

The Influence Of Leadership Style Of First Generation, Compensation And Job Satisfaction Against The Employee Performance In Foundation Of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya

Hanum Farah Ayuningtyas, Christina Whidya Utami

Abstract: Every company requires management as an effort to achieve specific goal of company. Not only in public sector, but the private sector also required good management in order to provide good service to public who need it. The Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya established since 1960. The Foundation of PS3 oversees Senior High School of Sejahtera and Vocational High School of Sejahtera. This study aimed to examine and analyze whether the leadership style, compensation and job satisfaction had an affect against the employee performance. This study used quantitative approach by collecting data through offline questionnaires. The object of this study was active officer in Foundation of P3S with minimum service life of 10 years. The total sample in this study was 119 people that obtained by using purposive sampling technique. This data analysis used in this study was multiple regression analysis by utilizing software of SPSS. The results of this study indicated that leadership style, compensation and job satisfaction significantly affected the employee performance.

Index Terms: Leadership Style, First Generation, Compensation, Job Satisfaction, Employee Performance, Family Business

1. INTRODUCTION

Indonesia is one of country that has significant economic growth each year. According to the Statistical Press Release Number 65/08/Th. XXI, August 6, 2018 indicated the increase of economic growth in 2018 that reached up to 5.27%. It creates changes on economic conditions, such as creating a demand for economic actors or industry to compete on a competitive basis. Each company is required to be able to cope with the changes that occur responsively, and able to balance between external changes and internal changes, thus the company can still adapt to its environment. According to Finance Minister, Sri Mulyani period of 2016-2019 in Hidayah (2018) explained that the investment in human resources field was necessary to support economic growth in order to compete competitively for the prosperity of country. Because human resource is an important factor in stimulating economic growth, alleviating poverty and reducing inequalities. Talking about human resources could not be separated from the leadership and officer, because these two important elements have their own role in running a company. In a leadership, there is a style of leadership that is expected to advance the company and the welfare of officer. The good leadership style is conducted to improve employee performance and motivate officer (Fatmawati, 2013). The Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya established since 1960

with the recognition of the Inspectorate of All of Senior High School in Indonesia, number 4/9 dated November 1, 1961. The Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya oversees Senior High School of Sejahtera and Vocational High School of Sejahtera. The Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya can be regarded as family business for the organization and the ownership structure involving family members. According to A.B. Susanto in his book *World Class Family Business* (2005), *Family Business Enterprise* (FBE) is a company that owned and managed by members of the founding family. Both in ownership and management is held by the same party. In accordance with the Deed of Foundation on July 18, 1980 Number 77 stated that the first generation as the founder and commissioner of Foundation of Perkumpulan Pengelola Pendidikan Sejahtera is (the late) Mr. SS and Mrs. SL. In conducting the operational continuity of the company, the first generation has a role and a very big impact for the company because both of them have experience in the field of education.

During nearly 57 years of existence, the Foundation of Perkumpulan Pengelola Pendidikan Sejahtera originally had 200 employees and now has 170 employees. The decrease in the number of employees allegedly triggered due to some problems that are in the field. Such as the leader of second generation who have indifference or lack of care, the relationship between the leader and the employees is not good, compensation of officer decreased, job satisfaction of employees decreased, as well as a variety of other problems. This matter shows the weakness of Head of Foundation in determining the appropriate leadership style to manage the employees and job dissatisfaction of employees. Based on the background that has been described by the researcher, the researcher is interested in conducting research with the title of The Influence of First Generation Leadership Style, Compensation and Job Satisfaction Against The Employee

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Performance in Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya.

2. LITERATURE REVIEW

2.1 Grand Theory

Grand theory that is underlying this study is general theory of organizational behavior that presented by Robbins and Judge (2013). This theory has three important parts of the theory of organizational behavior that is input, process and output. The input is the initial setting and situations where the process will occur. This component is determined before the work relationship occurs. The component of process is the action and decision that undertaken by individuals, groups, and organizations involved in it as the result of input and lead to certain results. The output is the final result that predicted influenced by several other variables.

In the component of input on the individual level there is a leadership variable. This indicates that leadership of individual in an organization is one of the basic factors that will affect a wide range of issues that related to the process that will occur. At the organizational level, compensation that given by organization also affects many variables related with the process carried out by individuals, groups and organizations. In the component of process at individual level, the motivation of each individual will affects the various components of the output that is the final result of a process in organization.

2.2 Definition of Employee Performance

Mangkunagara (2013: 67) explained that performance is the result of the quality and quantity of work accomplished by officers in conducting their duties in accordance with the responsibilities given to them. While Heriyanto & Hidayati (2016) described the officer performance is a work that can be achieved in executing tasks assigned to them based on the skills, experience, sincerity and time.

2.3 Definition of Leadership Styles

Leadership is a tool that used to manage an organization to achieve the goal of the company. Therefore, the experts of management expressing their opinions about the definition of leadership, such as explained by Hasibuan (2009) in Andrew et al (2016) leadership that set by a manager in an organization can create matching integration and encourage the morale of officers to achieve the target maximally. Leadership is a way of leader to influence the behavior of subordinates to cooperate and work productively to achieve organizational goals.

2.4 Definition of Compensation

According to Kadarisman (2012) in the book of Compensation Management, the main problem that faced by every company is determining the compensation structure that satisfies all parties, both for officers and companies. Compensation structure affects the behavior and performance of officers. Compensation structures can attract people to enter the work at a particular company, motivating officers to come and go to work on time, and to motivate officers to work harder, discipline, developing competence. Therefore, compensation has a very large influence against the officer performance, thus the company

should give a reward to officers who have sacrificed their time, energy, abilities, and skills, so the officers feel satisfied.

2.5 Definition of Job Satisfaction

According to Robbins and Judge (2013) in the book of Organizational Behavior, job satisfaction is a positive feeling about the work produced. The job requires interaction with colleagues and superiors, follow the rules and policies of the organization, meet the standards of performance, living with less than ideal working conditions, and its kind. Job satisfaction is not only about working conditions. Personality also plays a role. Employee who have a positive self-evaluation results that believe in inner values and competencies, they are more satisfied with their jobs than those who have negative self-evaluation test result. Then, they are more likely to be stuck in a job that is boring and repetitive.

2.6 The Influence of Leadership Style Against The Employee Performance

The leadership style is the norm of behavior that designed to influence the subordinates in order to maximize their performance, thus the company performance and company objectives can be maximized. A leader should apply a leadership style to manage their employee, because a leader will greatly affect the success of organization in achieving the goal of company (Monica & Nature, 2015).

2.7 The Influence of Compensation Against The Employee Performance

Compensation is required to encourage the officers to work harder with the hope of improving their reward received. Therefore, compensation is the main entity that affects the performance of employees. The basic purpose of any public organization is to employee compensation in every possible way (Sukidi & Wajdi, 2016).

2.8 The Influence of Job Satisfaction Against The Employee Performance

Companies with employees who are more satisfied, committed, appropriate and less stress will have a higher level of performance than officers who are less satisfied, less committed, less able to adjust and more stress. While the other is based on a meta-analysis is shown strong positive correlation between job satisfaction and employee performance. Employee who are satisfied more have lower absenteeism and turnover (Tiara, 2015).

3. CONCEPT FRAMEWORK

Referring to the main problems mentioned above, the following hypothesis is presented as an answer or allegations in this study, as follows:

- H1: The leadership style of first generation has significant influence against employee performance of Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya.
- H2: Compensation has significant influence against employee performance of Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya.
- H3: Job satisfaction has significant influence against employee performance of Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya Surabaya.

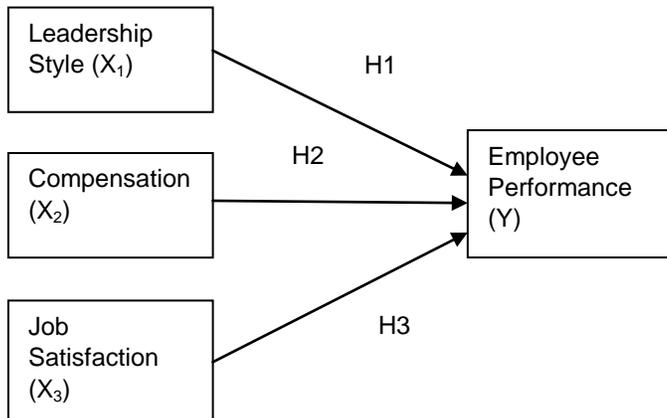


Figure 1. Analysis Model

3.1 Research Method

The location of this research was in Foundation of Perkumpulan Pengelola Pendidikan Sejahtera (P3S) in Surabaya. This research was an explanatory research with quantitative approach. In this study, researcher collected data by distributing offline questionnaires to active officers in Foundation of P3S with a minimum service life of 10 years. The population in this study was officers of the Foundation of P3S Surabaya that were 170 respondents. The sampling technique in this study used *slovin* formula, the number of samples in this study were 119 samples. Sample collection techniques used in this study was purposive sampling technique. *Purposive sampling* was sampling technique with consideration or criteria. The analytical method used in this study using multiple linear regression analysis to analyze data by examining and analyzing the data that had been collected, the style of leadership, compensation, job satisfaction, and employee performance.

3.2 Independent Variables and Validity

The research instrument testing consisted of validity and reliability test. Variables testing could be considered valid if the significance result of *Pearson Correlation* was smaller than the specified tolerance value error, that was 0.05. While the variables was considered reliable if the value of *Cronbach's Alpha* had a limit value of 0.6. In this study, the results shown that all variables were passed validity and reliability.

Table 1. The Result of Validity and Reliability

No.	Variables of Research	Status	Status
1	Leadership style (X1)	Valid	Reliable
2	The compensation (X2)	Valid	Reliable
3	Job Satisfaction (X3)	Valid	Reliable
4	Officer Performance (Y)	Valid	Reliable

3.3 Data Analysis

The testing of the influence of independent variables against the dependent variable was conducted by using F test. Statistical calculation F test results shown the value of F count=48.140 with a significance value of 0.000, which was smaller than 0.05. This meant that the hypothesis

stated that leadership style, compensation and job satisfaction had a significant influence on employee performance decisions simultaneously. Meanwhile, to test the significance of regression model for each variable could be partially obtained by using t-test. The results shown that statistical value of the variable of leadership style (X₁) had a significance value of 0.039 which was smaller than 0.05. Variable of compensation (X₂) had a significance value of 0.030 which was smaller than 0.05. Variable of job satisfaction (X₃) had a significance value of 0.000, which was smaller than 0.05. The result of F and t test would be presented as follows:

Table 2. The Results of F test (Simultaneously)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.408	3	1.803	48.140	.000 ^b
	Residual	4.307	115	.037		
	Total	9.715	118			

a. Dependent Variable: y

b. Predictors: (Constant), x3, x2, x1

Source: SPSS, prepared by the researcher, 2018

Table 3. The Result of T Test (Partially)

Variables	Coefficient	Significant	Conclusion
X ₁	0.276	0.039	H1 is accepted
X ₂	0.279	0.030	H2 is accepted
X ₃	0.339	0.000	H3 is accepted

Source: SPSS, prepared by the researcher, 2018

3.4 The Determination Coefficient (R²) and The Correlation Coefficient

The correlation coefficient was the closeness degree of correlation between the independent variables and dependent variable with the value between of 0-1. If R was close to 1, it could be said that independent variables had a close correlation and vice versa (Kuncoro, 2014: 246). The coefficient of determination (R²) used to measure how far the ability of model to explain variations in the dependent variable. Coefficient of determination was between of 0-1. Small coefficient determination indicated the ability of independent variables in explaining the limited dependent variables. The value that was close to one indicated independent variables provided almost all the information needed to predict the variation of the dependent variable (Kuncoro 2014: 246). The result of multiple linear regression analysis would be presented as follows:

Table 4. Test Results of Determination Coefficient (R^2) and Correlation Coefficient

Coefficient Correlation (R)	Determination Coefficient (R^2)	Adjusted R^2
0.746	0.557	0.545

Source: SPSS result, prepared by the researcher, 2018

4. DISCUSSION

Leadership style had a positive and significant influence against employee performance Foundation of P3S Surabaya. Leadership styles had a linear effect on employee performance, which meant the increased of leadership style would increased the employee performance. The results were consistent with the result of research (Danial and Komariah, 2017) in the title Effective Leadership in Improving Performance of Small and Medium Enterprises. Research results indicated that according to three indicators that had been tested had a significant influence on officer performance. The influence of effective leadership against performance was more strongly determined by the dimensions of the relationship between the leaders and members than the task structure and power of position. Compensation direct influenced positively and significantly against the employee performance in Foundation of P3S. This meant that the increased compensation would make the performance of employees also increased. Compensation was an effort to improve the employee performance along the time. The results were consistent with the results of research conducted by the Wangsa (2016) entitled The Effect of Compensation and Work Motivation Against Employee Satisfaction and Its Impact On Employee Performance stated that compensation had a positive influence on officers performance and compensation were managed or implemented properly in long-term could be an effective tool for employees morale. Job satisfaction had direct influence positively and significantly against the employee performance in Foundation of P3S. This meant the increased job satisfaction would make the employee performance also increased. Foundation of PS3 had taken serious efforts to improve job satisfaction of officer. The officers would be committed to their job if they had a good experience. The point was to make employees were satisfied with the Foundation of P3S. The results were consistent with the study results of (Rohmaniar, 2018) entitled The Effect of Work Motivation and Job Satisfaction Against Social Mobility Conducted Officer of K3L in Padjadjaran University declared that job satisfaction had a close relationship with the attitude of officers against their work, the employment situation every day, work cooperation between workers and superiors. The further job satisfaction also shown concordance between an expectation of existing jobs and the rewards gained from such work. Job satisfaction was also a reflection of employees against their work that arised not only as a result of interaction between employees with their job, but also with the work environment, situations and working conditions and co-workers.

5. Managerial Implications

The companies needed to provide a different approach to men (50.4%) and women (49.6%). The presence of officers in retirement age (56-70 years), companies should provide knowledge and planning for their retirement by conducting Retirement Preparation Period program. Companies should conduct special intensive meetings with officers to share with each other to develop the company to be better. Certainly, the companies should give maximum age limit, thus their maximum performance to teach was in accordance with their age.

6. Limitation of Research

The limitation of present study was the respondents that only consisted of officers and teachers of Foundation of P3S, then the following study expected to use the respondents with a wider range.

7. Conclusions and Suggestions

Based on the results of research and discussion that had been previously explained could be concluded that the leadership style of first generation influenced positively and significantly against the employee performance of Foundation of P3S Surabaya, compensation influenced positively and significantly against employee performance of Foundation of P3S Surabaya, and job satisfaction influenced positively and significantly against employee performance of Foundation of Perkumpulan Pengelola Pendidikan Sejahtera Surabaya. After knowing the results of existing data, the suggestions made in this study were for the suggestion to the next researcher is this study used questionnaire as research instruments. For further study was recommended to use interviews or observations to provide information that was more specific in future research Then who want to do research on the same theme was suggested to look for other variables and add other variables that could affect the employee performance as variable of organizational culture, motivation and other factors that were not included in this study, thus this study could be useful for the actor of similar business and other business industries. The suggestion to the company is companies were expected to conduct regular evaluation and implied the evaluation that related to the leadership style, compensation and job satisfaction in order to improve employee performance, thus the company could be able to compete with existing competitors.

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