
Sparking the Impact of Compensation, Work Motivation, Leadership on Employee Productivity

Lalang Saksono¹, Silvia Ekasari², Tanti Widia nurdiani³, Milcha Handayani
Tammubua⁴, Laode Marihi⁵

Abstract:

Research to test the effect of compensation, work motivation, leadership on employee work productivity at PT XYZ in Jakarta. This research uses a quantitative method with multiple linear regression analysis. Data were collected using questionnaires distributed to all employees of PT XYZ in Jakarta. The sampling technique used a census sampling technique with a population of 173 employees. The results of the research show that partially and simultaneously the variables of compensation, work motivation, leadership have a positive and significant effect on employee work productivity at PT XYZ in Jakarta. This finding can be a reference for PT XYZ in Jakarta to increase employee work productivity which has a good impact on organizational performance.

Keywords: Compensation, Motivation, Work, Leadership, Productivity

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1. Introduction

Human resources play an important role in every organizational activity. As the main key, human resources determine the success of the implementation of organizational activities. The demands of organizations to obtain, develop, and maintain quality human resources are increasingly urgent along with changes in environmental dynamics. In facing these challenges, good human resource management (HR) is needed in an organization to continue to carry out the latest processes or innovations so that the organization continues to progress and succeed (Ekasari, 2023). This is in line with the opinion of Priansa & Suwatno (2013) who stated that human resources always play an active and dominant role in every organization, because they are the planners, actors, and determinants of achieving organizational goals. Therefore, every organization is required to use human resources who are professional in their field of work.

The passage discusses the importance of performance achievement for organizational success, particularly in the context of PT XYZ in Jakarta, a company in the garment

¹ Management, Universitas Islam DJAKARTA, DKI Jakarta, Indonesia. lalangsaksono@yahoo.com

² Management, Sekolah Tinggi Ilmu Ekonomi Manajemen Bisnis Indonesia, Indonesia. silvia.ekasari@stiembia.ac.id

³ Management, Universitas Islam Raden Rahmat Malang, Indonesia. tanti_widia@uniramalang.ac.id

⁴ Management, Faculty of Economic and Business, Universitas Terbuka. milcha@ecampus.ut.ac.id

⁵ Faculty of Economic and Business, Universitas Yapis Papua, Indonesia. laodemarihi61@gmail.com

business sector. It highlights the critical role of various factors—such as compensation, motivation, and leadership—in influencing employee productivity, which is fundamental for achieving organizational goals. The text emphasizes that leadership, specifically situational leadership, plays a key role in enhancing work productivity. The ability of a leader to adapt to changing business environments and place employees according to their skills is crucial for the company's success.

Situational leadership, according to research by Lesmana et al. (2023), has a positive and significant effect on employee productivity. The text suggests that improving situational leadership can lead to higher productivity and better overall organizational performance. PT XYZ, which has struggled to meet its business targets, needs to focus on recruiting skilled employees and developing leadership capabilities to address its challenges and thrive in a highly competitive environment.

On the other hand, work productivity is also influenced by the employee's internal motivation, which is the desire to fulfill their job responsibilities. Employee motivation drives them to work hard to achieve the organization's goals (Syardiansah et al., 2021). Internal motivations, such as curiosity and subject mastery, often take precedence over external motivations, such as assessment and rewards (Dzauharoh & Ekasari, 2024). In addition to leadership, motivation affects job satisfaction levels, as it encourages employees to perform their tasks and responsibilities. While employee motivation can be complex, humans are generally easy to motivate if their needs are met. Research (Bahri et al., 2023; Mustakim & Yurnalis, 2022) suggests that high motivation can enhance work productivity. Motivating employees can lead them to put in their best efforts to achieve their goals (Madiistriyatno & Setiawan, 2021).

In addition to leadership and motivation, companies must also focus on employee compensation. Compensation is a key factor for employees, as it should reflect the work they contribute to the organization. Compensation serves as a reward for the time and effort employees dedicate to advancing the company (Putri & Supriadi, 2022). This may include salaries, bonuses, and other benefits to motivate employees to perform better. Proper compensation should be a priority, as employees tend to work harder when they feel adequately rewarded (Juned et al., 2022).

For businesses, enhancing employee productivity can serve as a key asset for optimal growth, including in promoting company services and products. When individuals have strong loyalty to a product, it boosts the company's value in the eyes of consumers, encouraging them to continue using the product as they wish. Growth in the business world requires ongoing and consistent support from internal stakeholders. The objective of this study is to empirically examine the impact of compensation, work motivation, and leadership on employee productivity at PT XVZ in Jakarta.

2. Theoretical Background

Compensation and Work Productivity

There is a strong relationship between compensation and employee productivity,

forming a cause-and-effect link. Effective compensation planning is essential, as it directly influences employee commitment. Poorly structured compensation may lead to dissatisfaction or turnover among workers. Generally, higher compensation enhances employee satisfaction, which can, in turn, boost productivity. Companies provide compensation to recognize achievements, improve productivity, attract capable and skilled employees, and foster loyalty. Proper compensation also motivates employees to perform at their best, as it supports a better standard of living. Organizations should understand that fair and competitive compensation attracts employees and encourages them to remain committed. Research by Andriany (2019) supports this, showing that compensation significantly and positively affects productivity by enhancing employee satisfaction and loyalty. H1: Compensation influences work productivity.

Motivation and Work Productivity

Work productivity is achievable when employees have strong motivation. One key indicator of work productivity is employee production power, which improves significantly when motivation is high. Work enthusiasm plays a vital role in fostering productivity within an organization (Yanthi & Wirasedana, 2021). Without motivation, employees are less likely to meet targets, which is why managers must continuously motivate their teams to ensure successful task completion. This connection underscores the impact of motivation on productivity: low motivation can hinder a company's progress toward its goals (Larasati & Gilang, 2016). When employees are motivated, their work enthusiasm rises, enabling them to meet objectives more effectively and efficiently. High work motivation enhances employee performance by promoting optimal task execution, which ultimately boosts productivity (Laksmiari, 2019). According to Hasbullah & Ramli (2021) there is a positive and significant link between motivation and productivity levels, as motivation fosters effective teamwork and leads to increased productivity. H2: Work motivation influences work productivity.

Leadership and Work Productivity

The application of situational leadership is seen from the readiness of all employees to carry out the duties of their leader. The level of readiness will be seen based on the guidance and direction the leader provides along with psychological support for the employees. The readiness that is formed can increase work productivity so that performance is greatly influenced by situational leadership, so it is important to apply this leadership in order to balance needs and produce a supportive work situation. Subordinate productivity will be better if the leadership implemented is good. By implementing situational leadership, organizational leaders can balance their leadership with the maturity of each employee. Lado et al., (2019) indicate that there are significant and positive implications of situational leadership style on employee productivity. This leadership determines the level of work productivity. H3: Situational leadership has an influence on work productivity

3. Methodology

This study uses a quantitative method with regression analysis. In this study, primary data obtained and collected directly from each respondent as seen from the answers to the questionnaire that has been distributed to employees of PT XYZ in Jakarta were used. This study used 173 respondents as a sample, with a census technique. This study was designed using a survey method, while the instrument used was a closed questionnaire with 5 (five) stratified answer choices referring to the Likert scale. Data processing using SPSS 25, the model requires the support of several assumption tests that must be met. There are 2 variables in this study, namely the independent variable and the dependent variable. a) Independent variables (Free), namely: Compensation (X1), Work Motivation (X2), Leadership (X3). b) The dependent variable is Work Productivity (Y1).

4. Empirical Findings/Result

Validity and Reliability Test

The validity test is conducted to ensure that all questionnaire questions that have been distributed are valid so that they can be used to obtain data correctly. Obtained from the comparison between r -table and r -calculation with the assumption of $df = n-2$ and $\alpha 0.05$. Data can be said to be valid if the Pearson Correlation value is greater than r -table. Based on the results of the analysis, it was obtained that each indicator of the independent variable compensation, work motivation, situational leadership and dependent variable work productivity has a Pearson Correlation value $> r$ -table. It is concluded that all questions are valid so that they can be valid measuring instruments. If the Cronbach's Alpha > 0.6 , the data is said to be reliable. If the reliability score is less than 0.6, it indicates low quality. Conversely, if the reliability is 0.7 and more than 0.8, it indicates good quality. The Cronbach's Alpha score for compensation was 0.794, work motivation was 0.605 and leadership was 0.707 and the dependent variable for work productivity was 0.537. All variables have a Cronbach's Alpha value > 0.06 , it can be concluded that this research data is reliable and acceptable.

Normality Test

The One Sample Kolmogorov Smirnov test can be used to determine the normal distribution of data. The Asymp Sig score (2-tailed) is more than 0.05, indicating that there is a normal distribution in the data, but a score less than 0.05 indicates that there is no normal distribution in the data. Based on the results, a significance score (2-tailed) of 0.082 was obtained. If the value is $0.082 > 0.05$, it can be concluded that the data is normally distributed so it can be used.

Multicollinearity Test

There is no multicollinearity problem in the regression equation if $VIF < 10$ and $Tolerance > 10$. Based on the results of the analysis, all independent variables have a VIF value < 10 and a tolerance value > 0.10 . It can be said that there are no symptoms of multicollinearity among the independent variables.

Heteroscedasticity Test

Using the Glejser test, the results show that there is no heteroscedasticity problem in this study if a significance score of less than 5% (0.05) is obtained. Based on the results of the analysis that all independent variables, namely: compensation, work motivation and leadership have a Sig. value > 0.05 , it is concluded that there are no symptoms of heteroscedasticity in this research.

Multiple Linear Regression Analysis

The data analysis used is multiple linear regression to calculate the magnitude of the influence of the independent variables, namely self-efficacy (X1), creativity (X2) and digital literacy (X3) on the dependent variable of entrepreneurial intention (Y). Based on the results of the analysis of table 7, it is obtained (β) 0.756 by compensation, score (β) 0.695 is obtained by the work motivation variable and score (β) 0.463 is obtained by leadership, then an equation is formed, namely: $Y = 0.756X_1 + 0.695X_2 + 0.463X_3 + e$

Description:

- 1) The compensation coefficient value (X1) is positive, namely 0.756, meaning that every increase in compensation causes an increase in work productivity (Y).
- 2) The work motivation coefficient value (X2) is positive, namely 0.695, meaning that an increase in work motivation will be accompanied by an increase in work productivity.
- 3) The leadership coefficient value (X3) is positive, namely 0.463, meaning that the better the leadership, the more work productivity will be accompanied.

Simultaneous Test (F Test)

The effect of independent variables on dependent variables can be explained through simultaneous tests, also known as F tests. A significant value greater than 0.05 indicates that H_0 is rejected, meaning that the independent and dependent variables have a significant effect. Conversely, a significant value greater than 0.05 indicates that H_0 is accepted, meaning that the independent and dependent variables have no effect at all. Based on the results of the analysis, it is stated that systematically a significant value of $0.000 < 0.05$ is obtained, so it is said that together X1, X2 and X3 affect Y.

Partial Test (t-Test)

There is a significant influence of the independent variable on the dependent variable if the probability is < 0.05 . Conversely, it is said to have no significant effect if it produces a probability > 0.05 . Based on the results of the analysis, compensation (X1) has a significance of $0.002 < 0.05$. This means that H_1 is accepted, so compensation affects work productivity. Furthermore, work motivation (X2) has a significance of $0.000 < 0.05$, indicating that H_2 is accepted so that work productivity is influenced by work motivation. Likewise, the leadership variable has a significance of $0.000 < 0.05$. This means that H_3 is accepted so that leadership affects work productivity.

Determination Coefficient Test

The score obtained by R^2 is expected to be higher than 0.5 because the value that should be obtained is between 0 and 1. Based on the results of the analysis, the

Adjusted R Square value is 0.798, so the independent variable affects the dependent variable by 79.8% and the remaining 20.2% is explained by other variables outside this study.

5. Discussion

First hypothesis: There is a positive and significant effect of compensation on work productivity. This is evidenced by the results of the hypothesis test which has a significance of $0.002 < 0.05$ so that it can be concluded that the first hypothesis is accepted. The positive and significant effect of compensation (salary and other benefits) on work productivity is generally recognized in various management theories and research results. Fair and adequate compensation can increase employee motivation to work better. Adequate salary can meet the basic needs of employees, so they feel appreciated and motivated to try harder to achieve better work results. Good salary can help organizations attract and retain the best talent. Employees who feel compensated commensurate with their value and contribution tend to stay with the company longer, reducing turnover and recruitment costs. Employees who are satisfied with their compensation tend to be more focused on their tasks. They are less likely to be distracted by financial worries or other compensation issues, which can increase productivity and work quality. Employees who feel treated fairly and appreciated through compensation tend to have better psychological well-being. This can help them reduce stress and engage in behaviors that support productivity. Employees who feel appreciated and fairly rewarded tend to take more initiative and participate in creative endeavors. They will feel more motivated to contribute with new ideas and solutions that can improve productivity and efficiency. However, it is important to remember that the relationship between compensation and productivity can also be influenced by other factors, such as the work environment, company culture, development opportunities, and other management policies. It is important to consider the organizational context and specific employee characteristics in implementing effective compensation strategies to improve work productivity. Fair and adequate compensation can influence employee motivation to work harder and smarter. Employees who feel that their efforts are well-rewarded through salary, benefits, bonuses, or other incentives tend to be more motivated to achieve better goals and results.

Second hypothesis: Work motivation has a positive and significant impact on work productivity, as evidenced by hypothesis testing results showing a significance level of $0.000 < 0.05$ threshold, indicating the acceptance of the second hypothesis. This connection between work motivation and productivity demonstrates that when individuals are driven by internal or external factors, they exhibit high levels of enthusiasm, commitment, and persistence in their work. High motivation promotes a focused, energetic approach to tasks, enhancing concentration, effort, and dedication to achieving goals. Motivated individuals tend to stay resilient in the face of challenges, pay greater attention to detail, and maintain a high quality of output. Additionally, strong motivation fosters creativity and initiative, encouraging individuals to propose new ideas and solutions, which can increase both effectiveness

and productivity. A motivated workforce is also more likely to pursue skill development, contributing to long-term productivity gains. Therefore, fostering motivation through recognition, growth opportunities, a supportive environment, and clear, meaningful goals can significantly benefit both individual and team productivity.

Third hypothesis: There is a significant effect of leadership on work productivity. This is proven by the results of hypothesis testing has a significance of $0.000 < 0.05$, so it can be concluded that the third hypothesis is accepted. An effective leadership style can influence the overall productivity of a team or organization. Several ways in which leadership can influence work productivity: (1) Leadership that is inspirational and able to motivate employees will increase morale and desire them to work better. Supportive leadership, recognizing achievements, and providing adequate challenges can stimulate employees' intrinsic motivation. (2) A leadership style that focuses on employee involvement can increase their sense of ownership and responsibility for their work. Leadership that is empathetic and open to employee input will create an environment where employees feel valued and important. (3) Clear leadership in communicating job goals and expectations can avoid confusion and misunderstandings. Employees who understand what is expected of them tend to be more focused and efficient at work. (4) Leadership that invests in developing employee skills will create a more competent team. Employees who feel they are thriving tend to have a greater contribution to overall productivity. (5) Effective leadership can help defuse conflict in the workplace in a constructive way. This will ensure that time and energy is not wasted in unnecessary disputes. (6) Leadership that provides constructive and timely feedback can help employees understand areas where they need to improve their performance. This can contribute to increased overall productivity. (7) A leadership style that creates a positive and inclusive work culture will influence mood and work atmosphere. Employees who feel comfortable and happy in their work environment tend to be more productive. (8) Leadership that has the ability to solve problems quickly and effectively will avoid obstacles that can hamper productivity. Effective leadership can have a significant impact on work productivity. Good leadership styles such as transformational or democratic can inspire and motivate employees to work better. Leaders who are able to provide clear direction, provide support and facilitate efficient teamwork can improve the performance and productivity of team members. Of course, the effect of leadership on productivity can vary depending on various factors such as: type of work, organizational culture, and team needs. However, in general, the influence of leadership on work productivity is very important

6. Conclusions

From the test results on 3 hypotheses, all were accepted. Hypothesis testing produces (1) compensation has a positive and significant influence on work productivity. (2) work motivation has a positive and significant influence on work productivity. (3) leadership has a positive and significant influence on work productivity. the Adjusted R Square value is 0.798, so the independent variable affects the dependent variable by

79.8% and the remaining 20.2% is explained by other variables outside this study.

It is hoped that the practical implications of this research finding can be used by policy makers to be used as consideration in formulating policies to help employees be more productive

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