

# THE EFFECT OF SITUATIONAL LEADERSHIP STYLE AND COMPENSATION ON EMPLOYEE PERFORMANCE WITH WORK DISCIPLINE AS A MODERATING VARIABLE: SURVEY ON CONTRACT EMPLOYEE OF HOTEL X SPECIAL ECONOMIC ZONE MANDALIKA

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**Abstract.** In recent years the tourism industry in West Nusa Tenggara has grown rapidly, especially the central Lombok district which now has the Mandalika Special Economic Zone, in line with the development of the tourism industry economy. The purpose of this study was to determine how much influence situational leadership style and compensation have on employee performance with work discipline as a moderating variable. This study uses a quantitative approach, and the type of research is cause and effect research. The population in this study were contract employees at hotel x mandalika special economic zone with a total of 260 people. While the sample taken was 72 people. This research data collection instrument comes from interviews, questionnaires, and observations. then the results will be calculated using statistical analysis through the Excel Statistical Analysis and SPSS computer programs accompanied by descriptive analysis for explanation. The method used in this research is the multiple linear regression analysis methods and Moderated Regression Analysis.

**Keywords:** Finance; Compensation; Management; Employee Performance; Human Resources Management; Situational Leadership Style; Work Discipline

## 1. INTRODUCTION

Hotels are run like businesses, with the primary goal of satisfying the needs of the customers that stay there. According to Menparpostel order No. KM/37/PW/304/MPPT-86, a hotel is any establishment that rents out rooms, serves meals, and offers other services to the general public. Hotels in Mandalika are the most lucrative sector to invest in right now since the annual influx of vacationers demands more and more rooms. The effectiveness of the hotel's staff is crucial to the success of the company as a whole, and this component is inextricably linked to the guests' level of satisfaction. Therefore, the level of service provided to guests at a hotel is directly proportional to the effectiveness of its staff.

The development of the tourism industry in Indonesia cannot be separated from employee performance and human resource management. In the current era of economic competition, employees are required to develop and provide their best potential. Improving employee performance can be done by regularly evaluating employee performance so that companies involved in the tourism industry will be superior in facing their competitors. According to Sari et al., (2015) to improve employee performance, companies need to do several ways, such as providing appropriate compensation, creating a conducive work environment, changing leadership styles, providing motivation, and implementing work discipline through regulations.

Because of the unique way in which each leader's personality shapes his interactions with subordinates, developing an effective leadership style is an iterative process. Leadership in such a process will be successful if followers acknowledge the leadership style as having a positive influence on work discipline and output. Hersey and Blanchard's situational leadership style theory is among the most well-known models of leadership. According to Daft (2012), Hersey and Blanchard's situational leadership style model emphasizes an approach that pays close attention to the qualities of workers in

deciding what kind of leadership conduct is called for in each given circumstance.

The process of determining pay is both one of the most difficult components of the HR department's work and one of the most significant for workers and the business as a whole. Compensation, as defined by Simamora (2013), is a reward provided by the firm to the employee on a regular basis that may be measured in monetary terms. This agrees with the view of Handoko (2014), who argues that compensation consists of everything given to workers in exchange for their efforts.

Some employees at Hotel X in the Mandalika Special Economic Zone have voiced concerns about their leaders' lack of empathy by assigning them inappropriate tasks on certain days, as evidenced by the fact that employee performance is still lower than the target, despite the company's efforts to improve its human resource management. Additionally, the money supplied is not in line with the quality and amount of labor, and workers feel uncomfortable when leaders oversee the job. When everyone in an organization gets paid the same rate, regardless of who does more or less work, morale naturally suffers. Findings connected to issues like the application of work discipline that has not completely ran smoothly at hotel x mandalika area are linked to issues with leadership and compensation, and this has a knock-on effect on employee performance. Therefore, for workers to take responsibility for their job and contribute to the success of the firm, the correct kind of leadership, compensation, and work discipline must be implemented.

Work discipline, as defined by Hasibuan (2016), is the knowledge of and desire to abide by all corporate policies and related social standards. According to Bukit et al. (2017), work discipline is a key component of human resource management and an indicator of an organization's effectiveness in achieving its objectives. Therefore, the establishment of work discipline in the organization may have an effect on work passion to boost employee performance, but this must also be supported by the appropriate leadership style and compensation.

This study's goals are grounded in the aforementioned research challenges, and they center on identifying the relationship between leadership style in different contexts, financial incentives, and employee output, while also accounting for the moderating role of organizational discipline. The data gathered from this research will be used as a benchmark as the business evolves.

## **2. LITERATURE REVIEW**

### *2.1 Situational Leadership Style (Human Resources Management)*

The situational leadership style is considered suitable to be applied with the assumption that the leadership style of each subordinate cannot be generalized. However, it depends on the level of maturity of subordinates which is naturally different.

According to Slocum (2011), a situational leadership style is one in which the leadership model is adapted to the experience and personality of the group being led. Because of the emphasis placed on individual workers in this strategy, various degrees of preparedness exist. A new approach to leadership is needed for those whose followers are low on preparedness owing to a lack of aptitude or training.

The indicator of the leadership style variable used in this study is the theory of the situational leadership style model according to Hersey-Blanchard in Sedarmayanti (2011), which states that leaders must be able to properly assess the level of maturity of their followers and use a leadership style that matches that level of maturity. The four leadership styles are: (1) Telling: Leaders can give clear work orders and leaders always provide direction in solving work problems; (2) Selling: Leaders provide opportunities for subordinates to argue and leaders can provide motivation to subordinates in completing work; (3) Participating: Leaders ask for input from subordinates in making decisions and leaders also participate in solving a problem at work; (4) Delegating Leaders give full responsibility to subordinates in completing each job.

### *2.2 Compensation (Finance)*

In a company, employees are a very important part of achieving goals. Each employee certainly has many differences in skills, abilities, needs, and gender. One form of appreciation given by the company for the performance of employees is in the form of

compensation.

Handoko (2014) calls "compensation" is whatever workers get in exchange for their labor. Milkovich and Newman (2002), an employee's pay includes whatever of value they get financially as a result of their work.

Nawawi (2011) states that compensation is a form of reward for workers who have contributed to realizing their goals, through activities called work.

Indicators of compensation according to Simamora (2013) indicators of employee compensation are (1) Fair salary according to work; (2) Incentives by sacrifices; (3) Benefits in accordance with expectations; (4) Adequate facilities.

### *2.3 Employee Performance (Management)*

Work performance or real-world accomplishments are what "performance" refers to, therefore where the name "performance" originates. When an employee does work in accordance with the tasks assigned to them, and with the organization's objectives in mind, such work is said to be a reflection of the individual's performance.

Bernadin and Russell (1993) define performance as the history made as a consequence of carrying out a certain task or activity across time.

An employee's performance is the outcome of his or her efforts to complete assigned duties in a manner commensurate with his or her skills and responsibilities, as stated by Mangkunegara (2016).

According to Wirawan (2009), performance appraisal consists of 3 indicators, namely: (1) Assessment based on work results is accuracy in carrying out work, customer satisfaction, and effectiveness in performing tasks; (2) Assessment based on work behavior: includes friendly to customers, thoroughness in work, teamwork; (3) Assessment based on personal characteristics: The relationship with work is the employee's traits required in carrying out his job such as knowledge, skills, adaptability, work enthusiasm.

### *2.4 Work Discipline (Human Resources Management)*

Several experts agree that there needs to be more discipline in the workplace. In the words of Singodimedjo in Sutrisno (2016), discipline is "an attitude of willingness of a person to obey the norms of the rules that apply around him."

Having the "respect, appreciation, and obedience to applicable regulations, both written and unwritten, and the ability to carry out and accept sanctions if it violates the duties and authority given to it," as defined by Sastrohadiwiryono (2003), is essential to maintaining order and productivity in the workplace. One's work ethic reflects how seriously one takes his or her duties. The success of the business depends on each employee's capacity to control their desires and adhere to corporate policy.

According to Hasibuan (2016), there are four indicators of work discipline, namely: (1) following work hour regulations; (2) following work procedure regulations; (3) following superior orders; 4) On time at work.

### *2.5 Effect of Situational Leadership Style on Employee Performance*

Leadership styles vary depending on the circumstances, and this may have both positive and negative effects on worker productivity. Karma et al. (2017) performed research on the connection between a leader's situational approach and their team's output. This study's findings suggest that the situational leadership style variable significantly influences the effectiveness of a company's workforce.

H<sub>1</sub>: Situational leadership style has a significant influence on employee performance.

### *2.6 Effect of Compensation on Employee*

Employee productivity is said to rise when a suitable compensation structure is in place. Previous studies, such as Sumenge (2016) and Hardiansyah et al. (2019), have investigated the connection between pay and productivity in the workplace and reached the same conclusion: pay matters.

H<sub>2</sub> : Compensation has a significant influence on employee performance

### 2.7 Situational Leadership Style on Employee Performance moderated by Work Discipline

Situational leadership style and work discipline are variables that support each other. So it would be better if the two variables between situational leadership style and work discipline were all good, because if the leadership style and performance are good it will improve employee performance, with improved performance, company goals will be achieved. Research conducted by Purnamasari et al., (2019) where the Work Discipline variable has moderated the effect of situational leadership style on employee performance.

H<sub>3</sub>: Work discipline moderates the effect of situational leadership style on employee performance

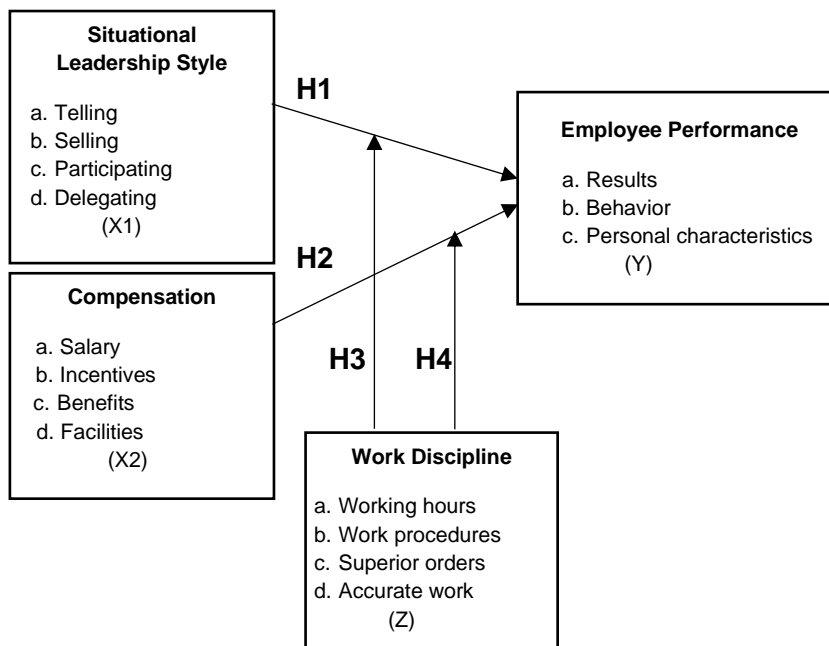
### 2.8 Compensation on Employee Performance moderated by Work Discipline

There are likely factors outside a company's compensation plan that influence employee output. One such item is an employee's loyalty to their employer. According to research by Hening and Susanti (2012), work discipline dampens the correlation between salary and output.

H<sub>4</sub>: Work discipline moderates the effect of compensation on employee performance

## THEORETICAL FRAMEWORK

Work Discipline (Z) acts as a mediator between the independent variables of Situational Leadership Style (X<sub>1</sub>) and Compensation (X<sub>2</sub>) in predicting employee performance (Y). Then, the plan for the study looks like this:



## 3. RESEARCH METHODS

This research was conducted at Hotel X Mandalika Special Economic Zone located in Kuta village, Pujut sub-district, Central Lombok district, the population of this study was 260 contract employees. This study sets a minimum sample limit of 72 employees. The primary data source of this research is a questionnaire obtained from respondents and observations as reinforcement in field studies, Data is obtained by distributing a set of questions to respondents. The measurement scale used in this instrument is a Likert scale with alternative answer choices 1 to 5. Furthermore, the data will be analyzed by researchers. Apart from using multiple linear analyses in this study, it also uses the Moderated Regression Analysis (MRA) method to analyze the effect of moderator variables on the relationship between the independent variable and the dependent variable.

## CONCLUSION

Hotels, particularly those located in the Mandalika special economic zone, have a bright future in the coming years. Employees are the company's most valuable asset, thus strong performance on the part of the workforce is essential if it is to contribute to the achievement of the company's objectives. The right leadership style such as situational leadership style can be an important factor in the success of the company's business the leader can be an example to employees. In addition, the factor that is no less important is compensation because it includes salaries, incentives, allowances, and facilities such as transportation, work tools, and health care guarantees provided by the company to employees. So that in the end, work discipline will affect the situational leadership style and compensation in producing employee performance according to the target of Hotel x mandalika special economic zone.

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