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The Effect of Democratic Leadership Style, Compensation and Work Environment on Employee Performance Through Work Motivation as an Intervening Variable on Employees of the Regional Secretariat of Sidoarjo District

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Abstract: This study aims to analyze the influence of democratic leadership style, compensation and work environment on employee performance through work motivation as an intervening variable. The object of the study was ASN Employees of the Sidoarjo Regency Regional Secretariat totaling 37 people. The method used in this study is a quantitative research method. The analysis technique used is the Partial Least Square (PLS) technique with validity tests, reliability tests, and hypothesis tests. The results of the study prove that Democratic Leadership has a positive and significant effect on employee work motivation, Compensation has a positive and significant effect on employee work motivation, Work environment has a positive and significant effect on employee work motivation, Democratic Leadership has a positive and significant effect on employee performance, Compensation has a positive and significant effect on employee performance, Work environment has a positive and significant effect on employee performance, Work motivation has a positive and significant effect on employee performance, Democratic Leadership has a positive and significant effect on employee performance through employee work motivation, Compensation has a positive and significant effect on employee performance through employee work motivation and Work Environment has a positive and significant effect on employee performance through employee work motivation.

Keyword: Democratic Leadership, Compensation, Work Environment, Work Motivation, Performance

INTRODUCTION

Employees are valuable assets of an organization that must be managed well by the organization's leaders in order to provide maximum contribution. Therefore, the priority focus that

needs to be considered in an organization is employee performance. Mangkunegara (2016) argues that employee performance is the result of a person's work in terms of quality and quantity that has been achieved by employees in carrying out their duties according to the responsibilities given.

The influence of work motivation on performance shows the same results, namely that the relationship between motivation and employee performance shows a positive and significant relationship.(Indrasari et al., 2018). Motivation is the drive, effort and desire within a person that activates, empowers and directs behavior to carry out tasks well within the scope of their work.(Maramis, 2018).

Factors that can also affect employee performance and motivation are leadership style, compensation and work environment. In many studies on the role of leadership in improving employee performance (Heather et.al, 2013; Chen, 2014), leadership affects employee work motivation. The ability of leadership to motivate and empower employees will affect employee performance.

Another thing that affects employee performance is work compensation. The increasing demands of life make people try to earn income to meet all their life needs. According to Yulianti & Hidayati (2021) compensation is the main reason why people work, because they expect rewards or compensation received from the company where they work. According to Kertiyasa & Irbayuni (2022) compensation is an award or reward for workers who have contributed and their abilities in realizing goals through activities called work.

A work environment that focuses on its employees can improve performance, conversely an inadequate environment can reduce employee performance and ultimately employee work motivation. The work environment is everything that is around the worker and can affect work including lighting arrangements, noise control, workplace cleanliness arrangements and workplace security arrangements (Sukanto and Indriyo, 2015:151).

Through interviews with several employees of the Procurement of Goods and Services Section of the Sidoarjo Regency Regional Secretariat, information was obtained that the policies decided regarding employee interests had not taken employee aspirations into account and the lack of adequate coordination regarding targets and action plans at each level of the organization indicated poor communication between leaders and employees.

METHOD

Population and Sample

The population in this study was the population in this study were all State Civil Apparatus employees at the Sidoarjo Regency Regional Secretariat, totaling 37 people. Determination of the number of samples using saturated samples with a total of 37 respondents Employees of the Regional Secretariat of Sidoarjo Regency.

Analysis Method

The data analysis method used is Partial Least Squares (PLS). PLS is a new method analysis technique pioneered by Herman World, PLS is commonly referred to as soft modeling. With PLS, structural equations with relatively small sample sizes can be modeled and multivariate normal assumptions are not required

RESULTS AND DISCUSSION**Hypothesis Testing Results****Coefficient of Determination of Model I****Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	40.900	4.123		9.920	.000
	Leadership Democratic	.394	.064	.161	1.613	.042
	Compensation	.398	.068	.168	1.618	.048
	Work_Environ	.401	.089	.269	2.692	.008

a. Dependent Variabel: Work_Motivation

Source: Processed data

The coefficient of model I refers to the results of the regression analysis of model one in the coefficient section in table 4.11 above, it can be seen that the significant value of the two independent variables, namely the Democratic Leadership variable (X1) is obtained sig 0.042, the Compensation variable (X2) is obtained sig 0.048, and the Work Environment variable (X3) is obtained sig of 0.008. From the results of the test, both independent variables get a sig value smaller than α ($5\% = 0.05$), so it can be concluded that the Democratic Leadership variable (X1), Compensation (X2) and the Work Environment variable (X3) have an effect on Work Motivation (Z).

Coefficient of Determination of Model II**Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.021	1.559		1.937	.056
	Democratic Leadership	.060	.017	.080	3.513	.001
	Compensation	.070	.018	.084	3.713	.003
	Work environment	1.022	.024	.687	41.852	.000
	Work environment	.080	.027	.069	2.921	.004

a. Dependent Variable: Employee_Performamce

Source: Processed data

The coefficient of model II refers to the results of the regression analysis of model one in the coefficient section in table 4.13 above, it can be seen that the significant value of the two independent variables, namely the Democratic Leadership variable (X1) is obtained sig 0.001, Compensation (X2) is obtained sig 0.003, the Work Environment variable (X3) is obtained sig of 0.000 and the Work Motivation variable (Z) is obtained sig of 0.004. From the results of the test, the two independent variables and 1 intervening variable get a sig value smaller than α ($5\% = 0.05$) so it can be concluded that the Democratic Leadership variable (X1), Compensation variable (X2), Work Environment variable (X3) and Work Motivation variable (Z) have an effect on Employee Performance (Y).

Discussion

1. Analysis of the influence of the Democratic Leadership variable on the Employee Performance variable, from the results of the analysis obtained a significance value of 0.001, this result is smaller than α (0.05), so it can be concluded that there is a direct significant influence of the Democratic Leadership variable on the Employee Performance variable.
2. Analysis of the influence of the Compensation variable on the Employee Performance variable, from the results of the analysis obtained a significance value of 0.003, this result is smaller than α (0.05), so it can be concluded that there is a direct significant influence of the Work Environment variable on the Employee Performance variable.
3. Analysis of the influence of the Work Environment variable on the Employee Performance variable, from the results of the analysis obtained a significance value of 0.000, this result is smaller than α (0.05), so it can be concluded that there is a direct significant influence of the Work Environment variable on the Employee Performance variable.
4. Analysis of the influence of the Democratic Leadership variable through the Work Motivation variable: it is known that the direct influence of the Democratic Leadership variable on the Employee Performance variable is 0.080, while the indirect influence of the Democratic Leadership variable through the Work Motivation variable on the Employee Performance variable is the multiplication of the beta value of the Democratic Leadership variable on the Work Motivation variable with the beta value of the Democratic Leadership variable on the Employee Performance variable, namely $0.161 \times 0.069 = 0.011$, then the total influence given by the Democratic Leadership variable on the Employee Performance variable is the direct influence plus the indirect influence, namely $0.080 + 0.011 = 0.091$. Based on the calculations above, it is known that the direct influence of the Democratic Leadership variable on the Employee Performance variable is 0.080, and the indirect influence of the Democratic Leadership variable on the Employee Performance variable through the Work Motivation variable is 0.091, this means that the indirect influence value is greater than the direct influence, these results indicate that indirectly the Democratic Leadership variable through the Work Motivation variable has a significant influence on the Employee Performance variable.
5. Analysis of the influence of the Compensation variable through the Work Motivation variable: it is known that the direct influence of the Compensation variable on the Employee Performance variable is 0.687, while the indirect influence of the Compensation variable through the Work Motivation variable on the Employee Performance variable is the multiplication of the beta value of the Compensation variable on the Work Motivation variable with the beta value of the Compensation variable on the Employee Performance variable, namely $0.687 \times 0.269 = 0.184$, then the total influence given by the Compensation variable on the Employee Performance variable is the direct influence plus the indirect influence, namely $0.687 + 0.184 = 0.871$. Based on the calculations above, it is known that the direct influence of the Compensation variable on the Employee Performance variable is 0.687, and the indirect influence of the Compensation variable on the Employee Performance variable through the Work Motivation variable is 0.871, this means that the value of the indirect influence is greater than the direct influence, these results indicate that indirectly the Compensation variable

through the Work Motivation variable has a significant influence on the Employee Performance variable.

6. Analysis of the influence of the Work Environment variable through the Work Motivation variable: it is known that the direct influence of the Work Environment variable on the Employee Performance variable is 0.687, while the indirect influence of the Work Environment variable through the Work Motivation variable on the Employee Performance variable is the multiplication of the beta value of the Work Environment variable on the Work Motivation variable with the beta value of the Work Environment variable on the Employee Performance variable, which is $0.687 \times 0.269 = 0.184$, then the total influence given by the Work Environment variable on the Employee Performance variable is the direct influence plus the indirect influence, which is $0.687 + 0.184 = 0.871$. Based on the calculations above, it is known that the direct influence of the Work Environment variable on the Employee Performance variable is 0.687, and the indirect influence of the Work Environment variable on the Employee Performance variable through the Work Motivation variable is 0.871, this means that the indirect influence value is greater than the direct influence, these results indicate that indirectly the Work Environment variable through the Work Motivation variable has a significant influence on the Employee Performance variable

CONCLUSION

After conducting research, based on the collection and analysis of data obtained from respondents using PLS analysis, the conclusions in this study are as follows:

- 1 Democratic leadership has a positive effect on employee performance.
- 2 Compensation has a positive effect on employee performance.
- 3 The work environment has a positive influence on employee performance.
- 4 Democratic leadership has a positive effect on performance through work motivation.
- 5 Compensation has a positive effect on employee performance through work motivation.
- 6 The work environment has a positive influence on employee performance through work motivation.

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