
The Influence of Leadership, Compensation on Work Motivation and its Impact on Employee Work Productivity

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Abstract:

The purpose of this research is to examine the influence of leadership and compensation on work productivity with motivation as a mediating variable at PT ABC Jakarta. Data were collected through questionnaires distributed to all employees of PT ABC Jakarta. The sensue technique was used for sampling and the number was 72 employees. The path analysis method was used to analyze the data. The results of this research indicate that leadership, compensation and motivation have a significant effect on work productivity at PT ABC Jakarta, while motivation is able to mediate the influence of leadership and compensation on work productivity at PT ABC Jakarta. The results of this study can be used as a reference for further researchers who will study similar problems. udy similar problems.

Keywords: *Leadership, Compensation, Work Productivity, Motivation*

1. Introduction

Human resources are responsible for carrying out various tasks within an organization and play an important role in its growth. Each company uses different standards in evaluating potential candidates for human resources. The fundamental problem faced in every company is how to spur employee work productivity to always increase. Work productivity is the most important factor in forming a competitive and optimally performing organization (Sudirman & Syamsir, 2019). Excellent employees can make a significant contribution to achieving company goals.

Factors that affect employee work productivity, namely leadership and compensation. To achieve company success, leadership is one of the factors that affect work productivity. The need for leaders who are able to bring about change in various aspects of business is still considered lacking. On the other hand, rapid and rapid changes in the business environment create increasingly tight competition. Each company leader has a different leadership in carrying out its activities, which aims to direct and motivate employees so that they collectively help the company achieve the targets that have been set. One of the important skills that a leader must have is the ability to place workers according to their expertise. The success of the company is

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also greatly influenced by the quality of its leaders, because they are the main decision makers in the organization.

On the other hand, compensation is financial and involves spending from the organization's budget. Compensation includes all forms of income, either in cash or in kind, received by employees from the company. The purpose of providing compensation is to create good cooperation, increase job satisfaction through remuneration, manage recruitment effectively, motivate employees, maintain workforce stability, encourage discipline, and respond to the influence of trade unions and the government (Abadiyah, 2016; Samak et al., 2022). Compensation is an important element for employees because the amount of compensation received is proportional to the contribution made by employees to the organization. This compensation is a form of reward for the sacrifice of energy and time given by employees for the progress of the company. This compensation can be in the form of salary, bonuses, and so on, which function to encourage employee work enthusiasm. Therefore, providing compensation must be a priority, because employees will work harder if they receive appropriate compensation.

Another determining factor for the high or low productivity of employee work is work motivation. Employees who feel unmotivated at work and are unable to maximize their potential are failed employees. It is possible that employees are not fully concentrating on the work they do and will ultimately result in decreased work productivity (Iryani et al., 2022). Employees who feel motivated by their work will be more likely to speak positively about the company, help others, and will achieve results that far exceed general expectations for their position. The fact is that retaining motivated employees is much more expensive and important than recruiting new employees today because it can trigger increased attention to employee work productivity. If employee needs are met when working, work motivation will be achieved. Employee motivation in an organization is their main driver to work hard to achieve the targets set by the organization.

The purpose of the research is to analyze the influence of leadership, compensation on employee work productivity at PT ABC Jakarta through work motivation as a mediating variable.

2. Theoretical Background

The Influence of Leadership on Motivation

Employee work productivity when completing their work will have an impact on strengthening the achievement of company goals. Regardless of the leader in a company, employees have understood their responsibility to give their best to the company. Employees try hard and diligently to increase their family income and increase their work productivity. Leaders who are in accordance with employee expectations can create a sense of comfort in working so that employee work motivation can increase. However, leaders who do not meet employee expectations can cause them to be unable to work and reduce their work motivation. The results of

research by Harahap & Khair (2019) state that leadership affects work motivation. H1: Leadership affects motivation

The Effect of Compensation on Work Motivation

Kasmir (2016) compensation is a reward given by the company to its employees, both financial and non-financial, while according to Zainal, et al. (2014) compensation is something that employees receive in exchange for their service contributions to the company. Compensation that is given fairly to employees will encourage them to work harder, so that both employees and the company will benefit. Employee performance will increase, while the company succeeds in achieving its goals. Compensation is very important to optimize employee performance, because they will be more motivated to work with enthusiasm when they receive adequate compensation. Research results by Al Hafizh & Hartono (2022); Majid et al., (2021); Wulansari et al, (2014), Negash et al, (2014); Rizal et al, (2014); Khan & Mufti (2012); Amir et al, (2012) work motivation can be influenced by compensation. H2: Competence affects work motivation

The Influence of Leadership on Work Productivity

Leaders who have the right policies can build high-quality relationships with their employees through fair treatment. Employees will respond positively to a leader who can communicate well and accept all forms of change delivered on condition that the leader can accommodate employee desires, understand and motivate them. Indirectly, employees are able to increase productivity, complete work according to targets and be satisfied with their work. Employee work productivity will improve if the leader is good. Conversely, if it is not good, employee work productivity can decrease and even feel pressured while working. Work productivity will decrease and employees feel that their productivity does not have a positive impact on the company when the leader does not provide concern, support, good relationships between employees and decent wage facilities. The readiness that is formed can increase work productivity, where this is greatly influenced by the implementation of leadership (Iriani et al., 2023). Therefore, it is important to apply leadership that can balance needs and create a supportive work environment. Subordinate performance will improve if the leadership used is right (Karma et al., 2016). With leadership, organizational leaders can adjust their leadership according to the maturity level of each employee. H3: Leadership has an influence on work productivity.

The Effect of Compensation on Work Productivity

The purpose of compensation for companies is to appreciate employee achievements and work results, increase productivity, attract qualified, skilled, and competent workers, and maintain employee loyalty to the company. Compensation also serves as motivation for employees to work more optimally, because through compensation, they are able to meet better living needs. Companies need to realize that fair and appropriate compensation will encourage employee interest in working in the company. This is due to the provision of appropriate compensation, which can increase employee satisfaction and strengthen their loyalty. H4: Compensation has an effect on work productivity

The Influence of Motivation on Work Productivity

Work productivity can only be achieved with high motivation in employees. One measurement of work productivity achieved is from optimal employee performance with high motivation. Work motivation is very crucial in creating productivity for an organization. If there is no motivation in employees, the targets that have been set cannot be achieved so that motivation must still be provided by the leadership so that employees are able to complete their work well. This is because employee work productivity is influenced by work motivation. If work motivation is low, the agency will find it difficult to achieve its goals (Larasati & Gilang, 2016). Having good motivation while working can encourage the creation of work enthusiasm so that goals can be achieved effectively and efficiently. High employee work motivation will be able to maximize their productivity because tasks are carried out optimally so that the resulting work productivity is high. Research conducted (Hasbullah & Ramli, 2021; Putra et al., 2021) states that there is a relationship between motivation and the level of work productivity, which is positive and significant. Motivation can create effective cooperation so that productivity can increase. H5: Motivation has an effect on work productivity

3. Methodology

This study uses a quantitative method with regression analysis in order to explore the correlation between variables. In this research, primary data is used, namely information obtained directly from respondents as seen from the answers to the questionnaire that has been distributed. The questionnaire applied using a modified Likert scale with a score of 1-5. The determination of the sample in this research uses the census sampling method (saturated sampling), namely all members of the population are used as samples. Secondary data in this research comes from documents related to the research topic, such as books, journal articles, and the like. The sample used as the object of research is all employees of PT ABC Jakarta, totaling 132 people. The information that has been collected is then analyzed with the variable relationship model will be analyzed with path analysis.

4. Empirical Findings/Result

The Influence of Leadership and Compensation on Motivation

Table 1. Results of Regression Analysis of the Influence of Leadership and Compensation on Motivation

Model	Standardized Coefficients	Sig.
	Beta	
1	(Constant)	.0003
	Kep	.579
	Kom	.791

a. Dependent Variable: M

From the table above, the following equation can be made:

$$M = b_1K_{ep} + b_2R_{Kom} + e_1$$

$$M = 0.579K_{ep} + 0.791K_{om} + 0.525357.....(1)$$

The equation shows that: (a) Work motivation of PT ABC Jakarta employees increases if there is good leadership where other variables are considered unchanged. (b) Work motivation of PT ABC Jakarta employees will increase if there is an increase in compensation where other variables are considered unchanged. (c) e_1 is a variant of work motivation variables that are not explained by leadership and compensation. The value of $e_1 = \sqrt{(1-0.724)} = 0.525357$, where the number 0.724 (Adjusted R Square) is obtained from a simultaneous test between leadership and work motivation on work motivation in table 2.

Table 2. Results of Simultaneous Tests Between Leadership and Compensation on Motivation

Model	R	R Square	Adjusted R Square
1	.914 ^a	.835	.724

The Influence of Leadership, Compensation and Motivation on Work Productivity

Table 3. Results of Regression Analysis of Leadership, Compensation and Motivation on Work Productivity

Model		Standardized Coefficients	Sig.
		Beta	
1	(Constant)		.000
	Kep	.549	.000
	Kom	.628	.001
	M	.457	.000

a. Dependent Variable: PK

From the table above, the following equation can be made:

$$PK = b_1Kep + b_2Kom + b_3M + e_2$$

$$PK = 0,549Kep + 0.628kom + 0.457M + 0,392 \dots\dots\dots(2)$$

The equation shows that: (a) Work productivity increases when the leadership is better where other variables are considered unchanged. (b) Work productivity increases when there is an increase in compensation where other variables are considered unchanged. (c) Work productivity increases when there is an increase in work motivation where other variables are considered unchanged. (d) e_2 is a variant of the work productivity variable that is not explained by leadership, compensation, work motivation. The value of $e_2 = \sqrt{(1- 0.837)} = 0.40373$, where the number 0.837 (Adjusted R Square) is obtained from a simultaneous test between leadership, compensation and motivation on work productivity, as in table 4:

Table 4. Results of Simultaneous Tests Between Motivation, Leadership, Compensation on Work Productivity

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956 ^a	.914	.837	1.69817
a. Predictors: (Constant),M, Kep, Kom				

Mediation Test Analysis

Based on the results of the mediation test analysis, it is known that the total effect > direct effect, namely leadership and compensation, so work motivation is able to mediate the influence of leadership and compensation on work productivity.

5. Discussion

The Influence of Leadership on Motivation

Based on the results of data analysis, there is an influence of leadership on the work motivation of PT ABC Jakarta employees as evidenced by the t-statistic value of $0.000 < 0.05$. Leadership that is in accordance with employee expectations will be able to create a sense of comfort in working so that employee work productivity can increase. However, leadership that is not in accordance with employee expectations can cause employees to be unable to work. The results of this research are in line with research from Prabowo et al., (2018); Zeindra & Lukito, (2020), Susanto (2016); Aldino (2017); Marwansyah & Oemar (2015); Pratiwi (2016); Sougui et al, 2016), there is an influence of leadership on work motivation.

The Effect of Compensation on Motivation

Based on the results of data analysis, the effect of compensation on work motivation is proven by the t-statistic value obtained, namely $0.000 < 0.05$. Compensation can increase the work motivation of PT ABC Jakarta employees. Compensation can encourage employees to improve their skills, knowledge or expand their experience. This can increase self-confidence and job satisfaction to increase their work motivation. When compensation is high, it is likely that employee work motivation will also increase. High motivation can improve employee work productivity by increasing a sense of responsibility, creativity, initiative and the ability to work in a team. The results of this study are in line with research (Al Hafizh & Hartono, 2022; Majid et al., 2021; Wulansari et al, (2014), Negash et al, (2014); Rizal et al, (2014); Khan & Mufti (2012); Amir et al, (2012) work motivation can be influenced by compensation

The Influence of Leadership on Work Productivity

Based on the results of data analysis, leadership has a significant influence on the work productivity of PT ABC Jakarta employees as evidenced by the t-statistic value of $0.000 > 0.05$. This indicates that employees will be able to respond positively to a

leader who can communicate well and will accept all forms of change conveyed on condition that the leader accommodates employee desires, understands and motivates them. Employee work productivity will improve if leadership is implemented well. Conversely, poor leadership can cause employee work productivity to decrease and even employees feel pressured while working. Work productivity will decrease and even feel that their work productivity does not have a positive impact on the company when leadership does not provide concern, support, and good relationships between employees. The results of this research are in line with research (Arif, 2020; Prabowo et al., 2018), leadership has a significant influence on work productivity. This leadership is a determinant of the level of employee work productivity. However, if it is not accompanied by good leadership, it will have a negative effect on employee productivity. The results of this research are in line with research by Harahap & Khair (2019) which states that leadership influences work motivation.

The Effect of Compensation on Work Productivity

Based on the results of data analysis, the effect of compensation on work productivity is evident from the t-statistic value obtained, namely $0.001 < 0.05$. Compensation can increase the work productivity of PT ABC Jakarta employees. Compensation can encourage employees to improve their skills, knowledge, or expand their experience. This can increase self-confidence and job satisfaction, and provide employees with the encouragement to increase their work productivity. When compensation is high, it is likely that employee work productivity will also increase. By increasing employee compensation, work productivity can be significantly increased. The results of this study are in line with research (Al Hafizh & Hartono, 2022; Majid et al., 2021), compensation has a significant effect on work productivity.

The Influence of Work Motivation on Work Productivity

Based on the results of data analysis, work motivation has a significant influence on the work productivity of PT ABC Jakarta as evidenced by the t-statistic value of $0.000 < 0.05$. The motivation possessed by employees can be a driving force to provide optimal work productivity. Having motivation while working can encourage the creation of good work productivity so that goals can be achieved effectively and efficiently. High employee work motivation can maximize their productivity because tasks are carried out optimally so that work productivity is also high. The work motivation of PT ABC Jakarta employees arises because of a good work environment and culture. This must be a concern for the company to continue to improve the motivation of its employees to be even better through a work system that has been implemented. The results of this research are in line with research conducted by (Hasbullah & Ramli, 2021; Putra et al., 2021), that motivation has a significant effect on work productivity. Motivation can create effective cooperation so that aspects of work productivity can increase

6. Conclusions

Based on the results of the study and discussion, leadership, compensation and motivation have a significant effect on employee work productivity at PT ABC

Jakarta. Motivation is proven to be able to mediate the influence of leadership and competence and on employee work productivity at PT ABC Jakarta. The results of the study contribute to the development of science as well as input for other companies to increase motivation that has a good impact on employee work productivity.

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