

## **Determinants of Employee Performance with Work Motivation as an Intervening Variable at the PTPN X Bobbin Industrial Unit.**

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**Abstract:** *This research was conducted to see the determinants of employee performance with work motivation in mediating compensation and transformational leadership at the PTPN X Bobbin Industrial Unit Office. The sample of the study was 274 female employees in the cutting department with different criteria and backgrounds. Sampling was done by random sampling technique, that is, all populations were taken randomly to become the research sample. This is done to improve employee performance in cutting Bobbin through work motivation seen from compensation and transformational leadership. The analysis used is Path Analysis or path analysis assisted by the Sobel Test to determine the determinants of employee performance. The results showed that compensation has an effect on employee work motivation, transformational leadership on work motivation, compensation for employee performance, transformational leadership on employee performance, work motivation on employee performance, compensation through work motivation on employee performance, and transformational leadership through work motivation on employee performance.*

**Keywords:** *Employee Performance, Transformational Leadership, Work Motivation.*

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### **I. Introduction**

PTPN X Bobbin Industrial Unit is a state-owned company (BUMN) in the largest tobacco management plantation with quality products in Jember Regency which has 3,100 employees (Data on employees of PTPN X Industrial Unit Bobbin in 2019). The Bobbin industry brings enormous benefits, namely opening new jobs, improving people's welfare, increasing the amount of money in circulation, and as an example of successful cooperation with foreign parties. The Bobbin Industrial Unit has three parts of work carried out by workers, namely in the field of cutting tobacco leaves into cigar wrapping/wrapping materials (cutting bobbin), small cigars, and tobacco grading. Researchers focused on one unit, namely cutting Bobbin. Employees in this unit must have high performance in order to produce the best product and meet company targets. If the employee's performance is good, the company's performance will also be good. Employee performance in this study is influenced by factors such as compensation, work motivation, and transformational leadership.

Based on the above background, this study aims to:

1. Testing the effect of compensation on work motivation at PT PTPN X Bobbin Industry Unit.
2. Testing the effect of transformational leadership on work motivation at PTPN X Bobbin Industry Unit.
3. Testing the effect of compensation on employee performance at PTPN X Bobbin Industry Unit.
4. Testing the effect of transformational leadership on employee performance at PTPN X Bobbin Industry Unit.
5. Testing the effect of work motivation on employee performance at PTPN X Bobbin Industry Unit.
6. Testing compensation through work motivation has an effect on employee performance at PTPN X Bobbin Industry Unit
7. Testing transformational leadership through work motivation has an effect on employee performance at PTPN X Industrial Unit Bobbin.

### **II. Literature Review**

#### **Compensation**

Compensation is all forms of financial and tangible services and benefits received by employees as part of a working relationship (Moazzam 2016). Compensation can be in the form of employee wages and salaries, incentive payments, bonuses, and commissions. According to Coulter (2010, Transformational leadership is a leader who is able to stimulate and inspire (change) followers (employees) to achieve extraordinary results, the transformational leadership model is more than charismatic because transformational leadership seeks to instill

abilities in followers (employees) who are not only found in one view but the view is held by the leaders, while work motivation is a way of encouraging someone's work spirit so that they want to work in order to achieve organizational goals (Sunyoto 2013: 11).

Meanwhile, according to Handoko 2001 (in Widodo 2015: 157), the purpose of compensation can be described as follows:

1. Obtain qualified personnel
2. Retaining existing employees
3. Guarantee justice
4. Appreciate the desired behavior
5. Controlling costs
6. Fulfill legal regulations

According to Hasibuan (2017: 122), the principle of compensation must be based on the principle of fairness and the principle of being feasible and maintaining the applicable labor law.

1. The principle of fairness

The amount of compensation must be in accordance with work performance, type of work, responsibilities, and positions

2. The principle of proper and reasonable

Compensation must be adjusted according to its feasibility. Although the measure of feasibility is very relative, companies can refer to the limits of fairness in accordance with the provisions applied by the government and other regulations consistently.

According to Simamora (2004), indicators for measuring employee compensation include the following:

a. Salary

Salary is the basis of pay that is often used for production and maintenance workers. Salary is generally related to hourly wage rates and salaries usually apply to annual, monthly, or weekly rates.

b. Incentive

Incentives are additional compensation above or beyond the salary or wages provided by the company.

c. Allowance

Benefits are health and life insurance, pension plans, company-borne holidays, and other benefits related to employment relationships.

d. Amenities

Facilities are generally related to enjoyment such as company cars, access to company planes, special parking lots, and enjoyment (special treatment) that employees get.

**Transformational leadership.**

Coulter (2010) Transformational leadership is a leader who stimulates and inspires (transforms) followers (employees) to achieve extraordinary results, the transformational leadership model is more than charismatic because transformational leadership seeks to instill abilities in followers (employees) who are not only founded on views but views held by the leaders.

Indicators and dimensions of transformational leadership according to Coulter (2010) :

1. Idealized Influence

Is the behavior that generates respect (respect) and confidence (trust) from the people they lead. Idealized Influence implies sharing risks, through consideration of needs that are led above personal needs. The ideal influence relates to the reaction of subordinates to the leader. Leaders are identified as being used as role models, trusted, respected, and have a clear vision and mission according to the perceptions of subordinates can be realized. The leader's trust is delegated to his subordinates as one of the concerns shown by the leader to his subordinates.

2. Inspirational Motivation

It is a reflection of behavior that always provides challenges and meaning to the work of the people being led, including behavior that is able to demonstrate the commitment to organizational goals and leaders who act by encouraging and inspiring subordinates. This spirit is raised through enthusiasm and optimism.

3. Intellectual Stimulation

Is a leader who demonstrates the type of leadership by always exploring new ideas in innovation and creative solutions from the people he leads.

4. Individualized Considerations

Is a leader who always listens attentively as a consideration from the leader to his subordinates, and pays special attention to the needs of achievement and the needs of the people he leads.

**Work motivation.**

According to Robbins (2011: 222) Motivation is a process that plays a role in the intensity, direction, and duration of individual efforts towards achieving goals. Employee performance is "the assessment of someone doing something well to get the job done and organizational success" (Oppler: 2019). Meanwhile, according to Chuang (2004), employee performance refers to behavior that is relevant to company goals, and this behavior is under the control of each employee. The term performance comes from the word Job Performance, the actual work performance, or achievement achieved by someone.

Indicators and dimensions of motivation according to Mc Clelland (in Robbins (2011: 174) are:

1. The need for power (Need for Power n-pow)

It is shown by the drive to perform optimal skills, the urge to be a leader in every activity, the urge to organize others, the desire to achieve a position of being a leader, self-confidence an important part of any organization, the level of enjoyment of competition and victory.

2. The need for achievement (Need for Achievement n-Ach)

Shown with high responsibility, the expectation of feedback from each activity, skills in completing work, enthusiasm to excel at every opportunity, desire to do challenging work, strong desire to progress, and seek levels of success.

3. The need for affiliation (Need for Affiliation n-aff)

Shown with a high social sense, the level of cooperation with other parties in completing work, the urge to help others at every opportunity, self-confidence.

**Employee performance.**

Employee performance is "the assessment of someone doing something well to get the job done and organizational success" (Oppler: 2019). Meanwhile, according to Chuang (2004), employee performance refers to behavior that is relevant to company goals, and this behavior is under the control of each employee. The term performance comes from the word Job Performance, job performance, or actual achievement achieved by a person. The definition of performance is the work result in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him Mangkunegara (2013).

There are six indicators for measuring individual employee performance, namely (Robbins, 2006: 260):

1. Quality.

It is a result that can be measured from employees' perceptions of the quality of work produced and the perfection of tasks on employee skills and abilities.

2. Quantity.

Represents the amount produced expressed in terms such as the number of units, number of activity cycles completed.

3. On time.

It is the level of activity completed at the beginning of the stated time, seen from the point of coordination with the output results and maximizing the time available for other activities.

4. Effectiveness.

Is the level of use of organizational resources (manpower, money, technology, raw materials) maximized with the intention of increasing the results of each unit in the use of resources.

5. Independence.

It is the level of an employee who will be able to carry out his work function. Work commitment. Is a level where employees have a work commitment to the agency and employee responsibilities to the office.

**Research Conceptual Framework**

To clarify the implementation of the research, the framework can be described as follows:

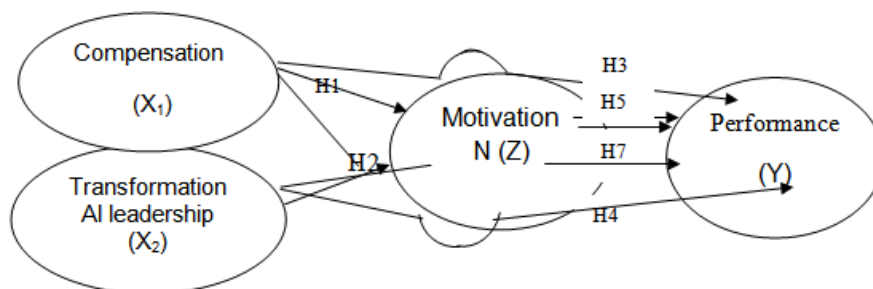


Figure 2.1 Conceptual Framework  
Source: Processed data (2020).

**Research hypothesis:**

Based on the theoretical basis that has been described and adapted to the research problem, the research hypothesis can be formulated as follows:

Compensation affects work motivation which acts as an intervening variable in this study. According to Hasibuan (2017: 119), compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company. While motivation is a process carried out by individuals who strive to achieve goals, including three important elements, namely intensity, direction, and persistence (Judge: 2013). In line with the opinion of Hasibuan (2006: 125) which states that: "Compensation that is implemented properly will provide work motivation for employees. Compensation is known to consist of direct and indirect compensation. If the comparison of the two compensation is determined in such a way, the employee's motivation will be better ". Based on previous research theory, the first hypothesis is proposed as follows:

H1: Compensation has a significant effect on work motivation

Kharis' research (2015) proves that transformational leadership has a positive and significant effect on work motivation. This means that if a leader's ability to work optimally motivates and transforms organizational resources, the goals will easily achieve the targets that have been set. However, this is different from the research conducted by Danielle et al (2001) which states that transformational leadership does not have a positive and significant effect on work motivation. The problem now is that there is still an unclear division of tasks from the leadership so that there are employees of the cutting division of Bobbin whose jobs are overloaded (working on other production targets) due to employees who are absent from work. Based on previous research theory, the second hypothesis is proposed as follows:

H2: Transformational leadership has a significant effect on work motivation.

Leonu et al (2017), Cahya (2016) state that there is a significant positive influence between compensation on employee performance, meaning that the greater the compensation, the higher the employee's performance. However, Friday (2017) has a different opinion that compensation has no significant effect on employee performance. Employee performance, especially the Bobbin cutting section, is still low, as evidenced by the instability of production figures and the number of employees that occur annually in accordance with Table 1.1. One of the reasons is that there are still employees who consider cutting Bobbin a "stepping stone", meaning that it is only a temporary job before getting a better job with a higher salary. Based on previous research theory, the following third hypothesis is proposed:

H3: Compensation has a significant effect on performance.

In line with research conducted by Nyakundi (2016), Abbas (2015) that there is a significant positive influence between transformational leadership on employee performance. This means that if a leader is less able to provide direction to employees, it could be that employee performance will decrease. In contrast to the research of Kharis (2015), that there is no significant effect on performance. A leader must be able to motivate his employees because motivation is an impetus or reason that becomes the basis for one's enthusiasm to do something. The reality in the field shows that the leadership in the cutting division of Bobbin lacks communication and is unable to transform their personal approach (being rigid), so that there is no positive stimulus to improve employee performance. Based on previous research theory, the fourth hypothesis is proposed as follows:

H4: Transformational leadership has a significant effect on performance.

Previous research conducted by Roni (2019), Wijaya (2012) resulted in work motivation having a significant positive effect on employee performance, meaning that motivating employees to improve employee performance. The results of this study are not fully in accordance with the facts such as the existence of cutting Bobbin employees who feel bored and bored with monotonous work, less transparent career paths that make work motivation low and their performance is not optimal. Based on the theory of previous research, the fifth hypothesis is proposed as follows:

H5: Work motivation has a significant effect on performance

In line with the theory of Robbins (2007: 84), if an employee considers that the compensation given is in accordance with the employees' expectations, it will motivate employees to improve employee performance. This shows that a sense of satisfaction with the compensation given in the form of salaries, bonuses, allowances, and adequate facilities will foster high motivation at work because employees feel valued and supported at work. The existence of high motivation makes employees more focused and attentive to efforts to achieve good work results and according to company expectations so that this fosters better performance from employees. The

expectations are not in accordance with the facts, namely that even though the minimum compensation (salary) is based on the UMK (Regency Minimum Wage) there are still employees who are absent/absent from work for various reasons so that they can interfere with the target of cigar production per day and there are still employees who think they are cutting jobs. The bobbin is a "stepping stone", meaning only as a temporary job before getting a better job with a higher salary. Based on previous theory and research, the following sixth hypothesis is proposed:

H6: Compensation through work motivation has a significant effect on performance

In line with research Kathryn (2010) states, leadership that has power affects employee performance with work motivation as a mediating variable. Gregory (2012) states that leadership plays an important role in motivating employees, and employee motivation has an impact on employee performance. Anne et al. (2008) stated that leadership is very influential on employee performance with work motivation as an intervening variable. However, the written theory is different from the fact that there is still an unclear division of tasks from the leadership so that there are employees of the cutting Bobbin whose work is overloaded (working on other production targets) because there are employees who are absent from work and the leadership in the cutting Bobbin is lacking communication and lack of communication. can transform the personal approach (be rigid), so that there is no positive stimulus to improve employee performance. Based on previous research theory, the seventh hypothesis is proposed as follows:

H7: Transformational leadership through work motivation has a significant effect on performance.

## **RESEARCH METHODS**

This study aims to test and analyze whether or not the influence of compensation and transformational leadership on performance through motivation as an intervening variable. Based on the research objectives, the type of research used by researchers is the Causal Explanatory. Causal is a variable that affects other variables (Schindler, 2011). Explanatory Research is a study that aims to explain the relationship between variables and research phenomena (Schindler, 2011). Thus, the Causal Explanatory serves to explain the relationship between variables and hypothesis testing that has been formulated by previous researchers and aims to explain various research events and phenomena.

## **POPULATION AND SAMPLE**

The sample in this study were those who worked in the process of cutting tobacco leaves into cigars (cutting bobbins), totaling 274 women. Sampling is done randomly (random sampling), namely the number follows the balance of each population taken from the work unit. The reason for taking the sample, because employees in the production section (cutting bobbin) is considered to be the most effective and can be seen from the production achievement of 5,000 pieces per month so that the profit earned will provide satisfaction for the company and will be compensated for achieving these targets.

The data collection method is done by using a questionnaire. The questionnaires were distributed offline. Questionnaires were distributed to 274 people who became research respondents. The statements submitted to the respondents resulted in five categories of answers. Variable assessment using a Likert scale obtained by categories: strongly disagree with a value of 1, disagree with a value of 2, quite agree to be given a value of 3, agree to be given a value of 4, and strongly agree to be given a value of 5.

## **DATA AND RESULTS**

Respondent characteristics include respondent demographic data (age, education level, and years of service), while descriptive research variables are useful to support the results of data analysis which present the distribution of respondents' answers to research questions. Of the entire sample of female employees in the Cutting Bobbin unit, 274 people studied were all able to fill out and return the questionnaire given.

The characteristics of the respondents in this study include:

1. Most of the ages of respondents in the Bobbin Cutting section in this study were: productive age between 27-35 years as many as 128 people (46.7%).
2. The last education level of respondents in the Spindle Cutting section in this study were: SMA as many as 85 people (31.1%).
3. Most of the working years of the Bobbin Cutting Unit in this study were: 17-24 years as many as 123 people (44.9%).

## **VALIDITY AND RELIABILITY TEST .**

All the questions in the questionnaire show valid statistical test results and based on the results of statistical data processing, it is known that the four variables are stated to have a Cronbach's Alpha value > 0.60, namely the X1 variable is 0.860 > 0.60; X2 is 0.616 > 0.60; Z is worth 0.749 > 0.60; Y is worth 0.892 > 0.60; so

that all research variables are declared to be reliable. Based on this, it can be stated that the instrument used to measure all research variables is reliable as a research measurement tool.

### DATA NORMALITY TEST

The normality test was carried out using the Kolmogorov-Smirnov test with a decision P value > 0.05, the data was said to be normally distributed. Based on the statistical test, it states that each regression equation model has a normal distribution. This can be seen from the Kolmogorov-Smirnov significance value, all statistical values of each tested variable have a value greater than 0.05. Referring to these results, it can be stated that the equation model in this study is suitable for use because it has met the normality assumption.

### Multicollinearity Test.

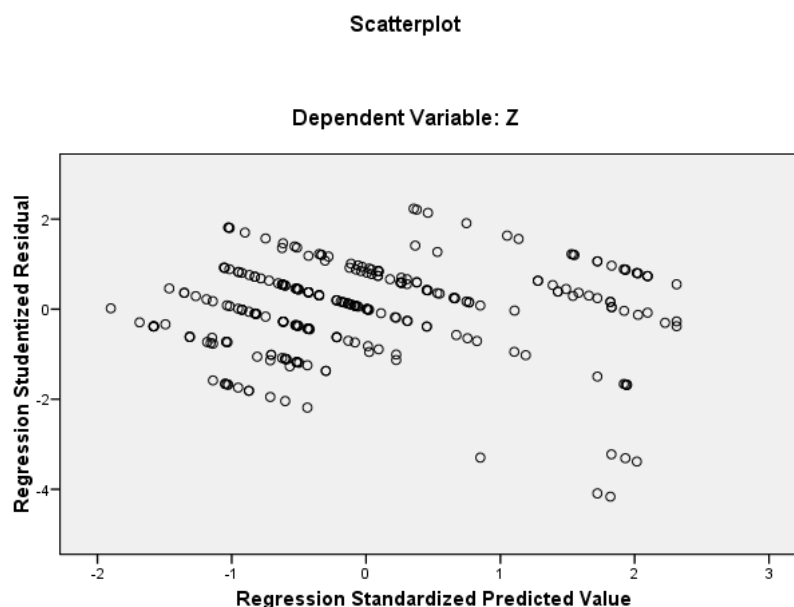
Multicollinearity can be seen through the VIF value. The VIF value is more than 10, indicating an indication of a multicollinearity or singularity problem so that the data cannot be used for research (Ghozali, 2005: 131). Based on the results of the Collinearity Statistic analysis, it is known that there is no multicollinearity in the model. This can be seen in the table where the VIF value of each variable is less than 10.

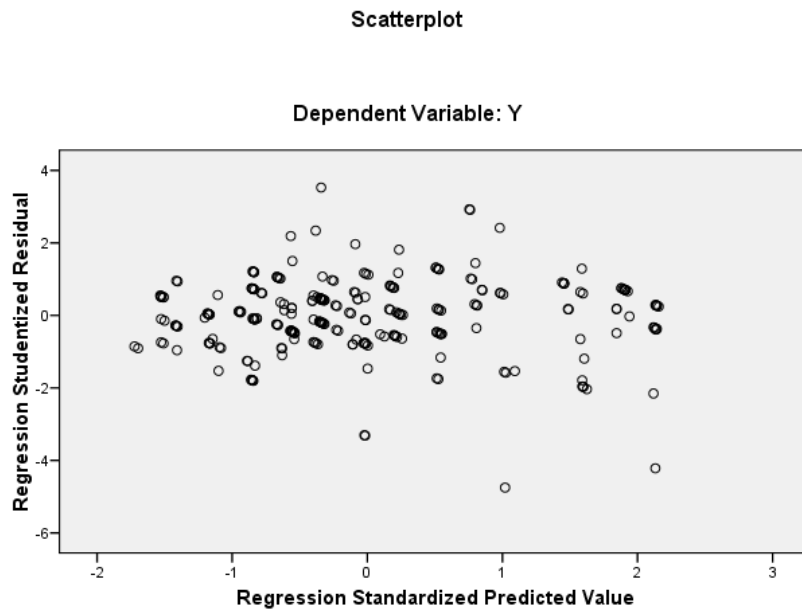
### Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another (Ghozali, 2013: 139). A good regression model is a homoscedasticity or heteroscedasticity does not occur. The procedure is carried out by detecting the presence or absence of a certain pattern on the scatter plot in Figure 1.1 where the X-axis is the predicted Y and the Y-axis is the standardized residual (Y predicted - Y true). The basis for making decisions is as follows:

- If there is a certain pattern, such as the points that form a certain regular pattern (wavy, widened, then narrowed), heteroscedasticity has occurred.
- If there is no clear pattern and the dots spread above and below the 0 on the Y axis, there is no heteroscedasticity.

The results of the analysis of the scatterplots graph in Figure show that the points spread randomly, do not form a clear pattern, and are spread either above or below the number 0 on the Y-axis. This means that there is no heteroscedasticity in the regression model either in Equation I and II.





**Figure 1.1 Heteroscedasticity Test Results**

**Path Analysis**

Each pathway tested in this study represents an existing hypothesis. The path coefficient value can be seen in the following table:

**Table 1.1 Recapitulation of Path Analysis Results**

<b>Independent Variable</b>	<b>Intervening Variable</b>	<b>Dependent Variable</b>	<b>Beta(<math>\beta</math>)</b>	<b>Sig</b>	<b>Significant/ Insignificant</b>
Compentation	Work Motivation		0,654	0,000	Significant
Transformational leadership	Work Motivation		-0,100	0,031	Significant
Compensation		Performance	0,646	0,000	Significant
Transformational leadership		Performance	-0,009	0,766	Insignificant
	Work Motivation	Performance	0,310	0,000	Significant
Compentation	Work Motivation	Performance	(0,654).(0,310) =0,203	0,000	Significant
Transformational leadership	Work Motivation	Performance	(-0,100).(0,310) =-0,031	0,069	Insignificant

Table 1.1 shows that compensation has the most dominant and significant effect on performance with the path coefficient of the direct influence of 0.654 or the path from compensation to performance is the strongest path. Next is the path with a value of 0.646 or the path from compensation to performance. Then the path from work motivation to performance with a direct path coefficient of 0.310; compensation through work motivation to performance with a direct path coefficient of 0.203. The table above also shows that there is an insignificant test for the path coefficient, namely the effect of transformational leadership on performance with a path value of -0.009; and transformational leadership on performance through work motivation with a path value of -0.031.

### Sobel Test Analysis

The results of the Sobel Test Analysis can be briefly seen in Table 1.2 below.

Table 1.2 Sobel Test Results

Variable	Sab	T <sub>count</sub>	t <sub>table</sub>	Information
X <sub>1</sub> ZY	0,052	3,884	1,972	Significant
X <sub>2</sub> ZY	0,017	-1,773	1,972	Insignificant

Based on the results of the Sobel Test Analysis in Table 1.2, it can be seen that the description of testing the indirect effect of variable compensation (X1) and transformational leadership (X2) on performance (Y) through work motivation (Z) can be seen. The results of the analysis prove that the indirect effect of the compensation variable (X1) on performance (Y) through work motivation (Z) is significant. Meanwhile, the indirect effect of Transformational Leadership (X2) on Performance (Y) through Work Motivation (Z) is not significant.

### Hypothesis testing

#### a. Effect of Compensation Variable (X1) on Work Motivation (Z)

To test the compensation variable on work motivation, the beta value ( $\beta$ ) is 0.654 with a  $\rho$ -value of 0.000. Because the value of  $\rho$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ), H0 is rejected. Thus there is a significant effect of compensation on work motivation.

#### b. The Influence of Transformational Leadership Variables (X2) on Work Motivation (Z)

To test the transformational leadership variable on work motivation, the beta value ( $\beta$ ) is obtained at -0.100 with a  $\rho$ -value of 0.031. Because the value of  $\rho$ -value is smaller than  $\alpha$  ( $0.031 < 0.05$ ), H0 is rejected. Thus there is a significant effect of transformational leadership on work motivation.

#### c. Effect of the compensation variable (X1) on performance (Y)

To test the compensation variable for performance, the beta value ( $\beta$ ) was obtained of 0.646 with a  $\rho$ -value of 0.000. Because the value of  $\rho$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ), H0 is rejected. Thus there is a significant effect of compensation on performance.

d. The Influence of Transformational Leadership Variables (X2) on Performance (Y). To test the transformational leadership variable on performance, the beta value ( $\beta$ ) -0.009 was obtained with a  $\rho$ -value of 0.766. Because the value of  $\rho$ -value is greater than  $\alpha$  ( $0.766 > 0.05$ ), H0 is accepted. Thus there is no significant effect of transformational leadership on performance.

#### e. Effect of Work Motivation Variable (Z) on Performance (Y)

To test the work motivation variable on performance, the beta value ( $\beta$ ) was obtained of 0.310 with a  $\rho$ -value of 0.000. Because the value of  $\rho$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ), H0 is rejected. Thus there is a significant effect of work motivation on performance.

f. Effect of Compensation (X1) through Work Motivation (Z) on Performance (Y). To test the compensation variable through work motivation on performance, the beta value ( $\beta$ ) is obtained of 0.203 with a  $\rho$ -value of 0.000. Because the value of  $\rho$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ), H0 is rejected. Thus there is a significant effect of compensation on performance.

g. The Effect of Transformational Leadership (X2) through Work Motivation (Z) on Performance (Y). To test the transformational leadership variable through work motivation on performance, the beta value ( $\beta$ ) is obtained at -0.031 with a  $\rho$ -value of 0.069. Because the value of  $\rho$ -value is greater than  $\alpha$  ( $0.069 > 0.05$ ), H0 is accepted. Thus there is no significant effect of transformational leadership through work motivation on performance.

### Trimming Theory

Hypothesis testing shows that there are 2 pathways that show insignificance, namely the effect of transformational leadership on performance and the effect of transformational leadership through work motivation on performance. It is necessary to do the trimming theory by eliminating insignificant pathways. It can be concluded that the coefficient value of the effect of compensation (X1) on performance (Y) is 0.646; compensation (X1) to work motivation (Z) of 0.654; compensation (X1) through work motivation (Z) to performance (Y) of 0.203; work motivation (Z) to performance (Y) of 0.310. It can be concluded from all of the above variables, it shows that all variables have a positive and significant effect.

## III. Result

### 1. Effect of Compensation Variables on Work Motivation

Based on the results of statistical calculations, it shows that H0 is rejected or H1 is accepted. Thus there is a significant effect of compensation (X1) on work motivation (Z). So, the hypothesis which states that compensation has a significant effect on work motivation (Z) of employees of Cutting Bobbin Jember is proven



to be true or H1 is accepted. This means that the higher the compensation (at least according to the stipulated minimum wage based on tenure) and the more allowances or overtime wages (according to the quality and quantity of production output of Cutting Bobbin Jember employees) given by the Bobbin Jember company, the employee's work motivation increases and maximizes.

#### 2. The Influence of Transformational Leadership Variables on Work Motivation.

Based on the results of statistical calculations, it shows that H0 is accepted or H1 is rejected. Thus, there is no significant effect of transformational leadership (X2) on work motivation (Z), so the hypothesis that transformational leadership (X2) has no significant effect on work motivation (Z) of Cutting Bobbin Jember employees is proven correct or H1 is rejected. This means that transformational leadership which consists of four indicators, namely ideal influence, inspirational motivation, intellectual stimulation, and individual considerations has no effect on employee motivation in the Cutting Bobbin Jember division.

#### 3. The Effect of Compensation Variables on Performance

Based on the results of statistical calculations, it shows that H0 is rejected or H1 is accepted. Thus there is a significant effect of compensation (X1) on performance (Y). Thus, the hypothesis which states that compensation has a significant effect on the performance (Y) of Cutting Bobbin Jember employees is proven to be true or H1 is accepted. This means that the four indicators, namely salary, overtime wages, holiday allowances (THR), and facilities provided by the company have an effect on the performance of Cutting Bobbin Jember employees.

#### 4. The Influence of Transformational Leadership Variables on Performance

Based on the results of statistical calculations, it shows that H0 is accepted or H1 is rejected. Thus there is no significant effect of transformational leadership (X2) on performance (Y), so that the hypothesis that transformational leadership (X2) has no significant effect on the performance (Y) of Cutting Bobbin Jember employees is proven correct or H1 is rejected. This means that transformational leadership which consists of four indicators, namely the influence of ideal, motivation, intellectual stimulation, individual consideration has no effect on employee performance in the Cutting Bobbin Jember section.

#### 5. The Influence of Work Motivation Variables on Performance

Based on the results of statistical calculations, it shows that H0 is rejected or H1 is accepted. Thus there is a significant effect of work motivation (Z) on performance (Y). So, the hypothesis which states that work motivation has a significant effect on employee performance of Cutting Bobbin Jember is proven to be true or H1 is accepted. This means that the four indicators, namely the need for achievement, the need to expand relationships, and the need to master a job have an effect on the performance of Cutting Bobbin Jember employees.

#### 6. The Effect of Compensation Variables through Work Motivation on Performance

Based on the results of statistical calculations, it shows that H0 is rejected or H1 is accepted. Thus there is a significant effect of compensation (X1) through work motivation (Z) on performance (Y). Thus, the hypothesis that compensation (X1) through work motivation (Z) has a significant effect on performance (Y) is proven to be true or H1 is accepted. This means that compensation (X1) through work motivation (Z) has a significant effect on the performance (Y) of Cutting Bobbin Jember employees.

#### 7. The Influence of Transformational Leadership Variables through Work Motivation on Performance.

Based on the results of statistical calculations, it shows that H0 is accepted or H1 is rejected. Thus there is no significant effect of transformational leadership (X2) through work motivation (Z) on performance (Y), so that the hypothesis that transformational leadership (X2) through work motivation (Z) has no significant effect on performance (Y) is proven to be true. or H1 is rejected. This means that transformational leadership through work motivation has no effect on employee performance at the Cutting Bobbin Jember section.

### **IV. Conclusion and Implications**

Based on the analysis conducted in this study, the following conclusions can be drawn: Compensation has a positive and significant effect on Work Motivation; Compensation has no positive and significant effect on work motivation; Compensation has a positive and significant effect on performance; Transformational Leadership has no positive and significant effect on performance; Work Motivation has a positive and significant effect on performance; Compensation through work motivation has a positive and significant effect on performance; Transformational Leadership through Work Motivation has no significant effect on performance. From the above conclusion, it shows the tone of some insignificant variable influences, so a trimming theory is carried out by eliminating the influence of transformational leadership variables (X2) on performance (Y), and transformational leadership variables (X2) through work motivation (Z) on performance (Y).

Based on the analysis of the results of the research, the discussions and conclusions that have been stated previously, there are several suggestions as follows: The results of this study can contribute knowledge to the development of Human Resource Management, especially regarding compensation, transformational

leadership, work motivation and employee performance of PTPN X Industrial Bobbin Unit so that its performance can be increased and the level of the cigar production is increasing while maintaining the quality. The results of this study indicate that the variables of compensation and work motivation are able to improve performance, while transformational leadership does not significantly influence work motivation and performance. Some things that might be done by PTPN X Bobbin Industry Unit, Jember Regency as suggestions, and input for improving its performance. This research can be used as a reference or reference for future research with similar themes. Further researchers are expected to be able to develop insights related to finding indicators of compensation variables, transformational leadership, work motivation, and performance as well as adding material references related to these variables.

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