

Unveiling the Impact of Leadership, Work Discipline, and Compensation on Employee Performance

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ABSTRACT

The aim of this research is to determine the combined influence of leadership, work discipline, and compensation on employee performance at the East Ciputat Subdistrict Office. This study employs a quantitative approach, focusing on 100 employees of the East Ciputat Subdistrict Office. The sampling technique utilized is Nonprobability sampling, with a sample size of 100 individuals. The data analysis techniques include multiple linear regression analysis, coefficient of determination test, and statistical tests. The results indicate that leadership, work discipline, and compensation do not have a significantly positive impact on employee performance at the East Ciputat Subdistrict Office. When tested together, these three variables - leadership, work discipline, and compensation-collectively explain only 16.8% of the variation in employee performance.

Keywords: Leadership, Work Discipline, Compensation, Performance, Human Resources

INTRODUCTION

Leader is a crucial element that determines the smoothness or otherwise of an organization in achieving its goals. Leadership is the core and driving force behind the realization of effective governance processes. The role of leadership in goal achievement is so significant that the success or failure of district government activities is largely determined by the quality of leadership possessed by individuals assigned to lead the governance process.

Human resources, in this case, employees, always play an active and dominant role in every organizational activity because humans are planners, executors, and determinants of organizational goals. According to Aksara et al. (2021), personnel management involves planning, organizing, directing, and controlling activities related to the acquisition, development, compensation, integration, maintenance, and release of human resources to achieve individual, organizational, and societal goals.

According to Idie (2022), leadership is one of the factors influencing an individual's performance in an organization. In leading an institution, a leader employs leadership styles. There are three types of leadership: authoritarian, democratic, and laissez-faire. Authoritarian leadership involves decision-making by superiors, with subordinates carrying out tasks according to superior orders. Democratic leadership is characterized by collaboration between superiors and subordinates, and decision-making is cooperative. In the face of dynamic changes in the business world, a leader is expected to be the central point controlling the company in dealing with various possible changes in the organizational environment. Similarly, in controlling human resources within a company, a leader is expected to facilitate individual development to realize their potential.

According to Marlius and Pebrina (2022), discipline is the awareness and willingness of an individual to obey all company regulations and social norms. Awareness is a voluntary attitude of obeying all rules and being conscious of tasks and responsibilities. Willingness is an attitude, behavior, and action in accordance with written or unwritten company regulations that must be implemented and obeyed.

Every benefits program is evaluated based on how well it achieves its goals, taking into account the overall compensation package and its relation to employee performance. Despite many influences from within and outside the organization, an ideal employee benefits program should contribute positively to employees in carrying out their duties and responsibilities.

With regulations on employee discipline, it is not certain that the work discipline process can run smoothly. One sign is the delay in salary payments causing a decline in employee performance, indicated by a decreasing motivation in carrying out duties and responsibilities. Lack of justice enforcement results in a decline in employee performance, indicated by weak regulations targeted at specific employees only, and the suboptimal implementation of sanctions against employees who violate rules contributes to a decline in employee performance, indicated by many employees ignoring existing rules and regulations (Yoyo, 2022).

Basically, humans work to earn money to meet their living needs. Therefore, employees begin to appreciate hard work and show increasing loyalty to the company, and that's why companies reward employee achievements by providing compensation.

According to Tjahyanti and Chairunnisa (2020), compensation is important for employees as individuals because the amount of compensation reflects the measure of their work among fellow employees, family, and society.

With the provision of compensation to employees, it is not certain that the compensation process can run smoothly. One sign is the lack of transparency in giving employee incentives, leading to a decrease in employee performance, indicated by the lack of detailed data on the total amount of incentives. Inadequate compensation for employees in carrying out their duties and responsibilities leads to a decrease in employee performance, indicated by the reduced enthusiasm of employees in performing their duties. The lack of adequate facilities in carrying out all activities leads to a decrease in employee performance, indicated by limited computer units, office equipment, and other equipment, including official vehicles for employees (Erika et al., 2021).

Employee performance depends heavily on leadership programs, work discipline, and compensation, and other factors directed at both new and long-standing employees within a company and organization. Thus, a company can easily achieve its goals if the employees utilized are skilled in carrying out company activities (Sugeng & Suryadi, 2022).

In connection with the above, human resources play a crucial and strategic role in the company's development process. Therefore, to obtain good human resources, there should be a selection and development process. Human resource development programs are essential in line with the company's development. To achieve efficient and effective work results is not an easy task. Leadership, work discipline, and employee benefits are implemented with the hope that employee performance can improve in their tasks and positions.

THEORETICAL BASIS

Leadership

Leadership is one of the subjects that has long attracted the attention of many people from various walks of life, including within companies. The term "leadership" is often connotated with the image of an individual who is strong, dynamic, and has the ability to guide, inspire, and influence others to achieve collective goals (Hasibuan,

2021). In the context of companies, leadership plays a crucial role in directing and coordinating the efforts of all team members to achieve organizational goals.

An effective leader can create a positive work environment, motivate employees, and enhance overall organizational productivity and performance (Aryani, et al., 2021). Leadership is not just about having authority or a high position; it is also about the ability to bring about positive change and create a meaningful impact on the organization and its environment. Strong and dynamic leadership can be a key factor in a company's success in facing challenges and achieving sustainable growth.

Work Discipline

According to Hasibuan and Munasib (2020), discipline is a management activity to enforce organizational standards. All organizations have behavioral standards that must be followed in relation to work, both verbally and in writing, and they expect employees to adhere to them in an effort to enhance productivity. However, in reality, employees, being human, often have shortcomings and may struggle to comply with regulations. Therefore, improving discipline is crucial in human resource management as a significant factor in increasing company productivity.

Work discipline refers to the behavior and attitudes of employees in carrying out their tasks and responsibilities in accordance with the rules, procedures, and policies established by the company or organization where they work. Work discipline reflects the willingness and consistency of employees in adhering to the rules and norms prevailing in the work environment (Evasari, 2021). Work discipline is an essential factor in achieving organizational performance and success. Employees with high discipline tend to be more reliable, have good work quality, and contribute positively to the company's goals. Moreover, work discipline also contributes to creating a harmonious and efficient work environment.

Compensation

(Putri, 2022) Compensation is one of the crucial factors in maintaining employee motivation and loyalty to the company. Employees who feel valued and receive fair rewards are more likely to be motivated to perform well and contribute positively to the organization's success. Additionally, competitive compensation can also assist the company in attracting and retaining high-quality workforce. According to (Pricila &

Lusia, 2022), employee compensation is any form of payment or reward given to employees arising from their employment.

Compensation is a vital aspect of human resource management that plays a role in enhancing employee motivation, satisfaction, and performance, ultimately impacting the success and growth of the company. Compensation can take various forms, including fixed payments such as monthly salaries or daily or weekly wages, additional benefits in the form of facilities or money provided in addition to the salary, such as health benefits, transportation allowances, meal allowances, and so on, as well as recognition bonuses or financial incentives given based on employee performance or results achieved within a specific period.

Performance

According to Munir et al. (2020), performance is the extent to which members of an organization or employees have carried out their work to satisfy the organization or company. Performance refers to the results obtained by members of an organization or employees in carrying out their tasks and responsibilities. Performance results can include various aspects such as target achievement, productivity, efficiency, work quality, and so on, measured according to the goals and expectations of the organization or company where they work. The importance of performance lies in its goal to satisfy the organization or company.

When members of the organization or employees achieve good and satisfactory results, it is considered a positive contribution to the success and growth of the organization or company. On the contrary, unsatisfactory performance may pose problems for the organization or company and may require further improvement or evaluation (Supardi, 2020). Good employee performance contributes to the success and sustainability of the organization or company because high-performing employees have a positive impact on productivity, customer satisfaction, and the overall achievement of company goals. Therefore, it is crucial for organizations or companies to manage and improve employee performance through effective human resource development and management.

METHOD

The type of research used in this study is quantitative research, which focuses on the collection and analysis of numerical data to answer research questions and present existing facts. The research method employed in this study is descriptive analysis method to depict the characteristics or relationships between variables without manipulating or intervening in those variables. This method is used to analyze data and explain the phenomena under investigation.

The population in this study consists of employees of the Ciputat Timur Subdistrict Office at Jl. WR. Supratman No.66, Pondok Ranji Village, Ciputat Timur Subdistrict, South Tangerang City, totaling 100 people. The sampling technique used in this study is Nonprobability sampling. Considering the sample size is not too large, specifically 100 people, the method of Saturated Sampling is employed. The data analysis technique in this study involves multiple linear regression test, coefficient of determination test, and statistical test.

RESULT

The Influence of Leadership (X1) on Employee Performance (Y)

The results of hypothesis testing, conducted partially, reveal that based on the calculated t-value (10.137), which is greater than the critical t-value (1.661), the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. This indicates that in the framework of this test, the Leadership variable has a significant partial influence on employee performance. The significant t-value indicates that changes in the Leadership variable alone can cause a significant change in employee performance.

Furthermore, a significance value (sig) smaller than the significance level ($\alpha=0.05$) indicates that the test results are statistically significant. This confirms that the positive influence between the Leadership variable and employee performance is significant and not merely a coincidence. This means that these findings have a strong statistical basis and provide adequate evidence that there is a positive relationship between the Leadership variable and employee performance.

The Adjusted R-Square value of 0.126 or 12.6% indicates the proportion of variation in employee performance that can be explained by the variation in the

Leadership variable in the regression model used. This suggests that the contribution of the Leadership variable to the observed variation in employee performance is 12.6%. Although the Leadership variable has a significant influence in the regression model, there is still 87.4% of other unexplained variations in employee performance within the context of this model.

The Influence of Discipline (X2) on Employee Performance (Y)

The results of hypothesis testing, conducted partially, obtained a t-value (7.802) > t-table (1.661). This is indicated by the t-value (7.802) being greater than the t-table (1.661), leading to the rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_a). This implies that Work Discipline has a significant impact on employee performance in a partial context, meaning changes in the Work Discipline variable alone can cause a significant change in employee performance.

Furthermore, the significance value (sig) of 0.000 is smaller than the significance level ($\alpha=0.05$), indicating that the test results are statistically significant. In other words, the positive influence between Work Discipline and Employee Performance is significant and not merely coincidental. This finding is based on strong statistical grounds and provides sufficient evidence of a positive relationship between the discipline variable and employee performance.

The Adjusted R-Square value of 0.173 or 17.3% indicates the proportion of variation in employee performance explained by the variation in the Work Discipline variable in the regression model used. This means that the contribution of the Work Discipline variable to the observed variation in employee performance is 17.3%. Although the Work Discipline variable has a significant impact in the regression model, there is still 82.7% of other variation in employee performance that cannot be explained by the Work Discipline variable in the context of this model.

The Influence of Compensation (X3) on Employee Performance (Y)

The results of hypothesis testing, when examined partially, yielded a t-value (8.684) > the critical t-table value (1.661). This is indicated by the t-value (8.684) being greater than the critical t-table value (1.661), leading to the rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_a). In other words, Compensation has a significant partial effect on employee performance, meaning that

changes in the Compensation variable alone can lead to a significant change in employee performance.

Furthermore, the significance value (sig) and significance level (α) were examined in the test results. A significance value (sig) smaller than the significance level ($\alpha=0.05$) indicates that the test results are statistically significant. It can be concluded that there is a significant positive influence between the compensation variable and employee performance, and it is not merely a chance result. This means that this finding has a strong statistical basis and provides sufficient evidence that there is a positive relationship between the compensation variable and employee performance.

The Adjusted R-Square value of 0.173 or 17.3% indicates the extent to which the variation in employee performance can be explained by the variation in the Compensation variable in the regression model used. In other words, the Compensation variable contributes 17.3% to the observed variation in employee performance in the analytical framework. Although the Compensation variable has a significant influence in the regression model, there remains 82.7% of other unexplained variations in employee performance within the context of this model.

The Influence of Leadership (X1), Work Discipline (X2), and Compensation (X3) on Employee Performance (Y)

The results of hypothesis testing, when examined individually, yield an F-value (0.862) smaller than the critical F-table value (2.700). Consequently, we accept the null hypothesis (H_0) and reject the alternative hypothesis (H_a). Statistically, this indicates that collectively, the variables of Leadership (X1), Work Discipline (X2), and Compensation (X3) do not have a significant influence on Employee Performance (Y) at the East Ciputat Sub-District Office within the analytical framework used. In other words, based on these F-test results, there is not enough statistical evidence to support a significant combined effect of these variables on employee performance.

Furthermore, the significance value (sig) and the significance level (α) in the simultaneous hypothesis testing results. The significance value (sig) of 0.463 is greater than the significance level ($\alpha=0.05$), indicating that the test results are not statistically significant. In this context, we conclude that the differences in employee performance at the East Ciputat Sub-District Office explained by the variables Leadership, Work Discipline, and Compensation collectively do not have a statistically high level of

confidence. This suggests that, within the analytical framework, these variables may not significantly influence employee performance.

The coefficient of determination of 16.8% indicates that the variables Leadership, Work Discipline, and Compensation collectively contribute 16.8% to the variation or changes in employee performance at the East Ciputat Sub-District Office. However, it is important to note that the remaining 83.2% represents variation in employee performance that cannot be explained by the variables Leadership, Work Discipline, and Compensation in the research framework. There is a possibility that other factors not included in the analysis also have an influence on the variation in employee performance.

CONCLUSION

Leadership, work discipline, and compensation do not have a significant positive influence on employee performance in the East Ciputat Sub-District Office. In this study, the three variables, namely leadership, work discipline, and compensation, when tested together, cannot explain a substantial change in employee performance, as their contribution is only 16.8%. The majority of variability or changes in employee performance in the East Ciputat Sub-District Office, amounting to 83.2%, are apparently influenced by other factors not examined in this research. In other words, there are still other aspects that play a more dominant role in influencing employee performance in that office, apart from the three variables that have been studied. Therefore, based on the findings of this research, it can be concluded that it is important for relevant parties in the East Ciputat Sub-District Office to consider other factors not included in this study in order to improve employee performance more effectively.

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