



## Cooperation Employee Performance: The Effect Factors and Implication

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**Abstract:** In this investigation, we aimed to analyze how leadership and compensation influence motivation and ultimately impact the job performance of Cooperation in Padang. To achieve this goal, we utilized a descriptive-verification research approach through surveys completed by 330 Cooperation employees. Our data was analyzed using the Linear Structural Relationship (LISREL) 8.80 program that employed the Structural Equation Model (SEM). The findings of this study revealed that both compensation and leadership positively contribute to motivation, which in return, plays a critical role in advancing employee performance. Significantly, both compensation and leadership, along with motivation, were found to have a considerable positive effect on staff members' performance. The motivation variable came out on top as the most dominant influence on performance, with compensation leading the way as the most influential variable on motivation. The findings suggest that to enhance employee performance in the Cooperation in Padang district, there needs to be a focus on nurturing employee motivation in the Cooperation in Padang regency. This can be achieved by placing importance on developing strong relationships with members and co-workers, which was highlighted as the key factor in boosting motivation levels. As a result of this research, managers should consider prioritizing strategies that foster healthy work relationships to improve overall performance.

**Keywords:** Leadership, Compensation, Motivation, Cooperation Employee Performance

### INTRODUCTION

The growth of Cooperation and Cooperation development is intimately linked with adept management. A competent management team will benefit the Cooperation tremendously, promoting swift growth. Conversely, a lack of good management has dire impacts on the Cooperation and, in turn, the economy of the nation. Unfortunately, despite the expectations for the Cooperation's progress, it appears that there is a lack of significant Contributions made by the Cooperation, the effects of which are felt less by the people. Today, the capitalist system has allowed the big corporations to wield vast control over the country's economic life. In the

Padang district, Cooperation has encountered various setbacks that have hindered growth. Reduction in business volume, net income, and number of members are some of the factors that have impacted growth. Capital and financing are two of the main challenges the district's Cooperation has encountered, according to a strategic plan study conducted by SME Padang District. Human Resources (HR).

According to (Telha, Rodrigues, Páscoa, & Tribolet, 2016), the success of an organization is heavily reliant on the performance of its employees. In order to establish a culture of high performance, effective human resources strategies must be implemented to improve employee performance. This emphasizes the significance of human resource practices in creating an environment of success within an organization. In 2014, Hameed, Ramzan, and Hafiz found that employees were more motivated when they received intrinsic rewards, which was positively related to their performance according to Shahzadi, Javed, Pirzada et al.'s research results. According to a study conducted by Beth Knight in 2016, it was found that leadership, compensation, and collaboration have a slightly positive and significant impact on work performance. The process of motivation involves inspiring individuals to complete a series of tasks that lead to a specific goal. When achieved, this goal satisfies one's needs. Motivation serves as a tool to encourage subordinates to work diligently and intelligently as expected by their superiors. Seeing motivated colleagues also motivates new employees eager to work. It is essential to keep employees motivated. The boss can give extrinsic motivation while self-will brings intrinsic motivation. Intrinsic motivation tends to be more long-lasting than the external type.

According to research by Mintrom & Norman (2009), the relationship between employee participation and organizational performance can be impacted by leadership. Interestingly, it was found that leaders often lacked a good rapport with their employees. However, the study's results indicated that when leadership is strong, employee performance in the service industry can improve substantially. Meanwhile, Singh (2013) has also found through his own research that delegating tasks effectively within an organization can lead to better performance among employees and overall organizational success. Managers and employees could greatly benefit from the essential findings of this research regarding delegation as a management skill that can enhance employee performance. According to research conducted by (Joo & Ready, 2012), leadership can be utilized to motivate employees who are part of an organization. Based on the three statements above, the lack of motivation and performance of employees of cooperation in the district of Padang tend to be caused by the relative lack of good leadership.

The redemption of an employee's energy and mind is accomplished through proper compensation the fundamental aspect of human resources. Motivation and improved performance can be attained with a combination of salary, incentives, and benefits provided. Organizational goals may not be achieved if a sense of injustice lingers among employees, and this can be attributed to a gap between expectations and reality.

## **LITERATURE REVIEW**

According to Mintrom & Norman (2009), leadership is about guaranteeing the commitment, alignment, and direction of both the team and the organization. It is a process by which an individual influences a group to accomplish a collective objective, as per Beth Knight's (2016) estimation. Leaders' proficiency and skills in directing are essential elements of their effectiveness, as they assist groups and organizations in achieving their objectives. In the field of management, it is vital to prioritize leadership. According to Joo & Ready (2012), a leader is someone who can determine the necessary actions, while a manager ensures that they are executed correctly. Andiyasari & Ardiningtyas (2010) offer a contrasting perspective, stating that leadership focuses on managing change, whereas management primarily deals with

navigating complexity. This highlights the significant difference between leadership and management approaches (Sari & Ali, 2022). The direction of a business, both internally and externally towards its goal, is determined by its leaders. These leaders are the architects of strategy, establishing the organization's objectives. Meanwhile, managers concentrate on providing the means to attain the company's objectives (Ali et al., 2022).

In this study, leadership is defined as a process that facilitates significant changes in the beliefs and attitudes of organization members to attain organizational objectives. The measurement of leadership comprises four dimensions, which include: 1) Leadership orientates achievement (achievement-oriented), measured by indicators: a. Target jobs, b. The high performance of subordinates, c. Improved performance; 2) Leadership directive (directive), measured by indicator: a. Explanation tasks, b. Information on how to duty, c. Relations duties of employees, d. clarity instruction, and e. Monitoring subordinate task; 3) Participative leadership (participative), measured by indicators: a. togetherness task, b. Cooperation, c. Participation, d. Work in a group, e. Discussion; 4) Leadership supportive (supportive), measured by indicators: a. working interest, b. Work atmosphere, c. Giving opportunity, d. labor conflict, e. Spirit at work (Maida et al., 2017).

According to Platis, Reklitis, & Zimeras (2015), compensation encompasses all forms of payment or rewards provided to employees resulting from their employment. Compensation serves as a primary motivation for individuals to seek employment. As per Gula's (2008) categorization, compensation is divided into three categories: fixed-pay, flexible pay, and benefits. In contrast, Crane, Michenaud, & Weston (2016) suggests that compensation can be divided into performance-based pay and non-performance-based pay, thereby creating two classifications. According to (Ittner, Larcker, & Meyer, 2003), an alternative way to categorize compensation is: "Basic salary and wages make up Direct Compensation while Indirect Compensation covers healthcare plans, pay during personal time, and a variety of additional employee benefits." In essence, Direct Compensation is primarily composed of salary, wages, and bonuses for excellent job performance. On the other hand, Indirect Compensation offers other forms of support like health insurance and pay for time off (Putra & Ali, 2022).

According to Hirshleifer & Teoh's (2003) believe, acknowledging accomplishments can be achieved through various forms of compensation for individuals, groups and organizations. These can include commissions, bonuses, for-profit incentives, and for production rewards in addition to wage cuts (during the wage period). The attainment of satisfactory wage outcomes can only occur if measurements are taken for specific aspects of the work such as frequency, weight, or breadth. Measured in two dimensions, this study defines compensation as an award granted to employees based on their performance, contribution, and the value of their work (Kholisoh & Ali, 2020).

According to Murphy, Benckendorff, & Moscardo (2007), performing a sequence of tasks in pursuit of specific objectives is the crux of motivation. Another definition of motivation proposed by Sharma (2009) is linked to personal gratification, where a person must be willing to exert considerable effort towards fulfilling an organization's objectives, contingent upon their aspirations being met. Three crucial components that inform motivation are an individual's endeavor, the objectives of the organization, and personal needs (Harahap & Ali, 2020).

According to (Heller, 2011), the impetus that urges individuals towards their objectives is what constitutes motivation. On the other hand, (Baird & Parasnis, 2011) state that motivation is the enthusiasm and determination to put in effort and get to work. Meanwhile, as stated by (Stello, 2014), motivation is a critical aspect of the corporate ecosystem, shaping the creation, progression, and management of a company's human resources (Mukhtar et al., 2016).

In organizational behavior, motivation refers to the internal forces that impact the amount, focus, and duration of effort an individual expends in their job role. Grant (2012)

emphasizes this point, while Webb, Bruton, Tihanyi, and Ireland (2013) provide the opinion that motivation affects one's arousal, direction, and upkeep of behaviors related to their work environment (Sutiksno, S. D. U., Rufaidah, P., Ali, H., & Souisa, 2017). With this premise, work motivation in this particular research project is defined as an employee's eagerness to contribute substantial effort towards organizational objectives, which is influenced by personal needs that are satisfied by this effort. In the study, motivation is categorized into three aspects of the work experience: 1) Dimensions existence measured by indicator: a. by salary requirements, b. in accordance incentive need, c. Suitability of allowances needs, d. The certainty of continuity of work; 2) Dimensions relatedness measured by indicators: a. Relations with member. b. Relationships with colleagues, c. Relations with the board; 3) Dimensions growth indicators: a. Recognition of the work, b. The award is given for the work, c. The opportunity to develop skills in the job (Chong & Ali, 2022).

According to Malär, Nyffenegger, Krohmer, & Hoyer (2012), the ability to perform, the opportunity to perform, and the willingness to perform constitute the essence of performance. An employee's capacity to demonstrate the desired performance is gauged in terms of their ability, opportunity, and capacity for individual employees. While (Kotabe & Murray, 2004) link performance to work-related goals such as quality, efficiency, and other effectiveness criteria, (Singh, 2013) proposes that individual performance can be measured through the end result of an activity. Performance, therefore, varies depending on the individual's capacity, opportunity, and willingness to perform. The employee's embodiment of work is often used as a basis for evaluation - this, according to Kamisah (2012), defines performance, and a good performance is integral to achieving organizational objectives. However, one must strive to enhance one's performance due to the innumerable factors that can affect it, making it a complex challenge (Kasman & Ali, 2022).

As per (Style & Performance, 2015), Kurtessis et al (2015) outline the accomplishment of a predetermined task, with emphasis on accuracy, completeness, cost and speed, as a measure of success. Basically, it's how well employees tackle particular situations. Alternatively, (Sutanto & Kurniawan, 2016) suggest that ability and motivation are the driving factors behind one's performance. The ability of employees to complete assigned responsibilities and achieve work results defines employee performance according to the theory outlined.

*H1: There is a leadership that has an influence on work motivation in the Cooperation Employees in the district of Padang.*

*H2: There is compensation have an effect on work motivation in the Cooperation Employees in the district of Padang.*

*H3: There is the influence of leadership and compensation simultaneous on work motivation in the Cooperation Employees in the district of Padang.*

*H4: There is a leadership that has to influence on employee performance in the Cooperation Employees in the district of Padang.*

*H5: There is the influence of compensation on employee performance in the Cooperation Employees in the district of Padang.*

*H6: There is the influence of work motivation on employee performance in the Cooperation Employees in the district of Padang.*

*H7: There is the influence of leadership, compensation, and motivation simultaneous on employee performance in the Cooperation Employees in the district of Padang.*

## **METHOD**

Using the explanatory survey method, a collection of descriptive data was carried out on 330 individuals employed by 15 Cooperation enterprises located in Padang District during 2018. A proportional random sampling technique was utilized to gather the necessary

information. Several data sources were utilized in the analysis - primary data and secondary data. The questionnaire administered to employees had 18 questions on varying aspects of leadership, 9 questions about compensation, and 10 questions evaluating motivation and employee performance. Thirty employees who were not part of the initial respondents were used in the analysis to ensure reliability and validity. Structural analysis tools utilizing Equation Model (SEM) were employed. Choosing this method is based on its capacity to indirectly measure the construct through indicators, simultaneously analyzing the connection among indicator and latent variables, and assessing the relationship between variables with other variables, while involving measurement errors. The research findings hope to give an overall perception of the clarity of the relationship and the impact of the variables, which are crucial to delve deeper into the several factors that enhance the efficiency and incentive of employees. This will bring a comprehensive understanding of concerned parties and ameliorate Indonesia's education quality, especially in the Padang district (Ali, H., & Limakrisna, 2013).

### RESULTS AND DISCUSSION

The full model SEM equation using 8.70 lisrel programs acquired two models of trajectory, which is the standard model diagram and model of the t-value, of each model shown in the following figure 1.

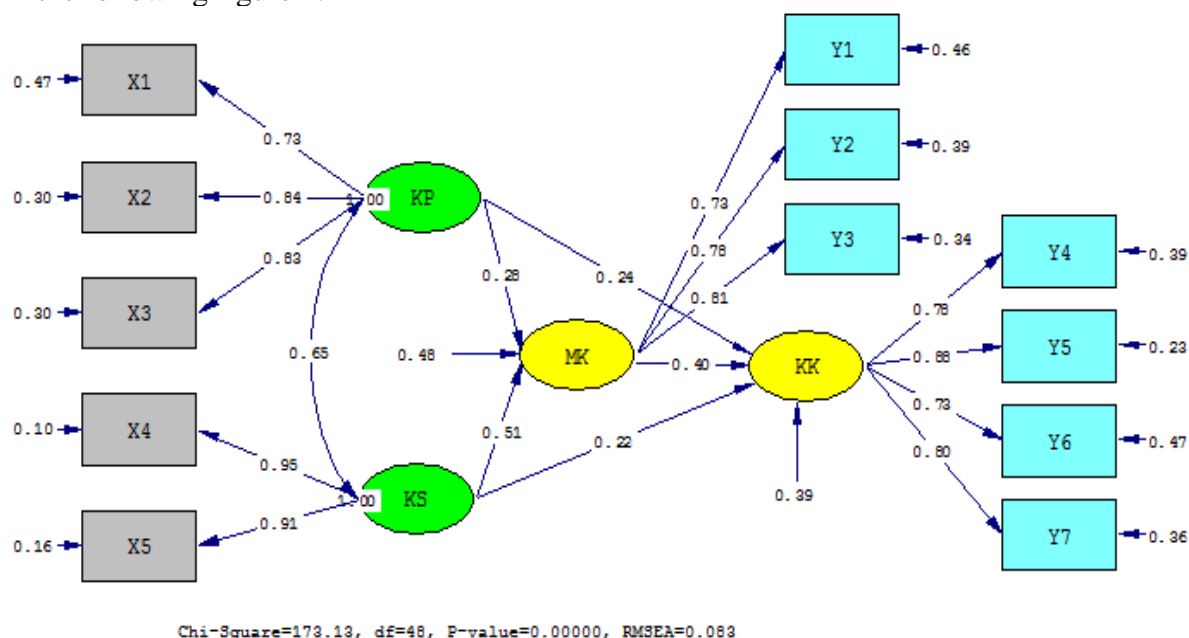
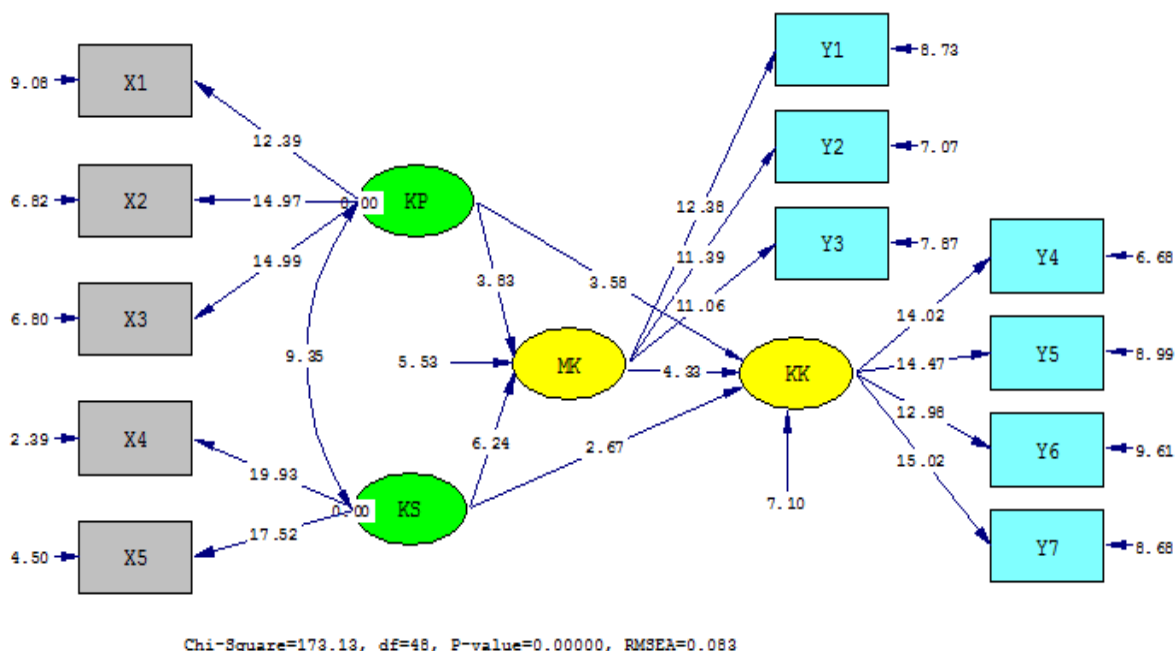


Figure 1. Hybrid models SEM (Standardized Coefficient)





**Figure 2.** Hybrid models SEM (t-value models)

Endogenous variables and structural dimensions will be analyzed next, based on the presented test parameters and coefficients from Figures 1 and 2. The aim of this test is to detect causal links or influences between the indicators of latent variables (constructs) and other latent variables. This involves loading factors on exogenous models as well. Employee performance is influenced by leadership to the extent of 5.76%. But leadership also has an indirect impact on employee work performance, which can be quantified at 11.2% through motivation. With this understanding, it is safe to say that employee motivation holds immense potential to boost employee performance, and this can be properly fostered through effective leadership.

Employee compensation can have a powerful impact on performance, with direct influence totaling 4.84%. However, compensation is even more effective at improving performance indirectly, with motivation accounting for a hefty 20.4% of the total effect. That means a boost in employee compensation can almost certainly lead to better motivation and ultimately superior performance. The direct influence of work motivation on employee performance is equal to 16%. This is determined by the variable with a magnitude of 0.16.

The work motivation variable is impacted by leadership and compensation variables, as per test results. These two factors together make up 48% of the total contribution. However, when the focus is on motivation, leadership, compensation, and motivation variables together make up 39% of the employee's performance. Employee performance is mainly influenced by motivation, which has the greatest impact when compared to compensation and leadership.

Because of their compensation and leadership, which can affect motivation and performance either directly or indirectly, the study finds that work motivation serves as a mediator of teacher performance. In other words, strong compensation and leadership lead to positive motivation and performance outcomes.

## CONCLUSION

The District of Padang experiences improved Employee Motivation and Cooperation thanks in part to Leadership and Compensation. Leadership and Compensation contribute positively and significantly to Employee Motivation and Cooperation in the district. Furthermore, Leadership partially impacts employee performance in Cooperation in a positive and significant way, as does the Partial Compensation. In Padang's district, work motivation's

effect on the employees' performance in Cooperation is noteworthy but not complete. Together, leadership, compensation, and work motivation have an influential and positive impact on the work productivity of Cooperation's employees in Padang.

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