees. In addition to increasing compensation, the company should increase compensation by providing health insurance for employees because employee health is very important in meeting needs. To guarantee employee health, the company must provide insurance for employees. In order to increase employee motivation, the company should continue to make Enhancements that will result in heightened drive by augmenting output and imparting education to staff. For researchers who intend to carry out analogous studies, it is recommended to scrutinize additional variables beyond managerial approach, remuneration, and drive since there exist other aspects that impact employee productivity.

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