

The Effect of Leadership Style, Non-Physical Work Environment, and Compensation on Employee Performance at CV Sujinah Grobogan Regency

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ABSTRACT

This study aims to analyse the influence of leadership style, non-physical work environment, and compensation on employee performance at CV Sujinah, a company engaged in plant seedlings. The method used in this research is primary data collection through questionnaires distributed to 82 employees. Data analysis was conducted using Statistical Package for the Social Sciences (SPSS) to test the hypothesis and measure the effect of independent variables on the dependent variable. The results showed that leadership style, non-physical work environment, and compensation have a positive and significant influence on employee performance. The results showed that partially leadership style affects employee performance by 14.4%. The non-physical work environment has an effect of 31.5%, and compensation has an effect of 35.2%. While the results of the coefficient of determination show that (adjusted R Square) is 0.429. This means that the variation in employee performance variables (Y) can be explained by the variation in the independent variables X1 (leadership style), X2 (non-physical work environment) and X3 (compensation) by 42.9%. The rest (100%-42.9% = 57.1%) is explained by other variables.

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1. INTRODUCTION

Employee performance is one of the main indicators of an organisation's success. In the context of increasingly fierce business competition, companies depend not only on high-quality products and services, but also on effective human resource management. This research focuses on CV Sujinah located in Grobogan Regency, which faces challenges in improving employee performance. This study aims to analyse the influence of leadership style, non-physical work environment, and compensation on employee performance.

As a family business, CV Sujinah experienced a change in leadership when the previous leader passed on the responsibility to his son. Although the new leader had a fresh vision, challenges arose due to his lack of experience compared to his predecessor. This change created new dynamics that were felt by employees, including the implementation of different policies and regulations. Unfortunately, some of these new policies resulted in a decline in employee performance.

CV Sujinah is a company that focuses on the production of secondary crop seeds, particularly soya seeds. As one of the producers in the seed sector, CV Sujinah has a market that consists of contracts with the government to provide seed assistance for the community. With a role as a relief vendor, CV Sujinah Company is committed to meeting the quality standards and timeframes that have been set in the production of crop seeds. However, there is a decline in employee performance that needs to be evaluated. The leadership style applied, a supportive non-physical work environment, and a fair compensation system are important factors that need to be considered to improve employee performance.

This study aims to analyse and identify the influence of leadership style, non-physical work environment, and compensation on employee performance at CV Sujinah Grobogan Regency. The results of this study are expected to provide insight and contribute to the development of science in the field of human resource management. Especially those related to the theories of leadership style and non-physical work environment in human resource management practices to improve employee performance.

Based on this background, this study tends to focus on the simultaneous influence between leadership style, non-physical work environment and compensation on employee performance. It is hoped that this research can be a reference for companies in an effort to improve employee performance.

After describing the background of the problem above, the problem formulation is as follows:

1. How does leadership style affect employee performance at CV Sujinah ?
2. How does the non-physical work environment affect employee performance at CV. Sujinah ?
3. How does compensation affect employee performance at CV Sujinah ?
4. Is there a simultaneous influence between leadership style, non-physical work environment, and compensation on employee performance at CV Sujinah ?

Theoretical Foundation

The theoretical foundation in this study includes theories relevant to the variables studied, namely leadership style, non-physical work environment, and compensation.

1. Leadership Style

A company leader must pay close attention to his leadership style because his leadership style can affect the performance of his employees. Leadership style is a leader's way of influencing and directing subordinates to achieve organisational goals. According to Husen et al. (2021), a good leader must be able to create a positive and supportive environment for employees. An effective leadership style can increase employee motivation and performance.

Leadership style can also mean the concepts, strategies, and behaviours often used by a leader. A leader's belief in the abilities of his subordinates is shown directly or indirectly as a leadership style. As stated by (Waedoloh et al., 2022) How a leader can choose the right leadership style to achieve company goals Leaders use their leadership style to encourage their subordinates to achieve organisational goals.

2. Non-physical Work Environment

The non-physical work environment includes aspects that are not physically visible but affect employee comfort and productivity. According to Fahriani et al. (2020), a harmonious work environment and good communication between employees can improve their performance.

According to Kwenin in (Yohanes Ronaldo Ngazo & Honorata Ratnawati Dwi Putranti, 2022) states that a well-designed non-physical work environment, a comfortable, safe workspace and effective communication, will increase employee retention. This is a clear indication that the work environment actually contributes to employee retention. In these definitions, the non-physical work environment is a problem experienced by employees in the form of a touch of physical and non-physical feelings that affect employees. Indirectly from this description, the non-physical work environment affects employee performance.

3. Compensation

Compensation is the reward given to employees as a reward for their contribution to the company. compensation is part of the achievement of the results of the work that has been carried out, both

material, goods directly or indirectly, the compensation is given to the workforce because it is a reward that they should receive, Afandi in (Chandra et al., 2024).

Similarly, the opinion of (Harahap in Anindya et al., 2024) states that compensation includes all money, goods, or direct or indirect benefits received by employees as compensation for their services to the company. compensation can also be given non-financially such as a holiday gift to a place financed by the company or providing good transportation for someone who has given satisfaction to an institution or group. The policy is also one of the most important frameworks in the development of competent

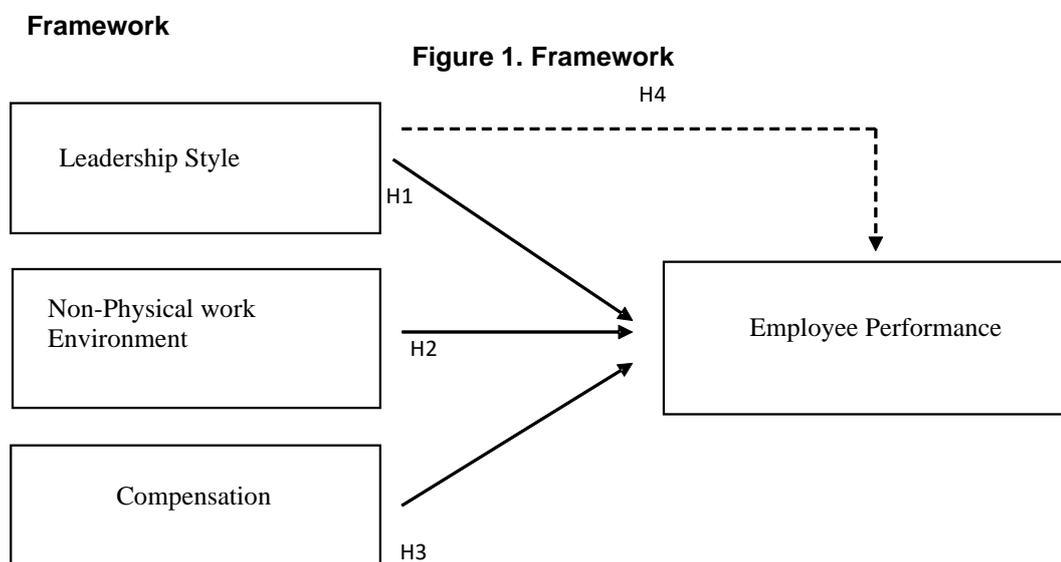
4. Employee Performance

Employee performance is a measure of the extent to which an employee succeeds in achieving the goals and standards set by the company where he works. Employee performance can also be interpreted as the results achieved by an employee in carrying out duties and responsibilities within the company. Performance is the result of work achieved by a person in carrying out the tasks assigned to him based on skills, experience, and sincerity (Makalew et al., 2021).

Employee performance is a measurement of the results of handling work that employees can do which is measured in terms of quality and quantity. Measures in terms of quality show the results of work based on company standards. And the quantity measure is based on the completion rate or the number of units created from employee efforts (Nurwulandari & Irmawanti, 2023).

2. RESEARCH METHODOLOGY

This research uses a quantitative approach with a survey method. Data was collected through questionnaires distributed to 82 employees of CV Sujinah. Data analysis was carried out using SPSS to test the hypothesis and measure the effect of the independent variable on the dependent variable. In this study were all 82 employees of CV Sujinah. The sample was taken in total, so that the entire population was used as respondents. Data were collected through a questionnaire using a Likert scale to measure respondents' attitudes and perceptions of the variables studied.



Description:

H1 : It is suspected that the leadership style variable (X1) affects the employee performance variable

H2 : It is suspected that the non-physical work environment variable (X2) affects the employee performance variable

H3 : It is suspected that the compensation variable (X3) affects the employee performance variable

H4 : It is suspected that the variable leadership style (X1), non-physical work environment (X2), and compensation (X3) together affect employee performance (Y).

The collected data were analysed using multiple linear regression. Prior to the analysis, a classical assumption test was conducted, including normality test, multicollinearity test, and heteroscedasticity test, to ensure the data met the requirements of a valid regression model. The validity test is conducted to ensure that the questionnaire can measure what should be measured. A question is declared valid if the item-total correlation value is greater than the r table value. While the reliability test uses the Cronbach's Alpha method, with the reliability value considered good if it is more than 0.6.

3. RESULTS AND DISCUSSIONS

Table 1. Validity test results

Variable	Indicator	R count	R table	Description
Leadership Style	GK1	0,908	0,2172	Valid
	GK2	0,912	0,2172	Valid
	GK3	0,868	0,2172	Valid
	GK4	0,843	0,2172	Valid
	GK5	0,831	0,2172	Valid
Non-physical work environment	LK1	0,670	0,2172	Valid
	LK2	0,762	0,2172	Valid
	LK3	0,734	0,2172	Valid
	LK4	0,756	0,2172	Valid
	LK5	0,727	0,2172	Valid
Compensation	K1	0,746	0,2172	Valid
	K2	0,817	0,2172	Valid
	K3	0,794	0,2172	Valid
	K4	0,515	0,2172	Valid
	K5	0,776	0,2172	Valid
Employee Performance	KK1	0,657	0,2172	Valid
	KK2	0,631	0,2172	Valid
	KK3	0,696	0,2172	Valid
	KK4	0,684	0,2172	Valid
	KK5	0,586	0,2172	Valid

Table 2. Reability Test Results

Variable	Chronbach Alpha	Role of Thumb	Description
Leadership Style	0,920	0,6	Reliable
Non-physical work environment	0,771	0,6	Reliable
Compensation	0,785	0,6	Reliable
Employee Performance	0,658	0,6	Reliable

Table 3. Heteroscedasticity Test Results

		Coefficients ^a				
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.013	1.381		.009	.993
	X1	.039	.042	.103	.914	.364
	X2	.022	.057	.048	.384	.702
	X3	.025	.050	.063	.503	.617

a. Dependent Variable: ABS_RES

Table 4. Test Results F
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	325.946	3	108.649	21.277	.000 ^b
	Residual	398.298	78	5.106		
	Total	724.244	81			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X1, X2

Table 5. Test Results T
Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.529	2.169		1.627	.108
	X1	.144	.066	.184	2.174	.033
	X2	.315	.090	.328	3.504	.001
	X3	.352	.078	.421	4.490	.000

a. Dependent Variable: Y

Table 6. Results of Multiple Linear Regression Analysis

		Coefficients ^a				
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.529	2.169		1.627	.108
	X1	.144	.066	.184	2.174	.033
	X2	.315	.090	.328	3.504	.001
	X3	.352	.078	.421	4.490	.000

a. Dependent Variable: Y

a. The effect of leadership style on employee performance

The first hypothesis of this study assumed that the leadership style variable (X1) had a positive and significant effect on employee performance (Y). Based on the results of the t-test analysis, the t-count for the leadership style variable (X1) is 2.174 with a t-table of 1.990, meaning that the t-count > t-table. While the t-count significance value of the leadership style variable (X1) is 0.033, so the t-count significance value < 0.05. Based on these results, H1 is accepted, meaning that the leadership style variable (X1) has a positive and significant effect on employee performance (Y). Leadership style has a positive and significant effect on employee performance. This shows that leaders who are able to provide direction and motivation can improve employee performance.

b. The effect of non-physical work environment on employee performance

The second hypothesis of this study assumed that the non-physical work environment variable (X2) had a positive and significant effect on employee performance (Y). Based on the results of the t-test analysis, the t-count for the non-physical work environment variable (X2) is 3.504 with a t-table of 1.990, meaning that the t-count > t-table. While the t-count significance value of the non-physical work environment variable (X2) is 0.001, so that the t-count significance value < 0.05. Based on these results, H2 is accepted, meaning that the non-physical work environment variable (X2) has a positive and significant effect on employee performance (Y). The non-physical work environment also has a positive and significant effect on employee performance. Employees who feel comfortable and supported in the work environment tend to have better performance.

c. The effect of compensation on employee performance

The third hypothesis of this study assumed that the compensation variable (X3) had a positive and significant effect on employee performance (Y). Based on the results of the t-test analysis, the t-count for the compensation variable (X3) is 4.490 with a t-table of 1.990, meaning that the t-count > t-table. While the t-count significance value of the compensation variable (X3) is 0.000, so the t-count significance value < 0.05. Based on these results, H3 is accepted, meaning that the compensation variable (X3) has a positive and significant effect on employee performance (Y). Fair and competitive compensation has a positive effect on employee performance. Employees who feel valued through appropriate compensation will be more motivated to work well.

d. The effect of leadership style, non-physical work environment, and compensation simultaneously on employee performance at CV. Sujinah

The constant of 3.529 states that if the independent variable is considered constant (0), then the dependent variable employee performance (Y) will remain 3.529 (positive). Based on the results of the study, it was found that leadership style, non-physical work environment, and compensation simultaneously have a significant influence on employee performance at CV Sujinah. This shows that a combination of effective leadership, a psychologically and socially conducive work environment, and a fair and competitive compensation system can increase employee productivity and motivation. Thus, company management needs to optimise these three factors simultaneously to achieve better employee performance.

4. CONCLUSION

Based on the research results, it can be concluded that leadership style, non-physical work environment, and compensation simultaneously have a significant influence on employee performance at CV Sujinah. Therefore, company management needs to implement a more participatory and communicative leadership style. Create a positive and supportive work environment. Ensure a fair and competitive compensation system. By optimising these three factors, employee performance can improve, which in turn will contribute to the company's success.

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