EFFECT OF LEADERSHIP STYLE AND COMPENSATION ON EMPLOYEE PERFORMANCE WITH JOB SATISFACTION AS INTERVENING VARIABLE
(Study at Fatimah Islamic Hospital Banyuwangi)

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ABSTRACT

Fatimah Islamic Hospital Banyuwangi is one of the Muhammadiyah network hospitals in Banyuwangi Regency which has a very important function in efforts to increase the level of health in the Banyuwangi community. Therefore, the performance of hospital employees is very important for achieving overall hospital performance. This study aims to determine the direct and indirect effect of leadership style, compensation on employee performance through job satisfaction on employees of the Fatimah Islamic Hospital in Banyuwangi. This research is a quantitative research. The data collection instrument used a questionnaire which was distributed to 109 respondents. The analysis technique of Structure Question Modeling (SEM) was using the statistical software SmartPLS version 3.0. Based on the research results obtained empirical facts in the form of: (1) Leadership style has a positive and significant effect on job satisfaction of 0.000; (2) Compensation has a positive and significant effect on job satisfaction of 0.002; (3) Leadership style has a positive and significant effect on employee performance of 0.027; (4) Compensation has a positive and significant effect on employee performance of 0.022; (5) Employee job satisfaction has a positive and significant effect on employee performance of 0.020; (6) Leadership style has a positive and significant effect on employee performance with job satisfaction as a mediator of 0.038; (7) Compensation has a positive and significant effect on employee performance through job satisfaction of 0.033.

Keywords: Leadership Style, Compensation, Job Satisfaction, Employee Performance

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1. INTRODUCTION

Hospitals must be able to adapt to existing developments. Seeing the current situation and conditions, the hospital continues to improve and improve itself to adapt to existing developments. For example, with the development of technology and other medical equipment as well as the global telecommunications system, hospitals that do not make good use of them will be left behind and less able to thrive in the competition. To be able to compete with other hospitals, one aspect that is important and needs serious attention by hospitals is the aspect of human resources. The survival and development of a hospital does not only depend on the good or bad management of the hospital's finances, services, promotions and marketing as well as the level of service quality, but also determined by its success in managing human resources. Human resources are considered as important resources for hospitals, because without quality human resources, hospitals will not be able to survive in the competition. Good human resources will encourage hospitals to progress and develop.

Hospitals with low quality human resources will produce less than optimal output. Good human resources can be seen with good employee performance. One of the causes of low employee performance which results in low hospital productivity (profit) is a decrease in work morale. The performance of
employees is something that needs to be considered quite seriously by hospitals, because the performance of employees with various aspects in it will have a direct impact on the overall performance of the hospital.

One of the main problems of hospitals is the high and low performance of employees in completing their work. The biggest hope for hospitals is that employees are capable and capable and competent in carrying out every type of work. Performance is the result of a process that refers to and is measured over a certain period of time based on pre-determined terms or agreements [1]. Employee performance in hospitals is influenced by many factors, including the level of satisfaction felt by employees, leadership style, compensation, work motivation, work spirit and so on. It often happens that employee performance decreases due to discomfort at work, minimal wages, abilities or skills that are less supportive and also dissatisfaction at work. Employee job satisfaction must be taken seriously by every hospital. Dissatisfaction is the starting point for the emergence of problems in the hospital such as absenteeism, conflict between superiors and workers, high absenteeism, strikes and employee turnover.

Employee performance refers to the employee's ability to carry out all the tasks that are the responsibility of the employee, what is meant by employee performance at Fatimah Hospital is a description of the level of achievement of the goals or objectives of Fatimah Hospital Employees as an elaboration of the hospital's vision, mission and strategic plan. which indicates the level of success and failure of implementing activities in accordance with established programs and policies. Employee performance is translated directly from the organization's mission. Furthermore, employee performance is also the main instrument in providing rewards and punishments, including for promotion and employee rotation. The following is data on employee performance assessment at Fatimah Hospital in the period 2016 – 2020:

![Figure 1 Performance Assessment of Fatimah Hospital Employees]

Based on the results of the performance assessment in Figure 1 that has been carried out by the Fatima Hospital Management for employees, it can be seen that: the performance of employees who fall into the poor category is 0.5%, the category is quite good there is 30.6%, the good category is 17.3% and very good category as much as 51.6%. From the results of the performance assessment, it can be seen that a large percentage is in the Very good category of 51.6%, so it can be concluded that the performance of employees at Fatimah Hospital is still not optimal, because there are still many employees who have a performance appraisal that is in the category of good enough and not good. Good employee performance by itself will have an impact on the quality of health services, so that the initial goal of the Fatima hospital can be achieved.

From the employee's perspective, dissatisfaction can lead to decreased motivation, decreased work morale, and decreased work performance both qualitatively and quantitatively. High job satisfaction will have a positive impact on employees such as the emergence of loyalty and discipline towards work and will improve the performance of these employees. Job satisfaction is enjoyed on the job, outside of work, and a combination of inside and outside work. If the job satisfaction felt by employees is low, it will have a negative impact on the hospital because the employee's performance will decrease and consequently the hospital's performance will be disrupted. Employee job satisfaction is influenced by the employee's work environment, both the environment among employees and the relationship with the management above.

Leadership style has an influence on employees and hospitals. In an organization, be it a business organization or a non-business organization, leadership is an important factor that determines the continuity or sustainability of the organization. The role of leadership is very strategic and important in a hospital as one of the determinants of success in achieving the mission, vision and goals of a hospital. Leaders must be able to organize and create a conducive work atmosphere in which the existing work atmosphere makes employees feel comfortable and fosters a sense of discipline to complete work.

The leadership needed is capable of directing and using the available human resources optimally, so that employees will feel comfortable at work and will affect job satisfaction and the performance of the employees concerned. A leader will be able to adapt to the situation. The leadership style applied will be adjusted to the needs, situations and conditions that occur in the hospital.
Compensation are all income in the form of money, goods directly or indirectly received by employees in return for services provided to hospitals [2]. Provision of appropriate compensation will have a positive effect on job satisfaction and employee performance. The existence of compensation in the form of bonuses, prizes and awards will also have a positive impact on employees. Employees will feel motivated and enthusiastic in completing the assigned tasks and will appear encouraging employees to excel. There are several purposes for providing compensation, including as a cooperative bond between hospitals and employees, as a means to increase employee morale and motivation, as a hospital strategy to retain qualified employees or employees,

The number of hospitals that continues to grow in Banyuwangi has resulted in a decrease in the number of patients visiting. Patients who visited the Fatimah Islamic Hospital in 2020 were 40,313 people. Competition between hospitals in Banyuwangi is indicated by the quality of services offered by each hospital management, starting from hospital facilities, room conditions, room rental prices and the form of hospital service in serving patients. The increasing number of hospitals in Banyuwangi causes the level of competition to become increasingly fierce. Various methods are used by hospital management to increase the productivity of their hospitals, ranging from price wars, which is to keep prices as low as possible compared to other hospitals, the quality of services offered from each hospital management to providing facilities and various interesting programs aimed at attracting patients. What is also important and needs to be taken seriously by the hospital management in increasing the productivity of the hospital is employee performance. Employee participation in decision making and policy making is still very minimal.

In practice, many hospitals are less able to compete with other hospitals because of low employee performance. The hospital requires employees to work well, in accordance with the rules and targets set by the hospital, but the hospital pays less attention to aspects that affect employee performance such as the level of job satisfaction felt by employees, leadership style and compensation. The lack of management attention to these aspects causes the employee's performance to be less than optimal and as a result the overall hospital performance will decrease. Most hospitals still apply an authoritarian and directive leadership style. Employee participation in decision making and policy making is still very minimal.

Several studies on intervening variables in the field of HRM regarding employee performance have been studied by [3], with the title Effect of work environment and compensation on employee performance with job satisfaction as an intervening variable in the agribusiness cooperative Tarutama Nusantara Jember. This research is a population/census study with 38 employees. There are 4 variables, namely the work environment and compensation as independent variables, while satisfaction is an intervening variable and employee performance is the dependent variable. Data analysis technique using path analysis. The result of this research is job satisfaction is able to mediate the influence between leadership style and compensation on employee performance.

Previous research conducted concluded that leadership style has an effect on employee performance [4]. However, there are other studies that do not support the results of research [5] concluded that leadership style has no effect on employee performance. Based on previous research conducted by [6] suggests that there is an indirect effect between leadership style on employee performance through job satisfaction.

1.1 LITERATURE REVIEW
Organizational Behavior is defined as 4 (four) sub-theories of Organizational Behavior as the basis for research references, namely, (1) Leadership Style, (2) Compensation, (3) Job Satisfaction, (3) Performance.

1.1.1 Employee performance
Put forward performance (work achievement) is a result of work achieved by a person in carrying out the tasks assigned to him based on skills, experience and sincerity and time [2].

1.1.2 Job satisfaction
accJob satisfaction is an emotional attitude that is pleasant and loves his job. This attitude is reflected by work morale, discipline and work performance [2].

1.1.3 Leadership Style
Leadership style is the way a leader influences the behavior of subordinates which aims to encourage work passion, job satisfaction and high employee productivity, in order to achieve maximum organizational goals [2].

1.1.4 Compensation
Compensation is all income in the form of money, goods, directly or indirectly received by employees in return for services provided to the company. Employees exchange their energy to get financial and non-financial rewards [2].

2. RESEARCH METHOD
The research method used in this research is descriptive and verification methods. The verification method is a research method that aims to determine the relationship between two or more variables or the method used to test the truth of a hypothesis [7] This research uses data analysis method using SmartPLS
software version 3.0.m. PLS (Partial Least Square) is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the structural model.

2.1 Population and Sample

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions [7]. The population in this study were employees of the Fatimah Islamic Hospital in Banyuwangi, amounting to 150 employees. Determination of the number of samples used by the author in this study is based on the Slovin method as a measuring tool to calculate sample size. The number of employees of the Fatimah Islamic Hospital in Banyuwangi is 150 employees, based on the calculation of the slovin formula, the number of samples in this study was 109 respondents.

3. RESEARCH RESULTS AND DISCUSSION

This research was conducted in Banyuwangi Regency on the performance of the employees of the Fatimah Islamic Hospital, Banyuwangi Regency. The purpose of this study is to obtain an in-depth picture and provide empirical evidence regarding the effect of leadership style and compensation on job satisfaction and its effect on employee performance. This research uses data analysis method using SmartPLS software. PLS (Partial Least Square) is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the structural model. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (testing hypotheses with predictive models).

3.1 Outer Model Evaluation

3.1.1 Validity test

Convergent Validity Testing of each construct indicator, an indicator is said to be valid if its value is greater than > 0.5 [8]. Based on the results of the validity test, all indicators have outer loading > 0.5. An indicator is said to be valid if the value is greater than 0.5, whereas if there is an outer loading below 0.5, it will be removed from the model.

3.1.2 Reliability Test

Composite reliability testing aims to test the reliability of the instrument in a research model. If all values of latent variables have composite reliability values > 0.7 and Cronbach's alpha > 0.7, it means that the construct has good reliability or the questionnaire used as a tool in this study is reliable or consistent. Based on the test results, all variables in this research model are reliable because Composite reliability and Cronbach's alpha > 0.7 [8].

3.2 Inner Model Evaluation

The inner model test is the development of a concept and theory-based model in order to analyze the relationship between exogenous and endogenous variables which has been described in a conceptual framework [8]. Structural model testing was conducted to assess the coefficient of determination (R2), Effect Size (f2), Predictive Relevance Value (Q2), T-statistics.

3.2.1 R Square (R2)

The R2 value for job satisfaction is 0.624 which means that it is included in the moderate category. So it can be concluded that Leadership Style and Compensation have a significant impact on job satisfaction. The R2 value for employee performance is 0.595 which means that it is included in the moderate category. So it can be concluded that Leadership Style, Compensation and Job Satisfaction have a significant impact on employee performance.

3.2.2 Effect Size (F2)

Leadership Style and Compensation each have an effect size value of 0.490 and 0.114, both of which have a strong and medium influence on job satisfaction. Furthermore, leadership style and compensation each have an effect size value of 0.078 and 0.067, both of which have a small effect on employee performance. Meanwhile, compensation has an effect size of 0.104, which means it has a small effect on employee performance.

3.2.3 Mark Predictive Relevance (Q2)

Based on the calculation results, it is known that the Q-Square value is 0.848. This shows that the amount of diversity of research data that can be explained from this study is 84.8% and the remaining 15.2% is explained by other factors outside this study.

3.2.4 Test Hypothesis

Testing the research hypothesis using the t-statistic coefficient. Where the result / output of the bootstrapping command produces t-statistics. An indicator that has a t-statistic > 1.96 is said to be significant [8]. An indicator can also be said to be influential if it has a p-value < 0.05 [9].

a. Hypothesis 1. Leadership style has a t-statistic value of 7.817 > 1.96, p-value 0.000 < 0.05 and original sample 0.577 then H1 is accepted, meaning that Leadership Style has a positive and significant effect on job satisfaction at Fatimah Islamic Hospital Banyuwangi.
b. Hypothesis 2. Compensation has a t-statistic value of 3.046 > 1.96, p-value 0.002 <0.05 and original sample 0.278, so H2 is accepted, meaning that compensation has a positive and significant effect on job satisfaction at Fatimah Islamic Hospital Banyuwangi.

c. Hypothesis 3. Leadership style has a t-statistic value of 2.221 > 1.96, p-value 0.027 <0.05 and original sample 0.291, so H3 is accepted, meaning that Leadership Style has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi.

d. Hypothesis 4. Compensation has a t-statistic value of 2.301 > 1.96, p-value 0.022 <0.05 and original sample 0.233, so H4 is accepted, meaning that compensation has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi.

e. Hypothesis 5. Job satisfaction has a t-statistic value of 2.331 > 1.96, p-value 0.020 <0.05 and original sample 0.335, so H5 is accepted, meaning that job satisfaction has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi.

f. Hypothesis 6. Leadership Style on Employee Performance through Job Satisfaction has a t-statistic value of 2.086 > 1.96, p-value 0.038 <0.05 and original sample 0.193 then H6 is accepted, meaning that Leadership Style has a positive and significant effect on Hospital employee performance. Islam Fatimah Banyuwangi with job satisfaction as a mediator.

g. Hypothesis 7 Compensation on employee performance through job satisfaction has a t-statistic value of 2.139 > 1.96, p-value 0.033 <0.05 and original sample 0.093 then H7 is accepted, meaning that compensation has a positive and significant effect on employee performance through hospital job satisfaction. Islam Fatimah Banyuwangi.

3.3 Discussion

3.3.1 The Effect of Leadership Style on Job Satisfaction

Based on the first hypothesis, leadership style has a positive and significant effect on job satisfaction. After testing and analyzing the data, the results showed that leadership style had a positive and significant effect on job satisfaction of structural employees at the Fatiamh Banyuwangi Islamic Hospital which was proven true or H1 was accepted. This is due to aspects related to leadership style that have an impact on job satisfaction. This is supported by the results of descriptive analysis which states that in general respondents agree or give a positive response to aspects of structural employee leadership at the Fatiamh Islamic Hospital Banyuwangi. According to supporting theories [10] [11] which proves the positive and significant influence of leadership style on job satisfaction.

3.3.2 Effect of Compensation on Job Satisfaction

Based on the second hypothesis Compensation has a positive and significant effect on job satisfaction, H2 Accepted means, changes in the value of compensation in the form of salaries, bonuses or allowances or non-financial in the form of gifts, awards or promotions have a direct effect on changes in job satisfaction or in other words if compensation increases there will be an increase in the level of job satisfaction and statistically has a significant effect. which means that compensation has a positive and significant effect on job satisfaction at the Fatimah Islamic Hospital in Banyuwangi. In accordance with the supporting theories, this research has a significant similarity of results with previous research conducted [12] [13] explained that both financial and non-financial compensation proved to have a significant effect on employee job satisfaction.

3.3.3 The Influence of Leadership Style on Employee Performance

Based on the third hypothesis that Leadership Style has a positive and significant influence on employee performance, H3 is accepted, meaning that changes in the value of Leadership Style have a unidirectional effect on changes in employee performance or in other words, if Leadership Style increases, there will be an increase in employee performance levels and statistically has an effect, significant. Based on the results of data processing with SmartPLS version 3.0, it is known that the path coefficient value of Leadership Style on employee performance is 0.291, which means that Leadership Style has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi. This research is also in accordance with [14] [15] which proves that there is a positive and significant influence between leadership style and employee performance.

3.3.4 The Effect of Compensation on Employee Performance

Based on the fourth hypothesis, H4 is accepted, which means that compensation has a positive and significant effect on employee performance, meaning that if compensation increases there will be an increase in employee performance levels and statistically has a significant effect. Based on the results of data processing with SmartPLS version 3.0, it is known that the path coefficient value of compensation to employee performance is 0.233, which means that compensation has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi. significant with previous research conducted [16] provide empirical results regarding the positive and significant effect of compensation on employee performance

3.3.5 The Effect of Job Satisfaction on Employee Performance
Based on the fifth hypothesis, H5 is accepted, which means that job satisfaction has a positive and significant influence on employee performance, meaning that changes in the value of job satisfaction have a direct effect on changes in employee performance or in other words if job satisfaction increases there will be an increase in employee performance levels and statistically has a significant effect. Based on the results of data processing with SmartPLS version 3.0, it is known that the path coefficient value of job satisfaction on employee performance is 0.335, which means that job satisfaction has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi.

3.3.6 Indirect Effect of Leadership Style on Job Satisfaction
Based on the sixth hypothesis, H6 is accepted, which means that leadership style has a positive and significant influence on employee performance through job satisfaction, meaning that changes in the value of job satisfaction have a unidirectional effect on changes in the influence of leadership style on employee performance or in other words if job satisfaction increases, there will be an increase in the level of influence between Leadership Style on employee performance and statistically has a significant effect. Based on the results of data processing with SmartPLS version 3.0, it is known that the path coefficient value of the influence of leadership style on employee performance through job satisfaction is 0.193, which means that Leadership Style has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi with job satisfaction as a mediator. In accordance with the supporting theories, this research has a significant similarity of results with previous research conducted.

3.3.7 Positive and Significant Indirect Effects of Compensation on Employee Performance Through Job Satisfaction
Based on the seventh hypothesis, H7 is accepted, which means that compensation has a positive and significant effect on employee performance through job satisfaction, meaning that changes in the value of job satisfaction have a direct effect on changes in the effect of compensation on employee performance or in other words if job satisfaction increases, there will be an increase in the level of influence between compensation on employee performance and statistically has a significant effect. Based on the results of data processing with SmartPLS version 3.0, it is known that the path coefficient value of the influence of compensation on employee performance through job satisfaction is 0.093, which means that compensation has a positive and significant effect on employee performance at the Fatimah Islamic Hospital Banyuwangi with job satisfaction as a mediator. In accordance with the supporting theories, this research has a significant similarity of results with previous research conducted [17] provides empirical results in the form of a positive and significant indirect effect of compensation on employee performance through job satisfaction.

4. CONCLUSION
Based on the results of research on 109 employees of the Fatimah Islamic Hospital in Banyuwangi regarding the effect of compensation, leadership style and job satisfaction on employee performance, the following conclusions can be drawn:

a. Leadership style has a positive and significant effect on job satisfaction, meaning that changes in the value of leadership style have a direct effect on changes in job satisfaction or in other words if the leadership style increases, there will be an increase in the level of job satisfaction and statistically has a significant effect.

b. Compensation has a positive and significant effect on job satisfaction, meaning that changes in the value of compensation have a unidirectional effect on changes in job satisfaction or in other words if compensation increases, there will be an increase in the level of job satisfaction and statistically has a significant effect.

c. Leadership Style has a positive and significant effect on employee performance, meaning that changes in the value of Leadership Style have a unidirectional effect on changes in employee performance or in other words if the Leadership Style increases there will be an increase in the level of employee performance and statistically has a significant effect.

d. Compensation has a positive and significant effect on employee performance, meaning that if the compensation increases, there will be an increase in the level of employee performance and statistically has a significant effect.

e. Job satisfaction has a positive and significant effect on employee performance, meaning that changes in the value of job satisfaction have a direct effect on changes in employee performance or in other words if job satisfaction increases, there will be an increase in employee performance levels and statistically has a significant effect.

f. Leadership style has a positive and significant influence on employee performance through job satisfaction, meaning that changes in the value of job satisfaction have a unidirectional effect on changes
in the influence between leadership styles on employee performance or in other words if job satisfaction increases job satisfaction there will be an increase in the level of influence between leadership styles on employee performance and statistically has a significant effect.

g. Compensation has a positive and significant effect on employee performance through job satisfaction, meaning that changes in the value of job satisfaction have a unidirectional effect on changes in the effect of compensation on employee performance or in other words if job satisfaction increases job satisfaction, there will be an increase in the level of influence between compensation on employee performance and statistically has a significant effect.

REFERENCES