

Analysis Of The Influence Of Leadership, Work Discipline And Compensation On Performance Of State-Owned Pawnbroker Employees In Indonesia

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Abstract:

The competition amongst Indonesian pawn services, both state-run and commercial, has intensified in the contemporary globalization age. In this study, Pegadaian is one of the government-owned pawn service branches, was examined by researchers. The purpose of this study is to ascertain if or to what extent the factors of work discipline, leadership, and salary affect employee performance. This study makes use of quantitative methodologies and data gathering strategies that include questionnaire distribution and library data. Thirty employees made up the study's sample. Multiple linear regression is the data analysis method that is employed with SPSS. Additionally, the impact of leadership, work discipline, and salary on employee performance is seen in hypothesis testing. The corrected R Square value, derived from multiple linear regression analysis, is 60%. Thus, it makes sense that factors related to work discipline, leadership, and remuneration account for 60% of the variance in employee performance.

Keywords: Work Discipline, Leadership, Compensation, Employee, Performance.

Introduction

The competition among pawn services in Indonesia has intensified in the current globalization era. State-owned pawn service companies (BUMN), private banks, and private pawn services, which are currently expanding in the community by seizing opportunities, are all competing with one another. Companies need to be able to fulfill corporate goals as effectively and efficiently as possible in order to win the competition or even simply survive in today's competitive environment. This requires having a compelling vision and purpose. This affects the ability of current pawn services to generate goods and render services that meet the demands of the modern world. Most businesses want to maximize profits while preserving the viability and efficiency of their operations. Thus, in order to accomplish these objectives, businesses must make effective and efficient use of the resources already in place. In this situation, the executives in question need to set rules that support reaching business objectives while making the most of their available resources in terms of financial, human, marketing, and manufacturing resources. Given that every person is unique and has unique characteristics, habits, ideas, and desires, one of a company's most important resources in this situation is its human resource base. Professional management is therefore required to ensure that all parties involved are thinking along the same lines with regard to attaining corporate goals (Ariana et al., 2013).

One of the most crucial elements in determining a company's success is its workforce. Thompson contends that an organization's effectiveness is largely dependent on the caliber of its membership. Companies must have reciprocal tools that are in line with each employee's performance in order to obtain productive workers and the best performance in line with business objectives in accomplishing shared goals if they want to attract and retain exceptional personnel. Based on an interview with the branch head of the research object, the researcher learned that although other UPCs and Branches struggled to meet the turnover target, there was a spike in the number of clients and high turnover in one of the UPCs (Branch Assistant Units). This is inextricably linked to the work of the UPC's generally well-regarded staff, which keeps a lot of clients content and happy when they receive services there. In meetings between staff and directors, even the UPC serves as a test subject for other staff members (Rosari et al., 2022).

Siagian asserts that a number of variables, including pay, training provided to employees, work environment, work culture, leadership, drive, discipline, and job happiness, affect how well employees perform. Paying workers based on their output might encourage them to work productively and successfully toward the objectives the organization wishes to accomplish. Workers must also be consistent and attentive at work in order to achieve this. Professional compensation management is necessary for effective compensation administration in a business or agency. According to the Ministry of Labor and Transmigration, district/city minimum wages (UMK) and provincial minimum wages (UMP) have been established in every province in Indonesia. Every Indonesian area now has a higher UMP, which is based on the local standard of living. In order to ensure that the business and the employees gain equally and that there is a connection that can be properly maintained, this needs to be settled swiftly, cautiously, and thoughtfully (Hameed et al., 2014).

Apart from remuneration, leadership variables have a significant impact on how employees perform. Employee motivation at work, often known as motivation, is vitally important, and leaders have a duty to guide it. Nevertheless, grasping and effectively implementing leadership is not a simple task. One of the ways a leader may get the best job outcomes is by guiding their team members to be willing to follow corporate policies. Leaders of an organization, whether they are profit- or nonprofit-oriented, have a powerful role in deciding how the business is run. A company's success is a reflection of the ownership of the outcomes provided by the manager of the organization. In order for employees to contribute successfully to the accomplishment of organizational objectives, a leader must be able to comprehend the demands of his workforce. As such, a leader must have a tight relationship with his team members and be able to identify and resolve issues at work. Effective leadership is likely to enable the organization to keep moving forward in a more positive path (Pratiwi & Prinajati, 2018).

Discipline is another element that influences worker performance. It is difficult to accomplish the company's goals as intended without a disciplined mindset from all parties involved. It is important for a firm organization to implement discipline. Reaching the company's objectives is challenging without the help of disciplined employees. Discipline is therefore essential for a business to succeed in reaching its objectives (Leonardo, 2015). The purpose of this research is to evaluate how work discipline, leadership, and remuneration affect employee performance.

Literature Review

The idea of performance is the source of performance. Others define performance as the outcome of one's labor or one's performance at work. But in reality, performance encompasses more than simply the output of labor—it also refers to the manner in which the task is carried out. The terms "job performance" and "actual performance" refer to a person's actual accomplishments at work or in their line of employment. Performance is defined as the amount and quality of work completed by an employee while performing his or her duties in compliance with the obligations assigned to them (Shafie et al., 2013). Performance is how employees in a company present their job. Performance can refer to a worker's appearance in a group or on their own. The appearance of work extends beyond employees in structural or functional roles to include all employees inside the company. Employee performance is a key element in the success of any organization. A well-performing employee not only makes a positive contribution to the company, but also motivates his or her peers. There are several factors that affect employee performance, including understanding of the job, skills and motivation. When an employee understands his duties well, he can work more efficiently and effectively. Appropriate skills also play an important role in employee performance, as they can complete their tasks with a high level of expertise. Motivation is another factor that affects employee performance, as motivated employees tend to be more passionate and committed to achieving optimal results (Dj & Wahdaniah, 2022).

Performance management is a practice used by companies to measure and improve employee performance. It involves regular appraisals, feedback and development planning. Regular performance evaluations help companies identify areas for improvement, as well as reinforce the positive aspects of employee performance. Companies that understand the importance of employee performance and invest in effective performance management can achieve sustainable growth and maintain a competitive advantage in the market (Soetadji, 2011). In the current context, it is important for companies to understand that employee performance is not only limited to workplace productivity, but also includes well-being and work-life balance. Providing support and a positive environment for employees can improve their motivation and performance. Overall, employee performance is an important element in the long-term success of a company, and efforts to understand, improve and support employees in achieving their potential is a wise move for company management (Ady et al., 2022).

Employees receive compensation in exchange for providing their services to the business. One aspect of HRM implementation that relates to individual awards of any kind received in return for carrying out organizational duties is compensation. Any revenue received by employees in exchange for services rendered to the company—whether in the form of cash, direct products, or other—is referred to as compensation. In the meanwhile, Handoko defines compensation as anything that workers get paid for their labor. According to Garry Dessler, who was cited by Yuniarsih and Suwatno, compensation is any kind of money or benefit that an employer provides to staff members in exchange for their services (Susanta et al., 2013). Compensation is one of the important aspects in the world of business and human resources. It refers to the amount of money or benefits given to employees in exchange for their contributions to the company. Compensation can include base salary, allowances, bonuses, incentives, as well as benefits such as health insurance, pension, and paid leave. The main purpose of the compensation system is to motivate employees to perform well, retain the best talent, and ensure that the company can compete effectively in the labor market (Ariana & Riana, 2013).

Compensation can also be a strategic tool in human resource management. By designing an appropriate compensation program, companies can attract, retain, and motivate high-quality employees. This can increase productivity, employee satisfaction, and loyalty to the company. In addition, a fair and transparent compensation system can also help reduce conflict within the organization. However, in managing compensation, companies must consider various factors such as labor regulations, company policies, labor market conditions, and long-term company goals. It is important for companies to periodically review and adjust their compensation system to keep it relevant and in line with internal and external developments. With a wise approach to compensation, companies can create a balanced and sustainable work environment, which will ultimately have a positive impact on company performance and growth (Rosari et al., 2022).

In essence, leaders can influence morale and job satisfaction, work life, and especially the level of achievement of an organization. To achieve all these things, a leader must have leadership abilities and skills in directing subordinates to achieve the goals of a company. Leadership is a person's ability to guide, inspire, and influence individuals or groups in achieving common goals. Leadership is not just about making decisions, but also about empowering others to reach their full potential. An effective leader is able to establish strong relationships with his or her team, motivate them, and provide clear direction. A successful leader must also be able to

communicate well. This involves the ability to listen, articulate vision and goals, and provide constructive feedback. In addition, leaders also need to have the ability to manage conflict, make difficult decisions, and adapt to change. Leadership is not only limited to the work environment, but also applies in various contexts, such as political, social, and community (Leonardo, 2015). Managerial leadership is one very important aspect in the world of business and organizations. It is closely related to a person's ability to manage resources and people in achieving predetermined goals. Managerial leadership emphasizes efficiency, planning, and organization, as well as the ability to make strategic decisions. In the business world, managerial leaders often serve as decision-makers who must ensure that resources are used efficiently, including time, money, and manpower. They are also responsible for formulating plans and strategies that will help the organization achieve its set goals. The ability to communicate and work with teams is essential in managerial leadership, as they must motivate team members and ensure that everyone is working towards a common vision (Hameed et al., 2014).

Work discipline is a tool used by managers to communicate with employees so that they are willing to change a behavior and as an effort to increase a person's awareness and willingness to obey all company regulations and applicable norms. According to Davis, it can be interpreted that work discipline is the implementation of management to reinforce organizational guidelines. So, work discipline is one of the functions of human resource management as a guide in carrying out tasks for its employees. Work discipline is a key element in achieving success in the professional world. It encompasses a set of behaviors and attitudes that help a person or team to go through work routines with consistency, order and focus. Work discipline forms the basis for productivity, reliability and advancement in one's career. One important aspect of work discipline is adherence to schedules and deadlines. A disciplined person respects his or her schedule, arrives on time, and completes tasks according to set deadlines. This reflects professionalism and helps prevent procrastination that can interfere with productivity. In addition, work discipline also includes focus and perseverance in completing tasks. Disciplined people will avoid distractions and allocate their time wisely to the most important tasks. They tend to avoid attention splitting and excessive multitasking, allowing them to produce high-quality work (Dj & Wahdaniah, 2022).

Methodology

This study uses associative research design and quantitative methodology. This research was conducted on employees using a sample of 30 participants. A Likert scale ranging from 1 to 5 was used in data collection for this study. The questionnaire was sent using Google Forms which had gone through previous validity and reliability tests. This research was analyzed using the SPSS application with multiple linear regression techniques. The data in the study were presented using descriptive analysis techniques.

Results

Before leading to the main hypothesis testing, the data in this study were processed in the classical assumption test to fulfill the requirements of linear regression analysis. In the normality test, it was found that the significant value of this research was obtained at $0.99 > 0.05$, which means that the data is normally distributed and has met the normality requirements in the regression model. Through P-Plot testing, it is obtained that the points follow and approach the diagonal line, meaning that the regression model fulfills the normality assumption.

Based on multicollinearity, it is known that the tolerance value of all independent variables > 0.10 and the VIF value of all independent variables < 10.00 . So based on the results of the above calculations it can be concluded that the regression equation model does not have a multicollinearity problem and can be used in this study. Meanwhile, based on the results of heteroscedasticity, it is known that there are no dots that form a certain pattern, and the dots spread above and below the number 0 on the Y axis, so there is no heteroscedasticity. Based on the results of regression analysis tests, a multiple linear regression equation can be obtained.

From the results of these computations, it can be inferred that the constant of -0.9 indicates that, assuming other variables that can affect employee performance are taken into consideration, the employee performance value is -0.9 if the compensation variable (X1), leadership variable (X2), and work discipline variable (X3) are 0. Employee performance increases with each unit added to the compensation variable, according to the compensation variable's regression coefficient of 0.3, assuming that the value remains constant. According to the leadership variable regression coefficient of 0.37, employee performance increases with each unit of the variable added, assuming that the value remains constant. According to the work discipline variable regression coefficient

of 0.38, under the fixed value assumption, employee performance increases with each unit rise in the work discipline variable.

Then in the partial test or t test, the results found from the comparison of the sig value with the significance level; sig $\alpha = 0.000 < 0.05$. Because sig $< \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on the compensation variable partially (individually) affects employee performance. From the results of the second test, obtained from the comparison of the sig value with the significance level; sig $\alpha = 0.000 < 0.05$. Because sig $< \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on the leadership variable partially (individually) affects employee performance. From the results of the third test, obtained from the comparison of the sig value with the significance level; sig $\alpha = 0.000 < 0.05$. Because sig $< \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on the work discipline variable partially (individually) affects employee performance.

Further testing leads to simultaneous testing or the F test, where it is obtained from the comparison of the sig value with the significance level (α) is (0.000) so it can be seen that the comparison of the sig value $< \alpha$ (0.000 < 0.05). Because the sig value $< \alpha$ has a probability smaller than 0.05, it can be concluded that H_a is accepted and H_o is rejected. This means that the three independent variables, namely Compensation (X_1), Leadership (X_2), Work Discipline (X_3) together (simultaneously) affect the dependent variable Employee Performance (Y). The results of the analysis show that compensation, leadership, and work discipline have a joint or simultaneous effect on employee performance. Based on the calculation of the coefficient of determination (R^2), obtained from the adjusted R Square value, it shows that the adjusted R square value is 0.6. These results indicate that 60% of the employee performance variable can be explained by the Compensation, Leadership, and Work Discipline variables, while the remaining is explained by other variables not examined in this study.

Discussion

Compensation is something that employees receive in lieu of contributing their services to the company. Compensation is one of the HRM functions that relates to all types of individual rewards in exchange for performing organizational tasks. Compensation given for employee contributions to work can be in the form of direct financial compensation which is divided into salaries / wages and incentives. If individuals get compensation in accordance with their contribution to the company where they work, it can affect the results of the performance given to the company. With good performance, the company's goals can be achieved. The results of this study are also in line with the research of Susanta et al, which states that there is a significant influence between compensation and leadership partially on performance obtained from the results of the analysis.

If compensation is managed well, it will help the company to achieve its goals and acquire, maintain, and keep good employees. Conversely, without sufficient compensation, existing employees are very likely to leave the company and redeployment is not easy. The result of dissatisfaction with underpayment will reduce performance, increase grievances, cause strikes, and lead to physical and psychological actions. The compensation system provides two important objectives, namely: 1) encouraging workers to feel a sense of entitlement to the organization 2) encouraging workers to perform at a higher level. Fair and adequate compensation can have a significant impact on employee performance in an organization. First, compensation that matches employee contributions and qualifications can be a powerful motivator. When employees feel that their efforts and dedication are rewarded appropriately, they tend to be more motivated to perform well. This leads to increased productivity, creativity, and initiative that benefits the organization. In addition, competitive and fair compensation can help organizations in retaining high-quality employees. When employees feel that they are compensated at par or better compared to the job market, they are more likely to remain loyal to the company. This reduces employee turnover rates, which in turn saves on training and recruitment costs.

In the perspective of leadership science, there are several goals that are expected to be achieved according to Fahmi, one of which is that the changes made on the management side aim to create a better performance and it is expected to have an influence on the management. increase in sales and additional profits received. Furthermore, the company leadership by participating in giving attention to employees in the form of awards. Awards in financial and non-financial forms have proven to be able to influence employee performance improvement.

Leadership behavior refers to the ability of a leader to direct, discuss, and invite subordinates to work in accordance with the standard operating procedures set by the company in order to achieve common goals. This is

in accordance with the theory of Hemphill and Coons which states that leadership is the behavior of individuals who direct group activities to achieve common goals. Because effective leadership behavior in directing employees at work greatly affects the progress of an organization/company. This research is also consistent with Ariana and Riana's research which states that leadership is an independent variable that has a dominant effect on the dependent variable, namely employee performance. In employees of Hotel Cendana resort & Spa Ubud, Gianyar, Bali.

Leadership has a very important role in influencing employee performance in an organization. First of all, effective leaders can provide clear vision and direction to employees. When employees have a good understanding of their goals and expectations, they tend to work with more focus and diligence to achieve the set targets. In addition, strong leadership also creates a positive work environment. Leaders who are able to support, listen and provide constructive feedback to their team will stimulate employee motivation and productivity. They feel valued and empowered, making them more eager to contribute their best.

Leadership also plays a role in managing conflict and overcoming obstacles that may arise in the execution of tasks. Leaders who have good communication skills can help resolve problems quickly and efficiently, maintain team harmony, and ensure that employees can operate effectively. Finally, leaders who can set a good example for employees in terms of work ethics, professionalism, and dedication are likely to encourage employees to follow that example. Thus, strong leadership plays a key role in improving employee performance and achieving mutual success in the organization.

Discipline is a person's awareness and willingness to obey all company regulations and applicable social norms. Good discipline reflects the amount of responsibility a person has for the tasks assigned to him. With the ability of employees to take responsibility for their work well, they are able to make a major contribution to achieving company goals. This research is supported by previous research by Arsyenda which states that work motivation and work discipline affect employee performance where the work discipline variable has a major influence on performance. Work discipline is one of the important factors that has a major impact on employee performance in an organization. When employees maintain a high level of discipline in the performance of their duties, the results can be very positive. First of all, work discipline reflects the level of commitment that employees have towards their work. When employees adhere to company rules and guidelines, it shows that they value their work and the organization they work for.

Work discipline also has a positive impact on productivity. Disciplined employees tend to avoid wasting time and resources. They manage their time efficiently, prioritize the most important tasks, and complete work on time. This results in an overall increase in productivity. In addition to the positive impact on commitment and productivity, work discipline can also minimize errors and conflicts in the work environment. Disciplined employees tend to follow procedures meticulously and avoid offenses that can disrupt efficiency and harmony within the team. In other words, work discipline creates a more organized, efficient, and enjoyable work environment, which ultimately improves employee performance and their contribution to organizational success. Discipline is the most important HRM operative function because the better the employee's discipline, the higher the work performance he can achieve. Without good employee discipline, it is difficult for corporate organizations to achieve optimal results.

Conclusion

Based on the research and discussion that has been carried out regarding the effect of compensation, leadership, and work discipline on employee performance, conclusions can be drawn regarding the effect of compensation, leadership, and work discipline partially on employee performance. The conclusion of this study is that the test results on the compensation variable partially have a significant effect on employee performance. The test results on the leadership variable partially have a significant effect on employee performance. The test results on the work discipline variable partially have a significant effect on employee performance. Based on the simultaneous test results, it can be concluded that H_a is accepted and H_o is rejected. This means that the four independent variables, namely compensation, leadership, work discipline simultaneously affect the employee performance variable.

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