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The Influence of Compensation and Transformational Leadership on Employee Performance Mediated by Work Motivation in Employees of PT PLN (Persero) West Java Distribution Main Unit

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Abstract

This research is motivated by the low performance of employees at PT. PLN (Persero) West Java Distribution Main Unit which has an impact on the company's overall performance. The purpose of this study is to determine how much influence compensation and transformational leadership have on employee performance mediated by work motivation. The population in this study were employees working at PT. PLN (Persero) West Java Distribution Main Unit totaling 172 people and with a sample size of 120 respondents. The sampling technique used in this study was probability sampling with a simple random sampling type. This study uses a quantitative approach that aims to test hypotheses with statistical methods as a way to process and analyze data. When viewed from its type, this research is included in associative research. Data processing and analysis used in this study were in the form of path analysis whose calculations were assisted by the SPSS program. The results of the study showed that compensation, transformational leadership, and work motivation partially had a positive and significant effect on employee performance. It is known that Compensation and Transformational Leadership together have a positive and significant effect on Work Motivation. Compensation, Transformational Leadership, and Work Motivation together have a positive and significant effect on Employee Performance. Meanwhile, it is also shown that work motivation can mediate the effect of compensation or transformational leadership on employee performance.

Keywords: Compensation, Transformational Leadership, Employee Performance, Work Motivation

1. Introduction

PT. PLN (Persero) West Java Distribution Main Unit is one of the business units of PT. PLN (Persero) which is responsible for distributing electricity needs throughout the West Java Province, as well as overseeing the performance of UPL (Customer Service Unit) which acts as the spearhead of electricity distribution in every region of West Java. In carrying out its operational activities, this company has 172 employees divided into 10 fields, including: Distribution Field, General Affairs Field, Finance Field, Trade & PP Field, Planning Field, Human Resources Field, K3L Control Bureau, Procurement Planning Bureau, GM & Functional Experts.

For this company, the existence of employees who are able to show their best work results while working has a very important role in efforts to achieve the goals that have been set. This is due to the duties and responsibilities of employees which are determining factors in the success of an organization or company in carrying out its operational activities every day. Even so, not always every employee who works is able to show their best work results which have an impact on improving the company's overall performance. In fact, in order to achieve the goals that have been set, and maintain the sustainability of the business run by the company, the company needs employees who are able to work optimally in order to achieve these goals. The following is a table explaining the performance achievements of PT. PLN (Persero) West Java Distribution Main Unit during the 2019-2022 Period:

Table 1: Performance Achievement of PT. PLN (Persero) West Java Distribution Main Unit 2019-2022

No.	Year	Power Connected (MVA)		
		Target	Realization	Percentage
1.	2019	112.458	111.415	99,07%
2.	2020	122.458	122.018	99,64%
3.	2021	131.458	130.281	99,10%
4.	2022	139.474	138.077	99,00%
Total		505.848	501.791	396,81%
No.	Year	Installed Capacity (MV)		
		Target	Realization	Percentage
1.	2019	54.444	54.465	100,04%
2.	2020	56.454	55.936	99,08%
3.	2021	57.788	57.822	100,06%
4.	2022	60.458	62.833	103,93%
Total		299.144	231.056	403,11%
No.	Year	Sales of Electricity (GWh)		
		Target	Realization	Percentage
1.	2019	211.555	211.141	99,80%
2.	2020	227.445	223.134	98,10%
3.	2021	234.088	234.618	100,23%
4.	2022	235.666	234.618	99,56%
Total		908.754	903.511	397,69%
No.	Year	Electricity Production (GWh)		
		Target	Realization	Percentage
1.	2019	245.668	245.888	100,09%
2.	2020	266.214	254.660	95,66%
3.	2021	268.524	267.085	99,46%
4.	2022	268.500	278.941	103,89%
Total		1.048.906	1.046.574	399,1%
No.	Year	Number of Customers (People)		
		Target	Realization	Percentage
1.	2019	64.476.201	64.465.223	99,98%
2.	2020	69.458.211	68.068.283	98,00%
3.	2021	71.945.621	71.917.397	99,96%
4.	2022	76.004.658	75.705.614	99,61%
Total		281.884.691	280.156.517	397,55%
No.	Year	Network Shrinkage (%)		

		Target	Realization	Percentage
1.	2019	6,50	8,50	130,77%
2.	2020	8,00	8,75	109,39%
3.	2021	9,50	9,51	100,11%
4.	2022	9,40	9,32	99,15%
Total		33,4%	36,08%	439,42%
No.	Year	SAIFI (Kali)		
		Target	Realization	Percentage
1.	2019	8.00	8.54	106,75%
2.	2020	9.65	12.65	131,09%
3.	2021	9.00	9.90	110,00%
4.	2022	10.00	11.51	115,10%
Total		36.65	42.6	462,94%

Source: Planning Section of PT. PLN (Persero) West Java Distribution Main Unit, 2023

Based on the data shown in table 1, it is known that over all the employee's work results show a performance that is still quite good. This is shown through the work results of various company performance achievement indicators that have met the goals that have been set. Even so, it seems that not all indicators show satisfactory performance. In fact, for performance indicators based on Connected Power and Network Loss/Unsold Energy Loss, the realization of work results actually shows a decreasing percentage value from year to year. Conditions like this show that not all employees who work at this company are able to show their best work performance results, so that in the end it has a negative impact on the achievement of the company's overall performance.

The opinion expressed by Rivai (2015) related to employee performance is the result or level of success of a person as a whole during a certain period in carrying out tasks compared to various possibilities, such as work result standards, targets, or targets and criteria that have been determined in advance and agreed upon together. Meanwhile, Wibowo (2017) defines employee performance as what is done and how to do it. Sedarmayanti (2018) argues that employee performance is fulfilling or carrying out a vow, the results of workers, organizational processes, proven concretely, perfecting responsibilities, measurable, and comparable to predetermined standards. Several dimensions and indicators used in measuring the good or bad results of employee performance, including (Griffin et al., 2007): 1) Proficiency, which is a description of the extent to which an individual meets the requirements of a predetermined role; 2) Adaptivity, which is a description of the extent to which a person can adapt to changes in the work system carried out by overcoming, responding to, and supporting changes that occur within the organization; and 3) Proactivity, which is a description of the extent to which individuals take action independently to anticipate or initiate changes in work systems or work roles.

It should be noted that increasing employee performance can be influenced by various factors. One of the influencing factors is work motivation. This is proven through previous studies by Farizki, M. R., & Wahyuati, A. (2017), Supriyanto, H., & Mukzam, M. D. (2018), and Hanafi, B. D., & Yohana, C. (2017) which concluded that work motivation has a significant effect on employee performance. However, not always someone who has high work motivation can show better work results. This is shown by a study by Sumiati, M., & Purbasari, R. N. (2019) which states that there is no effect of work motivation on employee performance.

Robbins & Judge (2014) define work motivation as the willingness to undertake high-level efforts to achieve organizational goals conditioned by the ability of efforts to meet certain individual needs. Meanwhile, another opinion regarding the definition of work motivation is conveyed by Siagian (2014) who defines it as a tendency (a trait that is the subject of conflict) in a person that generates support and directs his actions. Several dimensions and indicators used in measuring the high or low work motivation possessed by a person, including (Hasibuan, 2014): 1) Employee status in the organization, namely the extent to which the agency provides a clear status; 2) The relationship between an individual and his superiors, namely the level of harmony of the individual's relationship with his superiors; 3) The relationship between a person and his colleagues, namely the level of good communication with his colleagues; 4) Supervisory techniques applied by supervisors, namely the level of

accuracy of supervisory techniques applied by supervisors; 5) Organizational policies, namely the level of accuracy of organizational policies; 6) Administrative system in the organization, namely the level of accuracy of the administrative system in the agency; 7) Working conditions, namely the level of support for working conditions in the agency; and 8) Applicable reward system, namely the level of accuracy of the applicable reward system in the agency.

Another factor that contributes to improving employee performance is compensation. If the compensation given to employees is felt to be fair and appropriate, then employee performance will also improve. This is proven by previous research findings which state that compensation is one of the factors that can significantly influence improving employee performance (Sari, W. P. I., Jamaluddin, J., Saleh, S., & Arhas, S. H., 2020; Siyum, A. H., 2020; Njoroge, S. W., & Kwasira, J., 2015; Darma, P. S., & Supriyanto, A. S., 2017). However, the amount of compensation given to employees does not always have an effect on improving employee work performance at work. As stated by Rinny, P., Purba, C. B., & Handiman, U. T. (2020) who concluded that partial compensation does not always affect employee performance.

Defined by Hasibuan (2018), that compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company. Another definition conveyed by Rivai (2016) states that direct compensation is compensation with direct financial payments in the form of salaries, wages, incentives, commissions, and bonuses. Several dimensions and indicators that are used as measurements in assessing the effectiveness of compensation, including (Mangkunegara, 2015): 1) Payment level, where the level of compensation payment can be given high, average, or low depending on the condition of the company which means that the level of payment depends on the company's ability to pay for its employees' services; 2) Payment structure related to average pay, level of payment and job classification in the company; 3) Compensation payment methods are divided into two, including: a) Payment methods based on time (per hour, per day, per week, per month); b) Payment methods based on profit sharing; 4) Determination of individual payments based on the average level of payment, level of education, length of service and employee work performance; 5) Payment control, namely direct and indirect control of work costs with the following roles: a) Developing compensation standards and improving their functions; b) Measuring results that conflict with appropriate standards; c) Straightening changes in wage payment standards.

It is also known that a leader who is able to support the development of new ideas and take an innovative approach to his members can have an impact on improving the performance of the individual or its members. This is proven through a study by Djuraidi, A., & Laily, N. (2020) which states that transformational leadership has been able to direct and optimize employee abilities to achieve company goals. However, other research findings actually show that transformational leadership style does not have a significant effect on employee performance. As expressed by Setiawan, E. Y. (2015) who stated that transformational leadership style does not have a significant effect on employee performance at PT. ISS Indonesia at the National Hospital Surabaya.

It is stated that transformational leadership is a leader who is able to optimally transform organizational resources, consisting of human resources, facilities, funds, and external factors, in order to achieve meaningful goals in accordance with predetermined targets with several indicators, such as providing renewal/example, encouraging member performance, harmonizing the work environment, empowering members, acting on a value system, and improving abilities and being able to overcome difficult problems (Aprilinda, D., & Budiman, A. P., 2021). Meanwhile, Jumiran, J., Novitasari, D., Nugroho, Y., Sutardi, D., Sasono, I., & Asbari, M. (2020) concluded that transformational leadership is a component of the process of conveying an organizational vision whose key to success is highly dependent on a leader's ability to convince his members to meet all the targets that have been set, and with the best achievement in the form of giving opportunities to his followers to develop their skills, so that they are able to generate internal motivation, as well as an attitude of commitment to work for followers caused by the support system, namely a leader figure who inspires his followers. Some dimensions and indicators of transformational leadership, including (Bernard M. Bass in Shalahuddin, S., 2015): 1) Inspirational motivation, namely transformational leaders who have a clear vision, and are able to articulate their vision to members; 2) Intellectual stimulation, namely transformational leaders who not only challenge the status quo, but also encourage creativity among their members, and are able to encourage their members to explore new ways of doing things

and new opportunities to learn; 3) Individualized consideration, namely transformational leaders who are able to keep the lines of communication open, so that their members have the freedom to share ideas and provide direct recognition of the unique contributions of each member; and 4) Idealized influence, namely transformational leaders who serve as role models for their members.

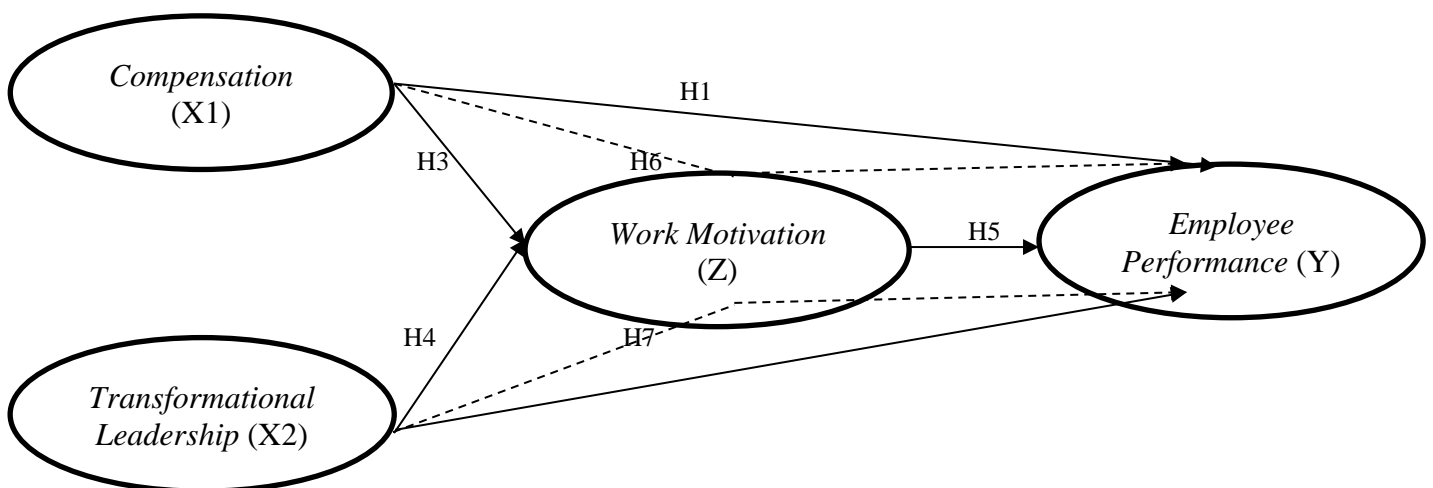
Based on this explanation, the author is interested in conducting research with the title: "The Influence of Compensation and Transformational Leadership on Employee Performance Mediated by Work Motivation in Employees of PT PLN (Persero) West Java Distribution Main Unit."

2. Method

This study uses a quantitative approach that aims to test the hypothesis with statistical methods as a way to process and analyze data. When viewed from its type, this study is included in associative research that aims to determine the influence between the variables studied. In this study, the unit of analysis is the employees of PT PLN (Persero) West Java Distribution Main Unit. Meanwhile, the purpose of this study is to determine how big the role of work motivation is in mediating the relationship or influence between compensation and transformational leadership on employee performance.

This study consists of 3 (three) main variables studied, including 2 (two) independent variables, namely compensation (X_1) and transformational leadership (X_2) variables, one dependent variable, namely employee performance (Y), and one mediating variable, namely work motivation (Z). Arikunto (2017) defines population as the entire research subject. The population in this study is all employees of PT PLN (Persero) West Java Distribution Unit totaling 172 people and with the number of samples taken as many as 120 respondents calculated using the Slovin formula. Meanwhile, the sampling technique used is probability sampling with a simple random sampling type.

For data collection techniques used in this study were carried out in various ways, including: 1) Distribution of questionnaires distributed to employees of PT PLN (Persero) West Java Distribution Unit which were distributed by directly distributing the questionnaires to respondents. The contents of the questionnaires distributed contained several questions with five different possible answer choices, and the scale used was a Likert scale with a value weight starting from a scale of 1 to 5; 2) Interviews conducted by asking trusted sources directly with the aim of obtaining useful information in this study; 3) Documentation and literature studies conducted by collecting library data and data recommended by the organization. For data processing and analysis techniques, path analysis is used, calculated with the help of the SPSS program.



Picture 1. Conceptual Framework

3. Results

3.1. Simultaneous Hypothesis Testing (F Test)

Structure 1: Compensation and Transformational Leadership on Work Motivation

Table 2: Simultaneous Influence Hypothesis Test with F Test: The Influence of Compensation (X_1) and Transformational Leadership (X_2) on Work Motivation (Z)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	612.223	2	306.111	64.489	.000 ^b
	Residual	555.369	117	4.747		
	Total	1167.592	119			

a. Dependent Variable: Work Motivation

b. Predictors: (Constant), Transformational Leadership, Compensation

Source: Hypothesis Test Results, 2024

Based on Table 2 shows the F_{count} value of 64.489 and the Sig. value is 0.000. It is known that the F_{count} value is $64.489 > F_{\text{table}} 3.074$ and the Sig. value is $0.000 < 0.05$, then H_0 is rejected H_a is accepted, meaning that Compensation and Transformational Leadership together have a positive and significant effect on Work Motivation.

Structure 2: Compensation, Transformational Leadership, and Work Motivation on Employee Performance

Table 3: Simultaneous Influence Hypothesis Test with F Test: The Influence of Compensation (X_1), Transformational Leadership (X_2) and Work Motivation (Z) on Employee Performance (Y)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	452.558	3	150.853	36.870	.000 ^b
	Residual	474.609	116	4.091		
	Total	927.167	119			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Work Motivation, Transformational Leadership, Compensation

Source: Hypothesis Test Results, 2024

Based on Table 2 shows the F_{count} value of 36.870 and the Sig. value is 0.000. It is known that the F_{count} value is $36.870 > F_{\text{table}} 2.683$ and the Sig. value is $0.000 < 0.05$, then H_0 is rejected H_a is accepted, meaning that Compensation, Transformational Leadership, and Work Motivation together have a positive and significant effect on Employee Performance.

3.2. Partial Hypothesis Test (t-Test)

Table 4: Partial Effect Hypothesis Test with t-Test: Effect of Compensation (X_1) and Transformational Leadership (X_2) on Work Motivation (Z)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.952	3.652		.809	.420
	Compensation	.553	.065	.553	8.459	.000
	Transformational Leadership	.381	.069	.362	5.535	.000

a. Dependent Variable: Work Motivation

Source: Hypothesis Test Results, 2024

Table 5: Partial Effect Hypothesis Test with t-Test: Effect of Compensation (X_1), Transformational Leadership (X_2) and Work Motivation (Z) on Employee Performance (Y)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	10.039	3.400			2.953	.004
	Compensation	.073	.077	.082		.948	.345
	Transformational Leadership	.431	.072	.459		5.999	.000
	Work Motivation	.268	.086	.300		3.117	.002

a. Dependent Variable: Employee Performance

Source: Hypothesis Test Results, 2024

Direct Hypothesis (Direct Effect):***Compensation influences Employee Performance***

Based on Table 4 shows the coefficient value of 0.073 (positive), the t-value of 0.948 and the Sig. value is 0.345. It is known that the t-value of 0.948 < t-table 1.658, the Sig. value is 0.345 > 0.05, and the direction of the coefficient is positive, then it is concluded that Ho is accepted Ha is rejected, meaning that Compensation has a positive and insignificant effect on Employee Performance (Hypothesis Rejected).

Transformational Leadership influences Employee Performance

Based on Table 4 shows the coefficient value of 0.431 (positive), the t-value of 5.999 and the Sig. value is 0.000. It is known that the t-value of 5.999 > t-table 1.658, the Sig. value is 0.000 < 0.05, and the direction of the coefficient is positive, then it is concluded that Ho is rejected Ha is accepted, meaning that Transformational Leadership has a positive and significant effect on Employee Performance (Hypothesis Accepted).

Compensation influences Work Motivation

Based on Table 3 shows the coefficient value of 0.553 (positive), the t-value of 8.459 and the Sig. value is 0.000. It is known that the t-value of 8.459 > t-table 1.658, the Sig. value is 0.000 < 0.05, and the direction of the coefficient is positive, then it is concluded that Ho is rejected Ha is accepted, meaning that Compensation has a positive and significant effect on Work Motivation (Hypothesis Accepted).

Transformational Leadership Influences Work Motivation

Based on Table 4 shows the coefficient value of 0.381 (positive), the t-value of 5.535 and the Sig. value is 0.000. It is known that the t-value of 5.535 > t-table 1.658, the Sig. value is 0.000 < 0.05, and the direction of the coefficient is positive, then it is concluded that Ho is rejected Ha is accepted, meaning that Transformational Leadership has a positive and significant effect on Work Motivation (Hypothesis Accepted).

Work Motivation influences Employee Performance

Based on Table 4 shows the coefficient value of 0.268 (positive), the t-value of 3.117 and the Sig. value is 0.002. It is known that the t-value of 3.117 > t-table 1.658, the Sig. value is 0.002 < 0.05, and the direction of the coefficient is positive, then it is concluded that Ho is rejected Ha is accepted, meaning that Work Motivation has a positive and significant effect on Employee Performance (Hypothesis Accepted).

3.3. Mediation Hypothesis Test

Table 6: Mediation Testing with Sobel Test

	Indirect Influence	Z Sobel	P - Values
Indirect Influence X1 --> Z ---> Y	0,148204	2,92615709	0.00343178
Indirect Influence X2 --> Z ---> Y	0,102108	2,71390655	0.00664949

Source: Hypothesis Test Results, 2024

Indirect Hypothesis (Indirect Effect):

Structural Equation 1: $Z = a_1 + b_{1.1}X_1 + b_{1.2}X_2 + e$

$$Z = 2.952 + 0.553X_1 + 0.381X_2 + e$$

Structural Equation 2: $Y = a_2 + b_{2.1}X_1 + b_{2.2}X_2 + b_{2.3}X_3 + e$
 $Y = 10.039 + 0.073X_1 + 0.431X_2 + 0.268X_3 + e$

Based on the Sobel Test Results in Table 6, the results obtained were:

Work Motivation mediates the influence between Compensation and Employee Performance

The indirect effect of Compensation (X_1) on Employee Performance (Y) through Work Motivation (Z) is 0.148204. It is known that the Sobel Z value = 2.926 > 1.96 and the Sobel P value = 0.0034 < 0.05, meaning that Work Motivation (Z) is positive and significantly mediates the effect between Compensation (X_1) on Employee Performance (Y) (Hypothesis Accepted).

Work Motivation mediates the influence between Transformational Leadership and Employee Performance

The indirect effect of Transformational Leadership (X_2) on Employee Performance (Y) through Work Motivation (Z) is 0.102108. It is known that the Sobel Z value = 2.714 > 1.96 and the Sobel P value = 0.0066 < 0.05, meaning that Work Motivation (Z) is positive and significantly mediates the effect between Transformational Leadership (X_2) on Employee Performance (Y) (Hypothesis Accepted).

Table 7: Summary of Results of Proposed Research Hypothesis Testing

Hypothesis	Research Hypothesis	Test Results
H ₁	<i>Compensation has a positive and insignificant influence on Employee Performance</i>	Hypothesis Rejected
H ₂	<i>Transformational Leadership has a positive and significant influence on Employee Performance</i>	Hypothesis Accepted
H ₃	<i>Compensation has a positive and significant effect on Work Motivation</i>	Hypothesis Accepted
H ₄	<i>Transformational Leadership has a positive and significant influence on Work Motivation</i>	Hypothesis Accepted
H ₅	<i>Work Motivation has a positive and significant effect on Employee Performance</i>	Hypothesis Accepted
H ₆	<i>Work Motivation mediates the positive and significant influence between Compensation and Employee Performance.</i>	Hypothesis Accepted
H ₇	<i>Work Motivation mediates the positive and significant influence between Transformational Leadership and Employee Performance.</i>	Hypothesis Accepted

Source: Hypothesis Test Results, 2024

4. Discussion

4.1 Compensation has a positive and insignificant influence on Employee Performance

The results of the study indicate that there is a positive and insignificant influence shown by Compensation on Employee Performance. This means that compensation is not always the most important factor in efforts to improve employee performance. When an organization is able to provide compensation that is felt to be fair and competitive for its employees, then its employees tend to feel more satisfied with their work which results in better performance. In addition, when employees feel financially appreciated while working, then employees are often more committed and productive, and motivate themselves to work better by improving the quality of their work and achieving the targets that have been set.

The findings of this study seem to have different conclusions from several previous studies. As stated by Darma, P. S., & Supriyanto, A. S. (2017) through the results of their tests which stated that compensation in the form of salary, wages, bonuses, facilities, travel programs and holiday allowances directly has a positive and significant effect on employee performance. This means that along with the increasing compensation given by the company

to its employees, the performance of its employees will also increase. Likewise, the opinion expressed by Saman, A. (2020) who concluded that compensation has a positive and significant effect on employee performance.

4.2. Transformational Leadership has a positive and significant influence on Employee Performance

The results of the study indicate that there is a positive and significant influence shown by Transformational Leadership on Employee Performance. This means that employee performance can be influenced by transformational leadership. Transformational leadership is a leadership style characterized by a leader who is able to inspire and motivate employees, create an attractive vision, and facilitate the personal and professional development of employees. When a leader is able to inspire and motivate employees with a clear and challenging vision, employees who are inspired by the vision tend to have higher work enthusiasm and are always involved in their work, so that their performance also increases. In addition, when a transformational leader is able to increase employee satisfaction with their work, employees tend to be more productive and perform better at work, and encourage employees to work more creatively who are able to find new ideas and find innovative solutions in solving work problems.

The findings of this study have similar conclusions to several previous studies. One of the research findings put forward by Thamrin, H. M. (2012) which states that transformational leadership has a positive influence on organizational commitment and employee performance. In his research, it is stated that transformational leadership can be recommended as a leadership model that can be applied to an organization based on the desire to make the organization grow, or as a result of the emergence of dissatisfaction or dissatisfaction with the current conditions. In addition, this leadership model can also be maintained by using a flexibility approach that aims to integrate the desires of employees and other stakeholders into the transformational leadership model. Another opinion was expressed by Rivai, A. (2020) who said that transformational leadership has an effect on improving employee performance. Transformational leadership itself is a leadership model for a leader who is able to motivate his members to be able to work better by emphasizing behavior to help transformation between employees/individuals and organizations/companies.

4.3. Compensation has a positive and significant influence on Work Motivation

The results of the study indicate that there is a positive and significant influence shown by Compensation on Work Motivation. Providing appropriate compensation can be one of the factors that contribute to increasing employee work motivation. If a company can provide compensation with an adequate and fair amount to each employee, in the sense that the compensation received is in accordance with the contribution given to the company, then the employee tends to feel more satisfied with his work which has an impact on increasing work motivation to show better work results. Often, employees who receive compensation that is felt to be fair and appropriate, then the employee tend to have high work motivation to work better in order to achieve the goals that have been set, making it possible for the employee to get a reward with a much larger amount. Then, it is also known that providing competitive compensation can help the company to retain its employees because the employee feels that the compensation paid has been done in a fair manner, and the benefits of the compensation are obtained, so that their loyalty to the company becomes higher.

The findings of this study have similar conclusions to the results of research by Negash, R., Zewude, S., & Megersa, R. (2014) which stated that all compensation variables consisting of payment, promotion, recognition, working conditions and benefits have a significant relationship to employee work motivation. This shows that if the compensation offered to employees is felt to be commensurate with their work contribution to the company, employee work motivation will increase. A similar opinion was expressed by Laras, T., Jatmiko, B., Susanti, F. E., & Susiati, S. (2021) who stated that there is a positive relationship between compensation and employee work motivation. This means that the better the compensation given, the higher the employee work motivation.

4.4. Transformational Leadership has a positive and significant influence on Work Motivation

The results of the study indicate that there is a positive and significant influence shown by Transformational Leadership on Work Motivation. This means that in various situations, transformational leadership can be one of

the factors that influence the increase in employee work motivation. Transformational leadership is always characterized by a leader who is able to inspire, motivate, and stimulate his members to show the best work performance and go beyond his personal interests. Often, a leader who is able to create a vision that inspires and touches the emotions of his members can increase the work motivation of his members, as well as help his members to feel more involved and have a definite purpose in the work that is their responsibility. In addition, a transformational leader is someone who is able to provide support and stimulate new ideas from his members, thus encouraging his members to work more creatively and innovatively.

The findings of this study have similar conclusions to the opinion expressed by Yusup, A., & Maulani, I. E. (2023) through their study which stated that transformational leadership has a positive effect on employee motivation. The results of their study show that transformational leaders have better leadership qualities compared to other leaders who are characterized by people who have a clear and inspiring vision, are authoritative, support employee development, and provide constructive feedback and recognition. Good leadership qualities allow this type of leader to motivate their members to work more effectively. Then, increasing employee work motivation can occur if employees feel appreciated and given the opportunity to grow and develop which is one of the criteria for transformational leaders. It is also stated that recognition and constructive feedback given by transformational leaders can increase employee work motivation. Similar to other opinions from Ekhsan, M., & Setiawan, I. (2021) which state that transformational leadership style has a significant positive effect on work motivation.

4.5. Work Motivation has a positive and significant influence on Employee Performance

The results of the study indicate that there is a positive and significant influence shown by Work Motivation on Employee Performance. This shows that the good or bad results of employee performance can depend greatly on how much work motivation the employee has in an effort to complete his work well. A person who has high work motivation tends to be able to work harder and more efficiently, so that the work that must be done can be completed well and in a shorter time, and also has a direct impact on increasing work productivity. In addition, someone who is motivated to work harder tends to be able to show better quality work performance because the employee becomes more careful and committed to showing high quality work when working.

The findings of this study have similar conclusions to several previous studies. This is shown through a study by Fahriana, C., & Sopiha. (2022) which examines the influence of work motivation factors on employee performance with the conclusion that someone who has a positive attitude and high work motivation tends to be more capable of making that person an employee who is able to perform well. Another study by Chien, G. C., Mao, I., Nergui, E., & Chang, W. (2020) confirmed the positive relationship between work motivation and employee performance. The findings of their study identified 3 (three) work motivations that significantly influenced employee self-perceptions of work performance consisting of financial motivation, internal self-concept, and internalization of goals. In his study, it was stated that employees who considered themselves to have better performance, namely when employees were more motivated to work through financial rewards and incentives, driven by achievement, and able to identify organizational values and culture.

4.6. Work Motivation mediates the positive and significant influence between Compensation and Employee Performance

The results of the study indicate that there is a positive and significant influence shown by Compensation on Employee Performance mediated by Work Motivation. This shows that compensation has an important role in efforts to improve employee work motivation which ultimately results in improving employee performance at work. If an organization is able to provide compensation that is felt to be comparable to the contribution made by employees to their organization, then the employees tend to be more motivated to show better work performance results. Thus, work motivation can be a factor that mediates the relationship between compensation and employee performance.

The findings of this study have similar conclusions to the results of previous studies. This is shown through a study by Efendi, R., Rifa'i, M. N., Bahrin, K., Milla, H., & Suharmi, S. (2020) which concluded that work motivation can mediate the relationship between compensation and employee performance. Likewise, the opinion expressed

by Syamsuddin, R. A., Pratama, A., Sunarsi, D., & Affandi, A. (2021) which states that compensation indirectly through work motivation which acts as a mediator variable has a significant influence on employee performance. This shows that along with the increasing amount of compensation received by employees, the higher the level of employee work motivation which ultimately affects the improvement of employee performance.

4.7. Work Motivation mediates the positive and significant influence between Transformational Leadership and Employee Performance

The results of the study indicate that there is a positive and significant influence shown by Transformational Leadership on Employee Performance mediated by Work Motivation. Work motivation can function as a variable that mediates the relationship between transformational leadership and employee performance. This means that transformational leaders influence the level of employee work motivation that is getting higher, through inspiration, support, and development, which ultimately encourages employees to work better and more effectively. When employees feel inspired and motivated by the vision formulated by their leaders, then the employees tend to have a higher work spirit to complete their work. Likewise, when leaders can provide support in the form of positive feedback and recognition to their employees, then employee satisfaction with their work becomes higher which has an impact on increasing motivation to work better.

The results of this study have similar conclusions to several previous studies. One of them is the research findings of Dewantoro, A. Q. (2023) which revealed that improving employee performance through transformational leadership needs to involve other mediating variables, namely work motivation. This shows that there is an indirect relationship between transformational leadership and improving employee performance mediated by employee motivation. It is also stated that increasing employee performance through the implementation of transformational leadership can be accompanied by effective work motivation. A similar opinion was expressed by Bana, A. (2016) through his research findings which stated that transformational leadership indirectly has a positive and significant effect on employee performance mediated by work motivation. This means that the proper implementation of transformational leadership can create a higher level of work motivation, which also has an impact on higher employee performance. Thus, his research findings show that work motivation plays an effective role in mediating the relationship between transformational leadership and employee performance. With high work motivation as a mediator, transformational leadership can encourage employees to improve their work performance.

5. Conclusion

Based on the results of the research and discussion, it is concluded that: 1) Compensation has a positive and insignificant effect on Employee Performance; 2) Transformational Leadership has a positive and significant effect on Employee Performance; 3) Compensation has a positive and significant effect on Work Motivation; 4) Transformational Leadership has a positive and significant effect on Work Motivation; 5) Transformational Leadership has a positive and significant effect on Work Motivation; 6) Work Motivation (Z) positively and significantly mediates the effect between Compensation (X1) on Employee Performance (Y); 7) Work Motivation (Z) positively and significantly mediates the effect between Transformational Leadership (X2) on Employee Performance (Y).

It should be noted that this study still has some limitations in its writing. Therefore, in order for this research to be carried out better in the future, further research needs to be conducted by considering several things as follows: 1) Further research needs to add several other variables that are suspected of influencing the improvement of employee performance results while working, including variables of discipline, workload, training effectiveness, work life balance, job placement, and others; 2) For the analysis unit studied, it is better to involve more similar companies, so that the number of respondents involved becomes even greater, or other companies with different types of businesses are needed.

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