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The Influence of Leadership and Compensation on Employee Performance via Job Satisfaction in the Harvesting Division of PT Velindo Aneka Tani, Maro Sebo Ulu, Batanghari Regency

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Abstract: This study is supported by theories related to leadership, compensation, job satisfaction, and employee performance. Additionally, the author utilizes relevant prior research—including journals and theses—to support the study. The population for this study consists of all employees in the Harvesting Division of PT Velindo Aneka Tani, Maro Sebo Ulu, Batanghari Regency. A saturated sampling technique was employed, involving 65 respondents; thus, the entire population served as the study's respondents. The data analysis technique used is Path Analysis, followed by hypothesis testing via simultaneous and partial tests. The results indicate that leadership, compensation, job satisfaction, and employee performance fall into the "good" category. Leadership and compensation—both simultaneously and partially—have a positive and significant effect on job satisfaction. Leadership and compensation also positively and significantly influence employee performance, both directly and indirectly through job satisfaction as an intervening variable. Furthermore, job satisfaction was found to have a positive and significant effect on employee performance. The results also demonstrate that job satisfaction mediates the relationship between leadership and compensation and employee performance. Consequently, improving leadership quality and providing appropriate compensation can enhance job satisfaction, ultimately leading to improved employee performance. This study concludes that leadership and compensation positively influence employee performance, both directly and through job satisfaction. Job satisfaction acts as an intervening variable that strengthens the relationship between leadership and compensation and employee performance within the Harvesting Division of PT Velindo Aneka Tani, Maro Sebo Ulu, Batanghari Regency.

Keyword: Leadership, Compensation, Job Satisfaction, Employee Performance.

INTRODUCTION

According to Nuriyah (2024), effective human resource management can enhance work productivity and employee loyalty, as well as foster job satisfaction, thereby improving overall organizational performance. Consequently, human resources are no longer viewed merely as a factor of production but rather as a key asset that must be managed professionally.

According to Wulandari (2025), leadership style significantly influences the improvement of employee performance, as leaders capable of fostering good communication and interpersonal relationships create a sense of comfort in the workplace. Furthermore, effective leadership can enhance work engagement and employee loyalty to the company. This demonstrates that organizational success is heavily influenced by the quality of leadership implemented within the company.

Hasibuan (2025) explains that transformational leadership has a positive influence on job satisfaction and employee performance, as leaders capable of providing support and motivation boost employees' morale in carrying out their duties. Research by Andri and Deperiky (2025) indicates that ineffective leadership can lead to low job satisfaction and directly result in a decline in employee performance. This highlights leadership as a crucial factor that companies must consider when enhancing the quality of their human resources.

Puspita (2025) states that adaptive and participatory leadership styles can enhance job satisfaction and positively impact organizational performance. Thus, the quality of leadership emerges as a crucial factor in navigating the dynamics of the modern workplace. Research by Tamba and Sitorus (2025) indicates that leadership style has a positive effect on employee performance, with job satisfaction serving as a mediating variable. The findings demonstrate that effective leadership enhances performance not only directly but also by increasing employee job satisfaction.

Adipra (2025) explains that job satisfaction mediates the relationship between transformational leadership and employee performance. However, other studies indicate that the impact of leadership on performance is not always significant unless supported by a conducive work environment. These differing findings suggest that the relationship between the variables requires further in-depth study.

Research by Sibagariang and Malikhah (2025) explains that compensation provided fairly and in line with workload can enhance employee loyalty and job satisfaction, thereby positively impacting organizational performance. Sinaga et al. (2025) state that appropriate compensation can enhance employee work engagement and job satisfaction in palm oil plantation companies. The study's findings indicate a strong link between compensation and the quality of employee performance, as employees who feel valued tend to work more optimally in carrying out their duties.

Research by Luthfiyah (2025) indicates that compensation has a significant impact on job satisfaction and employee performance, as it serves as a form of corporate recognition of the workforce's contributions. Thus, compensation acts as a crucial instrument in fostering a harmonious working relationship between the company and its employees.

METHOD

The subjects of this study are employees in the Harvesting Division of PT Velindo Aneka Tani, Maro Sebo Ulu, Batanghari Regency. The research focuses on analyzing the influence of leadership and compensation on job satisfaction, mediated by employee performance.

The variables employed in this study consist of leadership (X1) and compensation (X2) as independent variables, employee performance (Z) as the dependent variable, and job satisfaction (Y) as the intervening variable.

According to Sugiyono (cited in Sudirman, 2020), data is classified into two types based on the method of acquisition: primary data and secondary data. Primary data is data obtained directly from the primary research source, whereas secondary data is data obtained through pre-existing documents or other sources.

To ensure the collected data yields useful insights, it must first be processed and analyzed so that it can serve as a basis for decision-making. The purpose of data analysis is to interpret the obtained data and draw conclusions from it.

In this study, data processing was conducted using the SPSS software application (version 22.0 for Windows).

Descriptive analysis is a data analysis method aimed at providing a comprehensive overview of a specific phenomenon or social condition. This analysis is conducted by describing the variables related to the research problem as well as the units under study.

The research data, processed using SPSS version 22, were subsequently analyzed using path analysis. According to Sunyoto (2012), path analysis is an analytical method used to determine cause-and-effect relationships within multiple regression, wherein independent variables exert both direct and indirect effects on the dependent variable.

RESULTS AND DISCUSSION

The respondents sampled in this study were employees of the Harvesting Division at PT Velindo Aneka Tani. The characteristics of the sampled respondents are as follows:

Table 1. Respondent Characteristics

Profile	Description	Frequency	Percentage
Gender	Male	65	100
	Female	0	
Quantity		65	100

Source: Primary data, processed (2026)

Validity testing was conducted on all statement items for the research variables using the IBM SPSS Statistics program. The test involved comparing the calculated r-value (r_{count}) with the table r-value (r_{table}) at a 5% significance level. With degrees of freedom (df) calculated as $n - 2$ (i.e., $65 - 2 = 63$), the r_{table} value was determined to be 0.244. An item is considered valid if $r_{count} > r_{table}$.

Once all statement items in this study were confirmed to be valid, the next step was to conduct a reliability test. The reliability test is used to assess the consistency of a research instrument in measuring the same construct or to evaluate the stability of the questionnaire when administered repeatedly.

The decision-making criterion for the reliability test is that if the Cronbach’s Alpha value exceeds 0.60, the instrument is considered reliable or consistent; conversely, if the Cronbach’s Alpha value is less than 0.60, the instrument is deemed unreliable.

Table 2. Research Instrument Reliability Test Results

No	Variable	Cronbach’s Alpha	Measurement Limit	N of Items	Information
1	Leadership (X1)	0,785	0,60	12	Reliable
2	Compensation (X2)	0,785	0,60	12	Reliable
3	Job Satisfaction (Y)	0,778	0,60	15	Reliable
4	Employee Performance (Z)	0,777	0,60	15	Reliable

Source: SPSS 22 output

Based on the reliability test results in Table above, it is evident that all research variables have Cronbach’s Alpha values greater than 0.60. The Leadership variable (X1) has a value of 0.785, the Compensation variable (X2) is 0.785, the Job Satisfaction variable (Y) is 0.778, and the Employee Performance variable (Z) is 0.777.

Path analysis is an extension of multiple linear regression analysis used to determine the direct and indirect effects among variables in a study. This analysis aims to explain the causal relationships between independent variables and a dependent variable, whether directly or through an intervening variable.

In this study, path analysis is employed to analyze the effects of Leadership (X1) and Compensation (X2)—mediated by Job Satisfaction (Y) as an intervening variable—on Employee Performance (Z) at PT. Velindo Aneka Tani.

The path analysis for the first structural model in this study is used to examine the direct and indirect effects of Leadership (X1) and Compensation (X2) on Job Satisfaction (Y). The procedure involves calculating the correlations between the variables, yielding the results shown in the following table:

Table 3. Correlation Matrix of Independent Variables
Correlations

		Employee Performance	Leadership	Compensation
Pearson Correlation	Employee Performance	1,000	,915	,985
	Leadership	,915	1,000	,904
	Compensation	,985	,904	1,000
Sig. (1-tailed)	Employee Performance	.	,000	,000
	Leadership	,000	.	,000
	Compensation	,000	,000	.
N	Employee Performance	65	65	65
	Leadership	65	65	65
	Compensation	65	65	65

Source: SPSS 22 output results

Table 4. Results of the Equation for Leadership and Compensation on Job Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,069	,038		1,824	,073
	Leadership	,079	,033	,086	2,396	,020
	Compensation	,910	,036	,915	25,539	,000

Source: SPSS 22 output results

The research results indicate that leadership has a positive and significant influence on job satisfaction, with a significance value of 0.020 (< 0.05) and a regression coefficient of 0.079. Additionally, compensation also has a positive and significant influence on job satisfaction, with a significance value of 0.000 (< 0.05) and a regression coefficient of 0.910.

Based on the calculation results, the direct effect of leadership on job satisfaction is 0.74%, while the indirect effect through compensation is 7.12%. Thus, the total effect of leadership on job satisfaction is 7.86%. These results indicate that leadership has a positive effect on job satisfaction, both directly and indirectly.

The direct effect of compensation on job satisfaction is 83.72%, while the indirect effect mediated by leadership is 7.12%, resulting in a total effect of 90.84%. However, the magnitude of the effect of compensation is relatively smaller than that of leadership. This indicates that successfully increasing job satisfaction is not determined solely by the compensation practices implemented by the organization but is also significantly influenced by leadership capabilities in managing the work tasks of employees in the harvesting division.

The total direct and indirect influence of leadership and compensation on job satisfaction is 98.70%. This figure indicates that leadership and compensation contribute 98.70% to the increase in job satisfaction, while the remainder is influenced by other factors not included in the research model.

Table 5. Coefficient of Determination of Leadership and Compensation on Job Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,993[a]	,986	,986	,10129

Source: SPSS 22 output results

An R-square value of 0.986 was obtained. This value indicates that 98.6% of the variation in Job Satisfaction can be explained by the variables of Leadership and Compensation, while the remaining 1.4% is influenced by factors outside the research model. Thus, Leadership and Compensation make a very strong contribution to explaining changes in Job Satisfaction within the scope of the study.

Discussion

Based on the research conducted, the descriptions of Leadership, Compensation, Job Satisfaction, and Employee Performance are as follows:

Leadership

Based on respondents' answers regarding the Leadership variable at PT Velindo Aneka Tani, a total score of 2,861 was obtained, with an average score of 238.42, placing it in the "Good" category. These results indicate that leadership at PT Velindo Aneka Tani is functioning effectively.

The highest score was recorded for the statement "Leaders are able to adjust their leadership style according to the situation," with a score of 255; this indicates that leaders are perceived as capable of adapting their leadership style to the conditions facing the organization. Meanwhile, the lowest score was recorded for the statement "Leaders are able to build team spirit," with a score of 230, although this still falls within the "Good" category.

Overall, leadership—encompassing the ability to provide direction, supervision, communication, motivation, and decision-making, as well as the maintenance of harmonious working relationships—was rated positively by respondents, thereby supporting improvements in job satisfaction and employee performance.

Compensation

Based on the respondents' answers regarding the Compensation variable at PT Velindo Aneka Tani, a total score of 2,840 was obtained, placing it in the "Good" category. This result indicates that the compensation provided by the company is perceived positively by the employees.

The highest score was recorded for the statement "The salary I receive is commensurate with my workload" (score of 254), while the lowest score was for the statement "The available work facilities and infrastructure are complete" (score of 228), although the latter still fell within the "Good" category. Overall, compensation—comprising salary, incentives, allowances, and work facilities—was rated positively by respondents, thereby helping to boost employee morale and satisfaction.

c. Job Satisfaction

Based on the respondents' answers regarding the Job Satisfaction variable at PT Velindo Aneka Tani, a total score of 3,575 was obtained, placing it in the "High" category. This result indicates that employees possess a high level of job satisfaction.

The highest score was recorded for the statement "I have the opportunity to obtain a promotion" (score of 253), indicating that employees perceive good prospects for career development. Meanwhile, the lowest score was for the statement "Promotions are granted based on work performance" (score of 231), although this still fell within the "High" category. Overall, job satisfaction—encompassing the work itself, compensation, promotion opportunities, supervisor support, and relationships with colleagues—was rated highly by respondents, thereby helping to enhance employee morale and productivity.

d. Employee Performance

Based on the research findings, the Employee Performance variable obtained a total score of 3,570, placing it in the "High" category. This result indicates that employee performance at PT Velindo Aneka Tani is proceeding well. The highest score was recorded for the statement "My work is completed neatly," with a score of 253, demonstrating that employees are capable of completing tasks effectively and in accordance with standards. Meanwhile, the lowest score was for the statement "I work meticulously when performing my duties," with a score of 228, although this still falls within the "High" category. Overall, the research results indicate that employees are capable of completing their work effectively, take responsibility for assigned tasks, collaborate with colleagues, and resolve work-related issues. These conditions demonstrate that employee performance at PT Velindo Aneka Tani falls into the "High" category.

The results of this study align with research by Hartanto, Suryani, and Sudirman (2025), which states that job satisfaction mediates the influence of organizational variables on employee performance. Research by Tamba and Sitorus (2025) also demonstrates that leadership affects performance through job satisfaction as a mediating variable. Furthermore, a study by Luthfiyah (2025) indicates that compensation influences both job satisfaction and employee performance.

Thus, enhancing employee performance at PT Velindo Aneka Tani can be achieved by improving leadership quality, refining the compensation system, and continuously increasing job satisfaction. These three variables are interconnected and play a crucial role in fostering optimal employee performance.

CONCLUSION

Based on the research results and discussion, the following conclusions can be drawn: Leadership, Compensation, Job Satisfaction, and Employee Performance at PT Velindo Aneka Tani fall into the high category, according to the descriptive analysis conducted. This indicates that the conditions regarding leadership, the compensation system, job satisfaction levels, and employee performance within the company are functioning well.

Leadership and Compensation—both simultaneously and partially—have a positive and significant effect on Job Satisfaction. Simultaneously, Leadership and Compensation explain 98.6% of the variance in Job Satisfaction (R-Square = 0.986), while the remaining 1.4% is influenced by factors outside the scope of this study. Partially, Leadership exerts a direct effect of 0.74%, an indirect effect of 7.12%, and a total effect of 7.86%. Meanwhile, Compensation exerts a direct effect of 83.72%, an indirect effect of 7.12%, and a total effect of 90.84%.

Leadership and Compensation—both simultaneously and partially—have a positive and significant effect on Employee Performance. Simultaneously, these two variables explain 97.4% of the variance in Employee Performance (R-Square = 0.974), while the remaining 2.6% is influenced by factors outside the research model. Partially, Leadership exerts a direct effect of 1.80%, an indirect effect of 10.46%, and a total effect of 12.26%. Meanwhile, Compensation exerts a direct effect of 74.65%, an indirect effect of 10.46%, and a total effect of 85.11%.

Job Satisfaction has a positive and significant partial effect on Employee Performance. The magnitude of the direct influence of Job Satisfaction on Employee Performance is 98.61%, with a coefficient of determination (R-squared) of 0.986. This indicates that Job Satisfaction is the most dominant factor in enhancing Employee Performance.

Leadership and Compensation influence Employee Performance through Job Satisfaction. The influence of Leadership on Employee Performance via Job Satisfaction is 12.12%, while the influence of Compensation on Employee Performance via Job Satisfaction is 85.16%. Collectively,

Leadership and Compensation—mediated by Job Satisfaction—exert a total influence of 97.28% on Employee Performance. This demonstrates that Job Satisfaction acts as an intervening variable in the relationship between Leadership and Compensation and Employee Performance.

Recommendation

Based on the research findings, the author offers the following recommendations:

For PT Velindo Aneka Tani

The company is encouraged to continuously enhance leadership quality through training, mentoring, improved communication skills, and leadership competency development. These measures aim to create a better work environment and boost employee job satisfaction.

Enhancement of Compensation

The company is expected to provide fair compensation—both financial and non-financial—that aligns with employees' workloads and performance. Appropriate compensation will increase employee motivation, job satisfaction, and performance.

Improvement of Job Satisfaction

Company management needs to maintain and improve job satisfaction by providing rewards, creating a comfortable work environment, fostering better working relationships, and offering career development opportunities for employees.

Improvement of Employee Performance

Employees are expected to continuously improve their work quality, discipline, sense of responsibility, and task execution capabilities to ensure company targets are achieved optimally.

For Future Researchers

Future researchers are encouraged to incorporate additional variables that may influence employee performance—such as work motivation, work environment, organizational culture, work discipline, organizational commitment, or career development—to yield broader and more in-depth research findings.

For Academics

These research findings are expected to serve as a reference and subject of study for the advancement of human resource management, particularly regarding leadership, compensation, job satisfaction, and employee performance.

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