

The Effect of Compensation, Leadership, and Work Discipline on Employee Performance

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ABSTRACT

This study aims to analyse the relationship between compensation, leadership, and work discipline on the performance of cooperative employees. The research approach uses quantitative methods with data analysis through the SPSS version 29 programme, using multiple linear regression analysis and hypothesis testing. Tests include partial test (t test) and simultaneous test (F test). The research subjects were employees of Denmadan XIII Cooperative of North Sulawesi, with a total sample of 30 people. The results showed that the variables of compensation, leadership, and work discipline simultaneously affect employee performance. Together, the three independent variables have a significant influence on the performance of employees of the Koperasi Denmadan XIII Merdeka. Partial test results show that compensation variables significantly affect employee performance, while leadership and work discipline variables also partially contribute significantly to employee performance. This study confirms the importance of compensation, leadership, and work discipline in improving the performance of cooperative employees.

Keywords:

Compensation;
Leadership; Work
Discipline;
Employee
Performance;
Cooperative;

INTRODUCTION

Corporate organisations are facing very significant demands of the times, namely the urge to be highly competitive and grow sustainably. (Agus suyatno, Akmal Abdullah, 2020). A strategy for managing and leading organizational transformation that recognizes the unique characteristics of the police force, leveraging its distinctive resources particularly its social capital as a vital asset in the process (Degnegaard, 2010). HRM strategies, policies, and practices can positively influence employees' attitudes and behaviors in achieving the company's sustainability objectives. Alternatively, sustainability can be integrated into the HRM system to promote employees' long-term physical, social, and economic well-being (Järlström, Saru, & Pekkarinen, 2023)

Employee performance is a determinant of organisational success, making it important to identify factors that influence and improve performance effectively. Among these factors, compensation, leadership and labour discipline play an important role in shaping employee motivation, commitment and productivity.. Human resource performance does not automatically get better because of the policies made by the organisation (Anton Ambasari; Rina; Hafipah, 1967). Adequate compensation serves as a key motivator, ensuring employees feel valued and appreciated for their contributions. Leadership, especially inspiring and supportive, creates a positive work environment and fosters trust and collaboration within the team. Meanwhile, work discipline ensures that employees maintain consistency, adhere to organisational standards, and meet performance targets.

The many factors that influence employee performance can be categorised into several areas, including salary, leadership, and work discipline. Each of these three has a significant impact on employee motivation, productivity, and associated performance. According to (Karyono & Hakim, 2022) Performance is a strategic

concept that fosters a cooperative relationship between management and employees to achieve optimal outcomes. The most critical element in this process is human resources. Even with well-structured and meticulously planned strategies, success ultimately depends on the individuals executing them. If employees lack the necessary qualifications or fail to demonstrate high morale, even the best plans may prove ineffective. Furthermore, the performance of human resources does not automatically improve solely due to policies established by the organization. Business performance is a reflection of an organization's current activities and internal and external factors in achieving objectives over time (Abdullah, Taliang, Efendi, Kasmi, & Aman, 2024)

Compensation is any reward given by an organisation to employees in recognition of their contributions. Providing adequate compensation, whether in the form of money, benefits, or other facilities, can increase employee motivation and productivity. Employee benefits are components of compensation provided beyond regular cash payments. These also encompass non-monetary perks, such as annual leave. (Zeuch, 2016)

The process by which an individual (leader) persuades, inspires, and directs individuals or groups within an organisation defines leadership. Being a leader means having the ability to motivate people, make wise choices, and foster an environment that encourages the growth and productivity of team member. The manager's role is to attract employees, provide training, and motivate employees to work towards the organisation's goals.(Mamduh, 2015).

Managers use business discipline as a technique to talk to employees about changing their behaviour and try to make them more aware and interested in following all collaborative rules and relevant standards (Rivai and Jauvani, 2009: 825). A person's level of discipline shows the extent to which he is responsible for the responsibilities given to him. This increases morale and work spirit and the achievement of the goals of the cooperative, employees and the community.

In order to significantly improve the quality of human resources in Dinmadan Unit Cooperative and provide recommendations to other cooperatives that seek to improve employee performance through improved leadership, work discipline and compensation, this research is relevant and necessary. Cooperatives also need to realise how important it is to balance these factors. If one aspect of an employee's performance is sub-par, it may have an impact on their overall performance.

According to the results of five separate interviews conducted by UPC employees, there is dissatisfaction with the head of the Denmadan co-operative unit because the head of the Denmadan unit is not receptive to the needs of employees, such as when the computer CPU broke down. The Dynamadan unit head seemed disinterested and unresponsive. Although the performance of the individuals concerned may be worse as a result of these events.

Employee performance is also influenced by a disciplined mindset. It is impossible to achieve the intended objectives of the co-operative if the participants involved do not adopt a disciplined mindset. Cooperative organisations need to adopt discipline. In the absence of effective staff discipline,

According to the researcher's data, the Dinmadan Cooperative of North Sulawesi Class Three experiences fluctuations in work discipline and on-time attendance. To ensure employee attendance levels, the co-operative implements fingerprint technology. The amount of income that the Denmadan unit will receive to

achieve these goals is largely determined by the attitude of employee discipline. Thus, the researcher plans to conduct this study as it is crucial to understand how different elements affect collaborative employee performance. Furthermore, the researcher sought to determine the level of influence of the independent variables on the dependent variable.

The purpose of this research is to learn more about how these factors relate to the performance of co-operative workers. The results of the study are expected to provide a comprehensive picture of the variables that affect employee performance and provide guidance to the co-operative management in improving employee standards.

METHOD

The main data for this study were obtained from respondents through questionnaires or instruments containing a significant amount of structured written information. The questionnaires aimed to collect insights into the respondents' personalities and other areas of interest (Sugiyono, 2020). This study utilized the linear regression method to test the hypothesis by estimating how changes in the independent variable affect the value of the dependent variable. (Sugiyono, 2020).

The subjects of this research were employees of the Koperasi Dinmadan XIII North Sulawesi. There were 30 participants in the sample, the researcher used saturation sampling due to the impact of leadership, salary, and work discipline on employee performance. The use of every member of the population as a sample is known as saturation sampling. This is often done when there are only 30 people in the population or when the research aims to draw broad conclusions with minimal inaccuracies.

This research uses analytical techniques processed through the Statistical Package for the Social Sciences (SPSS) version 29 program using multiple linear regression analysis, and the hypotheses in this study can be grouped into 2 tests, namely Partial Test (*t test*), and simultaneous test (*F test*).

RESULTS AND DISCUSSION

F Test Results

The purpose of simultaneous hypothesis testing is to collectively determine how independent factors affect the dependent variable. The hypotheses used in this investigation are $H_0: \beta_1, \beta_2, \beta_3 = 0$ states that employee performance is not affected by leadership, salary, or discipline in the workplace. $H_a: \beta_1, \beta_2, \beta_3 \neq 0$; Work discipline and leadership compensation affect employee performance. The F test results show that the independent variables collectively affect the dependent variable. Based on decision-making, the results of the F test calculation are displayed in the Anova table, and the F value for the calculation is displayed in the *p*-value of the table.

Table 1 F Test Results

	Model	Sum Of Square	Df	Mean Square	F	Sig
1	Regression	289,726	3	96,575	15,680	,000
	Residual	160,141	26	6,159		
	Total	449,867	29			

Source: Data processing results, 2024

The conclusion that can be drawn from comparing the sig value with the significance level (α) is (0.000). This indicates that the sig value is less than ($0.000 < 0.05$). Given that the probability value $< \alpha$ sig is less than 0.05, it can be said that H_0 is rejected and H_a is approved. This indicates that the dependent variable of employee performance (Y) is influenced by the three independent variables - compensation (X1), leadership (X2), and work discipline (X3) - all of which operate simultaneously. The results of the analysis show that the performance of employees of the Koperasi Denmadan XIII Merdeka is jointly or simultaneously influenced by compensation, leadership and work discipline.

T Test Result

Using the importance of numbers, H_a will be accepted and H_0 will be rejected if the probability is less than 0.05; if the probability is greater than 0.05, H_0 will be accepted and H_a will be rejected, The full details can be seen in table 2:

Table 2 T Test Results

Model	Understandardized Coefisients		Standart Coefisient	T	Sig	Colinearity Statistic	
	B	Standart Error	Beta			Tolerance	Vif
(Constant)	-,899	7,582		-,199	,907		
Compensation	,345	,157	,273	2,196	,037	,886	1,129
Leadership	,366	,077	,592	4,799	,000	,891	1,122
Work Disipline	,377	,178	,276	2,115	,803	,803	1,246

Source: Data Processing Results, 2024

How employee performance is affected by compensation are: $\beta_1 = 0$; Employee partial performance measures are not significantly influenced by the wage variable. Employees' partial performance variable is significantly influenced by the wage variable ($H_a: \beta_1 \neq 0$). Employee performance in the Koperasi Dinmadan Merdeka is partially influenced (individually) by the results of comparing the SIG value with the regression on the wage variable.

Discussion

Employees receive compensation for their contribution to service in the co-operative. One of the responsibilities of HRM is compensation, which includes all forms of remuneration individuals are given for completing regulatory tasks. Direct cash remuneration, which is divided into incentives and salary/wages. The performance results provided to the co-operative can be affected if individuals are paid according to the contribution, they make to the co-operative they work for. The co-operative's objectives can be achieved through effective performance. The results of this study are also consistent with reseach by (Rina, 2018) which the compensation strategy is carried out by considering salary increases based on the company's own capabilities and income.

Leadership behaviour refers to the leader's capacity to guide, communicate, and encourage subordinates to perform tasks aligned with the cooperative's standard operating procedures to achieve common goals. This highlights that leadership involves actions taken by individuals to direct group activities towards a common goal. Effective leadership behaviours in supporting employees in the workplace play a critical role in driving organisational progress and collaboration. This research is also consistent with the research by (Harvard Business Review Press, 2017) wich as

leader, it is critical to navigate the challenging and dynamic landscape of authority to support others in reaching their full potential.

Discipline is the awareness and willingness to follow all relevant co-operative rules and social norms. This research is confirmed by previous research by (Rosdiana, Andi Syahrum, & Rina, 2022) which good discipline, such as adhering to office rules, following procedures, completing tasks on time, and fulfilling assignments, reflects a strong sense of responsibility and supports the achievement of organizational goals.

Conclusion

The findings of this study confirm that compensation, leadership, and work discipline have a significant impact on employee performance at Koperasi Denmadan XIII Merdeka. The results of the F test indicate that these three independent variables collectively influence the dependent variable, demonstrating the necessity of balancing these factors to optimize employee performance. Additionally, the partial test results show that compensation significantly affects employee performance, while leadership and work discipline also contribute positively in shaping employee productivity and motivation. These findings align with existing research on human resource management, reinforcing the crucial role of financial and non-financial incentives, effective leadership, and structured discipline in fostering a high-performing workforce.

Furthermore, the research highlights that employee dissatisfaction may arise when leadership fails to address fundamental operational needs, as evidenced by complaints regarding unresponsiveness to technical issues. The study also emphasizes the importance of work discipline, particularly in maintaining attendance and adherence to organizational standards. The implementation of fingerprint attendance tracking reflects an effort to improve discipline and ensure workforce reliability. These insights provide valuable considerations for cooperative organizations seeking to enhance employee performance through strategic HRM practices, particularly in terms of leadership responsiveness and structured disciplinary measures.

In conclusion, this study provides empirical evidence that compensation, leadership, and work discipline are interrelated determinants of employee performance. Organizations, particularly cooperatives, must adopt a comprehensive approach that integrates competitive compensation structures, strong and supportive leadership, and strict but fair work discipline policies. By addressing these factors holistically, cooperatives can enhance employee motivation, commitment, and overall productivity, ultimately contributing to sustainable organizational success. Future research should explore additional variables, such as organizational culture and employee engagement, to further refine strategies for optimizing workforce performance.

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