

# LEADERSHIP EFFECT, COMPENSATION AND MOTIVATION ON EMPLOYEE PERFORMANCE WITH JOB SATISFACTION AS INTERVENING VARIABLE AT PUBLIC WORKS OFFICE AND SPATIAL PLANNING OF KARIMUN DISTRICT

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## Abstract

*This study aims to determine the effect of leadership, compensation and motivation on employee performance with job satisfaction as an intervening variable. The population of this study were employees of the Public Works and Spatial Planning Office of Karimun Regency with a total sample of 80 respondents. Statistical data analysis using Structural Equation Modeling (SEM) with Smart PLS software version 3.0. The research data were collected using a questionnaire/questionnaire instrument. The results in this study found that leadership directly had a positive and significant effect on job satisfaction with a p-value of 0.022 < 0.05, direct compensation had a positive and insignificant effect on job satisfaction with a p-value of 0.334 > 0.05,*

**Keywords:** *leadership, compensation, motivation, job satisfaction, employee performance*

## 1. INTRODUCTION

The Public Works and Spatial Planning Office of Karimun Regency is required to continue to improve good performance to achieve organizational goals, where this increase is optimal which may not be separated from employee job satisfaction as one of the factors that determine organizational performance. Because as one of the determinants of employee performance, job satisfaction is a very complex factor because it is influenced by various factors from job satisfaction itself.

Performance appraisal is one of the important tasks to be carried out by a supervisor or leader. Wibowo (2016: 187) explains that performance appraisal is a process of measuring and evaluating a person's performance. Basically, there are two main objectives of performance evaluation, namely (i) assessing employee competence, which is a fundamental goal in the framework of evaluating individual employees and can be used as information to evaluate the effectiveness of human resource management, (ii) human resource development, which functions as promotions, Basis for personnel development decisions such as transfers, rotations, and resignations. The indicators that affect performance are (1) quality, (2) quantity, (3) timeliness, (4) effectiveness, (5) independence and (6) work commitment.

Sutrisno (2016: 213) states that leadership is a process of one's activities to move others by leading, guiding, influencing others to do something in order to achieve the expected results. A leader is someone who is placed in such a way in an organization where he must be able to make quick, right decisions between different interests. Determination of leadership as a process means not a trait that is in the leader but a "transaction" that occurs between the leader and followers (followers). Process states that leaders influence and are influenced by followers. This emphasizes that leadership is not linear and is not a one-way event but is an interactive event (Peter G Northouse, 2013:5). Based on the theory put forward by Hasibuan (2012: 170) there are several indicators used, namely (1) analytical ability, (2) exemplary, (3) rationality and objectivity, (4) work instructions and division of tasks, (5) listening and listening skills. communicate,

Employee compensation means all forms of payroll that flow to employees or arise from their employment (Tjuju Yuniarsih and Suwatno, 2011: 125). Compensation will have an impact

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on planning, staffing and personnel development. Compensation can also affect the motivation and attractiveness of the company. The compensation provided by the organization to its employees is one of the obligations that must be fulfilled by the organization in an effort to provide job satisfaction for its employees. For organizations, compensation is a cost that must be borne which will greatly affect the basic price of a product. As for employees, compensation has an important meaning as the level of socio-economic quality. The compensation indicators according to Kurniawati in Gumilar (2018) are (1) feasibility,

Motivation according to Djaali (2010:101) is a condition that exists within a person that encourages him to carry out certain activities to achieve a certain goal. A person's motivation depends on how strong their motives are. Motives are needs, wants, drives or impulses. Motivation among employees during the pandemic has changed quite a lot. This problem triggers the inequality of employees in carrying out work routines. For example, employees who used to have high enthusiasm and motivation have experienced a degradation of enthusiasm due to the pandemic. This affects the pattern of work they do. Not being followed by strict rules provides another opportunity to lose enthusiasm in carrying out work. According to Sedarmayanti (2015: 233) the indicators used are (1) salary,

Robbins mentions that job satisfaction is a general attitude towards one's work, which shows the difference between the number of awards workers receive and the amount they believe they should receive (Wibowo, 2016: 415). Basically, every human being wants to achieve job satisfaction in various ways. Satisfaction is a relative and subjective matter, meaning that each person has a different measure of satisfaction. Thus, it is usually difficult to give a precise definition of the meaning of satisfaction. Satisfaction is a condition that is not fixed, but always develops according to the strength of the need for encouragement from within and from outside each person. The indicators of job satisfaction according to Veithzal Rivai (2014: 479) are (1) job content, namely the appearance of actual work tasks and as job controls. (2) Supervision, namely attention and good relations from superiors to subordinates so that employees will feel themselves an important part of the organization. (3) Organization and Management, which is able to provide a stable working situation and conditions to provide employee job satisfaction. (4) Opportunity for advancement. (5) Colleagues, namely the existence of a mutually supportive relationship.

## 2. RESEARCH METHOD

### 2.1 Types of Research Data Sources

The type of research used in this research is associative research which has an influence or not. There are two types of data which are referred to as primary data and secondary data. While the data source comes from within the organization (internal) namely the Public Works and Spatial Planning Office of Karimun Regency. While data from outside the organization (external) such as research reference information and data in the form of a description of the situation outside the organization.

### 2.2 Population and Sample

The sample population is all Civil Servants (PNS) of the Public Works and Spatial Planning Office of Karimun Regency, as many as 80 employees. The sample used is a saturated sample, namely the entire population. The method used is a survey method, namely data collection using a questionnaire/questionnaire.

### 3. RESEARCH RESULTS

#### 3.1 Respondent Description

**Table 1** Respondent Profile

Criteria	Amount	Percentage
<b>Last education:</b>		
S2	7	9%
S1	37	46%
D3	10	12%
Senior High School/STM	24	30%
junior high school	2	3%
<b>Group:</b>		
IV	8	10%
III	34	42.5%
II	38	47.5%
I	0	0

*Source: Primary Analysis Data, 2022*

#### 3.2 Variable Description

**Table 2** Descriptive statistics

Variable	mean	Standard Deviation	Actual Range
X1 Leadership	59.30	6,655	43-74
X2 Compensation	59.31	6,962	38-74
X3 Motivation	54.99	6,460	36-73
Z Job satisfaction	60,60	7,421	38-79
Y Performance	58.02	7,407	41-73

*Source: Primary Analysis Data, 2022*

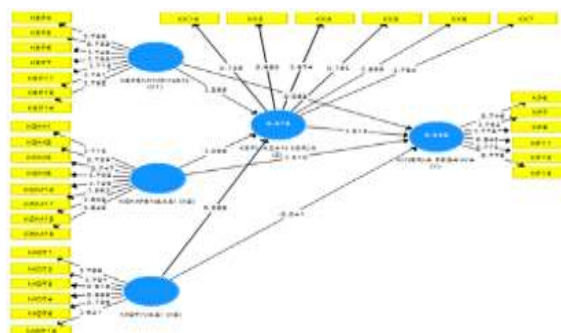
#### 3.3 Data Instrument Test

The instrument test was carried out on each variable and then the invalid indicators were removed for each variable. After eliminating the invalid variable indicator, which is smaller than 0.6 in the model, then the model is analyzed again so that only valid indicators are produced.

#### 3.4 Partial Least Square (PLS) Model Schematic

This research model will be analyzed using the Partial Least Square (PLS) method with SmartPLS 3.0 software. PLS is one of the alternative methods of Structural Equation Modeling (SEM) that can be done to overcome problems in the relationship between variables that are very complex but the data sample size is small (30-100 samples) and has non-parametric assumptions, meaning that the data does not refer to any one of the data. certain distributions (Yamin and Kurniawan, 2009).

#### 3.5 Evaluation of the Outer Model



**Image 1** Outer Model

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### 3.6 Validity

#### 1. Convergent Validity

To test convergent validity, the outer loading or loading factor values are used. An indicator is declared to meet convergent validity in the good category if the outer loading value is  $> 0.7$ . The following is the value of the outer loading of each indicator on the research variable:

**Table 3** Convergent Validity Analysis Results

Variable	Indicator	Outer Loading
Leadership (X1)	KEP11	0.715
	KEP12	0.741
	KEP14	0.752
	KEP4	0.768
	KEP5	0.732
	KEP6	0.746
	KEP7	0.785
Compensation (X2)	KOM1	0.713
	KOM10	0.725
	KOM11	0.862
	KOM12	0.842
	KOM13	0.842
	KOM2	0.735
	KOM3	0.747
Motivation (X3)	KOM5	0.702
	MOT1	0.789
	MOT15	0.621
	MOT2	0.791
	MOT3	0.818
	MOT4	0.668
Job Satisfaction (Z)	MOT6	0.796
	KK14	0.736
	KK3	0.680
	KK4	0.674
	KK5	0.789
	KK6	0.899
Employee Performance (Y)	KK7	0.764
	KP11	0.845
	KP12	0.779
	KP13	0.779
	KP6	0.748
	KP7	0.752
	KP8	0.776

Source: Primary Analysis Data, 2022

Based on the data presented in table 3 above, it is known that each indicator of the research variable has a value of outer loading  $> 0.7$ . However, it appears that there are still some indicators that have an outer loading value of  $< 0.7$ . According to Hair et al. (1998) for an initial examination of the loading factor matrix, approximately 0.3 is considered to have met the minimum level, and for a loading factor of approximately 0.4 is considered better, and for a loading factor greater than 0.5 is generally considered significant. In this study the limit of loading factor used is 0.7. The data

above shows that there is no indicator variable whose outer loading value is below 0.6, so all indicators are declared feasible or valid for research use and can be used for further analysis.

## 2. Discriminant Validity

In this section, the results of the discriminant validity test will be described. The discriminant validity test uses the cross-loading value. An indicator is declared to meet discriminant validity if the value of the cross-loading indicator on the variable is the largest compared to other variables. The following is the cross-loading value of each indicator:

**Table 4** Cross Loading

Indicato r	Variable				
	X1	X2	X3	Z	Y
KEP11	0.715	0.438	0.345	0.360	0.352
KEP12	0.741	0.464	0.627	0.573	0.488
KEP14	0.752	0.502	0.527	0.440	0.457
KEP4	0.768	0.443	0.349	0.338	0.326
KEP5	0.732	0.340	0.435	0.346	0.319
KEP6	0.746	0.308	0.290	0.291	0.280
KEP7	0.785	0.454	0.516	0.453	0.413
KOM1	0.484	0.713	0.305	0.155	0.293
KOM10	0.495	0.725	0.414	0.330	0.532
KOM11	0.471	0.862	0.541	0.324	0.485
KOM12	0.441	0.842	0.429	0.433	0.529
KOM13	0.434	0.842	0.390	0.386	0.461
KOM2	0.468	0.735	0.505	0.358	0.381
KOM3	0.504	0.747	0.409	0.318	0.289
KOM5	0.293	0.702	0.364	0.289	0.360
MOT1	0.531	0.535	0.789	0.509	0.442
MOT15	0.386	0.392	0.621	0.345	0.281
MOT2	0.524	0.523	0.791	0.507	0.394
MOT3	0.470	0.386	0.818	0.505	0.311
MOT4	0.453	0.325	0.668	0.358	0.305
MOT6	0.409	0.280	0.796	0.428	0.423
KK14	0.551	0.437	0.538	0.736	0.688
KK3	0.344	0.273	0.346	0.680	0.392
KK4	0.332	0.210	0.366	0.674	0.276
KK5	0.393	0.341	0.540	0.789	0.503
KK6	0.488	0.384	0.514	0.899	0.569
KK7	0.356	0.246	0.335	0.764	0.479
KP11	0.424	0.513	0.399	0.596	0.845
KP12	0.338	0.437	0.341	0.491	0.779
KP13	0.470	0.502	0.350	0.559	0.779
KP6	0.441	0.394	0.508	0.529	0.748
KP7	0.378	0.396	0.456	0.426	0.752
KP8	0.379	0.342	0.227	0.505	0.776

Source: Primary Analysis Data, 2022

From the results of the cross loading in Table 4 above, it shows that each indicator in the research variable has the largest cross loading value on the variables it forms compared to the cross-loading value on other variables. Based on the results obtained, it can be stated that the

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indicators used in this study have good discriminant validity in compiling their respective variables. The next evaluation is by comparing the AVE root value with the correlation between variables. The AVE value for each indicator is required to be  $> 0.5$  for a good model.

**Table 5** Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
Leadership (X1)	0.560
Compensation (X2)	0.598
Motivation (X3)	0.564
Job Satisfaction (Z)	0.579
Employee Performance (Y)	0.609

Source: Primary Analysis Data, 2022

From table 5 above, it is known that the AVE value of the variables of performance appraisal, work experience, job training, career development and work motivation is  $> 0.5$ . Thus, it can be stated that each variable has good discriminant validity.

### 3.7 Reliability Test

#### 1. Composite Reliability

In addition to measuring the outer model, it can also be measured by assessing convergent validity and discriminant validity, which can also be done by looking at the reliability of the variable or latent variables as measured by the composite reliability value. A variable can be declared to meet composite reliability if it has a composite reliability value  $> 0.7$ . The following is the composite reliability value of each variable used in this study:

**Table 6** Composite Reliability

Variable	Composite Reliability
Leadership (X1)	0.899
Compensation (X2)	0.922
Motivation (X3)	0.885
Job Satisfaction (Z)	0.891
Employee Performance (Y)	0.903

Source: Primary Analysis Data, 2022

From table 6 above, it can be seen that the composite reliability value of all research variables is  $> 0.7$ . These results indicate that each variable has met composite reliability so that it can be concluded that all variables have a high level of reliability.

#### 2. Cronbach Alpha

The reliability test with the composite reliability above can be strengthened by using the Cronbach alpha value. A variable can be declared reliable or fulfills cronbach alpha if it has a cronbach alpha value  $> 0.7$ . The following is the cronbach alpha value of each variable:

**Table 7** Cronbach Alpha

Variable	Cronbach Alpha
Leadership (X1)	0.871
Compensation (X2)	0.904
Motivation (X3)	0.844
Job Satisfaction (Z)	0.855



<b>Employee Performance (Y)</b>	<b>0.872</b>
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Source: Primary Analysis Data, 2022

Based on the data presented above in table 7, it can be seen that the value of *cronbach alpha* of each research variable  $> 0.7$ . Thus, these results can indicate that each research variable has met the requirements of the Cronbach alpha value, so it can be concluded that all variables have a high level of reliability.

### 3. Cronbach Alpha

The reliability test with the composite reliability above can be strengthened by using the Cronbach alpha value. A variable can be declared reliable or fulfills cronbach alpha if it has a cronbach alpha value  $> 0.7$ . The following is the cronbach alpha value of each variable:

**Table 8** Cronbach Alpha

Variable	Cronbach Alpha
<b>Leadership (X1)</b>	<b>0.871</b>
<b>Compensation (X2)</b>	<b>0.904</b>
<b>Motivation (X3)</b>	<b>0.844</b>
<b>Job Satisfaction (Z)</b>	<b>0.855</b>
<b>Employee Performance (Y)</b>	<b>0.872</b>

Source: Primary Analysis Data, 2022

Based on the data presented above in table 8, it can be seen that the Cronbach alpha value of each research variable is  $> 0.7$ . Thus, these results can indicate that each research variable has met the requirements of the Cronbach alpha value, so it can be concluded that all variables have a high level of reliability.

### 3.8 Multicollinearity Test

This test is to see whether each independent variable has a correlation between the independent variables or not.

**Table 9** Composite Reliability

Variable	Composite Reliability
<b>Leadership (X1)</b>	<b>0.899</b>
<b>Compensation (X2)</b>	<b>0.922</b>
<b>Motivation (X3)</b>	<b>0.885</b>
<b>Job Satisfaction (Z)</b>	<b>0.891</b>
<b>Employee Performance (Y)</b>	<b>0.903</b>

Source: Primary Analysis Data, 2022

From table 9 above, it can be seen that the composite reliability value of all research variables is  $> 0.7$ . These results indicate that each variable has met composite reliability so that it can be concluded that all variables have a high level of reliability.

### 3.9 Multicollinearity Test

This test is to see whether each independent variable has a correlation between the independent variables or not.

**Table 10** Multicollinearity Analysis Results (VIF)

Variable	Job Satisfaction (Z)	Employee Performance (Y)
<b>Leadership (X1)</b>	<b>1,860</b>	<b>1,999</b>
<b>Compensation (X2)</b>	<b>1,643</b>	<b>1,648</b>
<b>Motivation (X3)</b>	<b>1,777</b>	<b>2.037</b>

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<b>Job Satisfaction (Y)</b>		1,711
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Source: Primary Analysis Data, 2022

Based on the data presented above in table 10, it can be seen that from each variable having a VIF value  $< 5$ , it is declared not to violate the multicollinearity assumption test and it can be said that there is no correlation between variables.

### 3.10. Evaluation of the Inner Model

After testing the outer model that has met, the next step is testing the inner model (structural model). The inner model can be evaluated by looking at the r-square (reliability indicator) for the dependent variable and the t-statistical value of the path coefficient test. The higher the r-square value, the better the prediction model of the proposed research model. The value of path coefficients indicates the level of significance in hypothesis testing. In this study, the results of the path coefficient test, goodness of fit test and hypothesis testing will be explained.

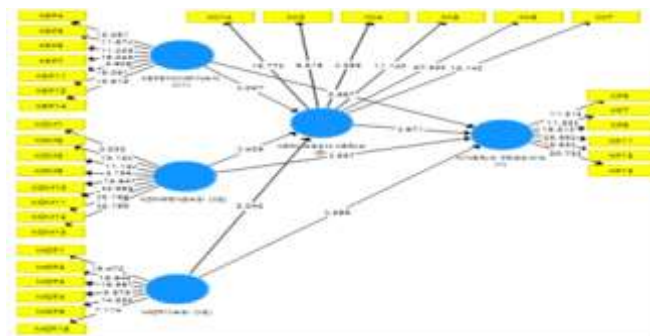


Figure 2 Inner Model Results (Bootstrapping)

### 3.11 Model Feasibility Test (Goodness of Fit)

Analysis of Variant (R<sup>2</sup>) or Determination Test, which is to determine the influence of the independent variable on the dependent variable. Based on the data processing that has been done using the smartPLS 3.0 program, the R-Square values are obtained as follows:

Table 11 R-Square Nilai Value

Variable	R-Square Nilai Value
<b>Job Satisfaction (Z)</b>	0.416
<b>Employee Performance (Y)</b>	0.539

Source: Primary Analysis Data, 2022

Based on the data presented in table 11 above, it can be seen that the R-Square value for the Job Satisfaction variable is 0.416 and for the Employee Performance variable is 0.539. The value obtained explains that the percentage of Job Satisfaction can be explained by Leadership, Compensation and Motivation of 41.6% while the percentage of Employee Performance can be explained by Leadership, Compensation and Motivation of 53.9%.

The goodness of fit assessment is known from the Q-Square value. The Q-Square value has the same meaning as the coefficient determination (R-Square) in regression analysis, where the higher the Q-Square, the model can be said to be better or more fit with the data. The results of the calculation of the Q-Square value are as follows:

$$\begin{aligned}
 \text{Q-Square} &= 1 - [(1 - R_{12}) \times (1 - R_{22})] \\
 &= 1 - [(1 - 0.416) \times (1 - 0.539)] \\
 &= 1 - (0.584 \times 0.461)
 \end{aligned}$$



$$= 1 - 0.269$$

$$= 0.731$$

Based on the results of the calculations above, the Q-Square value is 0.731. This shows that the diversity of research data that can be explained by the research model is 73.1%. While the remaining 26.9% is explained by other factors that are outside this research model. According to Ghazali (2014), the Q-Square value can be used to measure how well the observed values are generated by the model and also the estimated parameters. A Q-Square value greater than 0 (zero) indicates that the model is said to be good enough, while a Q-Square value less than 0 (zero) indicates that the model lacks predictive relevance. In this research model, the endogenous latent variable has a Q-Square value greater than 0 (zero) so that the predictions made by the model are considered relevant.

**Table 12** Normal Fit Index (NFI) Analysis Results

	<i>Saturated Model</i>	<i>Estimated Model</i>
<b>SRMR</b>	0.096	0.096
<b>d_ULS</b>	5.189	5.189
<b>d_G</b>	2,713	2,713
<b>Chi-Square</b>	962,744	962,744
<b>NFI</b>	0.561	0.561

*Source: Primary Analysis Data, 2022*

Based on the results of the analysis above, the fit model indicator shows the NFI value > 0.1, which is 0.561, so the model can be said to be very good or acceptable.

### 3.11 Hypothesis Testing Analysis

Hypothesis testing is carried out based on the results of the Inner Model (structural model) test which includes R-square output, parameter coefficients and t-statistics. To see whether a hypothesis can be accepted or rejected, among others, by paying attention to the significance value between constructs, t-statistics, and p-values. These values can be seen from the bootstrapping results. The rules of thumb used in this study are t-statistics > 1.66 with a significance level of p-value 0.05 (5%) and a positive beta coefficient. So that the criteria for acceptance/rejection of the hypothesis are that H1 is accepted and H0 is rejected, type t-statistics > 1.66. To reject/accept the hypothesis using probability then H1 is accepted if the p-value < 0.05.

#### a. Live Effect Test

The following is the value of the direct influence test results obtained in this study:

**Table 13** Direct Effect Analysis Results

Hypothesis	Influence	T-Statistics	P-Values	Results
H1	Leadership -> Employee Performance	1,884	0.030	Received
H2	Compensation -> Employee Performance	2,893	0.002	Received
H3	Motivation -> Employee Performance	0.943	0.173	Rejected
H4	Job Satisfaction -> Employee Performance	3,671	0.000	Received
H5	Leadership -> Job Satisfaction	2,027	0.022	Received
H6	Compensation -> Job Satisfaction	0.429	0.334	Rejected

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H7	Motivation -> Job Satisfaction	2.042	0.021	Received
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Source: Primary Analysis Data, 2022

Based on the data presented in table 13 above, it can be seen that of the 7 direct influence hypotheses proposed in this study, hypotheses 1, 2, 4, 5, and 7 are accepted because each of the effects shown has a P-Values  $< 0,05$  so that it can be stated that the independent variable to the dependent has a significant effect, while hypotheses 3 and 6 are rejected because the effect shown has a P-Values value  $> 0.05$ . so that it can be stated that the independent variable to the dependent has an insignificant effect.

#### b. Indirect Influence

The following is the value of the indirect effect test results obtained in this study:

**Table 14** Indirect Effect Analysis Results

Hypothesis	Influence	T-Statistics	P-Values	Results
H8	Leadership -> Job Satisfaction -> Employee Performance	1,653	0.049	Received
H9	Compensation -> Job Satisfaction -> Employee Performance	0.419	0.338	Rejected
H10	Motivation -> Job Satisfaction -> Employee Performance	2,313	0.011	Received

Source: Primary Analysis Data, 2022

Based on the data presented in table 14 above, it can be seen that of the 3 indirect influence hypotheses proposed in this study, hypotheses 8 and 10 are accepted because each of the effects shown has a P-Values value  $< 0.05$  so that it can be stated as an intervening variable. namely job satisfaction mediates positively and significantly between leadership and motivation on employee performance, while hypothesis 9 is rejected because the effect shown has a P-Values value  $> 0.05$  so it can be stated that the intervening variable, namely job satisfaction is not able to mediate positively and significantly between compensation on the performance of the employees of the Public Works and Public Housing Agency Kab. Karimun.

## 4. DISCUSSION

Based on the overall calculation results, objective information can be obtained as follows:

### 1. The Effect of Leadership (X1) on Employee Performance (Y)

The result of this research hypothesis is that Leadership (X1) has a positive and significant effect on Employee Performance (Y). This proves that leadership can affect employee performance. Many theories state that leadership has a major influence on the creation of performance for employees. Leaders can influence the behavior of their subordinates, using them as subordinates who are ready to be managed to achieve goals. A strong leader will raise his subordinates to be strong. Weak leaders are the opposite.

At the level of the Public Works and Spatial Planning Office of Karimun Regency, the issue of leadership actually does not have a crucial problem, but only some of the officials often use their positions for their own interests in other words that their positions or leadership are not used for the

benefit of the service or organization. The existence of staff who doubt the performance appraisal of employees in their service environment shows that there are problems between leaders and their subordinates.

The results of this study also support the results of previous studies conducted by Putra, WM & Kartib, B. (2017), Guteres & Suparta (2016), Khan, I. & Nawas, A. (2016), Lor, W. & Hassan, Z. (2017), Basit, A. & Sebastian, V. (2017), Handoyo et.al. (2015), all of which conclude that leadership style has a significant effect on employee performance.

## **2. The Effect of Leadership (X1) on Job Satisfaction (Z)**

The result of this research hypothesis is that Leadership (X1) has a positive and significant effect on Job Satisfaction (Z). This illustrates that the better the leadership of a superior, employee satisfaction will increase. Every leader is required to have a role as a leader, namely, to be a role model, to be a pioneer, to be a harmonizer and to be a culturer. One of the key elements of leadership is influence. The main consideration of leaders is to influence others to do the things necessary to achieve specific goals and another consideration is to build personal relationships with followers based on trust, hope or a sense of dependence and real concern for each other.

The results of this study also support the results of previous studies conducted by Saputra & Adnyani (2017), Christanto (2017), Sari & Wahyono (2014), Sukarja & Machasin (2015), Komarudin (2017), Palupi, et al (2017) which show that leadership has a positive and significant influence on job satisfaction.

## **3. Effect of Compensation (X2) on Employee Performance (Y)**

From this study the results obtained are Compensation (X2) has a positive and significant effect on Employee Performance (Y). This proves that the compensation owned can significantly affect employee performance. The more compensation obtained, the more the employee's performance will be. compensation is provided to ensure strategic success while ensuring internal and external equity which ensures more challenging positions or better-classified people in the organization are paid more. With proper compensation for workers and their families can meet the needs of a person's personal organization. The results of this study support several previous studies conducted by Asmayana (2018), Nugraha and Surjani (2018), Dito (2010),

## **4. Effect of Compensation (X2) on Job Satisfaction (Z)**

From this research hypothesis, the results obtained are Compensation (X2) has a positive and insignificant effect on Job Satisfaction (Z). It can be stated that the more compensation obtained by employees at the Department of Public Works and Spatial Planning in Karimun Regency, it does not affect the employee's job satisfaction. Employees who do not get proper compensation will lead to a different level of satisfaction with employees who get appropriate compensation.

But the fact as stated in the previous hypothesis that the size of the compensation will not have a major influence on performance may be a truth that must be followed up by the organization. Because the compensation provided by the organization to its employees is one of the obligations that must be fulfilled by the organization in an effort to provide job satisfaction for its employees.

The results of this study are the same as those conducted by Makarawung Seidy et al (2018) and Mutmainah (2013).

## **5. The Effect of Motivation (X3) on Employee Performance (Y)**

The result of the hypothesis in this study is that motivation (X3) has a positive and insignificant effect on employee performance (Y). The results of this study indicate that the higher the motivation given to employees can improve employee performance but not significantly or motivation has not been able to provide significant changes to employee performance. The influence of motivation is not significant on employee performance because employees at the Department of Public Works and Spatial Planning in Karimun Regency already have good performance so that no further motivation is needed to maintain employee work motivation. Motivation that is not supported by the strong will of employees in carrying out their activities will not have an effect or impact on the progress of performance. At the level of employees of the

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PUPR office, the issue of motivation does not provide better space for employees to develop to improve their performance. So that employees feel whether there is a desire for identity or in the form of achievement does not make a change in performance. The increase or decrease in performance is not influenced by motivation.

The results of this study are also in line with research conducted by Lustriningsih (2021) and Caroline et al (2016).

**6. The Effect of Motivation (X3) on Job Satisfaction (Z)**

From this study, the results obtained are Motivation (X3) has a positive and significant effect on Job Satisfaction (Z). This proves that the higher the motivation given to the employee, the higher the level of job satisfaction of the employee. Vice versa, the lower the motivation given, the lower the employee job satisfaction, because motivation and job satisfaction are variables that are directly proportional. Employees who do not get job satisfaction will never reach psychological maturity, and will subsequently result in frustration, low morale, fatigue and boredom, unstable emotions, doing activities that have nothing to do with the work to be done and so on.

The results of this study support several studies conducted by Astuti & Iskandar (2015), Juniari, Riana, & Subudi (2015), Lantara (2017), Yakub (2017), Ogunnaike, Akinbola, & Ojo (2014) which all conclude that motivation work has a positive and significant effect on job satisfaction.

**7. The Effect of Job Satisfaction (Z) on Employee Performance (Y)**

From this study the results obtained are Job Satisfaction (Z) has a positive and significant effect on Employee Performance (Y). The higher the satisfaction received by the employee, the higher the performance will be. Job satisfaction is one of the most important things in the world of work, it can measure employee performance, from job level, salary, to promotion. Job satisfaction for some PUPR service employees gives its own meaning. This is because employees feel that regardless of their performance issues, they have already received satisfaction from the other side. The existence of awards, providing adequate compensation to employees gives them satisfaction with their work.

The results of this study support several studies conducted by Damayanti, et al (2018), Febriyana (2015), Aniversari (2022) and Lumanto, et al (2015) which all conclude that job satisfaction has a positive effect on performance.

**8. The Influence of Leadership (X1) on Employee Performance (Y) through Job Satisfaction (Z)**

The results obtained from this study are Job Satisfaction (Z) mediates positively and significantly between Leadership (X1) on Employee Performance (Y). This illustrates that the better the leadership of superiors in the Public Works and Spatial Planning Office of Karimun Regency, the more job satisfaction of the employee will increase so that it will encourage the improvement of employee performance. So that a good leadership style will improve performance in working in the agency. With a poor level of job satisfaction, subordinates will not be able to complete the job well. In line with research conducted by Maria et al (2014) which states that leadership style through job satisfaction has a significant influence on performance.

The results of this study are also in line with research conducted by Fahmi, et al (2021), Nyoto & Rajab (2022), and Rustilah (2018), all of which conclude that there is an influence of leadership on performance through job satisfaction.

**9. Effect of Compensation (X2) on Employee Performance (Y) through Job Satisfaction (Z)**

The results obtained from this study are Job Satisfaction (Z) mediates positively and not significantly between Compensation (X2) on Employee Performance (Y). This illustrates that the

more compensation given to employees at the Public Works and Spatial Planning Office of Karimun Regency, it cannot affect job satisfaction significantly so it will not encourage the performance of the employee.

In this case, employees at the Public Works and Spatial Planning Office of Karimun Regency already have good performance so that compensation in the form of awards or salaries and allowances can only affect job satisfaction. It is possible that if the compensation given exceeds what has been received, it will increase job satisfaction and employee performance.

The results of this study support several previous studies conducted by Komara & Azzahra (2022), Sutrisno (2021), Laan, et al, (2016), Supiyanto (2015) and Nurcahyani and Andnyani (2016).

#### **10. The Effect of Motivation (X3) on Employee Performance (Y) through Job Satisfaction (Z)**

The results obtained from this study are Job Satisfaction (Z) mediates positively and significantly between Motivation (X3) on Employee Performance (Y). This illustrates that the higher the motivation given to employees at the Department of Public Works and Spatial Planning in Karimun Regency, the more job satisfaction of the employee will increase so that it will encourage an increase in employee performance.

The results of this study found that motivation has a significant effect on job satisfaction, job satisfaction has a significant effect on employee performance and job satisfaction is a mediating variable between motivation and employee performance. So, it can be concluded that in order for agencies to improve employee performance, it is not only the factors forming work motivation that need to be considered, but also the factors forming job satisfaction. The results of this study also support several previous studies conducted by Fahmi, et al (2021), Nyoto & Rajab (2022), Flanero, et al (2022), Suristya & Adi (2021) and Haslindah, et al (2022) which all concluded that motivation work on employee performance mediated by job satisfaction has a significant effect.

## **5. CONCLUSIONS AND SUGGESTIONS**

### **5.1. Conclusion**

From the results of data analysis that has been carried out, it can be concluded as follows:

1. From the results of tests conducted, the leadership variable has a positive and significant effect on job satisfaction of the employees of the Public Works and Spatial Planning Office of Karimun Regency.
2. From the results of the tests conducted, the leadership variable has a positive and significant influence on the performance of the Public Works and Spatial Planning Office of Karimun Regency employees.
3. From the results of the tests carried out, the compensation variable has a positive and insignificant effect on job satisfaction of the employees of the Public Works and Spatial Planning Office of Karimun Regency.
4. From the results of the tests carried out, the compensation variable has a positive and significant influence on the performance of the Public Works and Spatial Planning Office of Karimun Regency employees.
5. From the results of the tests carried out, the motivation variable has a positive and significant effect on job satisfaction of the employees of the Public Works and Spatial Planning Office of Karimun Regency.
6. From the results of the tests carried out, the motivation variable has a positive and insignificant effect on the performance of the Public Works and Spatial Planning Office of Karimun Regency employees.
7. From the results of the tests carried out, the job satisfaction variable has a positive and significant influence on the performance of the Public Works and Spatial Planning Department employees of Karimun Regency.



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8. The test results show that job satisfaction mediates positively and significantly between leadership and the performance of the Public Works and Spatial Planning Office of Karimun Regency employees.
9. The test results show that job satisfaction mediates positively and not significantly between compensation on the performance of the employees of the Public Works and Spatial Planning Office of Karimun Regency.
10. The test results show that job satisfaction mediates positively and significantly between motivation on the performance of the Public Works and Spatial Planning Office employees of Karimun Regency.

## 5.2. Suggestion

Suggestions that can be given from this research are as follows:

1. A leader needs to set a positive example, be able to foster and supervise his subordinates, be able to make decisions quickly, decisively and indiscriminately in order to improve the quality of the performance of the Public Works and Spatial Planning Office of Karimun Regency.
2. It is hoped that each work unit in the Public Works and Spatial Planning Office of Karimun Regency to always provide continuous motivation by providing rewards for employees who excel and provide punishment to employees who commit violations, with the aim that employees can carry out their work and can improve the performance.
3. It is also recommended for the leadership to consider compensation aspects in an effort to increase employee job satisfaction in terms of remuneration received by employees as a result of carrying out work in the organization, not only financial but also non-financial such as office facilities and other benefits.
4. It is expected that the organization can create a good, comfortable and conducive work environment so that it can carry out work optimally and increase employee job satisfaction.
5. It is advisable for researchers who will conduct similar research to develop this research by considering other variables that are different from the variables that have been studied in this study and using new theories such as using other applications, namely the SEM-Amos or SEM-Lisrel models. It aims to obtain more varied research results.

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