

RESEARCH ARTICLE



THE EFFECT OF LEADERSHIP AND COMPENSATION ON EMPLOYEE PERFORMANCE WITH WORK SATISFACTION MEDIATION AT RSIA PURI BUNDA DENPASAR

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Abstract

The purpose of the study this is to examine and explain the relationship of leadership and compensation to the performance of the employee to be mediated by the work satisfaction in RSIA Puri Bunda Denpasar. The approach of quantitative used to examine the effect of each variable exogenous to the variable endogenous. The population of this research is as many as 152 employees of nurses in RSIA Puri Bunda Denpasar, to sample as many as 74 people staff nurse who is determined by the method of proportionate stratified random sampling. Data were collected using a questionnaire instrument that had been tested for validity and reliability. Data analysis was carried out using the SEM-PLS approach. Results of the research showed that leadership and compensation impact positively and significantly to the work satisfaction, compensation and work satisfaction employees are influenced positively and significantly on employee performance, leadership does not impact on employee performance, as well as the work satisfaction is able to mediate the effects of leadership and compensation on employee performance at RSIA Puri Bunda Denpasar.

Key words: leadership, work satisfaction, compensation, employee performance

1 | INTRODUCTION

Bali which in its development has changed the lives of its people from an agrarian society to a society that is engaged in the service sector. The service sector has experienced rapid development along with advances in technology and the flow of information, one of which is the hospital. Hospital as an institution of service of health, where home sick in need of improvement of the employee performance, so that the continuity of the sector ministry of health as veins pulse of the company can continue to run (Sinambela, 2017: 480).

Employee performance is the main implementer of every organizational function on existing facilities, infrastructure, and infrastructure, employees

are one of the key organizational factors that must be considered because they always experience various dynamics within the Mangkunegara organization (2015: 67). The phenomenon that occurs regarding employee performance is evidenced by many employees violating the disciplinary rules that have been set by the company from arriving late to being absent without permission. In addition to the phenomenon of absenteeism, based on data of Bed Occupancy Rate (BOR) RSIA Puri Bunda Denpasar in 2018 that the outline can describe the quality of service of the hospital where the BOR that have so far is below the standards that should be achieved.

Increased employee performance is caused by several factors, one of which is leadership. Leadership is the ability to influence a group towards achieving a

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set vision or goal (Robbins 2017). The phenomenon that occurs regarding leadership from the results of interviews with several employees at RSIA Puri Bunda Denpasar, where the leadership lacks good professional ethics, the leadership is less able to meet the needs of employees such as providing motivation, the leadership has not been able to form groups properly, the communication that exists between the leadership and subordinates are not well established, the leader has not been able to take a decision well, and the leader does not have discussion skills, causing employee performance to decline.

Employee performance improvement in addition to leadership factors, compensation also has an important influence on employee performance. Compensation functions and aims as a cooperative bond between the company and employees, increasing work satisfaction, motivating, maintaining employee stability and discipline (Ardana, *et al.*, 2012:154). One of the factors causing the decline in employee performance at RSIA Puri Bunda Denpasar is allegedly due to compensation problems. This complaint usually occurs on the part of the nurse, the compensation given is not in accordance with the demands of the work imposed on the employee. Even though the basic salary has been set according to the provincial minimum wage standards, employees still complain and feel dissatisfied with the compensation they receive.

Factors that need to be considered related to employee performance is the mediation of work satisfaction variables, this can assess whether employees are satisfied with their work or not. According to Sinambela (2017: 303) work satisfaction is a feeling of pleasure towards his work which is produced by his own efforts and which is supported by things from outside himself, on the working conditions, work results and work itself. The phenomenon that occurs regarding nurse work satisfaction can be seen from the presence of several patient complaints against the services of nurses at RSIA Puri Bunda Denpasar.

The differences in the findings of previous studies indicate that there is a *research gap* related to the influence of leadership, compensation and work satisfaction on employee performance. Based on the above, the authors are interested in studying the human resource issues with the title effect

of leadership and compensation on employee performance with work satisfaction mediation in RSIA Puri Bunda Denpasar.

2 | LITERATURE REVIEW

Rival (2013) in the book of leadership and behavior of the organization say there are several theories that support of themselves a leader, theories are among others; theory of personality, theory of behavior and theory of leadership situational. According to the theory that proposed by Locke (1978), Goal setting theory is based on evidence which assumes that the target in play a role important in the act. Behavior is a collection of various factors that mutually interact Henry (2015), can be concluded that the behavior is the result rather than all kinds of experiences as well as the interaction of man with their environment that materialized in the form of knowledge, attitudes and actions.

The theory of leadership by Taed et al. (in Kartono, 2003) leadership is the activity or art of influencing others to want to cooperate which is based on the ability of people are to lead others to achieve the goals that desirable group. One of the studies that have been conducted to explore the indicators of leadership is leadership based on competencies that are known by the name of "Leadership Competencies and Engaging Leadership Scale" (LCELS) developed by Alban-Metcalf; and Alimo-Metcalf, (2013). Model scale of the leadership, highlight the importance of competence and involvement of leaders in activities together with subordinates in solving the problem.

According to Dessler (2007: 46), compensation of employees are all forms of payments or gifts that are given to employees and emerge from work them. The purpose of compensation can be said as one of the motivations or stimulant which is given by the company to improve the productivity of the work of employees. Various studies empirically been doing development for digging indicator compensation further developed into a scale. One of so many studies it is the indicator of compensation which was developed by Tessema and Soeters (2006).

Hasibuan (2009: 202) argues that the work satisfaction (work satisfaction) is the attitude of emotional

are fun and loves her job. This attitude is reflected by the work morale, discipline and work performance. Measurement of the work satisfaction has been a lot done by the experts. One of the measurements was carried out by Price and Mueller (1986).

According Mangkunagara (2015:67) understanding of the performance (achievement of work) is the result of work by the quality and quantity of that achieved by an employee in carrying out their duties in accordance with the sole responsibility of the give him. Development of indicators related to the employee performance have a lot to do, but specifically the measurement performance of the employees in the field of home sick still relatively limited.

3 | HYPOTHESIS

In the study it conducted on variables leadership, compensation, work satisfaction and employee performance.

H1: Leadership has a positive and significant effect on employee work satisfaction.

H2: Compensation has a positive and significant effect on employee work satisfaction

H3: Leadership has a positive and significant effect on employee performance

H4: Compensation has a positive and significant effect on employee performance.

H5: Work satisfaction has a positive and significant effect on employee performance

H6: Leadership has a positive and significant effect on employee performance with work satisfaction as a mediating variable

H7: Compensation has a positive and significant effect on employee performance with work satisfaction as a mediating variable

4 | RESEARCH METHODS

The population in the study of this is the number of employees of nurses in RSIA Puri Bunda Denpasar in the year 2019 amounted to 152 people. To determine the sample of the population that has been set needs to do a measurement that can generate the

number. In this study using the Slovin formula to determine the minimum sample size of 74 people. Retrieval of samples in research is carried out by using the techniques of probability sampling that is proportionate stratified random sampling.

Validity analysis was carried out for each questionnaire item on four research variables. The leadership variable has 17 items, compensation 6 items, satisfaction 4 items, and employee performance 11 items, so there are 38 items in total. Rated critical in testing the validity of the instrument is determined at 0.30. In the reliable analysis of the leadership, compensation, satisfaction and employee performance questionnaires, a comparison of the Cronbach's Alpha coefficient (calculated reliability coefficient alpha) of all items of the leadership, compensation, satisfaction and employee performance questionnaire statement was made with a value of 0.60. From processing SPSS for Windows version 26.0, it is known that all questionnaire items for all variables are valid and Cronbach's Alpha coefficients for all listed of variable statements are reliable for measuring research variables.

Mechanical analysis of the data in the study is presented in two categories, namely the technique of analysis is descriptive and technical analyzes are inferential. Analysis descriptive used to decipher the factors that determine leadership, compensation, environmental work, work satisfaction and performance of staff nurses RSIA Puri Bunda Denpasar to obtain a picture that clearly and objectively about the results of the research. To test the hypothesis and produce a model worthy (fit), used Structural Equation Modeling (SEM) approach to variance based or component-based with Partial Least Square (PLS).

5 | RESULTS AND DISCUSSION

The research design is a flow of research activities to provide solutions using a quantitative approach (Margono, 2010). The survey research designed in this study aims to test hypotheses and explain (explanation) the effect of the variables studied, namely leadership justice, compensation, work satisfaction and employee performance. This research was conducted at RSIA Puri Bunda Denpasar which is located at Jl. Gatot Subroto VI/19 Denpasar, Bali.

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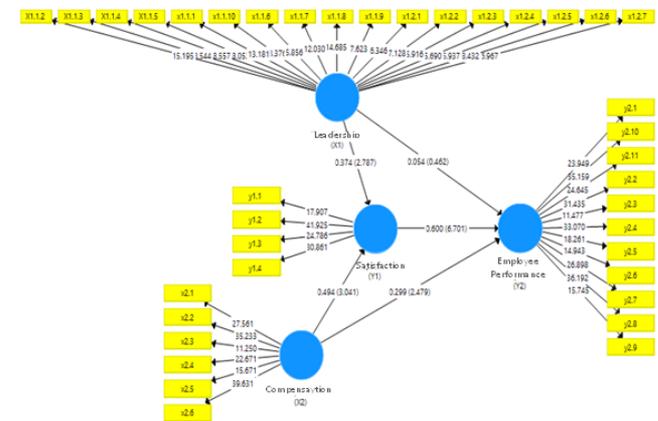
The object of this research is the employees of RSIA Puri Bunda Denpasar. From 74 respondents, discovered that the average age of employees is 29.23 years old with the youngest age range 24 years old and the oldest was 53 years old. Respondent education nurses of 74.3 %. Followed by education level D3 Nursing 24.3 % and School Health Nurse (SPK) 1.4%.

The description of the respondent's perception of the indicator on variables Leadership, the average tends to be high with an average score of 4.50 on a scale of 5, the highest rates among the 17 indicators of leadership is the indicator Awareness Stakeholder with the average of 4.72. The description of the respondent's perception of the indicators on variable compensation is as high as 4.39 on a scale of 5 with the highest average level is an indicator salary reflects Its performance corresponds 4.39. The description of respondents' perceptions of indicators on the satisfaction variable tends to be high, namely 4.43 on a scale of 5. The satisfaction indicator in the salary system is perceived as the highest by respondents with an average of 4.50. Description of respondents' perceptions of indicators on the variable Employee performance as a whole is high at 4.53 on a scale of 5. In more detail, the indicator able to invite patient discussions to understand patient needs is the highest average for this variable.

Referring to the magnitude of the path coefficients, it can be explained that there is a pattern of positive influence of leadership on satisfaction, and there is a positive effect of compensation on satisfaction. If leadership and compensation to improve or increase the outcomes of satisfaction will increase as well. There are also the pattern of positive influence of leadership, compensation and satisfaction with the employee performance. That is, if the leadership, compensation and satisfaction are getting better or increasing, the level of employee performance will also increase. And vice versa if there is a decrease. The evaluation results show that the R-square value is 0.620 for the satisfaction variable (Y1) and 0.781 for the employee performance variable (Y2). This means that the variation of changes in the satisfaction variable can be explained by the leadership and compensation variables together of 62 % and the employee performance variable (Y2) can be explained by the leadership, compensation and satisfaction

variables of 78.1 %.

At the hypothesis testing stage, it is very important to pay attention to the direct and significant effect indicated by the direction of the arrow between exogenous variables on endogenous variables.



- 1) Hypothesis 1: Leadership (X1) has a positive effect on work satisfaction (Y1)
Original sample $X1 \rightarrow Y1$ at 0.374 with p value = 0.03 < 5%, which means leadership to the satisfaction has positive and significant effect. Thus, Hypothesis 1 is accepted.
- 2) Hypothesis 2: Compensation (X2) has a positive effect on work satisfaction (Y1)
Original sample $X2 \rightarrow Y1$ at 0.494 with p value = 0,003 < 0,050, which means that compensation to the satisfaction has positive and significant effect. Thus, Hypothesis 2 is accepted.
- 3) Hypothesis 3: Leadership (X1) has a positive effect on employee performance (Y2)
Original sample $X1 \rightarrow Y2$ at 0.054 with p value = 0.322 > 0.050, which means that leadership to employee performance has no effect. Thus, Hypothesis 3 is not accepted.
- 4) Hypothesis 4: Compensation (X2) has a positive effect on the employee performance (Y2)
Original sample $X2 \rightarrow Y2$ at 0.299 with p value = 0.007 < 0.050, which means compensation to employee performance has positive and significant effect. Thus, Hypothesis 4 is accepted.
- 5) Hypothesis 5: Satisfaction (Y1) has a positive effect on the employee performance (Y2)

Original sample $Y_1 \rightarrow Y_2$ at 0.600 with p value = $0.000 < 0.050$, which means satisfaction to employee performance has positive and significant effect. Thus, Hypothesis 5 is accepted.

The study involved two exogenous variables, namely leadership (X_1) and compensation (X_2), as well as a mediating variable, namely Satisfaction (Y_1) and endogenous variables employee performance (Y_2). Thus, it can be tested on the influence of leadership on employee performance with work satisfaction as a mediating variable, and can also be tested on the effect of compensation on employee performance with work satisfaction as a mediating variable.

Variabel Relationship	Path Coefficients	Tstatistic	P-value
$X_1 \rightarrow Y_1 \rightarrow Y_2$	0.224	2.683	0.004
$X_2 \rightarrow Y_1 \rightarrow Y_2$	0.297	2.633	0.004

6) Hypothesis 6: Leadership has a positive and significant effect on employee performance with work satisfaction as a mediation variable

Path Coefficients $X_1 \rightarrow Y_1 \rightarrow Y_2$ at 0.224 with p value $X_1 \rightarrow Y_2 = 0.322 > 0.050$, p value $X_1 \rightarrow Y_1 \rightarrow Y_2 = 0.004 < 0.050$, p value $X_1 \rightarrow Y_1 = 0.003 < 0.050$ and p value $Y_1 \rightarrow Y_2 = 0.000 < 0.050$, which means leadership to employee performance with mediation of work satisfaction has a positive and significant effect. Work satisfaction as a mediating variable has the nature of full mediation. Thus, Hypothesis 6 is accepted.

7) Hypothesis 7: Compensation Impact Positive and Significant To Performance Employees With Work satisfaction For Variable Mediation

Path Coefficients $X_2 \rightarrow Y_1 \rightarrow Y_2$ at 0.292 with p value $X_2 \rightarrow Y_2 = 0.007 > 0.050$, p value $X_2 \rightarrow Y_1 \rightarrow Y_2 = 0.004 < 0.050$, p value $X_2 \rightarrow Y_1 = 0.003 < 0.050$ and p value $Y_1 \rightarrow Y_2 = 0.000 < 0.050$, which means leadership to employee performance with mediation of work satisfaction has a positive and significant effect. Work satisfaction as a mediating variable has the nature of partial mediation. Thus, Hypothesis 7 is accepted.

6 | CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion that has been carried out in this study, it can be concluded as follows:

[noitemsep,nolistsep,topsep=5pt]Leadership has a positive and significant effect on satisfaction. The better the leadership, the employee satisfaction will increase. Compensation has a positive and significant effect on satisfaction. The better the compensation, the higher the employee satisfaction. That leadership has no effect on employee performance. The better the leadership, it will not affect the increase in employee performance. That compensation has a positive and significant effect on employee performance. The better the compensation, the employee's performance will increase. That satisfaction has a positive and significant effect on employee performance. The better employee satisfaction, the employee's performance will increase. That leadership has a positive and significant effect on employee performance, with perfect work satisfaction mediation (full mediation). That compensation has a positive and significant effect on employee performance, with partial mediation of work satisfaction (partial mediation).

Some suggestions that can be given related to the results of this study include:

[noitemsep,nolistsep,topsep=5pt]Management of RSIA Puri Bunda Denpasar to improve reflective skills so that leadership abilities are much more optimal. The RSIA Puri Bunda Denpasar should do more improvements or coaching in terms of providing compensation. For further researchers, they can add variables to their research, by increasing the mapping/review of reputable national and international journals as research reinforcement.

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