THE INFLUENCE OF LEADERSHIP STYLE, MOTIVATION AND COMPENSATION ON WORK DISCIPLINE AND PERFORMANCE OF REGIONAL PUBLIC COMPANIES EMPLOYEES

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In terms of income or costs, good human resource management will optimize firm performance. The purpose of this research is to examine the impact of leadership style, salary, incentive, and punishment on employee performance. This is a quantitative qualitative study using data collected via questionnaires and analyzed using SEM-PLS via the SmartPLS. The sample approach utilized in this study was nonprobability sampling with a total sampling method, namely 40 workers of Perumda marketing division. The findings revealed that directly, leadership style and salary had no significant influence on work discipline, however motivation did. Then, directly, leadership style and motivation have no influence on employee performance, however salary and work discipline have an effect on employee performance. Then, leadership style and salary have no influence on employee performance via work discipline, however motivation has an effect on employee performance through work discipline.

Keywords: Leadership Style, Performance, Motivation, Discipline

1. Introduction

The era of globalization is a time when every company that wants to develop in a dynamic business environment must be able to innovate and have a competitive advantage in strategy and implementation. Companies in the world almost entirely compete to produce maximum output through effective and efficient input management. The key to the success of a company is not only technological excellence and the availability of capital, but the human element is also the most important factor. The human resources of a company need to be managed professionally to achieve a balance between the needs of employees and the needs and capabilities of the company's organization in order to grow efficiently and evenly. The general goal that an organization wants to achieve is to make a profit [1]. Therefore, employees who have high achievement or performance are needed. Because they are responsible for organizing, carrying out, and managing a variety of business activities, human resources are one of the factors that determine a company’s success. The science and art of managing labor relationships and roles in order to accomplish corporate, employee, and societal goals is known as human resource management. Additionally, a company’s performance in terms of earnings and costs will be optimized by effective and efficient human resource management [2].

One component of human resources, specifically workers, has a significant impact on how well a company performs. Low employee performance will make it difficult for the business to meet its objectives. This motivates businesses to engage in a number of tasks like hiring, vetting, in-house training, and keeping highly skilled workers. Employee performance influences the formulation of a goal that a company expects since companies need to pay attention to their staff in order for them to contribute effectively to the business. The object of this study which is engaged in livestock slaughtering services, procurement and distribution of meat in Province [3]. Based on the Decree of the Governor, this object is designated as a Regional Owned Enterprise of Province which has a role
in the welfare of meat consumers and livestock farmers. This role encourages Perumda Dharma Jaya to strive to produce good company performance, especially in terms of employee performance. Based on observations made by the author while conducting PKL activities at Perumda Dharma Jaya, the author found that there were problems in the company, namely related to employee performance. Employee performance, in Mangkunegara’s view, refers to the quality and amount of work that an employee completes in line with the tasks assigned to him [4].

Performance that is optimum, in line with organizational norms, and supportive of corporate objectives is considered good performance. According to Hasibuan, discipline is the most important human resource management function which is the key to realizing goals because with good work discipline from employees, employee performance will also be carried out properly in order to achieve company goals. According to Davis, work discipline is a management action to enforce organizational standards. Therefore, this research is related to its influence on work discipline and employee performance [5].

Leadership style is one of the factors that influence employee performance. According to Davis and Newstrom, leadership style is the leader’s overall pattern of action as perceived by his employees. The leadership style of a leader will greatly affect the performance of subordinates. Leaders must be able to choose a leadership style according to the situation. Discipline can be a benchmark to determine whether the overall leadership role can be carried out properly or not. This is because the leader will drive and direct the organization in achieving goals. Therefore, a good leader is needed and is responsible for his subordinates to improve the work discipline of his subordinates so that it will have a positive impact on company activities [6].

The supply of salary in accordance with the incentive for employee success is another aspect that influences employee performance. According to Sirait, compensation is something that employees receive as a return for their efforts (employee contributions) offered to the company, whether it takes the form of money or not. Hasibuan also said that one of the goals of pay is work discipline, and that by offering a sizable incentive, employee discipline is improving and they will be aware of and observe the relevant laws. According to Singodimenjo in Sutrisno, employees will abide by all rules if they believe they will receive compensation commensurate with the effort they have put into the business [5].

Another element that influences employee performance is work motivation. Rivai defines work motivation as a collection of attitudes and beliefs that persuade people to do certain actions in line with their own objectives. These attitudes and behaviors are genuine and offer people motivation to act in a way that advances their goals, so this work motivation is needed by employees in improving their performance. Hasibuan also stated that providing motivation for employees has several objectives including increasing discipline and reducing employee absenteeism so motivation has an influence in efforts to improve employee work discipline. Employees whose work motivation is low tend to build a destructive attitude so that disciplinary efforts will experience a more complicated process [7]. High work motivation will help employees develop a positive attitude, which will make it simpler for management to enhance employee discipline, which of course has an impact on employee performance. This research tries to ascertain the direct impact of management style, pay, motivation, and work ethics on worker performance.

2. Methods

This study takes a hybrid approach, combining quantitative and qualitative methods, as well as associative research methods and field investigations. This study was conducted at one of the Regional Owned Enterprises (BUMD) in one of capital city in Indonesia. In this investigation, nonprobability sampling procedures were applied, with a total sample size of 40 persons. This study’s data were collected using a questionnaire that has previously been verified for validity and reliability. The data was evaluated using the SmartPLS tool and the Moderated structural equation modeling (mSEM) test.
3. Results and Discussion

Statistical testing on each hypothesized relationship using PLS with the help of Smart PLS 3. The test simulation is carried out by means of the bootstrapping method on the sample. The results of the t-statistical test between the leadership style variable on work discipline (0.210 < 1.96) and the p-value (0.833 > 0.05), then H0 is accepted and H1 is rejected, namely leadership style does not affect work discipline. The path coefficient value is 0.055 with a positive direction, meaning that the effect of leadership style (X1) on work discipline (Y1) is positive and insignificant. The indicator on the leadership style variable has the lowest score of 1.00 which means that it states that it is unable / unclear, / never, / not brave, / not responsible and or not firm. This happens because of the discrepancies made by leaders such as the lack of communication skills carried out by leaders towards subordinates, lack of encouragement to employees, lack of courage and indecisiveness in taking an action or imposing sanctions for violations committed by employees, for example, there are cases of employees whose permission not to come to work for a long time is not followed up properly such as imposing sanctions for the absence of these employees by considering the reasons given.

The t-statistic test results between the compensation variable on work discipline (0.766 < 1.96) and the p-value (0.833 > 0.44), then H0 is accepted and H2 is rejected, namely compensation does not affect work discipline. The path coefficient value is 0.162 with a negative direction, meaning that the effect of compensation (X2) on work discipline (Y1) is negative and insignificant. Based on the descriptive data of the compensation variable, it can be seen that the lowest score is dominated by a score of 1.00 which indicates the answer is not suitable / incomplete / never / unpleasant. This shows that there is a mismatch in terms of compensation such as the lack of suitability of salary with workload, lack of opportunities for career development through work performance and lack of provision of education and training facilities in accordance with the work field.

The results of the t-statistical test between the motivation variable on work discipline (3.466 > 1.96) and the p-value (0.001 < 0.05), then H0 is rejected and H3 is accepted, namely motivation affects work discipline. The path coefficient value is 0.578 with a positive direction, meaning that the effect of motivation (X3) on work discipline (Y1) is positive and significant. Respondent data collection shows that the motivation given to employees has been done well. This can be seen from the average score of statements answered by respondents about motivation in the high category. Descriptive data of respondents’ answers to the motivation variable which states that there is the highest average score in the third indicator, namely related to the motivation to work to meet basic needs in the form of food, clothing and shelter. This shows that employees have high motivation to meet their needs, and it also has a positive impact on discipline. This means that employees have high motivation to work to meet their basic needs so that they will comply with company regulations to work better and also from the characteristics of respondents dominated by employees aged > 40 years, which means that they are not only to provide for themselves but for their family’s needs as well, which is what drives their high motivation to work.

Statistical testing of each hypothesized relationship using PLS with the help of Smart PLS 3. The test simulation was carried out by means of the bootstrapping method on the sample on employee performance. If H0 is accepted and H4 is denied, i.e., leadership style has no effect on employee performance, based on the findings of the t-statistical test between the leadership style variable and employee performance (0.069 < 1.96) and the p-value (0.945 > 0.05). A negative and negligible relationship exists between leadership style (X1) and employee performance (Y2), as indicated by the path coefficient value of 0.013 with a negative direction. Based on the descriptive data of the leadership style variable, the indicator that has the lowest average score of 2.50 is the seventh indicator where the leader's ability to accept criticism and suggestions to subordinates regarding problems that occur. This shows that there are several discrepancies that are still being carried out by leaders, namely not optimal in terms of communication, especially the ability to hear and receive criticism and suggestions for subordinates. Therefore, the results of this study indicate that leadership
style has no real influence on employee performance. This can be interpreted as increasing or decreasing the leadership style of a leader has no effect on employee performance.

H0 is rejected and H5, the idea that remuneration impacts employee performance, is accepted based on the t-statistical test findings between the compensation variable on employee performance and the p-value (0.024 > 0.05). The relationship between remuneration (X2) and employee performance (Y2) is positive and substantial, as indicated by the path coefficient value of 0.410 with a positive direction. This can be interpreted that if the compensation received is getting better, the employee's performance at work will also be better. Respondent data collection found that the compensation received by employees is quite good. This can be seen from the average statement score on the compensation variable in the medium category. Based on the descriptive data of the compensation variable, the average score of the highest indicator with a score of 2.71 in the second indicator, namely compensation in accordance with the workload. It can be seen that the compensation provided is good in accordance with the workload received, encouraging employees to improve their performance. Compensation is an important component in relation to employees. This is because compensation is one of the other factors that affect employee performance.

H0 is accepted and H6 is denied, indicating that motivation does not effect employee performance, based on the findings of the t-statistical test between the motivation variable on employee performance (0.617 > 1.96) and the p-value (0.538 > 0.05). With a route coefficient value of 0.125 and a positive direction, it can be concluded that there is a little but beneficial impact of employee motivation (X3) on performance (Y2). Based on descriptive data, the motivation indicator has an average score in the high category, namely 3.2, which means that employee motivation is high. High employee motivation but very low ability, then the performance will also be low. Based on the data collection of respondents from the eight items, the lowest answer distribution lies in the fourth statement, namely related to the availability of work safety equipment for security with the statement "I feel safe because the company pays attention to my work safety by providing complete work safety". Marketing division employees feel that they have not been motivated to work by the availability of work safety equipment because in reality there is still a lack of complete work safety equipment, for example, in meat packaging staff, especially meatshops, there are still several work accidents due to the meat packaging process.

H0 is rejected and H7 is accepted, i.e., discipline influences employee performance, based on the t-statistical test findings between the discipline variable on employee performance (2.600 > 1.96) and the p-value (0.010 < 0.05). Workplace discipline (Y1) has a favorable and considerable impact on employee performance (Y2), as indicated by the path coefficient value of 0.467 with a positive direction. This can be taken to mean that staff in the marketing sector will perform much better if their work habits change. Respondent data also shows that the level of employee work discipline is quite good. This can be seen from the average statement score in the high category. Descriptive data of work discipline variables has the highest average indicator of 3.77 in the fifth indicator, namely the use of work uniforms according to a predetermined schedule. The schedule for using the Dharma Jaya uniform for Monday is a white uniform, Tuesday is dongker blue, Wednesday is maroon, Thursday uses batik, and Friday - Saturday uses a neat and polite free shirt. In addition, the seventh indicator also has a fairly high score, namely related to completing the sales report every day before leaving the office. Employees must make sales reports every day which can be directly accessed automatically through the system used by the company, namely Accurate.
leadership style variable and employee performance. The results of the t-statistical test between the compensation variable and employee performance through the work discipline variable (0.649 < 1.96) and the p-value (0.516 > 0.05), then H0 is accepted and H9 is rejected, namely work discipline does not mediate between the compensation variable and employee performance.

The results of the t-statistical test between the motivation variable on employee performance through the work discipline variable (2.005 > 1.96) and the p-value (0.046 < 0.05), then Ho is rejected and H10 is accepted, namely work discipline can mediate between the motivation variable and employee performance. the path coefficient value is 0.270 with a positive direction, meaning that the effect of motivation (X3) on employee performance (Y2) through work discipline (Y1) is positive and significant.

4. Conclusions

Based on the study's findings, it can be said that while motivation has a considerable impact on work discipline, leadership style and remuneration have little direct influence. While salary and work discipline have a considerable impact on employee performance, leadership style and motivation have little direct impact. However, motivation has a major impact on employee performance through work discipline, but leadership style and salary indirectly have no meaningful impact.

References