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THE RELATIONSHIP BETWEEN LEADERSHIP, COMPENSATION, AND COMPETENCE WITH EMPLOYEE'S PERFORMANCE

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ABSTRACT

Employee performance is one of the important factors in the success of an organization or company. So that to achieve optimal performance, there are several factors that can influence it, including leadership, compensation, and employee competence. This study aims to determine the relationship of leadership, compensation and competence to employee performance. This research is included in the type of quantitative research, while the data collection technique is done by questionnaire and literature study. The research object in this study were employees of PT Benua Integrasi Global. The results showed that leadership, compensation, and employee competence have a relationship with employee performance. Good leadership can provide clear direction and motivate employees to work better. Meanwhile, compensation that is fair and in accordance with employee contributions can increase employee satisfaction and motivation at work. In addition, adequate and continuously developed employee competencies can also affect the performance of PT Benua Integrasi Global employees.

INTRODUCTION

In an effort to maintain sustainability, organizations must understand the rapid and dynamic environmental changes in the current era of globalization. Therefore, the management and regulation of human resource (HR) performance is very important to achieve organizational goals collectively. In achieving this goal, it is important to maintain optimal HR performance so that the organization can survive in the long term (Pardede et al., 2023).

Employees who have guaranteed credibility and competence can be used as a benchmark in creating organizational needs. This can be achieved by providing a good salary and ensuring optimal productivity levels. Good employee performance can improve overall organizational performance by supporting the achievement of organizational goals according to standards (Syahputra et al., 2020).

Human resource management in the organization requires the right leadership style in order to build synergy between superiors and subordinates. Currently, the increasing demands of living needs exacerbate the burden of living for employees due to the global economic crisis. Therefore, organizations must pay attention to the needs and desires of employees, and provide appropriate compensation so that employees feel valued and have high loyalty to the organization. In addition, organizations must also encourage employees to work well so that organizational goals can be achieved (Farida, 2020).

Compensation and competence also have an important role in improving employee performance. Employees will find it difficult to work well if they do not have sufficient

competence in their work, even though they have good operational capabilities. However, if employee competencies can be developed, employee performance can improve significantly (Hasanah & Sutanti, 2021).

Companies need to compensate their employees financially and non-financially. Financial compensation can take the form of incentives to employees who exceed targets, but does not provide incentives to employees who overtime. However, usually the branch head provides incentives for employees who overtime in the form of money that is not recorded in the company and the overtime incentives given are different for each employee (Andreani et al, 2020). Meanwhile, according to the Indonesian National Work Competency Standard (SKKNI) for the Service Sector in Office Administration Services (2007), work competence itself is an individual's work ability which includes aspects of knowledge, skills and work attitudes in accordance with established standards (Kartika et al., 2014).

There are differences in the results of previous studies where according to Ilham at al (2020) stated that there was a positive but not significant effect of compensation on employee performance. While Firmandari (2014) states that compensation variables have a significant positive effect on employee performance.

The purpose of this study is to determine whether there is a relationship between leadership, compensation, and competence with employee performance. Therefore, this study is entitled "The Relationship of Leadership, Compensation and Competency to Employee Performance."

The hypotheses in this study are:

1) H1: Leadership has a correlation to Employee Performance
2) H2: Compensation has a correlation to Employee Performance
3) H3: Competency has a correlation to Employee Performance

METHOD

This study used quantitative research methods. Data collection techniques are carried out by questionnaires and literature studies. The questionnaire was disseminated through the WhatsApp media of PT Continent Integrasi Global's office. While literature studies are obtained through books, journals and other relevant information from Google Scholar. In this study, the population consisted of 30 employees of PT Continent Integrasi Global. Meanwhile, the sample is the part of the population that is used as a source of data in the study. Samples are taken using a saturated sample technique, where all members of the population are sampled (Ulfah, 2021).

In this study, data analysis was carried out using correlation techniques. The correlation technique used is the product moment correlation formula, while to test the significance of the correlation coefficient, a t-test is used.

RESULT AND DISCUSSION

Product Moment Correlation Test

Pearson correlation analysis, also known as Product Moment correlation, is used to measure the degree of linear relationship between two variables that have a normal data distribution (Priyatno, 2014).

Table 1. Correlation Test

		Leadership	Compensation	Competence	Employee Performance
Leadership	Pearson Correlation	1	.314	.305	.432
	Sig. (2-tailed)		0.92	.101	.020
	N	30	30	30	30
Compensation	Pearson Correlation	.314	1	.536	.267
	Sig. (2-tailed)	.092		.002	.048
	N	30	30	30	30
Competence	Pearson Correlation	.305	.536	1	.387
	Sig. (2-tailed)	.101	.002		035
	N	30	30	30	30
Employee Performance	Pearson Correlation	.423	.267	.387	1
	Sig. (2-tailed)	.020	.048	.035	
	N	30	30	30	30

Based on the results of the correlation test in table 1, data on all significance values < 0.05 were obtained so that it can be concluded that leadership, compensation and competence have a correlation with employee performance. Then obtained the value of pearson correlation leadership 0.423, compensation 0.267 and competence 0.387. Referring to the relationship degree guidelines, it can be concluded that leadership has a moderate correlation to employee performance, compensation and competence have a weak correlation.

T Test

The T test or T Test is one of the statistical methods used to test hypotheses that state a significant difference between two averages of randomly drawn samples from the same population.

This method is used to determine whether the difference between the two averages is the result of chance or indeed statistically significant (Sudjiono, 2010).

Table 3. Leadership T Test

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t
1	(Constant)	7.300	2.632		2.773
	Leadership	.342	1.38	.423	2.474

Based on table 3 obtained the value of t count 2.474 > t table 0.684 then Ho1 is rejected and Ha1 is accepted. This means that there is a correlation between leadership and employee performance.

Table 4. Compensation T Test

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t
1	(Constant)	9.810	2.722		3.603
	Compensation	.143	0.97	.267	1.469

Based on table 4 obtained a calculated t value of 1.469 > t table 0.684 then Ho2 is rejected and Ha2 is accepted. This means that there is a correlation between compensation and employee performance.

Table 5. Competency T Test

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t
1	(Constant)	10.128	1.663		6.089
	Competence	.201	0.91	.387	2.218

Based on table 5 obtained t-count value 2.218 > t-table 0.684 then Ho3 is rejected and Ha3 is accepted. This means that there is a correlation between competence and employee performance.

Leadership has a correlation to Employee Performance

Based on the results of the correlation test in table 1, data on leadership significance values of 0.20 < 0.05 were obtained so that it can be concluded that leadership has a moderate correlation with employee performance with a pearson correlation value of 0.423. This is also evidenced by the t-test obtained t-count value 2.474 > t-table 0.684 then Ho1 is rejected and Ha1 is accepted. This means that there is a correlation between leadership and employee performance.

Supported by the research of Gede et al. (2018) which states that leadership has a positive and significant effect on employee performance. Then according to Muizu (2014) who revealed a positively significant correlation on leadership to employee performance. Leadership has a correlation to employee performance because leaders play an important role in directing and motivating employees to achieve organizational goals. Good leaders can provide clear direction, provide motivation and encouragement to employees to achieve organizational goals, and create a conducive and productive work environment. In situations like this, employees will feel more motivated and excited at work so that it has an impact on improving their performance. In addition, a good leader can also provide clear direction in assigned tasks, provide regular feedback and facilitate employee training and development. All of these factors can help improve overall employee performance. Therefore, the correlation between leadership and employee performance is very important in the world of work.

Compensation has a correlation to Employee Performance

Based on the results of the correlation test in table 1, data on the significance value of compensation 0.048 < 0.05 were obtained so that it can be concluded that compensation has a weak correlation with employee performance with a pearson correlation value of 0.423. This is also evidenced by the t-test obtained t-count value of 1.469 > t-table 0.684 then Ho2 is rejected and Ha2 is accepted. This means that there is a correlation between compensation and employee performance.

Good compensation can motivate employees to improve their performance because they feel valued and valued by the organization. Employees who feel valued and rewarded for their performance will tend to be more motivated to improve their performance and strive to achieve the targets that have been set. In addition, good compensation can improve employee morale and help organizations to retain high-performing employees. Conversely, if employees feel that they are not valued or not paid fairly, they may lose motivation and not perform high. Therefore, good compensation can improve employee performance (Prakoso, 2016).

The results of the study are also supported by Nugraha et al (2017) which states that compensation variables consist of three dimensions including direct, indirect, and non-financial financial compensation. So that there is a significant and positive influence between compensation and employee performance. The higher the compensation, the better the employee's performance.

Competency has a correlation to Employee Performance

Based on the results of the correlation test in table 1, data on the significance value of competence 0.035 < 0.05 were obtained so that it can be concluded that competence has a weak correlation with employee performance with a pearson correlation value of 0.387. This is also evidenced by the t-test obtained t-count value 2.218 > t-table 0.684 then Ho3 is rejected and Ha3 is accepted. This means that there is a correlation between competence and employee performance.

Competency has a correlation with employee performance because the higher the employee's competence, the more able the employee is to complete job tasks better and effectively. Employees

who have good competence also tend to have the ability to develop innovative ideas and creative solutions to problems faced. In addition, by having good competence, employees also tend to be more adaptive to changes and challenges faced, so they are able to perform better. Therefore, companies must ensure that employees have competencies that are in accordance with the duties and responsibilities carried out in order to improve employee performance and their contribution to the company (Budhiningtias, 2011).

Also supported by the results of Djaharuddin's (2021) analysis of competencies (work experience, knowledge, skills and attitudes), the results of the regression equation obtained positive values, this means that work experience, knowledge, skills and attitudes have a significant influence on improving employee performance.

CONCLUSION

Employee performance is an important element in the success of an organization or company. Therefore, to achieve optimal performance, there are several factors that can influence it, one of which is leadership, compensation, and employee competence. From the results of the study, it can be seen that there is a correlation between leadership, compensation, and employee competence with their performance. Effective leadership can provide clear direction and motivate employees to work better. In addition, providing fair compensation and in accordance with employee contributions can increase employee satisfaction and motivation at work. Meanwhile, adequate and continuously developed employee abilities and competencies can also affect their performance positively.

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