Research:

CORRELATION BETWEEN LEADERSHIP AND COMPENSATION WITH THE SATISFATION OF THE EMPLOYEES AT PDAM TIRTA PAKUAN BOGOR

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Abstract. *This research is intended to evaluate and measure the relationship of leadership and ompensation with employee job satisfaction. The research object is PDAM Tirta Pakuan Bogor. The population for this study was taken PDAM Tirta Pakuan employees population 180 worker. Samples were taken as many as 100 people using stratified random sampling method in the population because there are various levels of work. Questionnaire was used as research instrument. Further, data collected was analyzed using regression equation by deployed SPSS (Statistical Package for Social Science) software.Result indicates that : First leadership with employee job satisfaction has a very significant relationship and have a contribution 21.4%. Both compensation with employee job satisfaction has significant relationships and have a contribution 26.7%. The third leadership and compensation together have a relationship and have a very significant contribution of 32.6%, the remaining 67.4% is determined by other variables not examined.*

Key words: Leadership, Compensation, and Job Satisfaction

INTRODUCTION

The role of a leader and leadership is the most important thing to improve the satisfaction of the employees. Leadership is the key point in management role to succeed the company, it creates the objectives, planning, organizing, controlling all the sources of the company to reach the goals of the company effectively and efficiently.

The effort to satisfy the employees is one the tasks of the management which is simple but complicated. The satisfaction of the employees is so simple that people will do their best to get a good compensation. Once they have obtained a good compensation then they will surely do their tasks properly.

The management of the company is obliged to develop such a condition which is able to drive the employees to achieve the goals of the company. Since a company is a business organization which is related to people needs and organization needs, so that, the management should have to be able to manage it based on the human relationship. The leaders should have to be able to motivate the people and to establish a social condition which has given a benefit for the employees affecting to their satisfaction and productivity improvement.

A good compensation is one of the important factors influencing the satisfaction of the employees. Every company should have to give an effort to satisfy the employees by giving them a fair and competitive compensation. Some factors that are influencing the satisfaction of the employees are fair and acceptable payment, work security, flexible work schedule and the employees involvement.

Leadership is an important role in a management. The management of PDAM Tirta Pakuan Bogor has implemented participative leadership which means teamwork. The employees are obliged to work in a team.

One of the indicators showing the satisfaction of the employees is their absenteeism records. The records of their absenteeism 2011 was mentioned on the table 1, as follows:

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No	Bulan	Jumlah Tenaga Kerja (orang)	Jumlah Hari Kerja (hari)	Jumlah Hari Kerja Seharusnya (hari)	Jumlah Hari Kerja yang Hilang (hari)	Jumlah Hari Kerja Senyatanya (hari)	Prosentasi Absensi
1	2	3	4	5 = (3 x 4)	6	7 = (5-6)	8 = (6:5) x 100%
1	Januari	180	25	4,500	18	4,482	0.40
2	Februari	180	23	4,140	20	4,120	0.48
3	Maret	180	26	4,680	16	4,664	0.34
4	April	180	25	4,500	17	4,483	0.38
5	Mei	180	26	4,680	23	4,657	0.49
6	Juni	180	25	4,500	13	4,487	0.29
7	Juli	180	26	4,680	26	4,654	0.56
8	Agustus	180	25	4,500	14	4,486	0.31
9	September	180	25	4,500	12	4,488	0.27
10	Oktober	180	26	4,680	22	4,658	0.47
11	November	180	25	4,500	28	4,472	0.62
12	Desember	180	26	4,680	19	4,661	0.41
Jumlah		**2,160**	**303**	**54,540**	**228**	**54,312**	**5.01**
Rata-rata		**180**	**25**	**4,545**	**19**	**4,526**	**0.42**

Source: Annual Report of absenteeism in 2011

Based on the aforementioned table, the average of its absenteeism was 0.42% indicated low absenteeism. It showed that the satisfaction of the employees was quite high, but in relation with the results of the observation and interview there were still some employees coming late and going home earlier and having longer lunch hour.

PDAM Tirta Pakuan Bogor is a district company in Bogor which is supplying clean water for public. To increase the employees satisfaction, PDAM Tirta Pakuan Bogor has been giving a good compensation to its employees. Though its compensation is fluctuated each month.

Problem Formulation

Based on the background of the problem and the identification and limitation of the problems, this research will perform as follows:

1. Is there any correlation between leadership and the satisfaction of the employees of PDAM Tirta Pakuan Bogor?
2. Is there any correlation between compensation and the satisfaction of the employees of PDAM Tirta Pakuan Bogor?
3. Is there any correlation between leaderships and its compensation given to the employees of PDAM Tirta Pakuan Bogor which is reflecting to the employees job satisfaction?

THEORETICALLY STUDIES

Veithzal Rivai and Deddy Mulyadi (2009) mentioned that Job satisfaction is the evaluation about the employees which have been performing their job related to satisfy their needs. Job satisfaction is the result of specific attitude against jobs factors, self-adjustment and inter-personal relationship after working hours.

Jobs satisfaction is a security feeling which are: a. socio-economy variables (salary and social security); b. psychology social variables: 1) Career path; 2) Rewards: 3) Supervising: 4) Interpersonal-relationship among the employees themselves and between the superiors and its subordinates.

Other factors influencing the employees satisfaction are as follows: a. Job Position, b. Title, c. age, d. financial social security, e. Quality Control.

Jason A. Colquit, Jeffery A. Lepine & Michael J. Wesson stated leadership, defined as the use of power and influence to direct the activities of followers toward goal achievement. Its factors are power, symbol and role.

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Irham Fahmi defined leadership is a science which is a comprehensive study how to direct, influence and supervise other people to perform their job related to the planned instruction. Leadership factors, power as regards obligation, give a reward, authorized, skills and knowledge, references.

Panggabean (2002) within Edi Sutrisno (2010) mentioned that compensation can be defined as a reward given to the employees who have been doing their job. Factors which are related to the compensation are as follows; supply and demand, workers union, payment capability, productivity, cost of living, government.

Hadari Nawawi, compensation is reward given to the employees who have been giving their contribution to achieve the company's goal through their job achievement. Compensation dimension are as follows: internal, external, individual. Its factors; needs, fair payment related to the manpower policy (external) and the organization capability (internal), job title.

Marwansyah stated, compensation is a direct and an indirect reward given to the employees financially or non financially who have been contributing the company to reach its goals. Dimensions; internal and external fairness as well as its individuality. Factors; conditions of manpower market, government regulations, contract agreement, management attitude, payment capability, and cost of living.

Hyposthesis
1. There is a positive correlation between leadership and employees satisfaction.
2. There is a positive correlation between compensation and employees satisfaction.
3. There is a positive correlation between leadership and compensation given against the employees job satisfaction.
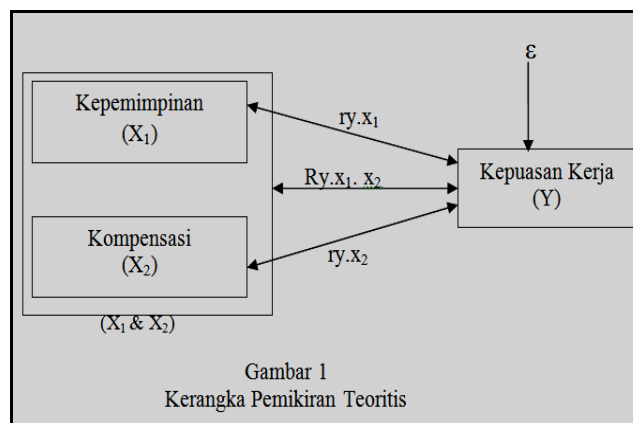
Research constellation

Figure 1, theoretically frame-work.

METODOLOGY

This research has used descriptive analysis and quantitative data. Descriptive analysis is a research focusing to the actual phenomena or problems when the research has been performed following the descriptions of the facts which has been interpreted rationally and accurately. Data collected quantitatively using questionnaires sent to some employees of PDAM Tirta Pakuan as sampling respondents. The research has applied 100 employees representing 120 employees using stratified random sampling method as to various job title. The data validity has been evaluated using Pearson correlation method and its realibity using Cronbach alpha. Analysis requirements evaluation has been using normality, homogeneity and data linear evaluation.

Hypothesis evaluation has been done using correlation coefficient methods as follows:
1. Correlation between leadership and employees' satisfaction has been examined using a simple correlation to get the strength of its correlation between leadership variable (X_1) and the employees' satisfaction (Y). Py.1 = correlative coefficient between X_1 variable and Y .

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2. Correlation between compensation and employees' satisfaction has been examined using simple correlation technique to obtain its correlation strength between compensation variable (X_2) and employees satisfaction variable (Y). Py.2 = correlation between X_2 variable and Y variable.

3. Correlation between leadership and the compensation given against the employees' job satisfaction has been examined using multiple correlation technique and product moment correlation to acknowledge its correlation strength between leadership variable (X_1) together with compensation variable (X_2) against employees' satisfaction (Y). Py.1.2 = correlation between X_1 together with X_2 against Y variable.

RESULT AND EXPLANATION

Validity Test

One item is valid if r calculated is >r table. Validity test using Pearson correlation using SPSS 16 are as follows:
1. Employees job satisfaction variable, 20 items are valid against 40 questionnaires item.
2. Leadership variable, 20 items are valid against 40 questionnaires item.
3. Compensation variable, 20 items are valid against 40 questionnaires item.

Reliability test

A variable is reliable when the value of cronbach alpha ≥ 0.7. Result of reliability test based on cronbach alpha using SPSS 16 as follows: employees' satisfaction is 0.903; leadership is 0.958; and compensation is 0.872. Hence, all the item variable are reliable.

Normality test.

A variable data is distributed as normal when the significant degree is 0.05 based on One-Sample Kolmogorov Smirnov Test. The result of this test using One-Sample Kolmogorov Smirnov is significant as follows: Employees' job satisfaction variable is 0.201; leadership variable is 0.235 and compensation variable is 0.237. It declares that all the data are distributed as normal.

Homogeneity test

Homogeneity data of employees' job satisfaction (Y) and leadership (X_1) have been examined using batrlett test. Based on its calculation the results are as follows: value X^2 calculated = 26.284 and X^2 table = 123.23. Homogeneity data requirement is X^2 calculated < X^2 table. It explains that the employees job satisfaction (Y) data and leadership data (X_1) are coming up from the population which has the same(homogeny) variant .

Homogeneity data of employees job satisfaction (Y) and compensation(X_2) has been examined using Bartlett test. The calculation as follows: X^2 calculated = 2.284 and X^2 table = 123.23. Homogeneity data requirement is X^2 calculated < X^2 table. It explains that (Y) and (X_2) are coming up from the population which has the same(homogen) variant.

Linearity Test

Uncontrolled variable score is linear against the controlled variable when its linearity test is < 0.05. Result of linearity test which is using SPSS 16 shows that leadership variable against the employees job satisfaction variable is 0.000, as well as the compensation variable is 0.000. Therefore all the uncontrolled variables are linear against the controlled variables.

Hypothesis Test

Hypothesis test has been performed using correlation coefficient method and SPSS 16. The results are as follows:

The calculation of correlation coefficient for leadership (X_1) and the employees job satisfaction as follows:

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Correlations		Kepemimpinan	Kepuasan Kerja
Kepemimpinan	Pearson Correlation	1	.463''
	Sig. (2-tailed)		.000
	N	100	100
Kepuasan Kerja	Pearson Correlation	.463''	1
	Sig. (2-tailed)	.000	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Correlation result of the leadership and the employee job satisfaction applying moment product correlation is $ry._1 = 0.462 >$ r-table (r-table = 0.195 at $\alpha = 0.05$ and r-table = 0.256 at $\alpha = 0.01$). Both variables are significant as Sig = 0.000 which is identical to *p-value* where *p-value* is < than α (0.05). It means that Ho is rejected and H_1 is accepted which is showing a positive correlation significantly between leadership(X_1) and employees job satisfaction (Y).

Result of Leadership (X_1) contribution against employee job satisfaction has been calculated based on determinant coefficient is $r^2 = (ry._1._2)^2 = 0.214$ explaining that contribution of leadership variable is 21.4% against the employee job satisfaction (Y).

1. Calculation of the correlation coefficient of the compensation (X_2) and the employee job satisfaction (Y) as follows:

Correlations		Kepuasan Kerja	Kompensasi
Kepuasan Kerja	Pearson Correlation	1	.517''
	Sig. (2-tailed)		.000
	N	100	100
Kompensasi	Pearson Correlation	.517''	1
	Sig. (2-tailed)	.000	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

Correlation coefficient of the compensation and the employee job satisfaction using correlation product moment is ry.2 = 0.517 > rtable (rtable = 0.195 at α = 0.05 and rtable = 0.256 at α = 0.01). Both correlation is significant as Sig = 0.000 which is identical to *p-value* where *p-value* is < α (0.05). It explains that Ho is rejected and H_1 is accepted showing a significant positive correlation between the compensation (X_2) and the employee job satisfaction (Y).

Contribution of the Compensation variable (X_2) and the employee job satisfaction (Y) has been calculated using determinant coefficient which is $r^2 = (ry.1)^2 = 0.267$. It explains that the compensation variable contributes 26.7% against the employee job satisfaction (Y).

2. Calculation of correlation coefficient between the leadership (X_1) along with the compensation (X_2) and the employee job satisfaction (Y)are as follows:

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.571[a]	.326	.313	5.39317
a. Predictors: (Constant), Kompensasi, Kepemimpinan				
b. Dependent Variable: Kepuasan Kerja				

Correlation between the leadership (X_1) and the compensation (X_2) against the employee job satisfaction using correlation product moment is ry.1.2 = 0.571 > r-table (r-table = 0.195 at α = 0.05 and rtable = 0.256 at α = 0.01). Both correlation is significant as Sig = 0.000 which is identical to to *p-value* where *p-value* is < α (0.05). It explains that Ho is rejected and H_1 is accepted showing a significant and positive correlation between leadership variable (X_1) along with compensation variable (X_2) and the employee job satisfaction variable (Y).

Contribution of the leadership variable (X_1) along with the compensation variable (X_2) against the employee job satisfaction variable (Y) has been calculated using determinant coefficient

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which is $r^2 = (ry.1)^2 = 0.326$. It explains that the leadership variable (X_1) and the compensation variable (X_2) contributes 32.6% against the employee job satisfaction variable (Y).

CONCLUSION AND SUGGESTIONS

Conclusion
1. Leadership has a positive correlation with job satisfaction and the power of its correlation is at average. It explains that the employees' job satisfaction at PDAM Tirta Pakuan Bogor is determined by the leader itself. The better the leaders manage, the more employees' job satisfaction will get, on the contrary, the worst the leaders manage, the less employees' job satisfaction will come up. The employees are not expecting the authoritarian leaders, but the leaders should have to be able to be aware of the situation and who could make the right decision at any circumstances.
2. Compensation has a positive correlation with employees' job satisfaction and the power of its correlation is at average. It explains that the employees' job satisfaction is determined by the compensation itself. The higher compensation a company gives, the higher employees job satisfaction will be, on the contrary, the lower compensation a company gives, the lower employees' job satisfaction will be.
3. Leadership and compensation have a positive correlation with employees' job satisfaction and the power of its correlation is at average. Hence, whenever the company increases the compensatrion as well as leadership quality, it will increase obviously the employees' job satisfaction, but when the company gives a low compensation and low quality of the leaders, it will surely reflecting to the lower job satisfaction of the employees.

Suggestions
In relation with the aforementioned conclusion, some suggestions are advised as follows:
1. The management of PDAM Tirta Pakuan Bogor should have to make a decision based on the situation happened as quick as possible so that the employees are able to execute the job ordered properly.
2. PDAM Tirta Pakuan Bogor should have to improve the compensation of overtime, benefit, bonus, death, wedding, birth.
3. PDAM Tirta Pakuan Bogor should have to perform a regular evaluation regarding the employees' job satisfaction so that the employees would be able to increase their productivity which is reflecting to the development of PDAM Tirta Pakuan Bogor.

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