Analysis of the Influence of Leadership and Compensation Style on Employee Performance with Competence as an Intervening Variable at PT Pelabuhan Indonesia (Persero)

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ABSTRACT

Purpose: Think about the role that employee competency plays in the relationship between leadership style, salary, and performance.

Design/methodology/approach: Quantitative research.

Findings: 1) The way a leader acts has a major, favorable impact on the results his or her team achieves, 2) leadership style significantly positively affects competence, 3), pay raises have a positive impact on productivity, 4) Raises in salary have a salutary effect on worker performance., 5) employee competence has a positive impact on productivity, 6).Positive results can be attained through a variety of leadership styles on productivity through an intermediary of employee competence. 7) With competence as a moderating element, salary has a large, positive effect on worker output.

Research limitations/implications: This study surveyed the staff of PT. Pelabuhan Indonesia (Persero) utilizing a sample size of 300 people who filled out questionnaires provided in-house. The collected data was analyzed using Smart PLS version 3.2.9.

Practical implications: This study shows that both leadership style and pay have significant impacts on workers' output. Competence has a significant impact on performance and outcomes such as salary and leadership style. Competence is an intermediary factor between leadership style and compensation and staff performance.

Originality/value: This Paper is Original

Paper type: Research paper

Keyword: Compensation, Competence, Employee Performance, Leadership Style

Received : March 7^{th} Revised : March 10^{th} Published : May 31^{th}

I. INTRODUCTION

Based on data from the Ministry of Transportation, there will be 3,227 ports in Indonesia in 2021. Of these, 1,152 ports will be managed by special terminals. A total of 930 ports are managed by terminals for their own interests (TUKS). Then, there are 115 ports managed by PT Pelabuhan Indonesia (Persero) and Meanwhile, the remaining number of other ports are managed by the technical implementation unit (UPT).

Companies' most valuable asset is their pool of talented employees. most essential asset since they implement the company's policies and operational activities. For the company to continue to exist, it must be bold to face problems and their repercussions, notably, facing change and winning the competition. The resources controlled by the organization, Capital, processes, and machinery are only as good as the performance of the people who use them.

In today's conditions, companies' long-term success and competitive advantage depend on the necessity of human resource management. Therefore, human resource management can handle various problems within the scope of work to support the effectiveness of a company in achieving the predetermined vision and mission

(Ozkeser, 2019). Efforts to achieve the company's vision and purpose are decided by the quality of its people resources namely employee performance. Companies must carry out the management and development of human resources in a professional and planned manner to obtain qualified employees with the appropriate competencies to meet the needs of the company.

Every company wants its employees to have skills in their field because, with the skills possessed by these employees, they can improve their performance. The most important factor in achieving good performance is human resources. However, well-organized and neat planning will not produce results if the employees who carry out do not have high morale and get excessive workloads. One problem that affects a company's workforce is the workload that is given in excess (over capacity). An excessive workload can cause work stress, affecting employee performance and harming the company (Yunita & Saputra, 2019). Therefore, to regulate workload, which can affect employee work stress, it can be balanced by organizational commitment.

Employee performance, which results from an employee's thoughts and energy toward his work, can be tangible, seen, and counted. However, in many circumstances, the fruits of thought and effort cannot be measured and observed, such as ideas for solving a problem or improvements in a product or service. It can also be the discovery of more efficient labor practices. The organizational commitment given to employees is a behavior that may be used to gauge satisfaction and evaluate employee performance in carrying out their tasks and obligations (Muis et al., 2018). Employees committed to the company can develop a more positive view of it when they are not forced to work excessive workloads.

According to research Nugraha et al. (2022), a government agency's ability to effectively manage its human resources will also affect how well its employees perform. However, suppose a government agency cannot respond to the management of its resources. In that case, it can be concluded that the continuity of operations or work at BUMN will be disrupted and can hinder its performance. Therefore, a government agency requires adjustments in managing human resources to deliver the greatest service to the community, including PT Pelabuhan Indonesia (Persero).

The problem is formulated as follows, taking into account the preceding statements:

- 3. Does leadership style significantly positively affects employee performance ?
- 4. Does leadership style significantly positively affects competence ?
- 5. Does Employee productivity is significantly boosted by financial incentives?
- 6. Does compensation significantly positively affects competence ?
- 7. Does competence improves productivity to a notable degree?
- 8. Does competency is included as a mediatorEmployee productivity is significantly impacted by a leader's approach to management.
- 9. Does compensation significantly positively affects employee output conditioned on their level of competency?

II. METHODOLOGY

All of PT Pelabuhan Indonesia's organic workers are included in this study's representative sample (Persero). The total number of respondents used in the 300 Slovin samples. These findings are based on two sets of independent variables, which we'll refer to as X: leadership style factors (X1) and pay (X2). In contrast, the researchers used the letter M to denote competence as an intervening variable in the study's findings (M). An employee's productivity is denoted by the letter Y as the dependent variable in the study's findings (Y). This research makes use of a field study design for gathering its data. Surveys were sent out into the field to gather data. Although Smart Partial Least Square is used for the analysis (PLS).

III. RESULTS AND DISCUSSION

1. Convergent validity

First-stage validation tests of the external model produce convergent validity estimates. With respect to the validity of the convergent scale upon which the indicator of service excellence is based. This is due to the fact that a second-order structure underlies the variables measuring service quality. The primary components of service quality are the following five factors. Then, the second order has five dimensions for each metric. Convergent validity can be observed as a function of the loading factor's magnitude. The value of the loading factor is considered reliable. It needs to be greater than 0.5. You may find table 1 shows the full convergent validity test findings.

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Variable	Leadership Style (X1)	Compensation (X2)	Competence (M)	Employee Performance (Y)
x11-Standard	0,650			
x12-Transparency	0,811			
x13-Conducive	0,713			
x14-Trust	0,719			
x15-Prestige	0,720			
x16-Skill	0,704			
x21-Privileges		0,644		
x22-Family Allowance		0,735		
x23-Another Allowance		0,674		
x24-Salary		0,752		
x25-Incentives		0,745		
x26-Health		0,736		
m11-Changes			0,661	
m12-Personal			0,761	
m13-Culture			0,757	
m14-Analysis			0,809	
m15-Teamwork			0,818	
m16-Creative			0,768	
y11-Quality				0,703
y12-Quantity				0,76
y13-Task				0,726

Table 1. Convergent Validity Test Results

y14-Responsibility	0,742
y15-Effectiveness	0,735
y16-Time	0,726

Source: Appendix SEM PLS

The loading factor greater than 0.5 for the leadership orientation (X1) variable, as shown by the calculated results. Similarly, all indicators within each dimension had scores higher than 0.5, establishing the validity of both. The variable loadings for compensation-related competence and employee performance both exceed 0.5. All of the variables have achieved adequate convergent validity with these findings.

2. Construct Validity

The Average Variation Extracted (AVE) value is the next model of measurement, providing information about the extent to which the hidden variable accounts for the indicator variance. Adequate validity for latent variables is also indicated by an AVE value above 0.5.

Table 2. Construct Validity Test Results

Variable	Average Variance Extracted (AVE)
Leadership Style (X1)	0,520
Employee Performance (Y)	0,536
Compensation (X2)	0,512
Competence (M)	0,584

Source: Appendix SEM PLS

All of the research constructs have AVE values greater than 0.5, according to the computations. Based on these results, all latent variables and dimensions are sufficiently valid.

3. Discriminant Validity

Discriminant validity cross-loading value serves as a useful indicator of. High cross-loading values (0.5) on the dimensions of certain variables relative to the dimension values of other variables indicate good construct validity of the latent variables and dimensions. Here are the total cross-loading values:

Variable	Leadership Style (X1)	Compensation (X2)	Competence (M)	Employee Performance (Y)
x11-Standard	0,650	0,305	0,395	0,340
x12-Transparency	0,811	0,567	0,565	0,512
x13-Conducive	0,713	0,440	0,484	0,383

Table 3. Results of Discriminant Validity Testing with Cross Loading

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x14-Trust	0,719	0,399	0,453	0,285
x15-Prestige	0,720	0,482	0,462	0,397
x16-Skill	0,704	0,515	0,473	0,426
x21-Privileges	0,514	0,644	0,487	0,482
x22-Family Allowance	0,446	0,735	0,437	0,549
x23-Another Allowance	0,368	0,674	0,425	0,557
x24-Salary	0,470	0,752	0,623	0,533
x25-Incentives	0,482	0,745	0,636	0,443
x26-Health	0,451	0,736	0,650	0,451
m11-Changes	0,333	0,568	0,661	0,43
m12-Personal	0,572	0,581	0,761	0,451
m13-Culture	0,491	0,531	0,757	0,452
m14-Analysis	0,580	0,627	0,809	0,582
m15-Teamwork	0,519	0,600	0,818	0,595
m16-Creative	0,508	0,602	0,768	0,629
y11-Quality	0,525	0,551	0,657	0,703
y12-Quantity	0,462	0,513	0,544	0,760
y13-Task	0,455	0,545	0,511	0,726

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Source: Appendix SEM PLS

y14-Responsibility

y15-Effectiveness

y16-Time

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The calculations demonstrates that each leadership type, salary, competency, and employee performance column has a higher cross-loading than the other columns (bold or thicker signs than the others). This indicates that the discriminant validity criteria for the variables and dimensions have been satisfied.

0,495

0,509

0,421

0,463

0,446

0,333

0,742

0,735

0,726

0,295

0,371

0,222

4. Reliability

The composite reliability value is a measure of construct dependability; if it is greater than 0.70, the construct can be considered trustworthy. If an indicator consistently measures its latent variables, it is said to be consistent. Here are all of the findings:

Table 1 Construct Paliability Tast Pasults

Variable	Cronbach's Alpha	Composite Reliability
Leadership Style (X1)	0,814	0,866
Employee Performance (Y)	0,829	0,874
Compensation (X2)	0,809	0,863
Competence (M)	0,857	0,893

Source: Appendix SEM PLS

Cronbach's alpha and composite reliability were both more than 0.7 for all variable constructions, as indicated by the results of the tests. With the goal of declaring all variables to be stable.

A. Hypotheses Test

1. Internal Model or Structural Test Phase

The goal of this model's structural phase is to identify potential causal relationships between parameters. We use a t-test to analyze the data. If the t-value is less than 0.05, we say that the variable is significant.

Influence Of The Variables	T-Statistics (O/STDEV)	P-Values
Leadership Style (X1) -> Employee Performance (Y)	4,904	0,000
Leadership Style (X1) -> Competence (M)	4,465	0,000
<i>Compensation (X2) -> Employee Performance (Y)</i>	4,494	0,000
Compensation (X2) -> Competence (M)	11,233	0,000
Competence (M) -> Employee Performance (Y)	3,510	0,000

Source: Appendix SEM PLS

The following is a description of the analysis based on the information in the table above :

The t-test findings for the coefficient value of this initial hypothesis yielded a t-value of 4.904, which is statistically significant at the 0.000 level. If the value is less than 0.05, there is a substantial correlation between leadership style and output. In this way, we may rule out Ho and accept H1.

The t-value of 4.465 This second hypothesis' coefficient value is supported by the data at the 0.000 level of significance. There is a strong correlation between leadership style and performance, as indicated by the significance level (p.05). In this way, we can rule out Ho and accept H2.

Results from the t-test indicated that this second hypothesis had a coefficient value of 4.494, which was statistically significant at the 0.000 level. Having a score below 0.05 indicates a statistically significant relationship between pay and productivity. In this way, we can rule out Ho and accept H3.

The t-value of 11.233, at the 0.001 threshold of significance, for the coefficient value of this second hypothesis is statistically significant. Compensation has a considerable impact on performance, as the value is smaller than 0.05. In order to rule out Ho and accept H4.

The t-value of 3.510 at the 0.000 level of significance indicates that this second hypothesis has a coefficient value. A value of less than 0.05 indicates a statistically significant relationship between competence and performance in the workplace. For this reason, we can rule out Ho and accept H5.

Influence Of The Variables	T-Statistics (/O/STDEV/)	P-Value
Leadership Style (X1) -> Competence (M) -> Employee Performance (Y)	2,339	0,020
Compensation (X2) -> Competence (M) -> Employee Performance (Y)	3,679	0,000

Table 6. Testing the Indirect Effect Hypothesis

The t-test findings for the coefficient value of this initial hypothesis obtained a t-value of 2.339 at the 0.020 level of significance. A score of 0.05 or less indicates a statistically significant employee output and leadership style, moderating by levels of competence. In this way, we can rule out Ho and accept H6.

The t-value of 3.679, at a significance level of 0.000, for the coefficient value of this alternative hypothesis confirms its statistical significance. Compensating workers fairly has a considerable impact on productivity, even when controlling for employees' levels of ability (value 0.05). Thus, we may rule out Ho and accept H7.

2. Leadership and Its Impact on Workout Success

Employee performance was found to be highly influenced by leadership style. Because of this, it's clear that a leader's approach can have an effect on how well their team performs. The study results also showed that many organic employees of PT Pelabuhan Indonesia (Persero) filled in regarding Leadership styles and their effects on employee productivity, as determined by a majority vote of good and very good in number 4 and number 5. This reflects that the top management of PT Pelabuhan Indonesia (Persero) uses the right leadership style to lead management at PT Pelabuhan Indonesia (Persero). By maintaining leadership that focuses on transparency, work standards, and a conducive working atmosphere, and gaining the trust of subordinates. Getting respect from subordinates and becoming a capable leader like this is expected in the future employee performance can be maintained or even increased again, so that performance at PT Pelabuhan Indonesia (Persero) always reaches the target as desired by shareholders.

This is consistent with research Aisah (2020) that factors associated with effective leadership significantly influence the efficiency of the organization's workforce.

3. The Effect of Leadership Style on Competence

The study results show that leadership style significantly positively affects competence. This means that leadership style can change employees' competence in the sense that it can improve employee competence. The study results also show that many organic employees of PT Pelabuhan Indonesia (Persero) fill in the leadership style regarding competency, with the majority value being good and very good in number 4 and number 5. This reflects that the top management of PT Pelabuhan Indonesia (Persero) uses the right leadership style to lead management at PT Pelabuhan Indonesia (Persero). By maintaining leadership that focuses on personnel, managing change, managing work culture, data analysis, teamwork, and creative thinking from organic employees of PT Pelabuhan Indonesia (Persero), it is hoped that in the future, employee competencies can be maintained or even increased.

This is in accordance with research Yanti (2021) that the way a leader acts significantly affects employees' ability to do their jobs.

4. How Pay Influences Workout Motivation and Outcomes

The findings demonstrated that financial incentives significantly improve worker output. This indicates that pay has an effect on performance in that it can motivate workers to do better. Results also suggest that many organic PT Pelabuhan Indonesia (Persero) employees complete remuneration for employee performance forms, with the majority scoring 4 and 5 as good or very good. It shows that the management of PT Pelabuhan

Indonesia (Persero) has provided reasonable compensation for its organic personnel (Persero). It is hoped that PT Pelabuhan Indonesia (Perseroorganic)'s employees' pay, including unique privileges, family allowances, other perks, salaries, incentives, and health, can be maintained or expanded again in the future.

Several studies Sari et al. (2020) confirm that effective leadership and fair pay have a favorable and substantial impact on productivity in the workplace.

5. The Effect of Compensation on Competence

According to the data, monetary rewards have a favorable and statistically significant effect on performance. Thus, pay has sway since it has the potential to improve workers' abilities. A large proportion of PT Pelabuhan Indonesia (Perseroin-house)'s workers rated their compensation as good or very good, according to the study's findings. It shows that the management of PT Pelabuhan Indonesia (Persero) has provided reasonable compensation for its organic personnel (Persero). In the future, it would be ideal if workers' pay could be kept at the same level or raised.

This is in line with findings from studies Djaya (2021) showing workers' motivation and output can be significantly influenced by monetary incentives.

6. The Effect of Competence on Employee Performance

The study found that competence significantly improved worker performance. What this means the fact that one's level of skill influences their level of success in that it has the potential to raise output levels. This study's findings also indicate that many organic employees of PT Pelabuhan Indonesia (Persero) fill in competencies with a majority score of good and very good in number 4 and number 5. This reflects that the competencies provided by PT Pelabuhan Indonesia (Persero) management are appropriate for organic employees at PT Pelabuhan Indonesia (Persero). By maintaining competencies that focus on personal competence, change, culture, analysis, teamwork, and creativity, the organic employees of PT Pelabuhan Indonesia (Persero) are expected for the sake of continuing existence, and perhaps even improvement, in the future.

This is in accordance with research Prayogi et al. (2019) that competency has having a major impact on productivity in the workplace.

7. Role of Competence as a Moderator between Leadership Style and Worker Outcomes

Since the t-statistic value is Hypothesis variable Leadership Style (X1) has a substantial effect on Employee Performance (Y) via the Mediation variable Competency (X2), as the t-Table t-value is greater than 1.96 (2.339) and the p-values are less than 0.05 (0.020). (M). Consider the association between leadership style (X1) and employee output (Y1), we find that Competency (M) is a critical intermediary (Y). Employee performance was found to be significantly influenced by a leader's style of management. This suggests that variations in leadership style can affect employee performance through channels associated with varying degrees of competency.

There is no contradiction between this and the findings of studies (Minarty, 2022). The study's findings demonstrate that, through competency mediation, leadership style positively affects staff performance.

8. The Facilitating Role of Employee Competence in the Relationship Between Pay and Performance

It can be concluded from the SmartPLS analysis that the effect of the hypothesized The influence of Competency (M) on Compensation (X2) and Employee Performance (Y) is statistically significant, with a t-statistic of 3.679 (higher than t-table 1.96), and a p-value of 0.0001. (less than 0.05). Next, the connection between Compensation (X2) and Employee Performance (M) is mediated by Competency (M) (Y). The findings demonstrated that financial incentives significantly improve worker output. This suggests that pay is a mediator between competency characteristics and employee performance.

According to studies Munawaroh et al. (2022) this supports the idea that auditor salary has an effect on performance through competency mediation.

IV. CONCLUSION

The conclusions that can be drawn after researching respondents can be described as follows: The first hypothesis, that leadership style has a sizable impact on PT Pelabuhan Indonesia (Persero) then competency's is thus impact to PT Pelabuhan Indonesia (Persero). This leads us to believe that the second hypothesis is correct.

PT Pelabuhan Indonesia (Persero) accepts the third hypothesis since the correlation between compensation and output is positive. The fourth hypothesis is acknowledged as valid due to the huge influence compensation

has on the Competence of PT Pelabuhan Indonesia (Persero). The fifth hypothesis is acknowledged as true, stating that Competence has a major effect on Employee Performance at PT Pelabuhan Indonesia (Persero).

Findings and analysis will provide recommendations for both PT Pelabuhan Indonesia (Persero) and future researchers.

The study results show that leadership style and compensation affect employee competency and performance. So it is important for management to establish compensation and competency standards that can satisfy employees, and middle-level management who are close to employees should be able to continue to improve competence by providing rewards for employees.

Future research can carry out further research by adding other variables that can improve employee performance, such as work culture, employee demographics, and employee personality.

ACKNOWLEDGMENTS

Dr. Joko Suyono leads the Master's in Management program at Surabaya's Narotama University. Thank you to my parents, wife, and family for their unwavering love and support while I work to finish this thesis proposal. The author would like to express her gratitude to Mrs. Dr. Ir. Rr. Hermien Tridayanti, who served as her supervisor and gave freely of her time, energy, and thoughts to help her student finish this thesis. My best friend, who has been nothing but supportive and enthusiastic as I've labored over my thesis idea. Everyone who has reviewed this thesis and offered feedback has my sincere gratitude. Everyone who has ever taught at the Faculty of Economics and Business at Narotama University in Surabaya; they have imparted invaluable information and wisdom to their students. Colleagues who have been consistently encouraging and inspiring as I work on this thesis idea.

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