

HOW LEADERSHIP BEHAVIOR AND COMPENSATION AFFECT EMPLOYEE PERFORMANCE WHEN MOTIVATION ACT AS AN INTERVENING VARIABLE AT PT. PELABUHAN INDONESIA I (PERSERO) HEADQUARTER

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ABSTRACT

The improvement of employee performance will bring advantages to the company to survive the rivalry and uncertainty of business ecosystem. The efforts to improve employee performance are the most serious management challenges because success in achieving the goals and survival of the company depends on the quality of the performance of the human resources in it. This study aims to examine how leadership behavior and compensation affects the performances of the employee when motivation act as an intervening variable at the headquarter of PT. Pelabuhan Indonesia I (Persero). This research is quantitative research with a survey approach. The respondents of this research are as many as 191 employees at PT. Pelabuhan Indonesia I (Persero), which were obtained using proportional sampling technique. The variables of this study are the leadership behavior variable (X1), compensation (X2), employee performance (Y) and the intervening variable, namely work motivation (Z). Data obtained through questionnaire. The results showed that leadership behavior and compensation had a positive and significant effect on the performance of the employees of PT. Pelabuhan Indonesia I (Persero), leadership behavior and compensation have a positive and significant effect on the motivation of the employees of PT. Pelabuhan Indonesia I (Persero), leadership behavior and compensation have a positive effect on the employee performance through motivation as an intervening variable on the employees of PT. Pelabuhan Indonesia I (Persero), and motivation has a positive and significant effect on employee performance at PT. Pelabuhan Indonesia I (Persero). It shows that to improve employee performance, company leaders should be able to empower employees and increase compensation which can also increase work motivation for employees

Keywords: Employee Performances, Leadership Behavior, Compensation, Motivation

INTRODUCTION

PT Pelabuhan Indonesia I (Persero) is a company engaged in services, especially port services in Indonesia. This company is a State-Owned Enterprise (SOE) in the form of a Persero. This company is a business entity managed by the state with the aim of making profits and providing services to the public where all of its shares are owned by the government.

This company is one of the largest port companies in Indonesia. Even though it has become a large and growing company, of course there are still many obstacles that the company faces. Currently PT Pelabuhan Indonesia I (Persero) focuses on making improvements in order to optimally taking advantages of existing opportunities to strengthen the business that is being carried out. Improved employee performance will bring progress for the company to be able to survive in an unstable competitive business environment. Therefore, efforts to improve employee performance are the most serious management challenges because the success in achieving goals and the survival of the company, depends on the quality of the human resources in it.

Table 1. Assessment of Employee Performance Based on Workforce Focus

Description		Year		
		2017	2018	2019
Finance and Markets				
1.	Ebitda Margin	50,25	48,71	98,29
2.	Achievement of Container Market Share	100,00	100,00	100,00
3.	EBITDA/Interest	13,72	9,89	21,9
Workforce Focus				
4.	Employee Satisfaction Index	3,96	4,00	4,2
5.	Employee Productivity	773.256.334	888.611.725	449.673.168
Leadership, Governance and Community Responsibility				
6.	Accuracy of Reporting Annual Report SOE Electronically	100,00	100,00	100,00
7.	Good Corporate Governance (GCG) Score	94,30	94,35	94,42
8.	Superior Performance Assessment Criteria Score	545,50	545,00	540,00
9.	Investment Absorption	86,67	83,06	81,35

Source: PT Pelabuhan Indonesia I (Persero) KPI for 2017-2019

Leadership behavior has a significant impact on employee attitudes, behavior and performance. The effectiveness of the leader is influenced by the characteristics of his subordinates and is related to the communication process that occurs between the leader and his subordinates. In addition to leadership behavior, compensation is also a factor that can also affect employee performance. Compensation is also an important factor to improve employee performance and encourage employees to work harder so that the company goals are achieved.

Table 2. Compensation Instruments at PT Pelabuhan Indonesia I (Persero)

No.	Type of Reward	Form	Description
1.	Salary	Basic Salary	Refers to the laws and regulations on work that are adjusted to the applicable provincial minimum wage.
2.	Fixed Allowance	Special Allowance, Position Allowance, Structural Allowance	
3.	Non-Fixed Allowance	Operational Allowance	
4.	Social Security	Health services, Pension Programs, Insurance, Old Age Benefits, Death Assistance, Annual Leave, Long Leave	
5.	Social Benefits	Rent Allowance, housing, electricity, water, transportation, and annual leave allowance	Included in the old age allowance
		Spiritual/physical/recreational development, religious holiday allowances, house emptying fees, children housing assistance, bonuses	Not included in the old age allowance

Source : PT Pelabuhan Indonesia I (Persero), 2021

From table 1.2 above, it can be seen how the compensation received by the employees of PT Pelabuhan Indonesia I (Persero). This shows that the compensation given is very appropriate and it should increase their performance. However, it becomes a phenomenon when compensation is appropriate, but employee performance has decreased.

Besides leadership and compensation issues, there are other phenomena at PT Pelabuhan Indonesia I (Persero), namely the majority of employees' work motivation is quite low due to the treatment gap between employees within the company based on seniority or tenure. Employees who have work longer get different treatment even though their performance is not as expected by the company. If the longer tenure employee make a mistake, they just being warned while employees with a smaller tenure tend to be given more severe punishment.

Based on the description above, the researchers are interested and motivated to conduct research with the title **“HOW LEADERSHIP BEHAVIOR AND COMPENSATION AFFECT EMPLOYEE PERFORMANCE WHEN MOTIVATION ACT AS AN INTERVENING VARIABLE AT PT. PELABUHAN INDONESIA I (PERSERO) HEADQUARTER”**.

LITERATURE REVIEW

EMPLOYEE PERFORMANCE

Performance is the result of work, it is an ability, achievement or encouragement to carry out a job. Performance is the achievement achieved by a person in carrying out the tasks and work assigned to him (Muhammad Sandy, 2015). Kinerja adalah tingkat terhadap mana para karyawan mencapai persyaratan-persyaratan pekerjaan (Henry Simamora, 2015). Performance is the degree to which employees achieve job requirements (Henry Simamora, 2015).

WORK MOTIVATION

Motivation is an impulse that makes an employee able and willing to exert his abilities for the organization in achieving goals (Mathis, 2016). Motivation can also be said as energy to generate encouragement in oneself (Robert A. Baron, 2017).

LEADERSHIP BEHAVIOR

Leadership is someone, who because of his personal skills, with or without official appointments, can influence the group he leads to exert joint efforts towards achieving "certain goals" (Winardi, 2015). Leadership is an influencing process carried out by a person in managing his group members to achieve organizational goals (Martinis Yamin and Maisah, 2015).

COMPENSATION

Compensation in organizations or companies means rewards for workers who have contributed to realizing the goals of the institution/company, through activities called work (Nanik, 2016). Compensation is any form of award given to employees in return for their contributions to the organization (Edy Sutrisno, 2017).

RESEARCH METHODOLOGY

The population in the study based on the problem definition is all positions and employees in five Directorates, namely the Directorate of Finance, Directorate of Operations and Commercial, Directorate of Human Resources, Directorate of Engineering and Directorate of Business Transformation and Development at PT. Pelabuhan Indonesia 1 (Persero) which amounted to 367

people. In this study, the population was 367 employees with the sample calculation using the Slovin formula with an error tolerance level of 5% so that the sample amounted to 191 employees. The sampling technique in this research is proportional sampling.

The variables tested are Leadership as the first independent variable (X1), Compensation as the second (X2), Employee Performances as the dependent variable (Y), and Motivation as intervening variable (Z).

Table 3. Operationalization of Variables

Variables	Indicator	Measurement Scale
Leadership (X1)	<ol style="list-style-type: none"> 1. Fair 2. Giving Suggestions 3. Supportive in achieving goals 4. As a Catalyst 5. Creating sense of security 6. Being representative of the organization 7. Inspiring 8. Respectful 	Likert
Compensation (X2)	<ol style="list-style-type: none"> 1. Salary/Wage 2. Incentives 3. Bonus 4. Allowance 5. Facility 	Likert
Employee Performance (Y)	<ol style="list-style-type: none"> 1. Work Quality 2. Timing 3. Initiative 4. Ability 5. Communication 	Likert
Work Motivation (Z)	<ol style="list-style-type: none"> 1. Relationships with colleagues and superiors 2. Working environment 3. Opportunity to improve knowledge and skills 4. Allowance 	Likert

RESEARCH RESULTS AND DISCUSSION

CLASSIC ASSUMPTION TEST

NORMALITY TEST

This normality test uses the Kolmogorov–Smirnov test and the data is said to be normally distributed if the asymp.sig value has a value greater than 0.05. Significant value on Asymp. Sig (2-tailed) of 0.200 and greater than 0.05. In accordance with the basis for decision making in the Kolmogorov–Smirnov normality test, it can be concluded that the data are normally distributed and the assumptions or requirements for normality in the regression model have been met.

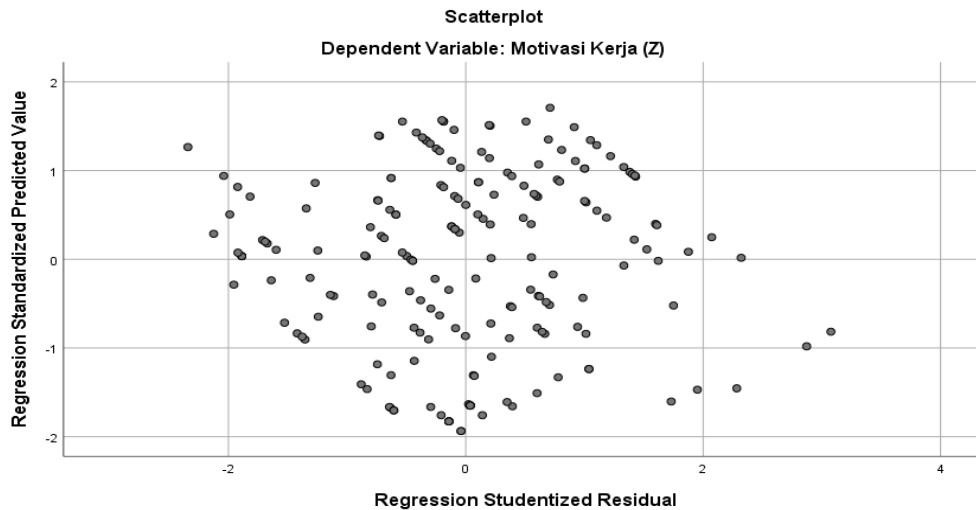
MULTICOLLINEARITY TEST

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. To detect multicollinearity problems, it can be seen from the tolerance value and its opposite, namely VIF (Variance Inflation Factor). A low tolerance value equals a high VIF value (because $VIF = 1/\text{tolerance}$). The cutoff value used to indicate the presence of multicollinearity factors is the tolerance value < 0.10 or the same as the VIF value > 10 . In this multicollinearity test the leadership variable has a tolerance value of 0.834 and a VIF of 1.198. The compensation variable with a tolerance value of 0.834 and a VIF of 1.198. So, it can be concluded that there is no multicollinearity problem in the regression model.

HETEROSCEDASTICITY TEST

Heteroscedasticity test was conducted to see whether in the regression model there was an inequality of variance from the residual of one observation to another observation. The heteroscedasticity test is carried out using a scatter plot, provided that if the points are above and below the zero point, there is no heteroscedasticity problem in the regression model.

Picture 1. Heteroscedasticity Test Results



Based on the results of heteroscedasticity testing using a scatter plot, it can be seen if the points are spread above and below the zero point and do not form a certain pattern, so it can be concluded that there is no heteroscedasticity problem in the regression model.

LINEARITY TEST

To find out whether the data is linear or not, by observing the significance value. If the significance value of the test for linearity is less than 0.05, this indicates that the regression model is linear.

Table 4. Linearity Test Results of Work Motivation and Leadership

		Sum of Squares	df	Mean Square	F	Sig.	
Work Motivation (Z)	Between Groups	(Combined)	1348.845	32	42.151	4.095	.000
		Linearity	929.101	1	929.101	90.262	.000
		Deviation from Linearity	419.745	31	13.540	1.315	.141
* Leadership (X1)	Within Groups		1626.348	158	12.209		
	Total		2975.194	190			

Table 5. Linearity Test Results of Work Motivation and Compensation

		Sum of Squares	df	Mean Square	F	Sig.	
Work Motivation (Z)	Between Groups	(Combined)	1765.330	29	60.873	8.101	.000
		Linearity	1018.771	1	1018.771	135.571	.000
		Deviation from Linearity	746.560	28	26.663	3.548	.000
* Compensation (X2)	Within Groups		1626.348	161	7.515		
	Total		2975.194	190			

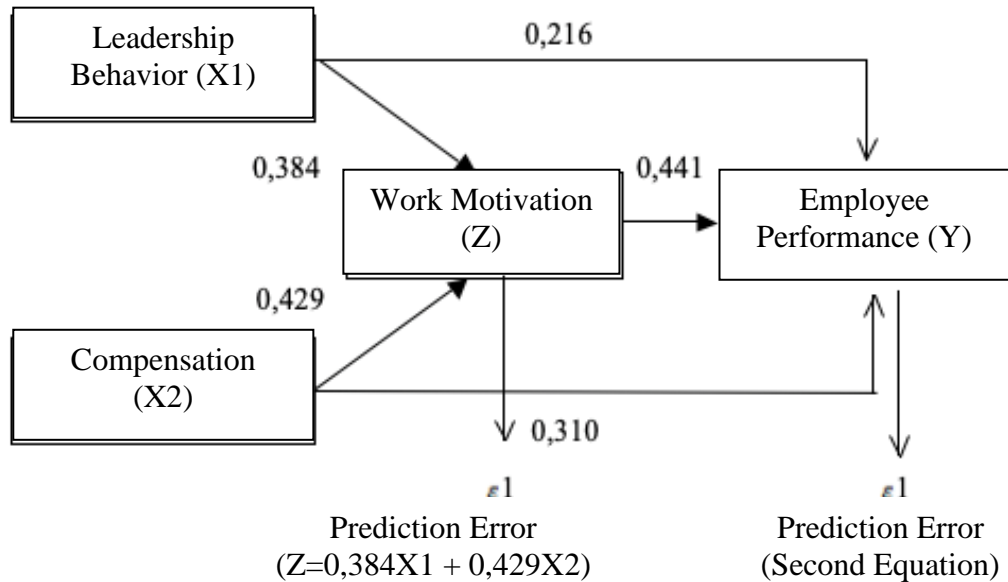
Based on table 4 and 5 in the column above Linearity is a statistical test to show a linear relationship to the variables used. Terms in the decision on the linearity test is significant value <0.05, it means that the linear relationship between two variables and if the significance value > 0.05. Based on the results of the linearity test above, it can be seen that Leadership on Work Motivation has a significant value of 0.0001. Compensation for work motivation has a significant value of 0.000.

Judging from the significant value above, the leadership data on work motivation is (0.000 < 0.05) and compensation for work motivation is (0.000 < 0.05), it can be assumed that leadership have a linear relationship to work motivation, compensation have a linear relationship to work motivation.

PATH ANALYSIS

Path analysis is used to test the contribution indicated by the path coefficient on each path diagram of the causal relationship between variables X1 and X2 to Z. Correlation and regression analysis is the basis for calculating path coefficients.

Picture 2. Path Analysis



The structural equation of the sub-structure is: $Y = 0,216X1 + 0,310X2 + 0,441Z$

COEFFICIENT OF DETERMINATION (R²)

The coefficient of determination (R²) essentially measures how far the model's ability to explain variations in the dependent variable is. The value of the coefficient of determination is between zero and 1 or (0 < x < 1). A small value of R² means that the ability of the independent variables to explain the dependent variables is very limited. A value close to 1 means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

Table 4.25 Coefficient of Determination Test Results (R²)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.811 ^a	0.658	0.653	5.419
a. Predictors: (Constant), Motivasi (Z), Kepemimpinan (X1), Kompensasi (X2),				
b. Dependent Variable: Kinerja Karyawan (Y)				

Source : SPSS Data Processing Results (2021)

The results of the regression calculation in table 4.25 can be seen that the coefficient of determination (adjusted R square) obtained is 0.653. This means that 65.3% of Employee Performance at PT. Pelabuhan Indonesia I (Persero) Headquarter is influenced by Leadership Behavior (X1), Compensation (X2) and Motivation (Z) while the remaining 34.7% Employee Performance at the Head Office of PT. Pelabuhan Indonesia I (Persero) is influenced by other variables not examined in this study.

SOBEL TEST

The results showed that:

- a. Leadership Behavior Variable (X1) can have a direct effect on employee performance (Y) and can also have an effect through Work Motivation variable (Z) as an intervening variable on Employee Performance variable (Y). Sobel test results show $t_{count} = 56.3$ and t_{table} value 1,972. Based on these calculations, it can be concluded that the value of t_{count} is greater than the value of t_{table} , namely $56.3 > 1.972$. This shows that there is an influence of work motivation variable in mediating the influence of leadership behavior (X1) on employee performance (Y), so it can be concluded that leadership behavior has a positive influence on employee performance through work motivation.

- b. The results also show that the compensation variable (X2) can have a direct effect on employee performance (Y) and can also have a direct effect through the work motivation variable (Z) as an intervening variable on the employee performance variable (Y). Sobel test results show $t_{count} = 23.6$ and t_{table} value 1.972. Based on these calculations, it can be concluded that the t_{count} value is greater than the t_{table} value, which is $23.6 > 1.972$. This shows that Compensation (X2) on Employee Performance (Y) through the variable Work Motivation (Z) has a positive and significant effect.

DISCUSSION

THE INFLUENCE OF LEADERSHIP BEHAVIOR (X1) ON MOTIVATION (Z)

Leadership is a matter of relationship and influence between the leader and the individuals being led. Such leadership emerges and develops as a result of the automatic interaction between the leader and the individuals being led. Leadership can function on the basis of the leader's power to invite, influence, and move others to do something for the achievement of a certain goal.

Based on the descriptive statistical table which shows that the average score for the leadership variable is 55.60, this means that the average respondent's leadership behavior can increase work motivation. Based on the analysis of the data that the researchers got in this study, it can be seen that there is a positive and significant influence of leadership on work motivation (Z). This is indicated by the t_{count} 6.586 > t_{table} 0.67579 and a significance value of $0.000 < 0.05$, meaning that the leadership variable (X1) has a positive and significant effect on work motivation (Z), so H1 is accepted.

The results of this study are in line with Nuraeni's research (2019) which shows that the t -count value obtained is greater than the t -table value ($5.588 > 1.899$), so H_0 is rejected. Thus it can be concluded that leadership style has a positive and significant effect on employee work motivation. The better the leadership style, the employee's work motivation will increase, conversely the less good the leadership style, the employee's work motivation will also decrease.

This finding has proven that a good leadership style is needed in order to encourage an increase in employee motivation at PT. Pelabuhan Indonesia I (Persero). As several previous studies support the results of this study, including Seguro (2010) has proven that Leadership Style has an effect on work motivation. Astiari and Sudarma (2014) also found that leadership style partially had a significant effect on the motivation of Bappeda employees in Tabanan Regency. Widyawati and Oetomo (2014) found that leadership style also showed a significant and positive influence on work motivation.

THE EFFECT OF COMPENSATION (X2) ON MOTIVATION (Z)

Compensation is any form of award given to employees in return for their contributions to the organization. Compensation is a term related to the financial rewards that people receive through their employment relationship with the organization.

Based on the descriptive statistical table which shows that the average score of the compensation variable is 34.79 this means that the average respondent that compensation can increase work motivation. Based on the analysis of the data that the researchers got in this study, it can be seen that there is a positive and significant effect of compensation on work motivation (Z). This is indicated by the t_{count} 7347 > t_{table} 0.67579 and a significance value of $0.000 < 0.05$, meaning that the compensation variable (X2) has a positive and significant effect on work motivation (Z), so H2 is accepted.

The results of this study are in line with Nuraeni's research (2019) which shows that the t -count value of the compensation variable obtained is greater than the t -table value ($2.581 > 1.899$), so H_0 is rejected. Thus it can be concluded that compensation has a positive and significant effect on employee work motivation. The better the compensation, the better the employee's work motivation will be.

This finding has proven that good compensation is needed in order to encourage an increase in employee motivation at PT. Pelindo I (Persero). As several previous studies support the results of this study including Kusuma and Al Musadieg (2017) have proven that compensation has a significant effect on work motivation. Then, Heriati, et al (2017) also found that compensation has a positive and significant effect on employee work motivation.

THE EFFECT OF MOTIVATION (Z) ON EMPLOYEE PERFORMANCE (Y)

Motivation is the driving force that causes a member of the organization to be able and willing to mobilize abilities in the form of expertise or skills, energy and time to carry out various activities that are their responsibility and carry out their obligations, in the context of achieving predetermined organizational goals and objectives.

Based on the descriptive statistical table which shows that the average score of the leadership variable is 22.35, this means that the average respondent says that work motivation can improve employee performance. Based on the data analysis in this study, it can be seen that there is a positive and significant effect of work motivation on employee performance. This is indicated by the t_{count} 7.541 > t_{table} 0.67579 and a significance value of $0.000 < 0.05$, meaning that the work motivation variable (Z) has a positive and significant effect on employee performance (Y) so that H3 is accepted.

The results of this study are in line with Ridwansyah's research (2018) which shows that motivation has a significant influence on the dependent variable Y (employee performance), n with a t -table value ($N = 37$ or $df = 33$) of 2.02 and $\text{sig-}\alpha = 0, 05$, it can be seen that t -count X1 (4.004) > t -table (2.02) and p -value (0.000) < 0.05. This means that the better the work motivation, the higher the employee's performance.

Motivation is the provision of a driving force that can create a person's passion for work so that they want to do work with all their efforts to achieve satisfaction. A manager or leader can be said to be successful in encouraging employees if he is able to create the right motivation for his employees. The right motivation will make employees more enthusiastic at work so that work productivity and company goals can be achieved (Robbins, 2011). The same thing was also stated by Rivai (2011) that performance is a function of motivation and ability. To complete a task or job, a person should have a certain degree of willingness and level of ability. This understanding can be concluded that employee performance is work performance or output or work results both in

quantity and quality achieved by employees within a certain period of time in carrying out their work duties in accordance with the responsibilities given by the company to them.

Motivation affects employee performance because motivation functions as a driving force that can create a person's work passion, and the higher the work passion, the higher the employee's performance. In other words, the better the motivation given by superiors to subordinates, the more convenience and opportunities to maximize employee performance.

THE INFLUENCE OF LEADERSHIP BEHAVIOR (X1) ON EMPLOYEE PERFORMANCE (Y)

Leadership is an important dynamic force that motivates and coordinates organizations in order to achieve goals through a process to influence others, both within the organization and outside the organization to achieve the desired goals in certain situations and conditions.

Based on the analysis of the data that researchers got in this study, it can be seen that there is a positive and significant influence of leadership on employee performance. This is indicated by the $t_{count} 4.156 > t_{table} 0.67579$ and the significance value of $0.000 < 0.05$, meaning that the leadership variable (X1) has a positive and significant effect on Employee Performance (Y), so H4 is accepted.

However, the results of this study are not in line with the research of Mirza, Dwi & Fatmala (2017) which shows that leadership style has no significant and positive effect on employee performance. This means that the leadership style model given to employees will not have a direct impact on improving employee performance. Based on the results of observations in the company, there are many things that cause leadership style not to have a direct effect on employee performance, namely, because the leaders in the bureau often leave the room, and the leaders often go out of town, because PT. Varia Usaha has area units spread across East Java, Central Java, and West Java. Leaders also sometimes meet with suppliers to work with the company. So that the leadership style that has been formed by the leader and the company does not have a direct effect on employee performance. So it can be concluded that the leadership style has no significant and positive effect on employee performance at PT. Varia Usaha, Gresik.

According to Anderson, Ones, Sinangil & Viswesvaran, (2005) leadership helps companies to describe how a person's performance is. This of course relates to a person's knowledge, expertise, and work ability in a particular field of work. Leadership represents an important work dimension for a person. From this visible leadership, the company knows more about how a person is responsible, solves problems, and transfers information to others regarding the tasks instructed by his superiors. In essence, Leadership is used to plan, assist, and develop one's behavior and performance. Not only that, it is through the work leadership of an employee that the company can find out the strengths and weaknesses of its employees.

THE EFFECT OF COMPENSATION (X2) ON EMPLOYEE PERFORMANCE (Y)

Compensation in terms of individual employees is everything that employees receive as compensation for the contribution of energy and thoughts that have been contributed to the organization. Meanwhile, from the point of view of the company organization, compensation is everything that has been given to employees as a reward or contribution of energy and thoughts that they have contributed to the organization where they work.

Based on the analysis of the data that researchers got in this study, it can be seen that there is a positive and significant effect of compensation on employee performance. This is indicated by the $t_{count} 5.832 > t_{table} 0.67579$ and a significance value of $0.000 < 0.05$, meaning that the compensation variable (X2) has a positive and significant effect on Employee Performance (Y), so H2 is accepted.

However, the results of this study are not in line with the research of Dian Ayu Rahmawati (2020) which shows that compensation has a negative and insignificant effect on employee performance as indicated by the t-test results of -1.513 and a significance level of 0.141 and a negative regression coefficient of -0.191 . This test proves that compensation has a negative and insignificant effect on employee performance at Bank BRI Syariah Semarang Branch.

Leadership by position carried out by company management is an important role for every employee, even every employee makes position leadership a dream and goal that employees always expect. With the leadership position, it is expected to improve employee attitudes towards their work and build high compensation. Position leadership is a form of appreciation expected by employees for their work performance. With leadership based on objective assessment, employees will be encouraged to be more active and more disciplined in their work so as to produce good performance.

THE INFLUENCE OF LEADERSHIP BEHAVIOR (X1) ON EMPLOYEE PERFORMANCE (Y) THROUGH MOTIVATION (Z)

Leadership is a matter of relationship and influence between the leader and the led. Such leadership emerges and develops as a result of the automatic interaction between the leader and the individuals being led. Leadership can function on the basis of the leader's power to invite, influence, and move others to do something for the achievement of a certain goal.

The total value of the direct influence of the Leadership Behavior variable and the Employee Performance variable ($X1 \rightarrow Y$) is 0.216 , which is greater than the value of the indirect influence of the Leadership Behavior variable on the employee performance variable through the work motivation variable ($X1 \rightarrow Z \rightarrow Y$). $X1$ through Z to $Y = 0.384 \times 0.441 = 0.169$, it can be concluded that the related variables have a direct relationship and the relationship between $X1$ and related Y variables is positive.

Based on the calculations carried out on the Sobel test, the authors conclude that the t_{count} value is greater than the t_{table} value, which is $56.3 > 1.972$. This shows that there is an influence of work motivation variable in mediating the influence of leadership behavior (X1) on employee performance (Y), so it can be concluded that leadership behavior has a positive influence on employee performance through work motivation.

Based on data analysis in this study, it can be seen that there is a positive influence of leadership on employee performance through work motivation as an intervening variable, so H6 is acceptable, due to the significant value obtained < 0.05 .

THE EFFECT OF COMPENSATION (X2) ON EMPLOYEE PERFORMANCE (Y) THROUGH MOTIVATION (Z)

Compensation is one of the important factors where work compensation must be considered properly by the company. Compensation can trigger employees to have better performance from day to day. Compensation is an employee's goal to work because one of the compensations is salary, which is used to meet daily needs.

The total value of the direct influence of the Compensation Behavior variable and the Employee Performance variable ($X2 \rightarrow Y$) is 0.310, which is greater than the value of the indirect effect of the Compensation Behavior variable on the employee performance variable through the work motivation variable ($X2 \rightarrow Z \rightarrow Y$). $X2$ through Z to $Y = 0.429 \times 0.441 = 0.189$, it can be concluded that the related variables have a direct relationship and the relationship between $X2$ and related Y variables is positive.

Based on the calculations performed on the Sobel test, the authors conclude that the tcount value is greater than the ttable value, which is $23.6 > 1.972$. This shows that there is an influence of work motivation variable in mediating the effect of compensation ($X2$) on employee performance (Y), so it can be concluded that compensation has a positive influence on employee performance through work motivation.

Based on data analysis in this study, it can be seen that there is a positive effect of compensation on employee performance through work motivation as an intervening variable, so $H7$ is acceptable, due to the significant value obtained < 0.05 .

SUGGESTIONS

1. Leadership behavior should be carried out by providing direction to employees, especially at this time when everything is open, so the leadership needed is leadership that can empower employees.
2. The company must review the provision of compensation in order to improve the performance of its employees and the compensation given to employees must be given based on the employee's work performance and compensation must be distributed fairly.
3. It is expected that the management will always strive to provide maximum support and be able to motivate, move and satisfy employees in a particular job and environment.
4. It is expected that if the company wants to improve employee performance, it must be supported by providing good motivation, so that employees become more enthusiastic in doing their work and increase their creativity at work.
5. To improve employee performance, it can be done by providing motivation, which aims to make employees enthusiastic and creative at work. Companies not only provide incentives, but also have to fulfill other basic needs such as completeness of work facilities and working conditions.
6. Good leadership style and appropriate compensation can improve employee performance which directly benefits the company.

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