

# Analysis Of The Impact Of Compensation And Leadership Style On Performance With Motivation As Intervening Variable At PT Adhi Guna Putera

Rizki Ari Wibowo<sup>1</sup>, Syaifuddin<sup>2</sup>, Fenny Krisna Marpaung<sup>3</sup>, Sofiyan<sup>4</sup>

Department of Economics, Universitas Prima Indonesia, Medan, Indonesia

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## ABSTRACT

The purpose of this study was to determine and analyze the effect of compensation and leadership style on work motivation and employee performance at PT Adhi Guna Putera. Where the samples were taken in this study were 103 people. Data were collected using a questionnaire. The data is tested using validity and reliability tests, and the data must meet the elements of the classical assumption test requirements. Test the data analysis using Path Analysis. This study concludes that there is a direct positive and significant effect of compensation and leadership style on employee motivation and employee performance. However, research shows that compensation and leadership style have an indirect and insignificant effect on employee performance through work motivation.

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### Corresponding Author:

Rizki Ari Wibowo,

Doctor of Management Study Program,

Universitas Prima Indonesia

Jl. Sampul No.4, Sei Putih Bar., Kec. Medan Petisah, Kota Medan, Sumatera Utara 20118.

Email: [syaifuddin@unprimdn.ac.id](mailto:syaifuddin@unprimdn.ac.id)

## 1. Introduction

Human resources are a central figure in organizations and companies. For management activities to run well, companies must have human resources who are knowledgeable and highly skilled and have a hard effort to manage the company as optimally as possible so that the performance of these human resources increases (A. F. Nasib, 2020). Human resources must be managed in such a way that they are efficient and effective in achieving the mission and goals of the organization. So it is very clear that one of the keys to winning the competition is to utilize the human resources owned by the company (Hou, 2022).

As a company engaged in the port sector, such as loading and unloading business, ship agency for Ship Loading Expedition and other port activities, PT. Adhi Guna Putera strives to continuously improve the overall performance of its employees. However, it is not easy to achieve the level of performance that is to the wishes of the company's management. It is known that, from several business segments managed by PT. Adhi Guna Putera is known to have not achieved the targets set by the company's management. The reason for not achieving the target is that the employee's performance is felt to be less than optimal. Data related to the achievements achieved by PT. Adhi Guna Putera is as follows:

**Table 1.** Performance Achievement of PT. Adhi Guna Putera 2017-2019 (in millions of Rupiah)

No	Types of Business Activities	Target and Realization					
		2017		2018		2019	
		Target	Realization	Target	Realization	Target	Realization
1	Pier Management	12.550	12.055	13.067	12.095	15.050	10.004
2	Transshipment	53.055	51.998	55.090	50.013	58.510	53.011

3	Shipping Agent	9.093	8.997	10.100	9.006	12.897	9.532
4	Marine Freight Forwarding (EMKL)	36.786	36.799	38.907	36.887	40.076	37.896
5	Unloading and loading	56.908	56.910	59.798	55.897	61.007	56.907

Source: PT Adhi Guna Putera, 2021

Table 1 shows the realization of the target achievement set by the company's management based on the company's core business for the last 3 years of the company's business activities. The data shows that many of the targets set have not been achieved. The achievement of the target that was able to be carried out by employees in 2017 in the Ship Loading Expedition (EMKL) business was 100.04% and the loading and unloading business was 100.01%. While the rest was not achieved, even from 2018 to 2019 all businesses did not reach the desired target.

The non-achievement of the achievement target in the last 3 years can be used as an indicator of the company's management is less than optimal in facing competition. This is certainly not good for the management of the company as a whole. Therefore, PT Adhi Guna Putera is required to optimize the performance of its employees in providing services to all clients as well as possible. So that all clients will use the company's services.

**Table 2.** Components and Sub-Components of PT Adhi Guna Putera Employee Compensation

No	Component	Sub Component	Information
1	Fixed Admission	Basic salary	By labor laws and regulations
2	Other fixed receipts	Family allowance Health benefits (BPJS for personal and family health) Positional allowance Employment insurance (BPJS Ketenagakerjaan)	By company regulations set by the director
3	A receipt is not fixed	Meal allowance Transport Money Yearly bonus	By company regulations set by the director

Source: PT Adhi Guna Putera, 2021

Table I.2 clearly shows the components and subcomponents of compensation received by employees of PT. In general, Adhi Guna Putera seems that this compensation is very well done by the company's management. However, it is known that only the permanent revenue component complies with the applicable labor laws and regulations in Indonesia, but other permanent admissions and non-permanent admissions follow the regulations set by the director. This creates a sense of dissatisfaction in employees which ultimately makes their performance a bit of a problem.

## 2. Research Method

The approach in this research is quantitative. The population and sample are 103 employees. PT. Adhi Guna Putera. Data collection was done by using a questionnaire. The data is tested using validity and reliability tests, and the data must meet the elements of the classical assumption test requirements. Test data analysis using Path Analysis.

## 3. Results And Discussions

### 3.1 Validity Test Results

**Table 3.** Reliability Testing Results

Variable	N of Items	Testing Criteria		Test result	Reliability Level
		Cronbach Alfa Count	Cronbach Alfa Standard		
Compensation (X1)	8	0,859	>0,600	Reliable	Very Reliable
Leadership Style (X2)	8	0,916	>0,600	Reliable	Very Reliable
Motivation (Z)	6	0,889	>0,600	Reliable	Very Reliable
Performance (Y)	8	0,838	>0,600	Reliable	Very Reliable

Source: Primary Data Processed, 2020

Table 3 shows that all variables have met the reliability test requirements, where the calculated Cronbach Alfa value is greater than the standard Cronbach Alfa value. So it can be concluded that the indicators of the variables have a good level of consistency in measuring these variables.

### 3.2 Substructure Path Analysis Results I

The following will be explained in connection with the results of research related to Substructure I, namely the effect of compensation and leadership style on employee motivation at PT Adhi Guna Putera.

**Table 4.** Coefficient of Determination and Error of Substructure Model I

Model Summary				
Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.662 <sup>a</sup>	.439	.427	2.382

a. Predictors: (Constant), Leadership\_Style, Compensation  
b. Dependent Variable: Motivation

The value of the R-square in the table above is 0.439. This number means that the amount of compensation ability and leadership style that explains the motivation of PT Adhi Guna Putera employees is 0.439 or equal to 43.9%. Furthermore, to find out the magnitude of the error value in the Substructure I test, it can be seen as in the following calculation:

$$e = 1 - \text{RSquare}$$

$$e = 1 - 0.439$$

$$e = 0.561 \text{ or } 56.1\%$$

The meaning of 56.1% is the percentage level of other variables that are not included in this research model, or other words, it is an error from this substructure I model.

**Table 5.** Equation Analysis of Substructure Model I

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9.814	1.894		5.183	.000		
	Compensation	.271	.092	.362	2.932	.004	.369	2.708
	Leadership_Style	.218	.080	.338	2.738	.007	.369	2.708

a. Dependent Variable: Motivasi

Based on Table 5 above, the equations of the Substructure I path analysis model can be arranged as follows:

$$Z = 0,361pY1X1 + 0,338pY1X2 + 0,561\epsilon1$$

The equation of the model means that, when compensation experiences an increase in changes, then the opportunity for an increase in employee motivation of PT Adhi Guna Putera is 36.1% when compared to compensation that does not experience an increase. Likewise, the leadership style variable, that when the leadership style changes for the better, the chance of an increase in employee motivation of PT Adhi Guna Putera employees is 33.8% when compared to when the leadership style does not experience an increase. However, the error of the model is very large, namely 0.561, which means that the accuracy of the prediction analysis of the model mentioned earlier, the probability of a prediction error is very large, which is 56.1%, meaning that the accuracy of the prediction analysis of the model is only 43.9%.

### 3.3 Results of Substructure Path Analysis II

**Table 6.** Coefficient of Determination and Error of Substructure Model II

Model Summary				
Model	R	R Square	Adjusted R Square	Std. An error in the Estimate
1	.855 <sup>a</sup>	.731	.722	2.237

a. Predictors: (Constant), Motivation, Leadership\_Style, Compensation  
b. Dependent Variable: Performance

The value of the R-square in the table above is 0.731. This figure means that the compensation ability, leadership style, and motivation to explain the performance of PT Adhi Guna Putera employees is 0.731, or equal to 73.1%. Furthermore, to find out the magnitude of the error value in the Substructure II test, it can be seen as in the following calculation:

$$e = 1 - \text{RSquare}$$

$$e = 1 - 0.731$$

$$e = 0.269 \text{ atau } 26.9\%$$

The meaning of 269.1% is the percentage level of other variables that are not included in this research model, or other words, it is an error from this substructure I model.

**Table 7.** Equation Analysis of Substructure Model II

Coefficients								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	5.133	2.003		2.563	.012		
	Compensation	.285	.090	.283	3.160	.002	.340	2.941
	Leadership_Style	.409	.077	.470	5.282	.000	.344	2.911
	Motivation	.259	.094	.192	2.762	.007	.561	1.781

a. Dependent Variable: Performance

Based on Table 7 above, the equations of the Substructure II path analysis model can be arranged as follows:

$$Y = 0,283pYX1 + 0,470pYX2 + 0,192pYZ + 0,269\epsilon2$$

The equation of the model means that, when compensation undergoes an increase in changes, the opportunity for an increase in the performance of PT Adhi Guna Putera's employees is 28.3% when compared to compensation that does not experience an increase. Likewise, the leadership style variable, that when the leadership style changes for the better, then the opportunity for an increase in the performance of PT Adhi Guna Putera employees is 47% when compared to the leadership style does not experience an increase. Then the motivation variable, that when the employee's motivation changes for the better, then the opportunity for an increase in the performance of PT Adhi Guna Putera employees is 19.2% when compared to the motivation that does not experience an increase. The error value in this substructure II model is 0.269, meaning that the accuracy of the prediction analysis of the previously mentioned model is 73.1%, meaning that the probability of prediction error is 26.9%.

### 3.4 The Effect of Compensation on Work Motivation

Based on the partial hypothesis test, it can be concluded that compensation has a positive and significant effect on the work motivation of PT Adhi Guna Putera employees. These results illustrate that compensation is one of the important variables to be considered by company management to encourage employee motivation. Compensation that can meet the needs of employees' lives is a motivation for employees to work as well as possible and provide the best for the company. Employees who feel that the compensation they receive is by the workload for which they are responsible will increase their motivation to reach a high point of achievement. Therefore, it is very clear that compensation is a strong driving variable for employees to increase their motivation to work and provide the best for the company. The results of this study are in line with the results of previous studies which state that compensation has a significant effect on work motivation (Indarti, 2018)(Harras, 2019)(Muchran, 2020). This explanation is supported by the results of the description of the respondent's answer or the respondent's perception of compensation at PT Adhi Guna Putera. This data shows that 82.28% of respondents have the perception that the compensation given by the leadership to employees in the company is accepted by employees who work at PT Adhi Guna Putera because it is by applicable regulations and the expectations of employees working in the company. However, 17.72% of respondents have the opposite perception that they have the perception that the compensation they receive is not what they expect and is not by the current regulations. Based on the explanation above, it is known that compensation has a significant effect on employee motivation. The amount of compensation contribution to influencing employee work motivation is 0.361 or 36.1%. Of course, it is very clear that the magnitude of this influence is the second most dominant compared to other independent variables, this means that when compensation is changed for the better, it will increase employee work motivation. This illustrates that the compensation given by the company's management leadership has been good for encouraging employee performance motivation.

### 3.5 The Influence of Leadership Style on Work Motivation

Based on the partial hypothesis test, it can be concluded that leadership style has a positive and significant effect on the work motivation of PT Adhi Guna Putera employees. The character that exists in the leader will bring up a leadership style that is used to influence his subordinates to do the things he wants, including motivating their subordinates. When the leadership style used by company management touches the hearts of employees, it will encourage employees to work as well as possible. In a company, management leaders must be able to provide high motivation to their employees to follow the directions and targets they provide, a good

leadership style will encourage employees to achieve a certain level of motivation. This explanation is supported by the results of the description of the respondents' answers or their perceptions of the leadership style at PT Adhi Guna Putera. This data shows that 75.6% of respondents have the perception that the leadership style applied by the leadership in the company is accepted by employees who work at PT Adhi Guna Putera. However, 24.4% of respondents have the opposite perception that they cannot accept and feel that the leadership style applied by company leaders does not make them comfortable at work. The results of this study are in line with the results of previous studies which stated that leadership style had a significant effect on work motivation (Hanifah et al., 2014)(Yuniarinto, 2018)(Purnomo, 2020). Based on the explanation above, it is known that leadership style has a significant effect on employee motivation. The magnitude of the contribution of leadership style in influencing employee work motivation is 0.338 or 33.8%. Of course, it is very clear that the magnitude of the influence is one of the dominant ones compared to other independent variables, this means that when the leadership style is changed for the better, it will encourage higher employee motivation.

### **3.6 The Effect of Compensation on Employee Performance**

Based on the partial hypothesis test, it can be concluded that compensation has a positive and significant effect on the performance of PT Adhi Guna Putera employees. These results illustrate that compensation is one of the important variables to be considered by company management to improve employee performance. Compensation that can meet the needs of employees' life is compensation that is highly desired by all employees. Employees who are satisfied with the compensation they receive will work as well as possible to achieve the targets set by the company's management, on the contrary when the compensation is felt to be lacking for them, employees tend to feel lazy to provide good things for the company and the peak is the exit of employees from the company to seek compensation to meet their needs. This explanation is supported by the results of the description of the respondent's answer or the respondent's perception of compensation at PT Adhi Guna Putera. This data shows that 82.28% of respondents have the perception that the compensation given by the leadership to employees in the company is accepted by employees who work at PT Adhi Guna Putera because it is by applicable regulations and the expectations of employees working in the company. However, 17.72% of respondents have the opposite perception that they have the perception that the compensation they receive is not what they expect and is not by the current regulations. The results of this study are by the results of research conducted (Sudiarditha, 2019)(Dewi, 2019)(Handiman, 2020) which states that compensation has a significant effect on employee performance. Based on the explanation above, it is known that compensation has a significant effect on performance. The amount of compensation contribution in influencing performance is 0.283 or only 28.3%. Of course, it is very clear that the magnitude of the influence is not more dominant than the other independent variables, this means that when compensation is changed for the better, it will increase employee performance. This illustrates that the compensation given by the company's management leadership is good.

### **3.7 The Influence of Leadership Style on Employee Performance**

Based on the partial hypothesis test, it can be concluded that leadership style has a positive and significant effect on the performance of PT Adhi Guna Putera employees. The character that exists in the leader will bring up a leadership style that is used to influence his subordinates to do the things he wants. If subordinates can work well, then the leadership style used is appropriate and this helps employees in achieving their performance. In an organization whose leaders can influence their subordinates to play an active role, it will encourage employees to achieve the level of performance that must be achieved in the company. This is by leadership is the ability to influence other parties, through direct and indirect communication to move people so that they are fully understanding, aware, and willingly willing to follow the will of the leader. This explanation is supported by the results of the description of the respondents' answers or their perceptions of the leadership style at PT Adhi Guna Putera. This data shows that 75.6% of respondents have the perception that the leadership style applied by the leadership in the company is accepted by employees who work at PT Adhi Guna Putera. However, 24.4% of respondents have the opposite perception that they cannot accept and feel that the leadership style applied by company leaders does not make them comfortable at work. The results of this study are in line with the results of previous studies which state that leadership style has a significant effect on employee performance (Martin, 2018)(Chaniago, 2018)(Pebri, 2020). Based on the explanation above, it is known that leadership style has a significant effect on performance. The contribution of leadership style in influencing performance is 0.470 or only 47%. Of course, it is very clear that the magnitude of the influence is very dominant compared to other independent variables, this means that when the leadership style is changed for the better, it will increase employee performance. This illustrates that the leadership style applied by the company's leadership is good and is liked by all employees in the company.

### **3.8 The Effect of Work Motivation on Employee Performance**

Based on the results of partial hypothesis testing, it can be concluded that motivation has a positive and significant effect on the performance of PT Adhi Guna Putera employees. Motivation is a condition in a person's personality that encourages the individual's desire to carry out certain activities to achieve goals. For agencies, motivation or encouragement is very important given to employees to increase employee performance. An employee will be willing to put in more effort if it is believed that the effort will result in a good performance appraisal and that a good performance appraisal will result in greater rewards, salary increases, and promotions all of that. enable him to achieve his personal goals. Referring to the results of the description of the motivation questionnaire data, it is known that the respondent's perception shows that 90.45% of the respondents have the perception that the leadership style applied by the leadership in the company is accepted by the employees who work at PT Adhi Guna Putera. However, 9.55% of respondents have the opposite perception that they cannot accept and feel that the leadership style applied by company leaders does not make them comfortable at work. Based on the explanation above, it is known that motivation has a significant effect on performance. The magnitude of the contribution of motivation in influencing performance is 0.192. The magnitude of the influence is not dominant compared to other independent variables, this illustrates that motivation is an important factor to be considered by company management to improve employee performance. The results of this study are in line with previous results which state that work motivation has a significant effect on employee performance (S. C. S. A. Y. Nasib, 2019)(Manalu, 2019)(Jennifer, 2022). High motivation directly affects performance. Employee motivation must be encouraged to increase, therefore it must be a concern for companies to pay attention to all the needs of their employees. These things include providing benefits that can increase employee motivation to improve employee performance. In line with this, that motivation is something that creates enthusiasm or encouragement to work, the strength and weakness of a worker's work motivation will determine the size of the company's performance.

#### 4. Conclusion

Based on the previous explanations, the following conclusions can be drawn: Compensation has a significant positive effect on employee motivation at PT Adhi Guna Putera. The amount of compensation affecting motivation is 0.362 or 36.2%. This means that when the compensation is increased it will encourage an increase in employee motivation by 36.2%. Leadership style has a significant positive effect on employee work motivation at PT Adhi Guna Putera. The magnitude of leadership style influencing motivation is 0.338 or 33.8%. This means that when the leadership style is changed for the better, it will encourage employee work motivation by 33.8%. Compensation has a positive and significant effect on employee performance at PT Adhi Guna Putera. The amount of compensation affecting performance is 0.283 or 28.3%. This means that when compensation is increased it will encourage an increase in employee performance by 28.3%. Leadership style has a positive and significant effect on employee performance at PT Adhi Guna Putera. The magnitude of the leadership style affecting performance is 0.470 or 47%. This means that when the leadership style is changed to be below good, it will encourage an increase in employee performance by 47%. Work motivation has a positive and significant effect on employee performance at PT Adhi Guna Putera. The amount of motivation affecting employee performance is 0.192 or 19.2%. This means that when employee motivation is increased, it will encourage an increase in employee performance by 19.2%. Compensation has a positive and insignificant indirect effect on employee performance through work motivation variables at PT Adhi Guna Putera. The magnitude of the indirect effect is 6.9%. Leadership style has a positive indirect effect that is not significant on employee performance through the work motivation variable at PT Adhi Guna Putera. The magnitude of the indirect effect is 6.5%.

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