THE INFLUENCE OF LEADERSHIP STYLE AND COMPENSATION ON EMPLOYEE PERFORMANCE AT PT. POS INDONESIA DC CIPUTAT

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Article Info	ABSTRACT
	The purpose of this study was to determine the positive and significant effect of leadership style variables on employee performance, to determine the positive and significant effect of compensation variables on employee performance, and to determine the positive and significant effect of leadership style variables and compensation simultaneously on employee performance at PT Pos Indonesia DC Ciputat. The sample used amounted to 70 employees. Data collection techniques through primary and secondary data. The data analysis technique uses descriptive statistics, validity test, reliability test, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, simple linear regression analysis, multiple linear regression analysis, correlation coefficient analysis, determination coefficient analysis, t test and f test. The results showed that simultaneously there is a positive and significant influence between leadership style and compensation on employee performance at PT Pos Indonesia DC Ciputat, this can be proven from the multiple linear regression equation $Y = 9.319 + 0.437\ X1 + 0.374\ X2$, a correlation value of 0.805, a coefficient of determination of 64.9%, and a fvalue 61.861> ftable 3.980 with a significant level of 0.000 < 0.05.

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INTRODUCTION

The global economy is currently entering a new phase as countries compete to provide services that regulate economic dynamics. With the emergence of the global industrial era, we are experiencing an economic boom, offering opportunities for individuals and businesses to remain competitive in both products and services. Naturally, as time progresses, companies must become more competitive and innovative to stay ahead. To achieve this, a company's human resources must be more productive and perform better to reach the desired goals, including generating substantial profits for the company (Dessler, 2020).

Human resources play a crucial role in improving company performance, as they are directly involved in operational activities and achieving organizational objectives. The primary goal of an organization is to maximize profits, either to compete with other companies or to maintain a

competitive advantage for sustainability. Organizations must have competent human resources who contribute maximally and perform their tasks optimally. Employees need to possess the necessary skills, be loyal to the company, and be dedicated to achieving corporate objectives. If an organization neglects its workforce, it may face operational disruptions, affecting business continuity (Armstrong & Taylor, 2020). Therefore, a well-structured human resource management system is essential, covering recruitment, training, placement, development, and career advancement.

PT Pos Indonesia is a state-owned enterprise (BUMN) operating in postal services and financial transactions. The name PT Pos Indonesia was officially adopted in 1995 following several name changes. Initially established as PTT (Pos Telegraaf en Telefoon Dienste) in 1906, it was later renamed Djawatan PTT (Pos Telegraaf dan Telepon) in 1945. In 1961, it became the State Post and Telecommunications Company (PN Postel), then transitioned to PN Pos & Giro in 1965, and finally restructured as Perum Pos dan Giro in 1978 (PT Pos Indonesia, 2023).

PT Pos Indonesia DC Ciputat serves as the research site for this study. The company recognizes the importance of having high-quality and committed human resources to help achieve its vision and mission. Understanding the influence of leadership style and compensation on employee performance is necessary to enhance overall productivity. Observations at PT Pos Indonesia DC Ciputat revealed issues related to employee performance. Improving employee performance is crucial for organizational growth and survival in an unstable competitive environment (Robbins & Judge, 2022). Thus, enhancing employee performance becomes a key challenge for management, as the organization's success and sustainability depend on the quality of its human resources. Employee performance is often measured by the extent to which employees meet their work targets.

The following pre-survey results indicate employee performance issues at PT Pos Indonesia DC Ciputat:

Table 1. Pre-Survey Data on Employee Performance at PT Pos Indonesia DC Ciputat (2021-2023)

No	Component	Number of Respondents	Yes	Percentage	No	Percentage
1	Quality	30	13	43.3%	17	56.7%
2	Quantity	30	19	63.3%	11	36.7%
3	Work Time	30	12	40%	18	60%
4	Teamwork	30	15	50%	15	50%
(Source: Processed Data, 2024)						

Based on Table 1 the lowest percentage appears in work time, where only 12 employees (40%) responded "Yes," while 18 employees (60%) responded "No." The second lowest percentage is in quality, with 13 employees (43.3%) responding "Yes" and 17 employees (56.7%) responding "No." The third lowest is teamwork, with 15 employees (50%) responding "Yes" and 15 employees (50%) responding "No." Lastly, quantity shows that 19 employees (63.3%) responded "Yes" and 11 employees (36.7%) responded "No." The low performance in work time suggests that employees tend to procrastinate, impacting overall efficiency (Gibson, Ivancevich & Donnelly, 2021).

Leadership style is a key factor in ensuring employees perform at a high level. Leadership influences employee motivation, decision-making participation, and communication effectiveness (Northouse, 2022). The following table presents data on leadership styles at PT Pos Indonesia DC Ciputat:

Table 2 Pre-Survey Data on Leadership Style at PT Pos Indonesia DC Ciputat (2021-2023)

No	Component	Number of Respondents	Yes	Percentage	No	Percentage
1	Decision-Making Ability	30	14	46.7%	16	53.3%
2	Motivation Ability	30	15	50%	15	50%

| 3 | Communication Ability | 30 | 15 | 50% | 15 | 50% |
| *(Source: Processed Data, 2024)* | | | | | | |

The lowest percentage is in decision-making ability (46.7%), suggesting that leaders do not sufficiently involve employees in decision-making. Poor leadership styles can demotivate employees and hinder their performance (Yukl, 2019).

Compensation plays a significant role in motivating employees and improving performance (Milkovich, Newman & Gerhart, 2020). The following table outlines compensation programs at PT Pos Indonesia DC Ciputat:

Table 3 Compensation Programs at PT Pos Indonesia DC Ciputat (2021-2023)

No	Compensation Program	2021	2022	2023
1	Salary	Available	Available	Available
2	Wages	Not Available	Available	Available
3	Incentives/Rewards	Not Available	Available	Not Available
4	Bonuses	Not Available	Not Available	Available

(Source: PT Pos Indonesia DC Ciputat, 2024)

Lack of incentives and bonuses in 2021 and 2022 may contribute to lower employee motivation. Proper compensation can enhance work satisfaction and commitment, ultimately improving performance (Mondy & Martocchio, 2019).

METHOD

This study employs a quantitative research method with an associative approach. According to Sugiyono (2019), quantitative research is based on the philosophy of positivism, which emphasizes that natural science is the only true source of knowledge. This method is used to test hypotheses by collecting empirical data through research instruments and analyzing it using statistical techniques. In this study, the associative method is applied to determine the relationship between leadership style and compensation on employee performance at PT Pos Indonesia DC Ciputat. The selection of the research location was based on its relevance to the problem under investigation, specifically the factors affecting employee performance in a competitive work environment.

The research was conducted from September 2023 to July 2024 in several stages, including proposal writing, proposal seminars, proposal revision, questionnaire distribution, data processing, analysis, and final report preparation. Data collection techniques included observation, questionnaires, interviews, literature reviews, and documentation. Observations were conducted by directly examining employee activities at PT Pos Indonesia DC Ciputat, while questionnaires were distributed to collect primary data regarding employees' perceptions of leadership style, compensation, and their performance. A literature review was used to obtain references from relevant academic sources, while documentation was employed to supplement historical company data.

This study examines two independent variables—leadership style and compensation—and one dependent variable, employee performance. Leadership style refers to the actions and characteristics of a leader in managing an organization, measured through indicators such as decision-making ability, motivation, communication, and control over subordinates (Kartono in Hidaya, 2020). Compensation encompasses all forms of rewards provided by the company to employees in return for their work, including salary, incentives, allowances, and facilities (Simamora, 2019). Meanwhile, employee performance is measured based on quality, quantity, responsibility, and task execution (Mangkunegara, 2018). By applying statistical analysis methods, this study aims to examine the extent to which leadership style and compensation influence employee performance at PT Pos Indonesia DC Ciputat.

RESULTS AND DISCUSSION

Results

1. Simple Linear Regression Test

The simple linear regression test aims to determine the strength of the influence of variables X1 (Leadership Style) and X2 (Compensation) on Y (Employee Performance). This study analyzes the impact of Leadership Style and Compensation on Employee Performance both partially and simultaneously. The regression data was processed using SPSS Version 26, as shown in the following tables:

Table 4: Simple Linear Regression Test Results (X1) on (Y)

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
Constant	13.327	3.011		4.426
Leadership Style (X1)	0.714	0.074	0.761	9.679

Source: Processed Data from SPSS 26 (2024)

Based on the regression test results in Table 4, the simple linear regression equation obtained is:

Y = 13.327 + 0.714X1

From this equation, the following conclusions can be drawn:

1. The constant value of 13.327 indicates that if the Leadership Style variable (X1) is absent, the Employee Performance (Y) value would still be 13.327 points.
2. The Leadership Style regression coefficient (X1) is 0.714, meaning that if the Compensation variable (X2) remains constant, every 1-unit increase in Leadership Style (X1) will result in a 0.714-point increase in Employee Performance (Y).

Table 5: Simple Linear Regression Test Results (X2) on (Y)

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
Constant	13.322	3.181		4.188
Compensation (X2)	0.704	0.077	0.743	9.160

Source: Processed Data from SPSS 26 (2024)

Based on the regression test results in Table 5, the simple linear regression equation obtained is:

Y = 13.322 + 0.704X2

From this equation, the following conclusions can be drawn:

1. The constant value of 13.322 means that if the Compensation variable (X2) is absent, the Employee Performance (Y) value would still be 13.322 points.
2. The Compensation regression coefficient (X2) is 0.704, meaning that if the Leadership Style variable (X1) remains constant, every 1-unit increase in Compensation (X2) will result in a 0.704-point increase in Employee Performance (Y).

2. Multiple Linear Regression Test

Table 6: Multiple Linear Regression Test Results (X1 and X2) on (Y)

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
Constant	9.139	3.002				3.044
Leadership Style (X1)	0.437	0.102		0.466	4.287	
Compensation (X2)	0.374	0.103		0.395	3.635	

Source: Processed Data from SPSS 26 (2024)

Based on the regression test results in Table 6, the multiple linear regression equation obtained is:

Y = 9.139 + 0.437X1 + 0.374X2

From this equation, the following conclusions can be drawn:
1. The constant value of 9.139 indicates that if both Leadership Style (X1) and Compensation (X2) are absent, Employee Performance (Y) would still be 9.139 points.
2. The Leadership Style (X1) coefficient of 0.437 means that if Compensation (X2) remains constant, every 1-unit increase in Leadership Style (X1) will result in a 0.437-point increase in Employee Performance (Y).
3. The Compensation (X2) coefficient of 0.374 means that if Leadership Style (X1) remains constant, every 1-unit increase in Compensation (X2) will result in a 0.374-point increase in Employee Performance (Y).

3. Correlation Coefficient Analysis

The correlation coefficient test determines the strength of the relationship between independent and dependent variables in a multiple correlation system. Below is the correlation coefficient interpretation table:

Table 7: Correlation Coefficient Interpretation

Correlation Coefficient Interval	Relationship Strength
0.00 – 0.199	Very Weak
0.20 – 0.399	Weak
0.40 – 0.599	Moderate
0.60 – 0.799	Strong
0.80 – 1.000	Very Strong

Source: Sugiyono (2019:184)

The correlation coefficient test results for Leadership Style and Compensation on Employee Performance are as follows:
a. Leadership Style (X1) on Employee Performance (Y): The correlation coefficient is 0.761, which falls in the 0.60–0.799 range, indicating a strong relationship.
b. Compensation (X2) on Employee Performance (Y): The correlation coefficient is 0.743, which also falls in the 0.60–0.799 range, indicating a strong relationship.
c. Leadership Style (X1) and Compensation (X2) on Employee Performance (Y): The correlation coefficient is 0.805, which falls in the 0.80–1.000 range, indicating a very strong relationship.

4. Coefficient of Determination Test

The determination coefficient test measures how much influence the independent variables (Leadership Style and Compensation) have on the dependent variable (Employee Performance).

a. Leadership Style (X1) on Employee Performance (Y): The R Square value is 0.579, meaning Leadership Style contributes 57.9% to Employee Performance, while the remaining 42.1% is influenced by other factors.
b. Compensation (X2) on Employee Performance (Y): The R Square value is 0.552, meaning Compensation contributes 55.2% to Employee Performance, while the remaining 44.8% is influenced by other factors.
c. Leadership Style (X1) and Compensation (X2) on Employee Performance (Y): The R Square value is 0.649, meaning both variables contribute 64.9% to Employee Performance, while the remaining 35.1% is influenced by other factors.

5. Hypothesis Testing Analysis

1. Partial Hypothesis Testing (t-test)

The t-test is used to determine whether each independent variable significantly influences the dependent variable individually. The study uses a 5% significance level (0.05) and compares the t-value with the t-table (1.667).
a. Leadership Style (X1) on Employee Performance (Y):
  1) t-value = 9.679 > t-table = 1.667 → Significant impact
  2) Sig. = 0.000 < 0.05 → H0 rejected, Ha accepted
a. Compensation (X2) on Employee Performance (Y):
  1) t-value = 9.160 > t-table = 1.667 → Significant impact
  2) Sig. = 0.000 < 0.05 → H0 rejected, Ha accepted

2. Simultaneous Hypothesis Testing (F-test)
a. F-value = 61.861 > F-table = 3.980
b. Sig. = 0.000 < 0.05
c. Conclusion: Leadership Style and Compensation jointly have a significant positive effect on Employee Performance at PT Pos Indonesia DC Ciputat.

Discussion

1 The Influence of Leadership Style (X1) on Employee Performance (Y)
Leadership style has a positive and significant effect on employee performance at PT Pos Indonesia DC Ciputat. This is evident from the simple linear regression equation where Y = 13.327 + 0.714 X1. The constant value (a) of 13.327 indicates that if Leadership Style (X1) is zero or does not improve, employee performance (Y) remains at 13.327. The regression coefficient (b) is 0.714 (positive), indicating a direct relationship, meaning that every one-unit increase in Leadership Style leads to an increase in Employee Performance by 0.714. The correlation coefficient of 0.761 falls within the 0.60 – 0.799 range, signifying a strong relationship. The coefficient of determination (R Square) is 0.579, meaning that Leadership Style contributes 57.9% to Employee Performance, while the remaining 42.1% is influenced by other factors. The t-value of 9.679 > t-table 1.667 and the significance level of 0.000 < 0.05 confirm that Leadership Style has a positive and significant impact on Employee Performance at PT Pos Indonesia DC Ciputat. These findings align with previous research conducted by Farida Agustin (2021), Ela Hulasoh & Sri Wulandari (2021), and Veta Lidya Delimah Pasaribu, Krisnaldy, and Hestu Nugroho Warasto (2020), which concluded that leadership style positively and significantly affects employee performance.

2 The Influence of Compensation (X2) on Employee Performance (Y)

Compensation has a positive and significant effect on employee performance at PT Pos Indonesia DC Ciputat. This is supported by the simple linear regression equation $Y = 13.322 + 0.704 X2$. The constant value (a) of 13.322 indicates that if Compensation (X2) is zero or does not improve, employee performance (Y) remains at 13.322. The regression coefficient (b) of 0.704 (positive) indicates a direct relationship, meaning that every one-unit increase in Compensation results in an increase in Employee Performance by 0.704. The correlation coefficient for Compensation is 0.743, which falls within the $0.60 - 0.799$ range, indicating a strong relationship. The coefficient of determination (R Square) is 0.552, meaning that Compensation accounts for 55.2% of Employee Performance, while the remaining 44.8% is influenced by other factors. The t-value of $9.160 >$ t-table 1.667 and the significance level of $0.000 < 0.05$ confirm that Compensation has a positive and significant effect on Employee Performance at PT Pos Indonesia DC Ciputat. These findings align with previous studies by Indri Indirasari (2021), Komarudin (2018), Ahmad Eko Adi (2021), and Risnawati (2017), which confirm that Compensation has a positive and significant impact on employee performance.

3 The Influence of Leadership Style (X1) and Compensation (X2) on Employee Performance (Y)

Simultaneously, Leadership Style and Compensation have a positive and significant effect on employee performance at PT Pos Indonesia DC Ciputat. This is evidenced by the multiple linear regression equation $Y = 9.139 + 0.437 X1 + 0.374 X2$. The constant 9.139 suggests that if Leadership Style (X1) and Compensation (X2) are zero or do not improve, Employee Performance remains at 9.139.

a. The Leadership Style regression coefficient (0.437) is positive, meaning that every one-unit increase in Leadership Style (X1), assuming Compensation (X2) remains constant, increases Employee Performance (Y) by 0.437.

b. The Compensation regression coefficient (0.374) is positive, meaning that every one-unit increase in Compensation (X2), assuming Leadership Style (X1) remains constant, increases Employee Performance (Y) by 0.374.

The correlation coefficient for Leadership Style and Compensation is 0.805, falling within the $0.80 - 1.000$ range, indicating a very strong relationship. The coefficient of determination (R Square = 0.649) suggests that Leadership Style and Compensation collectively contribute 64.9% to Employee Performance, while the remaining 35.1% is influenced by other factors. The F-value of $61.861 >$ F-table 3.980 and the significance level of $0.000 < 0.05$ confirm that, simultaneously, Leadership Style and Compensation have a positive and significant effect on Employee Performance at PT Pos Indonesia DC Ciputat. These findings align with prior research conducted by Muh. Syarif Hidayatullah, Zainal Ruma, and Burhanuddin (2022), Muhammad Prasetyo Wibowo & Muhammad Syafii (2023), and Martinus Buulolo (2021), all of which confirmed that Leadership Style and Compensation positively and significantly influence employee performance.

CONCLUSION

Based on the findings and analysis presented, this study concludes that leadership style and compensation have a positive and significant effect on employee performance at PT Pos Indonesia DC Ciputat. First, it is proven that leadership style significantly affects employee performance, with a t-value of 9.679, supported by a coefficient of determination of 57.9%, while the remaining 42.1% is influenced by other factors. Second, compensation also has a significant positive effect on employee performance, with a t-value of 9.160, backed by a coefficient of determination of 55.2%, leaving 44.8% influenced by other factors. Third, leadership style and compensation together significantly impact employee performance, with an F-value of 61.861 and a coefficient of determination of 64.9%, meaning 35.1% of the performance variation is influenced by other factors.

However, this study has several limitations, including the fact that it only examines two independent variables, while other factors influencing employee performance are not considered; the sample size of 70 respondents is relatively small; and some respondents' answers may not fully represent their actual opinions, possibly due to differences in interpretation or a lack of honesty in filling out the questionnaire. Moreover, data availability was limited, which may have restricted the study's comprehensiveness. Therefore, several recommendations are proposed: (1) Leadership should engage in regular communication and feedback sessions with employees to enhance supervision, improve motivation, and ensure tasks are effectively coordinated; (2) The company should reassess its compensation system to ensure salaries align with employees' living costs and responsibilities, fostering greater motivation and loyalty; (3) The company should identify obstacles to employee performance, such as heavy workloads or lack of training, and review whether targets are realistic while providing better task prioritization and communication to improve overall productivity and career growth opportunities for employees.

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