

## **The Influence Of Leadership And Compensation On The Performance Of Employees In Cooperative Branch Office**

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### ABSTRACT

This study was to determine the effect of Leadership, Compensation, and Employee Performance at the Efrain Jaya Savings and Loan Business branch office company. In research using primary data. Sampling in this study used simple random sampling using predetermined criteria. The sample was selected from 54 employees. The analysis technique used in this research is SPSS (Statistical Product and Service Solution) version 26. The results of the study show that leadership has a significant effect positive and significant on employee performance, compensation has a significant effect positive and significant to employee performance R-square value of 0.732, meaning that the magnitude of the coefficient of determination is 0.732. This states that the independent variable can explain the dependent variable by 73.2% and the remaining 26.8% is influenced by other independent variables outside of this study.

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### INTRODUCTION

The development of the globalization era is very rapid, especially in the business world. Globalization creates intense competition for market share. With the development of technology, the business world must encourage all employees and companies to achieve organizational goals in an effective and efficient manner.

In running an effective and efficient company business requires various resources, such as capital, materials, and machinery. Companies also need human resources, namely employees. Human resources are the most important and very decisive, because without good human resources the company will not run well.

Thus the company is required to create high employee performance for company development. Companies must be able to build and improve performance in their environment. The success of the company is influenced by several factors, one of the important factors is human resources, because human resources are actors from all levels of planning to evaluation who are able to utilize human resources in a company which play a very important role. The workforce has great potential to carry out company activities. These changes bring high demands on each individual to further improve their performance. Meanwhile, companies or organizations do various ways to deal with change, competition and achievement of corporate or organizational goals. Cost efficiency, production maximization, service and in-depth study of employee behavior in order to improve employee performance is one of the concrete steps taken by a company or organization to survive in today's competitive era.

To encourage development and improve the quality of the company, there must be good management of human resources/employees. The quality of human resources or employees can be measured by employee performance, while improving employee performance can be done by creating a comfortable work environment and a strong organizational culture to shape the attitude and mindset of employees in completing assigned tasks.

The human factor is the main problem in every activity in it. Management is the science and art of managing the process of utilizing human resources and other sources effectively and

efficiently to achieve a certain goal (Hasibuan, 2016). Leadership describes the relationship between the leader and those who are led and how a leader must be able to delegate tasks from leaders to subordinates communicatively, so that communication with their subordinates is needed regarding achieving targets. This is shown by the ability of company leaders to have a good impact on employees to produce better performance.

According to Henry Simamora (2014: 445) Compensation is all forms of financial returns, tangible services and benefits that employees receive as part of an employment relationship. Meanwhile, according to Sedarmayanti (2013: 239) compensation is everything that is received by employees as a reward for them.

## METHODS

This research was taken from the Efraim Jaya Savings and Loans Business Branch Office Company, which is located at Senen Block, Penjalin Kidul Village, Sumber Jaya District, Majelengka Regency. According to (Sugiono, 2019) population is a set consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions. The population is the generalization area which consists of: objects/subjects that have certain quality specifications determined by the researcher to be studied and then conclusions drawn. The total population in this study was 54.

According to (Sugiono, 2017) The sample is part of the number and characteristics possessed by the population. In determining the number of samples, researchers used saturated sampling as suggested by (Sugiono, 2019) Saturated sampling is: The technique of determining the sample if the same population members are used as a sample if the population size is relatively small, where all members of the population are used as samples. The samples taken in this study were the entire population, totaling 54 respondents.

## Leadership

Mc Shane and Von Glinow in Wilson Bangun (2013: 320), stated that leadership is about influencing, motivating, and enabling others to contribute towards the effectiveness and success of the organization in which they are members. Newstrom (2011: 171), leadership is the process of influencing and supporting others to work enthusiastically towards achieving goals. Leadership or leadership is a group of applied sciences or applied sciences from the social sciences, because the principles and formulations are useful in improving human welfare. (Agtovia et al., 2022).

It can be said that leadership is essentially a person's ability to use his power to carry out the process of influencing, directing, motivating and supporting efforts that enable other people to contribute to the achievement of organizational goals.

Leadership is a person's ability to influence and motivate others to do something according to a common goal. Leadership includes influencing processes in determining organizational goals, motivating follower behavior to achieve goals, influencing to improve groups and culture.

According to (Hasibuan, 2017) states that a leader is someone with leadership authority directing his subordinates to do part of his work in achieving goals. According to Tanembaum (2015) leaders are those who use formal authority to organize, direct, control subordinates who are responsible, so that all parts of the work are coordinated in order to achieve company goals. According to Maccoby (2014) a leader must first of all be someone who is able to grow and develop all the best in his subordinates.

A leader must understand leadership theory so that later he will have a reference in running an organization. Several theories about leadership include scientific analysis of leadership departing from the focus of attention of the leader himself.

### Compensation

Compensation is everything that employees receive in return for their work. The purpose of this compensation is to help increase employee motivation in completing the tasks for which they are responsible.

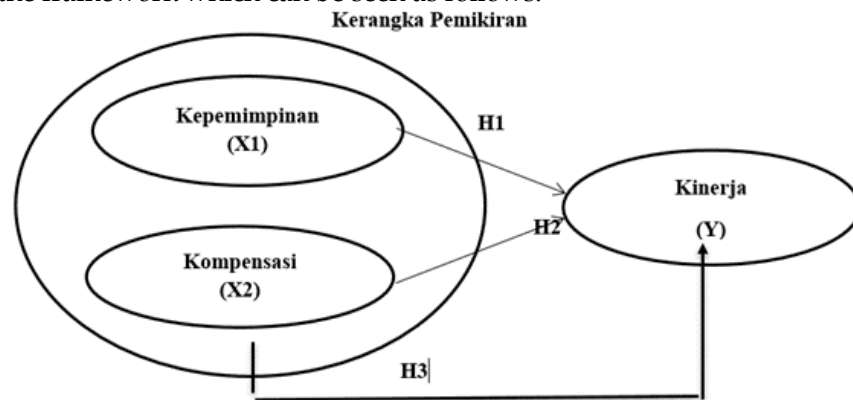
According to (Simamora Henry, 2015) Compensation is all forms of financial returns, tangible services and benefits that employees receive as part of an employment relationship. Meanwhile According (Sedarmayanti, 2016) Compensation is everything received by employees in return for services to them.

### Employee Performance

Performance comes from performance or actual performance, work performance or actual achievements achieved by a person. The definition of performance is the performance of work in quality and quantity presented by an employee in carrying out his duties in accordance with the responsibilities given to him. (Lawu et al., 2019). While performance according to employees (Busro, 2020) is a result of work achieved by someone in carrying out the tasks assigned to him based on skill, experience, and sincerity as well as time. Performance is the result of someone's work that describes the quality and quantity of work that has been done. Performance from one person to another may differ, due to different driving factors. Employee performance is very important because the performance of an employee in an institution will determine the effectiveness of the institution's performance (Frimayasa & Lawu, 2020).

### Framework

The framework of thought is made to provide directions for research so that the research goes according to the framework which can be seen as follows:



**Figure 1. Framework**

### hypothesis

Based on the limitations, problem formulation and conceptual framework that have been stated previously, the research hypothesis is:

H1: There is an influence of leadership on employee performance.

H2: There is an effect of compensation on employee performance.

H3: There is a mutual influence between leadership and compensation on employee performance.

## RESULT AND DISCUSSION

### Validity test

Validity testing, which is done using the Pearson correlation method (Person Correlation), is a way of correlating each item score or question item with the total item score. The total item score

is the sum of all items. If the correlation value (r-count) is greater than the r-table then the questionnaire items are declared valid. Conversely, if the r-count is smaller than the r-table or the correlation value is negative, the item is invalid. The results of testing the validity of the variables used in this study can be seen as follows:

**Table 1** Results of Employee Performance Validity Test (Y)

	correlations		
	Employee performance	r-table	Information
KK_1	.815**	.268	Valid
KK_2	.776**	.268	Valid
KK_3	.824**	.268	Valid
KK_4	.817**	.268	Valid
KK_5	.803**	.268	Valid
KK_6	.713**	.268	Valid
KK_7	.683**	.268	Valid
KK_8	.828**	.268	Valid
KK_9	.778**	.268	Valid
KK_10	.795**	.268	Valid

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

The table above shows that all question items for employee performance variables (Y) have r-count > r-table values. This shows that all statement items for the Employee Performance variable are declared valid.

**Table 2.** Leadership Validity Test Results (X1)

	correlations		
	Employee performance	r-table	Information
GK_1	.723**	.268	Valid
GK_2	.753**	.268	Valid
GK_3	.767**	.268	Valid
GK_4	.855**	.268	Valid
GK_5	.686**	.268	Valid
GK_6	.616**	.268	Valid
GK_7	.711**	.268	Valid
GK_8	.713**	.268	Valid
GK_9	.757**	.268	Valid
GK_10	.737**	.268	Valid

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

The table above shows that all question items for the leadership style variable have r-count values > r-table and have a significance value below the significance level, which is <0.05, which means that all question items for the kepei,i,pimama style variables are stated valid.

**Table 3.** Results of Compensation Validity Test (X2)

	correlations		
	Employee performance	r-table	Information
Kom_1	.797**	.268	Valid

Kom_2	.800**	.268	Valid
Kom_3	.767**	.268	Valid
Kom_4	.836**	.268	Valid
Kom_5	.878**	.268	Valid
Kom_6	.873**	.268	Valid
Kom_7	.895**	.268	Valid
Kom_8	.708**	.268	Valid
Kom_9	.798**	.268	Valid
Kom_10	.759**	.268	Valid

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

The table above shows that all question items for the Compensation variable have r-count > r-table values. This shows that all question items for compensation variables are declared valid.

### Reliability Test

Reliability test is a tool to measure a questionnaire which is an indicator of the variable. A questionnaire is said to be reliable or reliable if one's answers to the questions are consistent or stable from time to time. SPSS provides a facility to measure reliability with the Cronbach Alpha ( $\alpha$ ) statistical test. A variable is said to be reliable if it gives a value of ( $\alpha$ ) 0.70 (Ghozali, 2011: 47). obtained reliability results for each variable as follows:

**Table 4** Reliability Test Results

Variable	Reliability Statistics			
	Cronbach's Alpha	N of Items	Reliability Limits	Information
Employee performance	<b>0.930</b>	10	0.60	Reliable
Leadership Style	<b>0.902</b>	10	0.60	Reliable
Compensation	<b>0.942</b>	10	0.60	Reliable

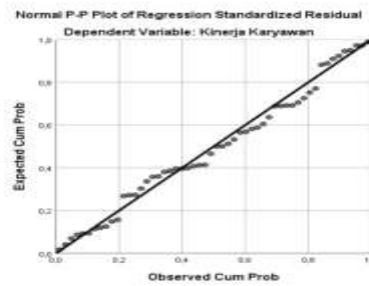
From the results above, the Cronbach's Alpha value for the Employee Performance variable is 0.903, the Leadership Style variable is 0.930 and the Compensation variable is 0.942. With these results it can be said that each variable has a Cronbach's Alpha value > 0.70, so it can be said that the data is reliable.

### Classic assumption test

This test was conducted to determine whether the data can be used or not. This Classical Assumption Test is carried out by applying the Regression Normality Test, Multicollinearity Test and Heteroscedasticity Test.

#### 1. Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. A good regression model is to have a normal data distribution or distribution of statistical data on the diagonal axis of the distribution chart (Ghozali, 2011: 160).



**Figure 2** Normality Test Results with P-Plot Graphs

Looking at the histogram and normal p-plot above, it can be concluded that the normal p-plot gives a normal distribution pattern. Meanwhile, on the normal plot graph, the dots spread around the diagonal and follow the direction of the diagonal line, so that the regression model meets the assumption of normality.

### Multicollinearity Test

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables, by analyzing the values and the Variance Inflation factor (VIF) values. If the VIF value > 10 then there is multicollinearity and if the VIF value < 10, then the model is free from multicollinearity

**Table 5.** Test Multicollinearity  
**Coefficients<sup>a</sup>**

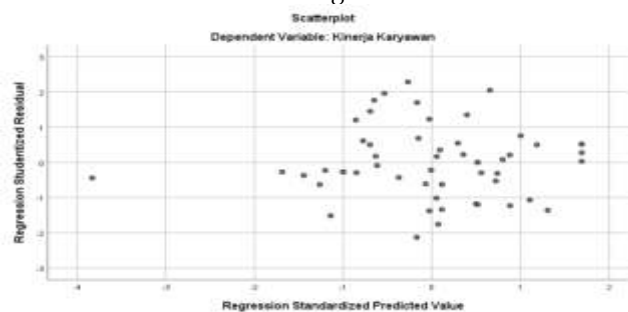
Model	Collinearity Statistics	
	tolerance	VIF
1 (Constant)		
Leadership	,368	2,716
Compensation	,368	2,716

a. Dependent Variable: Employee Performance

From the output results it can be seen that the Variance Inflation Factor (VIF) values of the two variables, namely the Leadership variable of 2.716 and the Compensation variable of 2.716, of the two variables have a VIF value of <10. So it is suspected that between the independent variables there is no multicollinearity.

### Heteroscedasticity Test

Heteroscedasticity testing is intended to determine the similarity of the variants of each independent variable to the dependent variable. Testing the homogeneity of the research variables used the heteroscedasticity test. The test results can be seen in Figure 3 below:



**Figure 3** Results of Heteroscedasticity Test with Scatter Plot Graph

Based on the scatterplot graph above, it appears that the data distribution pattern does not form a specific pattern, the data points spread above and below the number 0 on the Y axis. This indicates that there is no heteroscedasticity in the regression model.

### Multiple Regression Analysis

**Table 6** Results of Multiple Linear Regression Analysis

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	6,449	3,262		1,977	.053
	Leadership	,357	,134	,358	2,668	,010
	Compensation	,471	,127	,500	3,723	,000

a. Dependent Variable: Employee Performance

The regression equation is as follows:

$$Y' = \alpha + b_1X_1 + b_2X_2 + e$$

$$Y' = 6.449 + 0.357X_1 + 0.471X_2 + e$$

Information:

Y' = PerformanceEmployee

$\alpha$  = constant

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub> = regression coefficient

X<sub>1</sub> = Leadership

X<sub>2</sub> = Compensation

From the regression equation above it can be explained as follows:

A constant of 6.449; meaning that if the value of Leadership (X<sub>1</sub>) and Compensation (X<sub>2</sub>) is fixed, then the Employee Performance (Y) value is 6.449.

Leadership variable regression coefficient (X<sub>1</sub>) of 0.357; meaning that if the Compensation variable has a fixed value and Leadership has increased by 1 unit, then Employee Performance (Y) will have increased by 0.357. The coefficient is positive, meaning that there is a positive relationship between leadership and employee performance, the better the leadership, the better the employee performance.

The regression coefficient of the Compensation variable (X<sub>2</sub>) is 0.471; meaning that if the Leadership variable has a fixed value and compensation increases by one unit, then employee performance (Y) will increase by 0.225. The coefficient is positive, meaning that there is a positive relationship between compensation and employee performance. The higher the compensation, the higher the employee performance.

### Hypothesis testing

**Table 7.** t test results

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	6,449	3,262		1,977	.053
	Leadership	,357	,134	,358	2,668	,010
	Compensation	,471	,127	,500	3,723	,000

a. Dependent Variable: Employee Performance

**t test**

The t test is used to determine whether the independent variables partially have a significant effect or not on the dependent variable. Based on the degrees of freedom  $54 - 3 = 51$  and a significance level of  $0.05 : 2 = 0.025$ , a t-table value of 2.00758 is obtained. The following are hypotheses X1 and X2 against Y individually:

- a. Based on table 4.12 it shows that the Leadership variable gets a t-count value of 2.668 with a significance of 0.010. So it is known that  $t\text{-count} > t\text{-table}$  ( $2.668 > 2.00758$ ), and a significance level of  $0.010 < 0.05$  so it can be said that  $H_0$  is rejected and  $H_1$  is accepted. Which means that leadership has a significant effect on employee performance.
- b. Based on table 4.12 it shows that the Compensation variable gets a t-count value of 3.723 with a significance of 0.000. So it is known that  $t\text{-count} > t\text{-table}$  ( $3.723 > 2.00758$ ), and a significance level of  $0.000 < 0.05$  so it can be said that  $H_0$  is rejected and  $H_2$  is accepted. Which means that compensation has a significant effect on employee performance.

**F test**

The F test is used to determine whether the independent variables simultaneously have a significant effect on the dependent variable. The degree of confidence used is 0.05 with  $df_1$  (number of variables - 1) or  $3 - 1 = 2$  and  $df_2$  ( $n - k$ ) or  $54 - 3 = 51$ . This test aims to test whether there is an influence of Leadership and Compensation together the same (simultaneously) on Employee Performance.

**Table 8.** Results Simultaneous Significance Test (F Test)

		ANOVAa				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1814,252	2	907,126	49,921	,000b
	residual	926,730	51	18,171		
	Total	2740,981	53			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Compensation, Leadership Style

From the table above, an F-count of 49.921 is obtained with a probability value (sig.) = 0.000, and an f-table value of 3.18 is obtained. So it can be said that the F-count value is  $(49.921) > f\text{-table}$  (3.18), and the sig. smaller than the value of 0.05 ( $0.000 < 0.05$ ). So it can be interpreted that the regression model can be used to predict Employee Performance or it can be said that Leadership and Compensation have a significant effect together (simultaneously) on Employee Performance.

**Coefficient of Determination (R<sup>2</sup>)**

The coefficient of determination (KD) aims to determine how much the ability of the dependent variable is. For multiple regression it is better to use the adjusted R Square. The Adjusted R Square value is said to be good if it is above 0.5 because the Adjusted R Square value ranges from 0 to 1.

**Table 9.** Determination Coefficient Results

Summary model b					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	
1	,814a	,662	,649	4,263	

a. Predictors: (Constant), Compensation, Leadership Style

b. Dependent Variable: Employee Performance

Based on the table above, the R number is 0.814. This shows that there is a strong relationship between the independent variables and the dependent variable. Meanwhile, the R<sup>2</sup> (Adjusted R Square) figure is 0.649 or (64.9%). This shows that the percentage of independent variables that can



explain or contribute to the dependent variable is 64.9%. While the remaining 35.1% is explained by other independent variables not included in this study.

### CONCLUSION

From the results of the study it can be seen that the Leadership Style has an influence on the Performance of Cooperative Employees. Therefore, leaders should pay special attention to employees and be more responsible for the work and position they hold. The success of employee performance is one of the elements in improving organizational performance. It is hoped that by achieving a good leadership style, the performance of Cooperative employees will be even better. From the results of the study it can be seen that compensation has an influence on the performance of Cooperative Employees, it is expected that compensation on banus indicators for employees, should pay attention to regulatory standards and minimum living expenses to prevent feelings of injustice. In order to provide compensation to employees according to their performance. For future researchers who will conduct the same study, they can develop research objectives that they want to study and focus more on what is being studied by increasing the number of literature studies related to the focus of the study to be studied. For future researchers, it is recommended to increase the number of samples or the number of respondents to get better results. In addition, it is suggested to add other variables that are not included in this study, such as competence, job training, workload, work facilities and other variables. So that further research will get different and good results.

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