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# **The Effect of Leadership and Compensation on Employee Performance with Motivation as Moderating Variables at the Pangeran Hotel Pekanbaru**

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## **ABSTRACT**

**Purpose:** Employees are always required to give good performance to the company where they work, as well as employees at Hotel Prince Pekanbaru. This study aims to analyze the direct and indirect effect of the leadership variable on performance and the direct and indirect influence of the compensation variable on employee performance and the influence of motivation on performance.

**Design/methodology/approach:** Data analysis was carried out using the SEM model using the Smart PLS version 3.00 program.

**Findings:** The results of this study conclude that leadership has a significant effect on performance, leadership is mediated by motivation on performance, compensation has a significant effect on performance and compensation has an indirect effect on performance, and motivation has a significant effect on employee performance at Hotel Pangeran Pekanbaru.

**Research limitations/implications:** The sample used was 87 employees, and the data used were primary and secondary data obtained through questionnaires and research files.

**Originality/value:** This paper is original

**Paper type:** Literature review

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

Received : December 21<sup>th</sup>

Revised : January 18<sup>th</sup>

Published : January 31<sup>th</sup>

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## **I. INTRODUCTION**

Hotels are one of the supporting factors for tourism which have a very important role in developing tourism facilities and infrastructure, where hotels as one type of accommodation are directly involved in providing lodging, eating and drinking services and other facilities that are expected to provide satisfaction for everyone. who use the service. Human resources are the key to the survival of an organization because it is an organizational asset that is relatively difficult to imitate by other organizations. This is due to the unstable nature of human resources and continues to move flexibly following any changes that occur in their environment. Organizational effectiveness is achieved by employees through satisfaction and attention to the physical and emotional needs of employees. Employees will give their efforts to the organization and generate potential dependence, as a way of feeling workers will work, desire workers, and supervisors (Ostroff, 1992). Hotels are also one type of accommodation that has an important role for tourism.

Hotel Pangeran Pekanbaru has several departments that have a big influence on the hotel's operational activities and one of them is the food and beverage service department which is responsible for providing food and beverages to serving. HR is a central factor in the organization. Whatever the form and purpose, the organization is made based on various visions for the benefit of humans and in carrying out its mission it is managed and managed by humans. A person's performance is reflected in his ability to achieve certain requirements that have been set or used as standards. Performance is the result of work in quality and quantity

achieved by a person in carrying out his duties in accordance with the responsibilities given to him (Mangkunegara, 2016) The following presents data regarding the number of guest visits at the Pekanbaru Coffee Shop Hotel for the 2018-2020 period:

*Table 1: Number of Visits at The Pekanbaru Hotel Coffee Shop for the 2018-2020 Period*

<i>No</i>	<i>Year</i>	<i>Number of Visits (Persons)</i>	<i>Development (%)</i>
1	2018	58.724	33.43
2	2019	56.196	32.95
3	2020	55.604	32.60

*Source: Hotel Pangeran Pekanbaru*

Seen from Table 1, the number of guests who come to eat and drink at the Coffee shop of Pangeran Pekanbaru Hotel is decreasing, it can be seen in the table the very lowest percentage is 32.60% which causes a decrease in income. related to leadership, compensation, communication and work environment if many visitors come to the Coffee Shop, employees are often late both in delivering menus and delivering orders. The following will describe the complaints that occurred from March 2021 to May 2021 at the Coffee Shop Pekanbaru Pangeran Hotel.

*Table 2: Guest Complaints Against Service at the Prince Pekanbaru Hotel Coffee Shop Period March-May 2021*

<i>No</i>	<i>Guest Complaints</i>	<i>Complen</i>
1	<i>Not polite in welcoming and helping guests sit down</i>	<i>7 Complen</i>
2	<i>There are still a lot of dirty utensils on the table that guests have left</i>	<i>18 Complen</i>
3	<i>The cleanliness of the room is not well maintaine</i>	<i>9 Complen</i>
4	<i>Not friendly in providing service</i>	<i>10 Compeng</i>

*Source: Hotel Pangeran Pekanbaru*

Table 2 explains that at the Coffee Shop Hotel Pangeran Pekanbaru, there are many complaints from guests which causes fewer customers to come. The lower the employee performance, the more difficult it is for the company to achieve its goals. Therefore, the management of Pangeran Pekanbaru Hotel should pay attention to what factors affect performance. One of the factors that influence performance is leadership. Leadership is the backbone of organizational development because without good leadership it will be difficult to achieve organizational goals, even to adapt to changes that are happening inside and outside the organization. Every leader can have an influence on his subordinates, for example on employee motivation and performance.

The formulation of this problem is how the influence of leadership, compensation and motivation on employee performance. How is the influence of leadership, compensation on employee performance through motivation at Pangeran Hotel Pekanbaru. The purpose of this study was to determine the effect of leadership, compensation and motivation on employee performance and to determine the effect of leadership, compensation on employee performance through motivation at Pangeran Hotel Pekanbaru.

## II. LIBRARY REVIEW

### A. Performance Theory

Mangkuprawira (2014) says that performance is the result of a certain work process in a planned manner at the time and place of the employee and the organization concerned. (Handoko 2014) states that employee performance is influenced by employee intrinsic and extrinsic factors. Intrinsic factors that affect employee performance consist of education, experience, motivation, health, age, skills, emotions and spirituality. Extrinsic factors that affect employee performance consist of the physical and non-physical environment, leadership, vertical and horizontal communication, compensation, control in the form of supervision, facilities, training, workload, work procedures, punishment system and so on. According to Simanjuntak (2011) performance is the level of achievement of results on the implementation of certain tasks. Everyone's performance is influenced by many factors that can be classified into three groups, namely the individual competence of the person concerned, organizational support, and management support.

The achievement of a person's or worker's performance due to the resulting efforts and actions. These efforts are in the form of work results achieved by workers. According to Sedarmayanti (2013) there are several factors that influence the achievement of performance, namely the ability factor and motivational factor. The ability factor is obtained from knowledge and skills while motivation is formed from attitudes in dealing with work situations. (AW Suranto 2016) states that a person's performance standards in a company can be seen from 3 indicators, namely:

- a. Functional tasks, how well a person completes aspects of the work for which he is responsible,
- b. Behavioral tasks, how well a person communicates and interacts with other people in the company: how he is able to resolve conflicts in a healthy and fair manner, how he empowers others and how he is able to work together in a team to achieve company goals.
- c. The task of ethics is how well a person is able to work professionally while upholding ethical norms, professional codes of ethics, as well as regulations and rules adopted by a company

### B. Leadership Theory

According to Veithzal Rivai (2012) leadership broadly includes the process of influencing in determining organizational goals, motivating followers' behavior to achieve goals, influencing to improve the group and its culture. Leadership is sometimes understood as the power to move and influence people. Leadership as a tool, means or process to persuade people to be willing to do something voluntarily.

The definition of leadership put forward by some of the experts above, it can be concluded that leadership is the way a leader influences the behavior and utilizes his subordinates to want to work together in carrying out their duties and responsibilities to achieve a company goal. Leadership theory talks about how a person becomes a leader, or how a leader emerges. Leadership theories according to Miftah Toha (2003):

- a. Trait Theory. Keith Davis concluded that there are four general traits that influence the success of organizational leadership, namely: intelligence, maturity and flexibility of social relations, motivation and achievement drive, human relations attitudes, successful leaders are willing to recognize the self-respect and honor of their followers and are able to side with them.
- b. Group theory, this is the basis for its development in social psychology. Leadership is an interaction between leaders and followers, and it is in this interaction that followers analyze and perceive whether to accept or reject their leadership.
- c. Situational Theory. This theory states that several situational variables have an influence on the role of leadership, skills, and actors including the implementation of work and the satisfaction of followers.
- d. Contingency Leadership Theory. This model contains the relationship between leadership style and pleasant situations.
- e. Path-Goal Theory. Basically, path-goal theory is used to analyze and explain the influence of leader behavior on the motivation, satisfaction, and performance of subordinates' work.

Based on the explanations according to Mangkunegara (2014), Tjiharjadi, S (2012) and A. Karim, (2010) regarding the characteristics of leaders, in this study adopting leadership indicators that are adapted to actual leadership are a) humility, b) honesty, fairness and trustworthiness, c) committed, d) patience and e) transparent

### C. Compensation Theory

Compensation is something that employees receive as compensation for their achievements in carrying out their duties (Nurjaman 2014). Every company must be fair in providing compensation in accordance with the workload received by employees. The higher the compensation given to employees, the more motivated they will be to do their jobs better. If the compensation given is low, the employee's performance will decrease because the employee feels that the compensation given is not in accordance with his workload. (Werther & Davis, 2014) classify compensation into two general forms, namely:

1. Direct compensation; consisting of basic salary and wages, and incentives and profit sharing.
2. Indirect compensation; in the form of welfare and service programs.  
According to Mangkunegara (2014), there are two forms of employee compensation, namely the direct form which is wages and salaries, and the indirect form of compensation which is service and profit.
  1. Wages and Salaries. Wages are payments in the form of money for work services or money that is usually paid to employees on an hourly, daily, and half-day basis. While salary is money paid to employees for services provided on a monthly basis.
  2. Benefit (Profit) and Service. Benefit is a direct financial (monetary) value for employees that can be determined quickly. Meanwhile, service is a direct financial (monetary) value for employees which cannot be easily determined.  
According to Hasibuan (2013), in general, indicators of compensation, namely salaries, wages, incentives, allowances are compensation given to certain employees in return for their sacrifices and facilities are supporting facilities provided by the organization.

#### **D. Motivation Theory**

The theories of motivation according to Hasibuan (2013) are divided into two groups, namely:

1. Satisfaction Theory. This theory is a theory that is based on the factors of individual needs and satisfaction that cause to act and behave in certain ways. This theory focuses on the factors in people that reinforce, direct, support and stop their behavior.
2. Process Theory. The process theory of motivation seeks to answer how to strengthen, direct, maintain and stop individual behavior.

The objectives of providing motivation according to Hasibuan (2013) include:

- a. Encouraging employee passion and morale
- b. Improving employee morale and job satisfaction
- c. Increase employee productivity
- d. Maintaining the loyalty and stability of the organization's employees
- e. Improve discipline and reduce employee absenteeism
- f. Efficiently procuring employees
- g. Creating a good working atmosphere and relationship
- h. Increase employee creativity and participation
- i. Improving the level of employee welfare
- j. Enhancing employees' sense of responsibility towards their duties
- k. Increase efficiency in the use of tools and raw materials.

With the attention given by the leadership to subordinates, there is already a special value for subordinates that they have been given more attention than the encouragement to be loyal to the company. Therefore, a leader must first be able to know what is the basis that causes them to be willing to work and provide motivation according to what they need.

#### **E. Hypothesis**

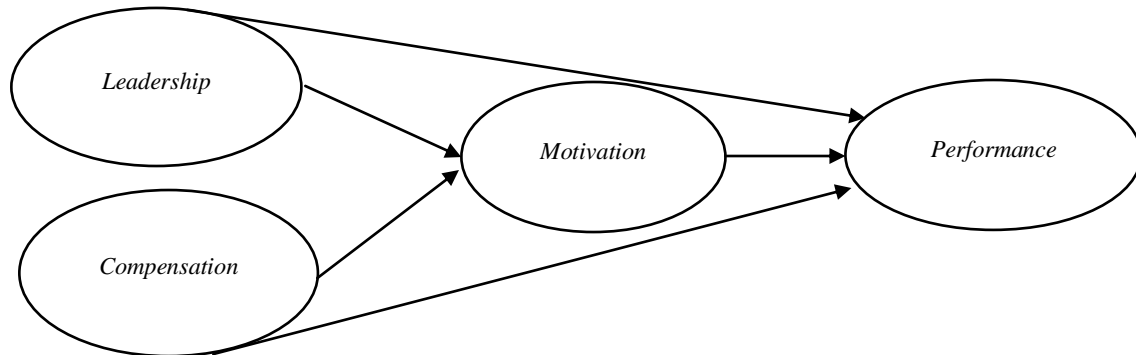
The hypotheses in this study are:

1. It is suspected that leadership has an effect on employee performance at Hotel Pangeran Pekanbaru.
2. It is suspected that leadership has an indirect effect on employee performance at Pangeran e Pekanbaru Hotel with the motivation variable as the moderating variable
3. It is suspected that compensation has a direct effect on employee performance at Hotel Pangeran Pekanbaru
4. It is suspected that compensation has an indirect effect on employee performance at Hotel Pangeran Pekanbaru with the motivation variable as the moderating variable
5. It is suspected that work motivation has a significant effect on employee performance at Pangeran Pekanbaru Hotel

**F. Research Model**

The research model is as follows:

**1. Figure: Research Model**



**2. Operational Definition of Research Variables**

Definitions, indicators of each of the variables studied can be seen in Table 3:

*Table 3. Operational Definition of Research Variables*

No	Variable	Definition	Indicator	Scale
1	Performance	<i>Performance is the result of certain planned work processes at the time and place of the employee and the organization concerned (Mangkuprawira, 2014)</i>	<i>Quantity of work</i> <i>Quality of work</i> <i>Independence</i> <i>Initiative</i> <i>Adaptability</i> <i>Cooperation</i>	Ordinal
2	Leadership	<i>Leadership is a leader's way of influencing the behavior of subordinates, so they are willing to work together and work productively to achieve company goals (Hasibuan, 2014)</i>	<i>Modesty</i> <i>Honesty, Fairness and Trustworthiness</i> <i>Committed</i> <i>Patience</i> <i>Transparent</i>	Ordinal
3	Compensation	<i>Compensation is something that employees receive in exchange for their service contribution to the company (Rivai, 2014)</i>	<i>Wages</i> <i>Bonus</i> <i>Incentive</i>	Ordinal

		<i>Allowance</i>	
			<i>Facility</i>
	<i>Motivation is a condition or energy that moves employees who are directed or focused on achieving goals (Mangkunegara, 2014)</i>	<i>Physiological needs</i>	
		<i>Safety and security needs</i>	
4	<i>Motivation</i>	<i>Social needs</i>	<i>Ordinal</i>
		<i>The need for appreciation</i>	
		<i>Self-actualization</i>	

### III. RESEARCH METHODS

This research was conducted at Prince Pekanbaru Hotel, which is located at Jalan Jend Sudirman No. 371-373 Pekanbaru. The research period spans 2 months, starting from October-November 2021. The types and sources of data used in this study consist of primary data and secondary data. Data were collected using a questionnaire, namely by providing a list of questions or questionnaires directly to the respondents. The population in this study were all employees of Hotel Prince Pekanbaru. In this study, the census method was used, namely by giving a questionnaire to the entire population of 143 people.

#### 1. Validity and Reliability Test

The validity test was carried out with the aim of knowing the accuracy and reliability of the questionnaire, which means that the questionnaire is able to measure what it should measure. The results of this test adequately reflect the topic being researched. The validity test was tested with the SPSS program by looking at the Persons Product Moment correlation for each statement item with a total test score. The equation to get the variance extract value is:

$$\int \text{Variance Extracted} = \frac{(\sum \text{Standard Loading})^2}{(\sum \text{Standard Loading})^2 + \sum \epsilon_j}$$

Testing the reliability of all items or statements used in this study will use the Cronbach Alpha formula (Cronbach's alpha coefficient), which is generally considered reliable if the Cronbach's alpha value is > 0.6 (Hair. et. al., 2015). To get a value that is the level of reliability of the dimensions forming the latent variable, the formula is used:

$$\int \text{Construct Reliability} = \frac{(\sum \text{Standard Loading})^2}{(\sum \text{Standard Loading})^2 + \sum \epsilon_j}$$

Description:

- a. Standard loading is obtained from standardized loading for each indicator obtained from the calculation results of AMOS 4.01
- b.  $\epsilon_j$  is the measurement error of each indicator. Measurement error can be obtained from:  $1 - (\text{Standard Loading})^2$

The research model that will be used in this study is a tiered structure model and to test the proposed hypothesis, the SEM (Structural Equation Modeling) analysis technique is used which is operated through the Smart PLS Version 3.00 program. After the theory or theoretical model is developed and described in a flowchart, the researcher can start converting the model specifications into a series of structural equations as follows:

$$Y1 = \beta1X1 + \beta2X2 + Z1 \quad \text{dan} \quad Y2 = \beta3X1 + \beta4X2 + \beta5Y1 + Z2$$

Description: Y1 = Motivation Y2 = Performance X1 = Leadership X2 = Compensation  $\beta1 - \beta5 =$

Regression Coefficient

The selection of the PLS method in data analysis in this study was based on the fact that in this study there were three variables that were formed with formative indicators and formed a moderating effect. The formative model assumes that the construct or latent variable affects the indicator, where the direction of the causality relationship from the construct to the indicator is menifges (Ghozali, 2006). The PLS approach is based on a shift in analysis from measuring model parameter estimates to measuring relevant predictive models. So that the

focus of the analysis shifts from only estimation and interpretation of parameter significance to the validity and accuracy of predictions. Parameter estimation in PLS includes 3 things, namely: (Ghozali, 2006) : Weight estimate used to create latent variable scores.

1. Path estimate that relates the later variables and the loading estimate between latent variables and their indicators.
2. Means and parameter locations (constant values, regression and intercepts for indicators and latent variables)  
The following are the assessment criteria for the PLS model used by Chin (1998) in Ghozali (2011)

*Table 4: PLS Assessment Criteria*

<i>Criteria</i>	<i>Explanation</i>
<i>Structural Model Evaluation</i>	
<i>R2 for endogenous variables</i>	<i>The results of R2 of 0.67, 0.33 and 0.19 for endogenous variables in the structural model identified that the "good", "moderate" and "weak" moderators".</i>
<i>Estimated path coefficient</i>	<i>The estimated value for the path relationship in the structural model must be significant. This significant value can be obtained by bootstrapping procedure.</i>
<i>F2 for effect size</i>	<i>The f2 values of 0.2, 0.15 and 0.35 can be interpreted whether the later variable predictor has a weak, medium or large influence on the structural level</i>
<i>Evaluation of reflective measurement models</i>	
<i>Loading factor</i>	<i>Load factor value 0.70</i>
<i>Composite Reliability</i>	<i>Composite reliability measures internal consistency and its value must be above 0.60</i>
<i>Average Variances Extracted</i>	<i>Average Variances Extracted (AVE) value must be above 0.5</i>
<i>Validitas Deskriminan</i>	<i>The square root value of the AVE must be greater than the value of the correlation between the later variables.</i>
<i>Cross loading</i>	<i>Is another measure of discriminatory validity. It is expected that each indicator block has a higher loading for each latent variable measured compared to the indicator for other latent variables.</i>
<i>Evaluation of Formative Measurement Model</i>	
<i>Significance of weight value</i>	<i>The estimated value for the formative measurement model must be significant. Significance levels were assessed by the bootstrapping procedure</i>
<i>Multicolineritas</i>	<i>The manifest variables in the block should be tested for multkol. The value of variance inflation factor (VIF) can be used to measure this. A VIF value above 10 indicates that there is a multicolor.</i>

**IV. RESEARCH RESULTS**

The results of research and data processing are as follows:

*Table 5: Path Coefficients . Results*

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics ( O/STDEV )</i>	<i>P Values</i>
<i>Leadership -&gt; Performance</i>	0.266	-0.158	0.271	2.983	0.036
<i>Leadership -&gt; Motivation</i>	0.521	0.384	0.358	3.454	0.017
<i>Compentation -&gt; Performance</i>	0.146	0.104	0.304	2.480	0.013
<i>Compentation -&gt; Motivation</i>	0.302	-0.093	0.350	2.863	0.008
<i>Motivation i -&gt; Performance</i>	0.302	-0.227	0.230	2.314	0.018

*Source: Data Processing Results*

The first hypothesis examines whether leadership on employee performance at Hotel Prince Pekanbaru. The test results show the leadership beta coefficient on employee performance is 0.266 and the t-statistic is 2.983 and p-values is 0.036. The test results prove that there is a significant influence of the leadership variable on employee performance, so the first hypothesis is accepted. This proves that leadership is proven to have a significant positive effect on employee motivation at Hotel Pangeran Pekanbaru. The second hypothesis examines whether leadership on employee performance through motivation at Pekanbaru Pangeran Hotel. The test results show that the beta coefficient of leadership through motivation on employee performance is 0.521 and the t-statistic is 3.454 and p-values are 0.017. From these results, it is stated that the p-value is lower than alpha, namely 0.017 <0.05. This proves that there is an indirect influence of leadership on the employee performance of Hotel Pangeran Pekanbaru, thus the second hypothesis is accepted.

The third hypothesis tests whether compensation has an effect on performance. The test results show that the beta coefficient of compensation on employee performance is 0.146 and the t-statistic is 2.480 and p-values are 0.013. From these results it is stated that the p-value is lower than alpha, namely 0.000 <0.05. This proves that compensation has a significant effect on the performance of the Pekanbaru Pangeran Hotel employees. Thus the third hypothesis is accepted.

The fourth hypothesis examines whether compensation has a significant indirect effect on employee performance at Pekanbaru Pangeran Hotel.

The test results show the beta coefficient of compensation through work motivation on employee performance is 0.302 and the t-statistic is 2.863 and p-values is 0.008. From these results it is stated that the p-value is lower than alpha, namely 0.008 <0.05. This proves that compensation has a significant indirect effect on the performance of the Pekanbaru Prince Hotel employees. Thus the fourth hypothesis is accepted. The fifth hypothesis examines whether work motivation has a significant effect on employee performance at Pekanbaru Pangeran Hotel. The test results show that the beta coefficient of work motivation on employee performance is 0.302 and the t-statistic is 2.314 and p-values is 0.018. From these results, it is stated that the p-value is lower than alpha, namely 0.018 <0.05. This proves that work motivation has a significant effect on employee performance at Hotel Pangeran Pekanbaru. Thus the fifth hypothesis is accepted.



## V. DISCUSSION

Hotel Pangeran Pekanbaru is one of the five-star hotels located in the heart of Pekanbaru City with its main business engaged in room and room rental services as well as other services. Achieving the main goal of this hotel activity is profit. The achievement of these goals cannot be separated from the good or bad services provided by all elements in this hotel. Therefore, hotel guest satisfaction is a good or bad picture of employee performance. Based on the results of the study, the respondents' responses were obtained for all indicators of performance variables, with an average score of 3.85. These results illustrate that the performance of employees at Prince Pekanbaru Hotel is good if it is considered from the quantity of work that is the responsibility of each individual employee. Then the performance of employees is also good if it is considered from the quality of the work.

The results of this study prove that leadership directly affects performance. This means that the better the leadership, the better the employee performance at Hotel Pangeran Pekanbaru. This is evident from the significant t test results at the 95% confidence level, so that the first hypothesis in this study is accepted. The findings of this study do not support the research conducted by Febrianingsih et al. (2019). Where is Feby Febrianingsih et al. (2019) who found that leadership and compensation variables had no effect on employee performance variables at Hotel Favor Makassar. But the results of this study are in line with research conducted by Noer Alie Ramdani Suryana Murni & Yanti (2018). Where they conducted a research entitled *The Influence of Leadership and Compensation on the Performance of Employees of the Production Division of PT. A.W. FaberCastell With Motivation as Moderating Variable*. The results of this study conclude that leadership has a positive and significant effect on the performance of production employees at PT. A.W. FaberCastell.

Then, the results of this study also prove that motivation can also mediate the influence of leadership on performance. This means that with good leadership, employees will have high work motivation so that employee performance will also increase, and vice versa. Thus it can be said that motivation can mediate the influence of leadership on employee performance. The results of the data analysis of these results as a whole provide clues that the leadership role has a significant influence on performance at Hotel Pangeran Pekanbaru, thus, the hypothesis proposed in this study is that there is an influence between the role of leadership on employee performance at Hotel Pangeran Pekanbaru. With this hypothesis tested, the results of this study support the theoretical opinion or the results of research studies that have been carried out by experts.

The next factor that affects performance is compensation. Compensation is remuneration for employees who have worked for the organization. Compensation can be in the form of financial compensation and can also be in the form of non-financial compensation. Based on the research results obtained from the recapitulation of respondents' responses, it is known that in general the employees of Hotel Pangeran Pekanbaru have expressed satisfaction with the compensation they currently receive. The results of this study prove that compensation can directly affect the performance of employees at Hotel Pangeran Pekanbaru. This can be seen from the significant t test results at the 95% confidence level. This result means that the better the compensation received by the employee, the better the employee's performance and vice versa. The results of this study also prove that motivation can also mediate the effect of compensation on employee performance at Hotel Pangeran Pekanbaru.

The results of this study support the research conducted by Novi Sri Rejeki Indra Putri (2016), they conducted a study entitled *The Effect of Work Discipline, Leadership Style, and Compensation on Performance of Employees at PT Graha Service Indonesia Surakarta Branch with Motivation as a Moderating Variable*. From the results of the study, it was concluded that there was a significant influence of work discipline, leadership style, compensation and motivation on employee performance at PT Graha Service Indonesia (GSI) Surakarta branch employees. Motivation does not moderate the effect of work discipline, leadership style and compensation on employee performance at PT Graha Service Indonesia (GSI) Surakarta Branch.

The results of the research have not been research conducted by Noer Alie Ramdani Suryana Murni & Yanti (2018), conducted a study with the title: *The Effect of Leadership and Compensation on the Performance of Employees of the Production Division of PT. A.W. FaberCastell With Motivation as Moderating Variable*. The results of this study conclude that motivation does not moderate the influence of leadership on the performance of production employees at PT. A.W. FaberCastell. Motivation moderates the effect of compensation on the performance of production employees at PT. A.W. FaberCastell

### A. Conclusion

1. The results of hypothesis testing prove that there is a significant influence of the leadership variable on employee performance, so the first hypothesis is accepted. This proves that leadership is proven to have a significant positive effect on employee performance at Hotel Pangeran Pekanbaru.
2. The results of this study prove that there is an indirect influence of leadership on the performance of the employees of Hotel Pangeran Pekanbaru, thus the second hypothesis is accepted. These results prove that motivation can mediate the influence of leadership on performance.

3. The results of the study prove that compensation has a significant effect on the performance of Hotel Pangeran Pekanbaru employees, thus the third hypothesis is accepted.
4. The results of the study prove that compensation has a significant indirect effect on the performance of the Hotel Pangeran Pekanbaru employees. Thus the fourth hypothesis is accepted.
5. The results showed that work motivation had a significant effect on the performance of the Hotel Pangeran Pekanbaru employees. Thus the fifth hypothesis is accepted

## **B. Suggestion**

1. It is recommended that the leader always conducts employee performance appraisals on a continuous and routine basis. Because with the performance appraisal it will provide achievement targets by employees, thus employee performance will increase in the future.
3. Leaders should apply leadership styles and types that can provide motivation, such as participatory leadership styles, or democratic leadership styles, so that employees feel part of the organization.
4. The leadership should always review the formulation of policies related to compensation. Because fair compensation will have a positive impact on employee motivation and performance.
5. Leaders should always motivate subordinates in carrying out the main tasks of the employee. Like the leader always pays attention, always evaluates the work of employees and the leader gives appreciation for the employee's work achievements

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