

## Analysis of Leadership Style and Salary on Employee Performance

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### Abstract

The goals and direction of the organization, as well as the obstacles a leader faces, are greatly influenced by employee performance in the workplace. It will assist a business in reaching its objectives if it is bolstered by competitive pay, strong leadership, and motivated staff. When taken as a whole, these three elements influence worker performance, which eventually results in organizational success. The purpose of this study is to investigate how an employee's pay, job motivation, and leadership style relate to their performance: a case study at CV. Rays of health. CV is the subject of this study. Good Sinar Using all CV employees as the population, this study used quantitative methodologies. 46 healthy Sinar were selected using a saturation sample method. The Smart-PLS version 4.0 device is employed in the SEM method of analysis. The outer model test, the mediation test, and the hypothesis test are the tests.

**Keywords:** Employee Performance, Pay, Work Incentive, Leadership Style

### Introduction

Human resources are the most crucial elements of an organization since they are involved in daily business activities. Employee performance is the degree to which policies or programs succeed in achieving organizational objectives and the vision, purpose, and goals as stated in strategic planning (Komariyah, 2021). Employee performance can be evaluated at the individual or group level using the organization's success criteria or standards as a baseline. This target's objective is to ascertain performance level within a given time frame.

The goals and direction of a corporation, among other issues a leader may encounter, are significantly influenced by employee performance in that organization. A leader can use skill, imagination, ideas, conduct, and leadership to steer an organization toward success. One of a leader's responsibilities is to help their team members reach their full potential by coordinating their efforts to focus on the achievement of organizational success. Additionally, leaders may maximize the environment in their firms to attain optimum performance and boost productivity by utilizing their creativity. According to Komariyah (2017).

A person's salary serves as compensation for all work done during a specific time frame. The payroll system also needs a technique to calculate employee workload. When a corporation pays based on the salary burden that is supplied, its employees are more driven to achieve targets. But if pay doesn't match the workload, there will be a big effect and maybe a drop in personnel (Yusuf, 2020). Salary, therefore, has a big effect on a business.

based on statements given by a number of PO employees. Good health Sinar at Bandung's Ngabul garage. They take great pride in their work. To encourage employees to meet goals, managers set targets for them. Additionally, leaders give their staff members the confidence to finish projects and pay attention to how they work. Employee motivation is demonstrated in a positive way through the work they accomplish for the company. This issue was resolved by the Lead PO. Additionally, Healthy Sinar establishes a structure in which employees are only required to accept responsibility for their errors; the leader's role is to oversee and motivate them in order to avoid similar issues in the future.

grasp performance issues with PO organizations requires a thorough grasp of this technique, which requires research. Currently healthy Sinar as well as for scientific study. We can take appropriate action

to enhance employee work quality by identifying and evaluating the elements that impact leadership style. Only the effects of leadership style, job motivation, and remuneration on employee work performance from all the issues PO firms encounter will be the focus of this study. Rays of health.

#### **Style of Leadership**

Sahromi (2020) asserts that an effective leader will be able to perform their duties with ease, as demonstrated by their strength as well as their concern for the well-being and contentment of their subordinates as well as their efforts to raise employee standards, particularly by exhibiting a nurturing attitude that motivates subordinates to put in a lot of effort and accomplish organizational goals. A person's behavior pattern that influences other people's activities and is noticed by others is referred to as their leadership style (Sahromi, 2017).

#### **Employee output**

Employee performance refers to the actual conduct that each person exhibits in relation to their position inside the company, based on their accomplishments there (Kushendar, 2020). Employee performance, according to Budiaji (2017), is the degree to which each person succeeds in finishing their work within a given time frame. Performance is defined by (Kurhayadi, 2020) as a record of the outcomes of specific tasks or activities finished during a predefined period of time. According to Mita et al. (2020), performance is an individual's accomplishment that is then presented by the business operations as a report on the behavior and overall use of resources and energy over a specific time period.

#### **The Connection Between Employee Work Quality and Leadership Style**

A person's leadership style can be studied and used as a tool to enhance the caliber of work produced by employees. It serves as a guide for organizational development and boosting morale among subordinates. As a result, managers need to adopt the proper style of leadership and be able to serve as an example for every worker (Komariyah 2021).

#### **The Connection Between Worker Performance and Motivation**

According to study findings (Bachtiar, 2022), employee work performance is significantly improved by motivation. This is an example of a leader showing his staff members how to reach their full potential and explore their own creativity in order to provide high-caliber performance outcomes for the business.

#### **The connection between pay and quality of work produced by employees**

Given that a higher compensation is linked to better employee performance, salary has a significant effect (Sudrajat et al. 2022). There is a relationship between employee performance and salary, according to several earlier research.

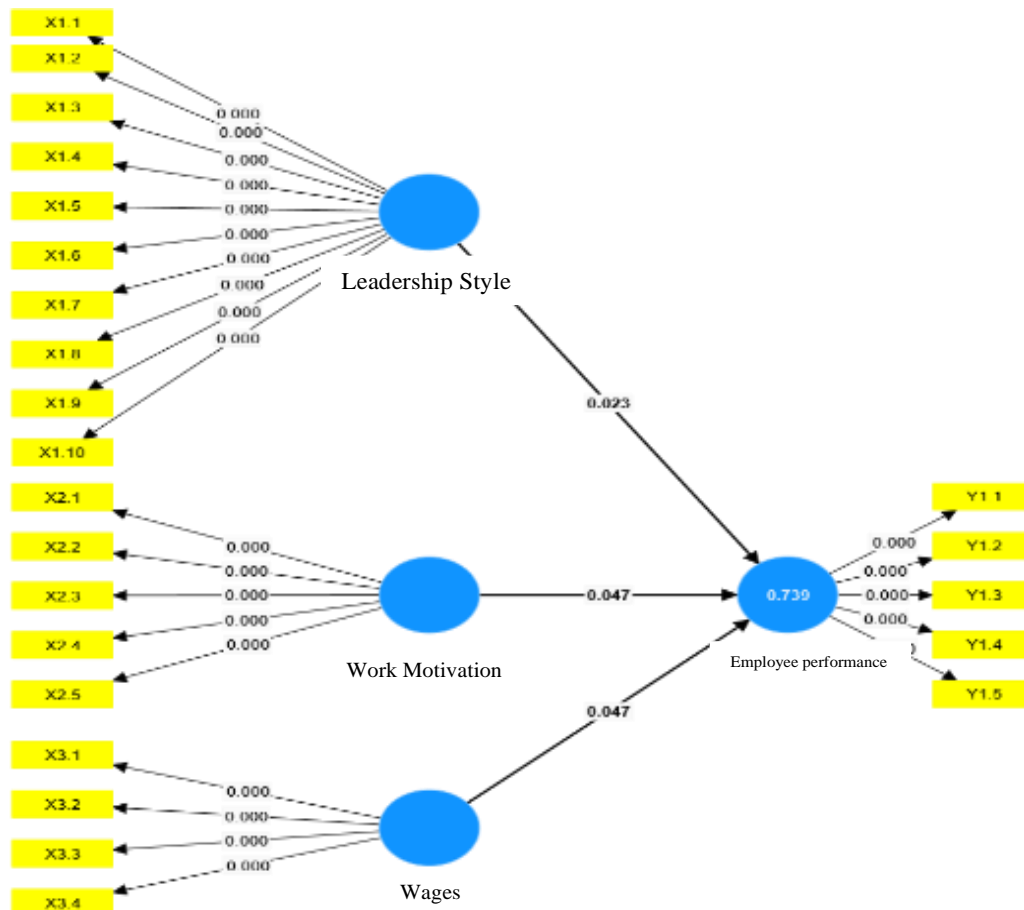
## **Methods**

This study applies quantitative methods. Questionnaires were given to employees, driver crew and spare parts crew at the PO.Healthy Sinar Bandung garage in this research. Primary data collection was carried out directly in the field through interviews and distributing questionnaires to informants regarding leadership style, work motivation and salary on employee performance at PO.Healthy Sinar. (Kushendar, 2018).

## Results and Discussion

### Inner Model (Measurement Model)

Inner model is a model used to provide an overview of the causal relationship between two variables, namely variables that cannot be measured directly and hidden variables.



### R-square

R-square is a test used to determine the influence of the independent variable on the dependent variable. If the R-square shows 0.65, it means it can be said to have a strong influence, if it shows 0.33 then it is said to be moderate and it is said to be weak if the number shows 0.17.

**Table R-square**

Variable	R-square	R-square adjusted
Employee work quality	0.537	0.523

Based on table 3, the R-square value for Employee Performance shows 0.537 while the Adjusted R-square value is 0.523. This means that 53.7% of the influence on Y is caused by all exogenous constructs together. This shows a strong influence on variable Y. Meanwhile the remainder, namely 26.1%, can be explained by other factors not described in this context.

## F-square

This test aims to evaluate the extent to which the predicted value affects model performance. The resulting value has the following interpretation:

0.002: means little effect. 0.15: means moderate influence. 0.35: means big influence

In this research, F-square was obtained from data processing using SmartPLS version 4.0. F-square measures the relevance of model predictions to observed variables. The higher the F-square value, the better the model is at predicting the dependent variable:

Table F-square	
Variable	F-square
Leadership Style -> Employee performance	0.086
Wages -> Employee performance	0.116

Source: Data output processed from Smart PLS version 4.0

It is evident from the aforementioned data that the leadership style value's 0.086 predictive power over employee performance is not very strong. At 0.080, the impact of work motivation on employee performance is negligible. In the meantime, the 0.116 compensation value for employee performance is not very high.

### First hypothesis: How a leader's style (X1) affects workers' performance (Y)

H0 is rejected and Ha1 is approved based on the initial sample value (0.282), the T-statistics value (2,000) > 1.65, and the P value (0.045) < 0.05. This indicates that employee performance and the leadership style variable have a positive association. There is a significant and tangible influence on employee performance levels from healthy Sinar leadership and managing a team as a whole.

As a result, a leader's capacity to create a positive, effective, and goal-oriented work environment has a significant and genuine impact on worker performance. In addition to leading, effective leaders encourage, inspire, and empower their team members to succeed together. To achieve greatness in their organization, leaders at Healthy Sinar must adopt a leadership style that considers the needs and growth of their employees, fosters effective cooperation and communication, and sets high performance requirements.

### The second hypothesis is that employee performance is affected by salary (X2).

Shows that when the T-statistics value (1.653) > 1.65 and the P value (0.045) < 0.05 are applied to the initial sample value (0.314), H0 is rejected and Ha3 is approved. This indicates that there is a strong correlation between employee performance and the salary variable. This implies that an employee's performance is significantly influenced by their pay.

As a result, fair compensation has a significant and favorable impact. Pay that is fair and in line with an employee's contributions can be a strong incentive. Paying competitive pay might aid companies in keeping knowledgeable and productive employees on staff. Companies that keep a careful eye on employee compensation and pay competitive wages are more likely to draw in new talent, hold onto existing talent, and see long-term success.

## Conclusion

The study's research findings allow for the following conclusions to be made:

Employee performance is positively and significantly impacted by a person's leadership style. Thus, a PO leader is implied. There is a significant and tangible influence on employee performance levels from healthy Sinar leadership and managing a team as a whole. Naturally, a leader's job is to maximize the company's success by fostering a good, productive, and achievement-oriented work atmosphere. Employee performance is also impacted by the wage that employees get. This implies that an employee's performance is significantly influenced by their pay grade. Reaching performance goals can be motivated by a respectable pay. Enough pay allows workers to cover their living expenses. The compensation paid is also seen as a recognition of the worker's worth and commitment to the organization.

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