

# The Influence of Leadership and Compensation on Employee Performance at the Tulungagung Tobacco Factory

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## ABSTRACT

The orientation of the scientific work that the researcher has compiled is none other than as a benchmark for the implications of leadership and compensation on the performance of Tulungagung tobacco factory employees. This research uses a quantitative explanatory method using purposive sampling on 35 respondents. Observation, interviews, questionnaires are data collection methods that researchers use. Validity test, reliability test, classical assumption test, multiple regression test, coefficient of determination test, and hypothesis test as analysis of the data the researcher obtained. (1) partial test results or t test of the leadership variable with a value of 0.024. Thus, the Leadership variable ( $X^1$ ) partially has implications for the performance of Tulungagung tobacco factory employees, because the significant value is  $X^1 = 0.024 < 0.05$ . So the researcher can state that the first hypothesis is accepted. (2) partial test results (t test) of the Compensation variable ( $X^2$ ) have a significant t value of 0.001. From these results, the compensation variable partially has significant implications or influence on the performance of Tulungagung tobacco factory employees. Which is the value of  $X^2 = 0.001 < 0.05$ . So in this research the second hypothesis is accepted. (3) simultaneous test results (f test), Leadership ( $X^1$ ) and Compensation ( $X^2$ ) simultaneously influence Employee Performance (Y). Based on the calculation results obtained, the calculated F is 12.425 which is greater than F table 3.29 and the sig value is  $0.000 < 0.05$ , so  $H_0$  is rejected and  $H_1$  is accepted, so it can be concluded that the leadership and compensation variables influence the performance of Tulungagung tobacco factory employees.

**Keywords:** Leadership, Compensation, and Employee Performance.



## **INTRODUCTION**

The Tobacco Factory is located in Waung village, Kalituri hamlet, Boyolangu District, Tulungagung Regency, East Java. Tobacco factories collect tobacco from other farmers and dry tobacco leaves are chopped into cigarettes and then sent to kretek cigarette factories. Currently the tobacco factory has 39 workers. The 39 people include 2 administrative staff, 35 warehouse employees and 2 goods delivery officers.

Based on observations at the Waung Tulungagung village tobacco factory, the leadership of the Waung Tulungagung village tobacco factory still lacks control over its employees. This is proven by the practice that leaders only carry out or give instructions over the telephone. Such leadership treatment causes less effective employee performance. The worst impact is that employees' work ethic decreases due to lack of direct supervision.

Another important factor outside of leadership is compensation. In the tobacco factory in Waung Tulungagung village, basically the salary has reached the level of employee welfare. This means that the salary is in accordance with the standards set by the government. Along with the compensation, employees also complain that this compensation makes the target increase. Meanwhile, on the other hand, tobacco grows only seasonally and requires very hot weather to dry the tobacco. This then turns into difficulties and challenges for employees in receiving incentives. In the end, when the target was not achieved, only the basic salary was received by the tobacco company employees in Waung Tulungagung village.

## **LITERATUR REVIEW**

### **Leadership**

Someone who can determine strategies, is able to make plans, and can be a motivator for subordinates so that they can produce effective and efficient performance (Rivaldo & Ratnasari, 2020). According to (Supriyono, 2021) leadership is something that is done by the manager of a company, to direct the employees he leads in achieving goals which of course have been clearly set by the leader because without clear goals, it will be very difficult for the leader to direct his subordinates.

### **Compensation**

Compensation is an overall arrangement for providing compensation to employees and managers in the form of financial resources, goods and services received by each employee (Sholeh et al., 2024). Compensation in the form of bonuses, prizes and awards will also have a positive impact on employees (Hafidzi et al., 2023).

## Employee Performance

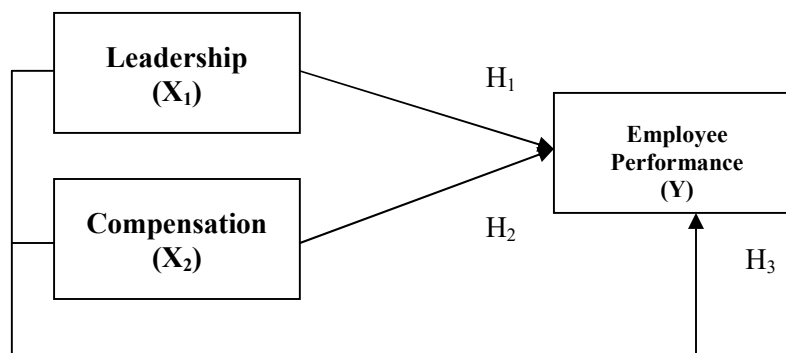
The term performance comes from the words job performance or actual performance (work performance or actual achievements achieved by someone). According to (Hendra, 2020) performance is a description of the level of achievement of an activity program or policy in realizing an organization's goals, objectives and vision as outlined through an organization's strategic planning.

## Hypothesis

H<sub>1</sub>: Leadership partially influences the performance of study employees at the Tulungagung tobacco factory.

H<sub>2</sub>: Compensation partially influences the performance of study employees at the Tulungagung tobacco factory.

H<sub>3</sub>: Leadership and compensation partially influence the performance of study employees at the Tulungagung tobacco factory.



Source: Processed Primary Data, 2023

**Figure 1. Conceptual Framework**

## RESEARCH METHODS

This type of research uses quantitative explanation (explanatory research). This research was conducted to determine whether leadership and compensation influence employee performance. The population in this study were tobacco factory employees. The location of the research was in Waung village, Kalituri hamlet, Boyolangu District, Tulungagung Regency. The sample in this study used 35 respondents using purposive sampling. Collecting primary data uses survey techniques in the form of distributing questionnaires.

## RESULTS

### Responden Identity

The respondents of this study were tobacco factory employees. Data collection was carried out by distributing questionnaires to respondents who were in the tobacco factory warehouse. The research questionnaire numbered 35 respondents, based on the majority of gender, namely male, 29 people (79%) and the majority age, namely 40 years, 16 people (44%).

**Table 1. Gender Frequency Distribution**

Gender	Frequency	Percentage
Man	29	79%
Female	6	21%
<b>Total</b>	<b>35</b>	<b>100%</b>

Source: Processed Primary Data, 2023

**Table 2. Age Frequency Distribution**

Age	Frequency	Percentage
< 20 Years Old	2	3%
21– 30 Years Old	12	37%
31– 40 Years Old	5	16%
>40 Years Old	16	44%
<b>Jumlah</b>	<b>35</b>	<b>100%</b>

Source: Processed Primary Data, 2023

### Data Analysis

#### *Analysis of Validity Test*

**Table 3. Leadership Validity Test Results**

Question Item	r hitung	r tabel	Information
Question 1 (X1.1)	0,599	0,3338	Valid
Question 2 (X1.2)	0,736	0,3338	Valid
Question 3 (X1.3)	0,749	0,3338	Valid
Question 4 (X1.4)	0,678	0,3338	Valid
Question 5 (X1.5)	0,755	0,3338	Valid
Question 6 (X1.6)	0,549	0,3338	Valid

Source: Processed Primary Data, 2023

Based on table 3. of the validity test results for the Leadership variable ( $X^1$ ) which consists of 6 questions tested, it is stated that all items are valid because they have a calculated r value greater than 0.3338.

**Table 4. Compensation Validity Test Results**

Question Item	r hitung	r tabel	Information
Question 1 (X2.1)	0,726	0,3338	Valid
Question 2 (X2.2)	0,707	0,3338	Valid
Question 3 (X2.3)	0,785	0,3338	Valid
Question 4 (X2.4)	0,666	0,3338	Valid
Question 5 (X2.5)	0,783	0,3338	Valid

Source: Processed Primary Data, 2023

Based on table 4. the results of the validity test for the Compensation variable ( $X^2$ ) which consists of 5 questions tested, it is stated that all items are valid because they have a calculated r value greater than 0.3338.

**Table 5. Employee Performance Validity Test Results**

Question Item	r hitung	r tabel	Information
Question 1 (Y.1)	0,468	0,3338	Valid
Question 2 (Y.2)	0,542	0,3338	Valid
Question 3 (Y.3)	0,758	0,3338	Valid
Question 4 (Y.4)	0,708	0,3338	Valid
Question 5 (Y.5)	0,822	0,3338	Valid

Source: Processed Primary Data, 2023

Based on table 5. of the validity test results for the Employee Performance (Y) variable which consists of 5 questions tested, it is stated that all items are valid because they have a calculated r value greater than 0.3338.

#### *Reliability Test*

**Table 6. Reliability Test Results**

Question Item	Normal Limits	Cronbach Alpha	Information
Leadership (X1)	> 0,60	0,763	Valid
Compensation (X2)	> 0,60	0,778	Valid
Employee Performance (Y)	> 0,60	0,669	Valid

Source: Processed Primary Data, 2023

Leadership ( $X^1$ ), Compensation ( $X^2$ ), and Employee Performance (Y) variables can be said to be reliable because Cronbach's alpha is greater than 0.60. So it can be concluded that the respondents' answers to the question items can be said to be consistent.

## Classic Assumption Test

### Normality Test

**Table 7. Normality Test Results**

		Unstandardized Residual
<i>One-Sample Kolmogorov-Smirnov Test</i>		
N		35
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1,06856701
Most Extreme Differences	Absolute	.127
	Positive	.127
	Negative	-.081
Test Statistic		.127
Asymp. Sig. (2-tailed)		.171 <sup>c</sup>
Exact Sig. (2-tailed)		.586
Point Probability		.000
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Processed Primary Data, 2023

Based on the test results in table 4.9 above, it can be seen that the sig. in the Exact table. Sig. (2-tailed) namely  $0.171 > 0.05$ , so it can be said that the data used in this research is normally distributed, because it has a significance value greater than 0.05 or 5%.

### Multicolinnearity Test

**Table 8. Multicolinnearity Test Results**

		Coefficients <sup>a</sup>	
Model		Collinearity Statistics	
		Tolerance	VIF
1	Leadership	.610	1,639
	Compensation	.610	1,639
a. Dependent Variable: Employee Performance			

Source: Processed Primary Data, 2023

Based on the table above, it can be seen that the tolerance value for the Leadership variable ( $X^1$ ) has a value of 0.610 and for the Compensation variable ( $X^2$ ) has a value of 0.610. This shows that the value of these two variables is greater than the tolerance value, namely 0.10. So it can be concluded that the regression model does not have multicollinearity.

*Heteroscedasticity Test***Table 9. Heteroscedasticity Test Results**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-5,095	1,458		-3,495	,001
Leadership	,064	,065	,181	,990	,329
Compensation	,127	,138	,185	,916	,368

a. Dependent Variable: ABRESID

Source: Processed Primary Data, 2023

Based on Table 9. showing the results of the heteroscedasticity test, the significance value for the Leadership variable ( $X^1$ ) has a value of 0.329 and for the Compensation variable ( $X^2$ ) it has a value of 0.368, which means all variables have a Sig value. greater than 0.05. This result explains that heteroscedasticity does not occur because the probability value is greater than the alpha value (Sig.>0.05).

**Regression Test***Multiple Linear Regression Test Results***Table 10. Multiple Linear Regression Test**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30,149	2	15,075	12,425	,000b
	Residual	38,822	32	1,213		
	Total	68,971	34			

a. Dependent Variabel: Employee performance  
b. Predictors: (Constant), Compensation, Leadership

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7,307	2,724		2,683	,011
	Leadership	,288	,122	,402	2,368	,024
	Compensation	,277	,072	,411	3,869	,001

a. Dependent Variable: Employee Performance

Source: Processed Primary Data, 2023

The result of the Leadership variable ( $X^1$ ) of 0.288 states that every additional 1% of Leadership will increase Employee Performance by 0.288. It can be concluded that the better the Leadership factor, the higher the Employee Performance.

The result of the Compensation variable ( $X^2$ ) of 0.277 states that for every additional 1% of compensation, employee performance will increase by 0.277. It can be concluded that the better the compensation factor, the higher the employee performance.

*Coefficient of Detemination ( $R^2$ )*

**Table 11. Coefficient of Detemination (R2)**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.661a	.437	.402	1,101
a. Predictors: (Constant), Compensation, Leadership				
b. Dependent Variable: Employee Performance				

Source: Processed Primary Data, 2023

Based on table 11. above, it can be seen that the R Square figure is 0.437 or 43.7%. So this shows that the percentage influence of the independent variables (Leadership and compensation) on the dependent variable (Employee Performance) is 43.7%, while the remaining 56.3% is influenced by other variables which are not included in the variables used.

## Hypothesis Test

### *t-Test*

Based on table 10. SPSS testing results show that the Leadership variable test number ( $X^1$ ) has a significant t value of 0.024. So these results show that the Leadership variable ( $X^1$ ) partially has a significant effect on the performance of tobacco factory employees located in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency, because the significant value is  $X^1 = 0.024 < 0.05$ . So in this research the first hypothesis is accepted.

Based on table 10. SPSS testing shows that the results obtained from the results of testing the Compensation variable ( $X^2$ ) have a significant t value of 0.001. So these results show that the Compensation variable partially has a significant effect on the performance of tobacco factory employees located in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency, because the significant value is  $X^2 = 0.001 < 0.05$ . So in this research the second hypothesis is accepted.



*F Test***Table 12. Multiple Linear Regression Test Results**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30,149	2	15,075	12,425	,000b
	Residual	38,822	32	1,213		
	Total	68,971	34			

a. Dependent Variabel: Employee Performance  
b. Predictors: (Constant), Compensation, Leadership

Source: Processed Primary Data, 2023

Based on the calculation results obtained, the calculated F is 12.425 which is greater than the F table of 3.29 and the sig value is  $0.000 < 0.05$ . So this means that Leadership ( $X^1$ ) and Compensation ( $X^2$ ) simultaneously influence Employee Performance (Y).

**DISCUSSION**

The Influence of Leadership on the Performance of Tulungagung Tobacco Factory Employees. Based on the data analysis carried out, leadership has a positive and significant effect on employee performance. This means that there is an influence between leadership variables on the performance of tobacco factory employees located in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency.

The Effect of Compensation on the Performance of Tulungagung Tobacco Factory Employees. Based on the data analysis carried out, the second hypothesis, namely "the influence of compensation on employee performance", states that compensation has a positive and significant effect on employee performance. This means that there is an influence between compensation variables on the performance of tobacco factory employees located in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency.

Simultaneous Influence of Leadership and Compensation on the Performance of Tulungagung Tobacco Factory Employees. The results of the analysis prove that the two variables, namely leadership and compensation, simultaneously have a significant effect on employee performance variables. The results of the coefficient of determination ( $R^2$ ) value obtained an R Square value of 0.437, which means that leadership and compensation have a significant effect on employee performance of 0.437 or 43.7%. Meanwhile, the remaining 56.3% is influenced by other variables.

**CONCLUSION**

This research aims to determine the influence of leadership and compensation on the performance of tobacco factory employees in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency. With a total of 35 respondents. These respondents were employees who worked in a tobacco

factory in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency. This research is included in multiple linear regression, based on the data obtained, the conclusions of this research are as follows:

1. Leadership partially influences the performance of tobacco factory employees in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency.
2. Compensation partially influences the performance of tobacco factory employees in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency.
3. Leadership and compensation simultaneously influence the performance of tobacco factory employees in Kalituri Hamlet, Waung Village, Boyolangu District, Tulungagung Regency.

#### **CREDIT AUTHORSHIP CONTRIBUTION STATEMENT**

**Mifta Dea Puspitasari:** Conceptualization, Supervision, Data Curation, Formal Analysis, Project Administration, Writing-original Draft, and Writing-review Editing. **Desi Kristanti:** Conceptualization, Resources, Software, Validation, Visualization, Funding Acquisition, Investigation, and Writing-original Draft. **Endang Triwidyati:** Writing-review Editing.

#### **DECLARATION OF COMPETING INTEREST**

The author declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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#### **DATA AVAILABILITY**

Data will be made available in request.

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