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*Corresponding author: Rahmadhany Natsir, Magister of Management Program, Faculty of Economics and Business, Universitas Muslim Indonesia, Makassar, Indonesia.

E-mail: susantoyohanes60@gmail.com

HUMAN RESOURCE MANAGEMENT | RESEARCH ARTICLE

The Effect of Leadership Style, Compensation and Competence on Optimizing Organizational Performance

Rahmadhany Natsir^{1*}, Mansyur Ramli², Aditya Halim Perdana Kusuma Putra³

¹ Magister of Management Program, Faculty of Economics and Bussines, Universitas Muslim Indonesia, Makassar, Indonesia. Email: rahmabppbap@gmail.com

^{2,3} Department of Management, Faculty of Economics and Bussines, Universitas Muslim Indonesia, Makassar, Indonesia. Email: mansyur.ramli@umi.ac.id², adityatrojhan@gmail.com³

Abstract: The purpose of this study is to determine the influence of leadership style, compensation, and competence on the optimization of organizational performance at the Brackishwater Aquaculture Fisheries Research Institute and Fisheries Extension (BRPBAPPP) Maros. The research design is quantitative, with data analysis techniques including classical assumption tests and multiple linear regression. The results of this study demonstrate that the leadership style implemented at BRPBAPPP Maros has a significant impact on organizational performance. Effective, transparent, and communicative leadership can enhance employee motivation and productivity, ultimately leading to a positive impact on the overall performance of the organization. Additionally, a fair and competitive compensation system significantly influences organizational performance, as does employee competence. Collectively, leadership style, compensation, and competence jointly contribute significantly to the optimization of organizational performance at BRPBAPPP Maros. Enhancing leadership style, improving compensation, and developing employee competence can increase the operational effectiveness and efficiency of the organization.

Keywords: Leadership Style, Compensation, Competence, Organizational Performance.

JEL Classification Code: M12, G21, C38, O15

1. INTRODUCTION

Human Resource Management (HRM) plays a crucial role in enhancing organizational performance through effective management of human resources. This involves recruitment, education, training, and performance evaluation, all of which contribute to improving employee competence. Enhanced competence allows employees to work more efficiently, produce high-quality products, and meet quantity targets, enabling the company to offer better compensation. A fair and performance-based compensation system can motivate employees to work harder, contribute more, and achieve set goals. Competitive and merit-based compensation also helps organizations retain top talent and reduce turnover. An attractive compensation package is critical in attracting and recruiting high-quality employees. Fair compensation affects employees' physical well-being and motivates them to work harder and take initiative. According to Inova & Jayanti (2019), compensation is the reward employees receive for their achievements. By recognizing employees through compensation, they are more motivated to improve their performance.

Additionally, job competence is another crucial factor influencing employee performance. Knowledge and skill transfer among individuals can drive progress and productivity. Good competence enhances performance and meets training needs aligned with expected service levels.

Individual performance contributes significantly to overall organizational performance. Improving personal performance often leads to better company performance. Leaders within the organization play a pivotal role in shaping the work culture, motivating employees, and ensuring

organizational goals are met. Effective leadership styles, such as transformational leadership that encourages innovation and motivation, can significantly enhance employee morale. Organizations must choose a leadership style that aligns with their needs and characteristics. Effective leadership can create a supportive work environment that fosters growth and innovation. A fair and merit-based compensation system supports employee motivation and performance, which in turn enhances overall organizational performance. According to Leman & Ramly (2022), organizational performance is influenced by how well individual employees perform. Therefore, integrating effective leadership, competence development, and a fair compensation system is essential for achieving organizational strategic goals. In the context of government, performance measurement for institutions has been regulated through Presidential Instruction Number 7 of 1999 on the Government Agency Performance Accountability System (SAKIP). The Brackishwater Aquaculture Research and Development Center and Fisheries Extension (BRPBAPPP) implement a Balanced Score Card (BSC) in its strategic planning to enhance performance accountability. However, despite BRPBAP-PP's generally good performance, certain areas still require attention, such as verifying key performance indicator (KPI) achievements and internal coordination regarding organizational nomenclature updates.

Several studies have highlighted differences in defining and conceptualizing leadership style, compensation, and competence variables. Leadership styles, for instance, are often categorized into transformational and transactional types, while compensation can be viewed from financial and non-financial perspectives. Competence includes various aspects such as knowledge, skills, and abilities. New research is needed to clarify and consolidate these definitions to make them more consistent and comprehensive. Transformational leadership significantly enhances employee motivation and productivity. However, this study did not consider the simultaneous influence of compensation and employee competence and was cross-sectional, thus not revealing long-term impacts. The role of compensation systems in enhancing organizational performance, showing that fair and competitive compensation positively influences motivation and job satisfaction. This study did not explore the interaction between compensation, leadership style, and employee competence and was limited to specific sectors. Competency development and its impact on organizational effectiveness, finding that continuous training and education improve performance. However, the study did not consider the influence of leadership style and compensation systems on competency development and organizational performance. A common gap in previous research is the limitation to specific industrial sectors, often excluding various other sectors that may have different dynamics regarding leadership, compensation, and competence. Additionally, there is a pressing need for more studies examining the interaction effects of these three variables on organizational performance. Most previous research has been cross-sectional, needing more consideration of the long-term effects of leadership styles, compensation, and competence on organizational performance. Comprehensive longitudinal research is urgently needed to understand the changes and sustainability of these impacts.

2. LITERATURE REVIEW

2.1. Human Resource Management

Human Resource Management (HRM) is a strategic approach that involves managing workforce aspects within an organization, emphasizing the value of human resources as critical assets for organizational success. Key concepts in HRM include recruitment and selection, training and development, performance evaluation, performance management, compensation and benefits, talent management, work-life balance, employee policies, organizational culture, and communication. Recruitment and selection focus on attracting qualified individuals and ensuring they meet organizational criteria. Training and development enhance employee skills and performance, including technical training, leadership development, and cultural integration. Performance evaluation involves regular employee performance assessments, providing feedback, and recognizing achievements to optimize performance and guide improvements. Performance management includes setting goals, monitoring, and evaluating employee performance in line with organizational objectives. Compensation and benefits systems motivate employees through fair and competitive salaries,

benefits, incentives, and other perks. Talent management identifies, develops, and retains key individuals crucial for long-term success, involving succession planning and career path development.

Work-life balance aims to create a supportive work environment, allowing employees to balance their professional and personal lives. Employee policies are established to ensure fair, transparent, and measurable guidelines, such as flexible work policies and job security. Organizational culture fosters productivity, collaboration, innovation, and ethical conduct. Effective communication between management, employees, and colleagues is crucial in HRM to ensure a clear understanding of goals, expectations, and organizational changes. According to Edison et al. (2016), HRM maximizes employees' capabilities through strategic measures to enhance performance and achieve organizational goals. Similarly, Samsudin & MM (2006) describes HRM as encompassing activities related to the utilization, development, evaluation, and reward of individuals as members of the organization. The concept of HRM has evolved and been shaped by contributions from management experts, refining how we understand, apply, and manage human resources within organizational contexts.

2.2. Leadership Styles

Leadership is a process of understanding collective actions to encourage people to engage willingly. Leadership as influencing others to act as the leader directs. Leadership is a behavior aimed at influencing group members to achieve common goals for individual and organizational benefit. These definitions converge on the notion that leadership is a process of influencing followers to achieve organizational goals. Leadership style refers to the behavioral norms a leader uses to influence others. The art of achieving results through influencing others. Thus, leadership style is the ability to influence others to collaborate toward organizational goals. Various leadership styles include autocratic, militaristic, paternalistic, laissez-faire, democratic, and charismatic. These styles range from authoritative to participative and motivational approaches, each with distinct characteristics and effectiveness depending on the context. Effective leadership depends on personality, subordinate characteristics, task requirements, and organizational climate (Rahayu et al., 2017). Leadership effectiveness can be measured by decision-making, motivation, communication, control over subordinates, and emotional regulation. Understanding these diverse leadership styles and their influencing factors is crucial for achieving optimal organizational performance.

2.3. Compensation

Compensation is crucial for motivating and encouraging employees, reflecting their contributions and efforts within an organization. Hasibuan (2018) defines *compensation* as all monetary or non-monetary rewards given to employees in exchange for their services. Yuliannisa et al. (2018) categorizes compensation into direct compensation, such as salaries and bonuses, and indirect compensation, including benefits and other non-monetary rewards. Compensation serves as a critical factor in influencing employee motivation and performance. According to Hasibuan (2018), the purposes of compensation include fostering cooperative relationships between employers and employees, enhancing job satisfaction, and attracting and retaining qualified staff. High compensation can motivate employees and ensure stability within the workforce by reducing turnover rates. Compensation also plays a role in ensuring compliance with labor laws and promoting fairness within the workplace. Yuliannisa et al. (2018) identifies financial compensation as including direct payments like wages and bonuses and non-financial compensation, which encompasses job-related and workplace environment factors. These forms of compensation are essential for maintaining a balanced and motivating work environment. Factors influencing compensation include fairness, organizational financial capability, union influence, employee performance, cost of living, and government regulations (Budiyanto & Mochklas, 2020). As noted by Hasibuan (2018), compensation indicators include salary, service rewards, premiums for exceeding performance criteria, and bonuses. These indicators are critical for ensuring employees feel adequately compensated, allowing them to focus on their work and contribute effectively to organizational goals.

2.4. Competence

Competence refers to an individual's essential qualities that influence their thinking and actions, and it is critical for effective job performance. According to Rahmat & Basalamah (2019), competence involves characteristics that predict effective performance in specific job situations. It is a fundamental aspect of an individual's personality, enabling accurate job behavior and performance predictions. Mona et al. (2024) and Sinaga et al. (2019) emphasize that competence is linked to an individual's underlying traits that causally relate to superior performance in the workplace. Gultom et al. (2019) further describes competence as the ability to deliver satisfactory workplace results, including applying skills and knowledge in new situations. Competence is also described as a combination of knowledge, skills, attitudes, and personal characteristics necessary for achieving high performance. Inova & Jayanti (2019) highlight competence as a critical criterion for evaluating effective behavior and performance. Murphy (2020) define *competence* as a blend of talent, experience, and performance-related knowledge, while Fauzi & Siregar (2019) views it as essential for achieving organizational goals. Edison et al. (2016) categorize competence into knowledge, skills, and attitude, emphasizing that these dimensions are crucial for professional effectiveness. Factors influencing competence, including skills, professionalism, individual traits, motivation, emotional issues, intelligence levels, and organizational culture. Rahmat & Basalamah (2019) outlines five characteristics of competence: motives, traits, self-concept, knowledge, and skills, which serve as indicators for measuring competence. This conceptualization underscores the importance of developing and assessing competence to enhance employee performance and organizational success.

2.5. Organizational Performance

Organizational performance measures the effectiveness of an organization's activities, departments, and members in achieving predetermined goals, standards, and benchmarks (Zudia & Nasir, 2010). Hasibuan defines it as the accomplishments of organizational members based on their abilities, experience, and time management skills. Measuring performance is crucial for motivating members to meet organizational targets. Zhang & Yu (2020) emphasize that performance measurement systems connect organizational learning and improvement, using financial and non-financial metrics to track performance. These systems serve diagnostic and interactive roles, aiding strategic implementation and fostering organizational communication. Diagnostic use evaluates business managers' performance, while interactive use anticipates future needs and promotes effective communication (Zhang & Yu, 2020). Owais & Kiss (2020) highlight that performance measurement provides feedback on strategic goal fulfillment, enhancing efficiency and quality. Organizational performance assesses the outcomes of an organization's activities, serving as a benchmark for achieving organizational goals. Effective performance measurement identifies areas for improvement and aligns with strategic objectives (Fitriah, 2021). Key factors influencing organizational performance include individual characteristics, psychological factors, and organizational aspects like leadership, job design, and reward systems (Pratiwi & Sinaga, 2014). Non-financial indicators also play a critical role in assessing long-term success and aligning with the organization's vision and mission (Sofyani & Akbar, 2013). Understanding these factors is essential for developing strategies to enhance organizational performance.

3. RESEARCH METHOD AND MATERIALS

This study employs a quantitative approach, as outlined by Sugiyono, which is rooted in positivist philosophy and involves investigating specific populations or samples using random sampling techniques. Over approximately two months, data was collected at the Brackish Water Aquaculture and Fisheries Extension Research Center (BRPBAPPP) in Maros, South Sulawesi. Data sources were categorized into primary and secondary. Primary data were collected through questionnaires distributed to respondents, who responded based on systematically organized questions—secondary data comprised documentation and supplementary materials, such as books, journals, and other written sources. The primary data collection technique used closed-ended questionnaires with a Likert scale to gauge responses. The population targeted consisted of 382 employees at BRPBAPPP, with a

sample size determined using Slovin's formula, resulting in 100 respondents selected through random sampling. Data analysis included instrument tests for validity and reliability, descriptive analysis, classical assumption tests (including tests for normality, multicollinearity, heteroskedasticity, and autocorrelation), and multiple linear regression analysis to examine the impact of independent variables (leadership style, compensation, competence) on the dependent variable (organizational performance). Hypothesis testing was conducted using t-tests, F-tests, and coefficient of determination (R^2) to assess the model's explanatory power. The study aimed to understand the influence of leadership style, compensation, and competence on organizational performance, using statistical software SPSS 25 for data analysis.

4. RESULTS AND DISCUSSION

4.1. Statistical Result

Validity and Reability Test

Legitimacy testing was conducted by correlating the score of each item with the overall score of the variable using Pearson Correlation, analyzed via SPSS 25. Items were considered valid if their r_{count} greater than r_{table} . The reliability of the instrument was assessed using Cronbach's Alpha, where a value greater than 0.70 indicated reliability (Ghozali, 2016). The results of the validity and reliability tests are presented in Table 1 below.

Table 1. Validity and Reability Test Results

Variable	Item	r-Value	r-Table	Sig	Validity	Cronbach's Alpha	Reliability
Leadership Styles (X1)	X1.1	0.444	0,195	Valid	X1.1	0,705	Reliable
	X1.2	0.348	0,195		X1.2		
	X1.3	0.470	0,195		X1.3		
	X1.4	0.420	0,195		X1.4		
	X1.5	0.410	0,195		X1.5		
	X1.6	0.457	0,195		X1.6		
	X1.7	0.488	0,195		X1.7		
Compensation (X2)	X2.1	0.646	0,195		X2.1	0.729	
	X2.2	0.614	0,195		X2.2		
	X2.3	0.642	0,195		X2.3		
	X2.4	0.620	0,195		X2.4		
	X2.5	0.541	0,195		X2.5		
	X2.6	0.466	0,195		X2.6		
	X2.7	0.512	0,195		X2.7		
	X2.8	0.646	0,195		X2.8		
Competence (X3)	X3.1	0.647	0,195		X3.1	0,800	
	X3.2	0.608	0,195		X3.2		
	X3.3	0.547	0,195		X3.3		
	X3.4	0.717	0,195		X3.4		
	X3.5	0.641	0,195		X3.5		
	X3.6	0.669	0,195		X3.6		
	X3.7	0.536	0,195		X3.7		
	X3.8	0.666	0,195		X3.8		
	X3.9	0.720	0,195		X3.9		
	X3.10	0.419	0,195		X3.10		
Organizational Performance (Y)	Y.1	0.605	0,195		Y.1	0,717	
	Y.2	0.464	0,195		Y.2		
	Y.3	0.589	0,195		Y.3		
	Y.4	0.611	0,195		Y.4		
	Y.5	0.332	0,195		Y.5		

Source: Data processed, 2024

The validity test results indicate that all five items for the organizational performance variable, all ten items for the competence variable, all eight items for the compensation variable, and all seven items for the leadership style variable have rcount values greater than rtabel confirming the validity of the questionnaire used. The reliability test results show Cronbach's Alpha values of 0.705 for leadership style, 0.729 for compensation, 0.800 for competence, and 0.717 for organizational performance. Since all variables have Cronbach's Alpha values above 0.70, the variables are considered reliable.

Normality Test

In this study, data normality testing used the Kolmogorov-Smirnov test (Kolmogorov-Smirnov Test) by looking at the significance of the resulting residuals and the normal probability plot graph approach. Detect normality by looking at the distribution of data (points) on the diagonal axis of the graph. The results of the data normality test from the residuals obtained are as follows:

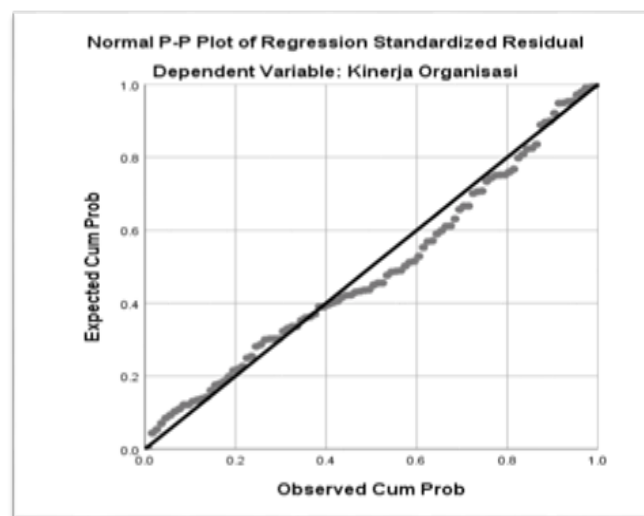


Figure 1. Normality Histogram

Source: Data processed, 2024

The PP Plot graph shows that the data distribution spreads and follows the diagonal line, so it is concluded that the data is normally distributed.

Multicollinearity Test

A good regression model is free from multicollinearity, which is determined based on Variance Inflation Factor (VIF) and tolerance values. If VIF greater than 10 or tolerance smaller than 0.10, multicollinearity is present. Conversely, if VIF smaller than 10 or tolerance greater than 0.10, the model is considered free from multicollinearity. The multicollinearity test results will provide these values to assess whether the regression model meets these criteria, ensuring the reliability of the analysis.

Table 2. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Leadership Styles (X1)	.510	1.959
	Compensation (X2)	.507	1.973
	Competence (X3)	.434	2.304

a. Dependent Variable: Organizational Performance (Y)

Source: Data processed, 2024

Table 2, the tolerance value of the Leadership Style variable is 0.510 greater than 0.10, the Compensation variable is 0.507 greater than 0.10, and the competency variable is 0.434 greater than

0.10. The VIF value on the Procurement of goods and services variable and the leadership style variable is 1,959 smaller than 10, the compensation variable is 1,973 and the competency variable is 2,304 smaller than 10, thus it is concluded that there are no symptoms of Multicollinearity in the regression model.

Autocorrelation Test

A good regression model is a regression that is free from autocorrelation (Ghozali, 2018: 107). The autocorrelation test aims to test whether in a linear regression model there is a correlation between confounding errors in period t and errors in period $t-1$ (previous).

Table 3. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.873 ^a	.763	.756	1.45204	2.017
a. Predictors: (Constant), Competence, Leadership Style, Compensation					
b. Dependent Variable: Organizational Performance					

In the autocorrelation test, the absence of autocorrelation is determined by the condition DU smaller than DW smaller than $4 - DU$. Given that $N = 100$ and K (the number of independent variables) = 3, with $DU = 1.7364$ and $DL = 1.6131$, the Durbin-Watson statistic (DW) value of 2.017 falls within the range 1.7364 smaller than 2.017 smaller than 2.2636 ($4 - DU$). Therefore, it can be concluded that there is no positive autocorrelation in the regression model, indicating that the residuals are not correlated.

Heteroscedasticity Test

Heteroskedasticity occurs when the variance of residuals is not consistent across all observations in a regression model. To test for heteroskedasticity, a scatterplot of the predicted values ($ZPRED$) against the residuals ($SRESID$) is examined. If the plot shows a specific pattern or structure, it indicates the presence of heteroskedasticity. Conversely, if the points are randomly scattered above and below zero on the Y-axis, it suggests that heteroskedasticity is not present, indicating a consistent variance of residuals across the data.

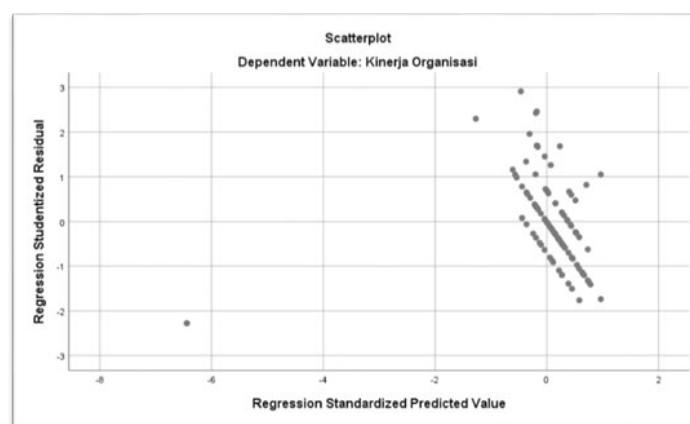


Figure 2. Scatterplot

Source: Data processed, 2024

Based on the graph above, it can be concluded that there is no clear pattern, and the points spread above and below zero on the Y axis. So between leadership style, compensation and competence on organizational performance there is no heteroscedasticity.

Multiple Linear Regression Analysis Results

Multiple linear regression analysis is intended to determine the dependence between one or two independent variables and the dependent variable, or also to estimate the effect between one

independent variable and one dependent variable. The regression analysis test uses the Statistical Package of Social Science (SPSS) version 24.0 for Windows program with $\alpha = 5\%$ (0.05). This study uses the t test, because the research model does not test or predict the effect between variable X simultaneously (together) on variable Y.

Coefficient of Simultaneous Significance Test (F Test) and Determination Analysis (R^2)

The F-test (simultaneous test) assesses whether independent variables collectively influence the dependent variable. This is shown in the ANOVA table of the regression analysis. The coefficient of determination (R^2) measures how well independent variables explain the variance in the dependent variable, with values ranging from 0 to 1. An R^2 close to 1 indicates a strong explanatory power, while a lower R^2 suggests limited influence of the independent variables on the dependent variable (Ghozali, 2011).

Table 4. F – test and R^2 Test Result

Model	Sum of Squares	df	Mean Square	F	Sig.	R	R Square	Adjusted R Square	Std. Error of the Estimate
1 Regression	651.550	3	217.183	103.007	.000 ^b	.873 ^a	.763	.756	1.45204
Residual	202.410	96	2.108						
Total	853.960	99							

a. Predictors: (Constant), Competence, Leadership Style, Compensation

b. Dependent Variable: Organizational Performance

Source: Data processed, 2024

The F-test results in Table 4 show a significance value of 0.000, which is less than 0.005, indicating that leadership style, compensation, and competence collectively have a significant positive effect on organizational performance. The Model Summary table reveals an R square value of 0.763, meaning that 76.3% of the variance in organizational performance is explained by these independent variables. The remaining 23.7% is attributed to other factors not included in this study. This suggests a strong explanatory power of the model regarding the impact of the studied variables on organizational performance.

Partial Significance Test Analysis Results (t-test)

The t-test is used to evaluate the impact of each independent variable (procurement and compensation) on the dependent variable (organizational performance). The results are presented in a table under the "sig" (significance) column. The criteria for determining the influence are: if the significance value (t) is less than $\alpha = 0.05$, there is a partial influence of the independent variables on the dependent variable. Conversely, if the significance value (t) is greater than $\alpha = 0.05$, there is no significant partial influence. The following are the results and discussion of the t-test.

Table 4. Multiple Linear Regression and t Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.972	.985		3.017	.003
	Leadership Style	.154	.046	.234	3.366	.001
	Compensation	.166	.042	.276	3.955	.000
	Competence	.198	.031	.477	6.323	.000

The data in Table 5 shows that the significance value for the Leadership Style variable is 0.001, which is less than 0.05. This indicates that Leadership Style has a significant positive effect on Organizational Performance, with a beta coefficient of 0.234, meaning that a one-unit increase in Leadership Style leads to a 0.234 increase in Organizational Performance, assuming other variables remain constant. The Compensation variable has a significance value of 0.000, indicating a significant positive impact on Organizational Performance, with a beta coefficient of 0.276. This suggests that a

one-unit increase in Compensation results in a 0.276 increase in Organizational Performance, assuming other variables are constant. The Competence variable also has a significance value of 0.000, with a beta coefficient of 0.477, indicating that a one-unit increase in Competence leads to a 0.477 increase in Organizational Performance, again assuming other variables remain constant.

4.2. Discussion

The Effect of Leadership Style on Optimizing Organizational Performance

The study reveals that leadership style significantly impacts organizational performance optimization. Effective leaders provide clear guidance, helping employees understand the organization's vision, mission, and goals, which reduces task confusion and enhances efficiency, positively affecting overall performance. Leaders at BRPBAPPP Maros who practice transformational leadership foster motivation and commitment among employees, contributing to higher productivity and better organizational outcomes. Empowering employees through responsibility delegation and decision-making fosters a sense of ownership and accountability. This approach, used by leaders at BRPBAPPP Maros, encourages employee engagement and innovation, further enhancing performance. Additionally, leaders focusing on continuous training and education play a crucial role in developing essential competencies. This ensures employees possess up-to-date skills required for high performance, increasing adaptability and enabling employees to effectively tackle new challenges.

Open and transparent communication promoted by leadership creates a harmonious and collaborative work environment. Leaders at BRPBAPPP Maros encourage two-way communication, helping identify and resolve issues promptly, improve team coordination, and reduce internal conflicts. Such communication also ensures employees feel valued, increasing job satisfaction and loyalty. Strategic decision-making by leaders, considering various internal and external factors, maintains organizational stability and growth while reducing uncertainty and risk. These findings align with Harsono and Setiawan's research, which shows that transformational leadership significantly enhances organizational performance by boosting employee motivation and commitment in Indonesia's local governments. Effective leadership at BRPBAPPP Maros, characterized by clear direction, encouragement, empowerment, competency development, effective communication, and sound decision-making, creates a productive and harmonious work environment. This positive leadership impact is evident in improved productivity, efficiency, and service quality, helping BRPBAPPP Maros achieve its organizational goals and vision more effectively.

The Effect of Compensation on Optimizing Organizational Performance

The study demonstrates that compensation has a significant positive impact on organizational performance. Employees who perceive their compensation as fair and adequate are more motivated to work harder and contribute more to the organization, improving overall performance. At BRPBAPPP Maros, these findings indicate the need for management to continuously monitor and adjust their compensation policies to ensure employees feel valued and motivated. In addition to financial compensation, non-financial rewards such as recognition, career development opportunities, and a conducive work environment are also crucial. The implications of these findings for BRPBAPPP Maro's management are profound. Regularly evaluating and adjusting compensation policies is crucial to ensure they remain competitive and fair. However, it's not just about the numbers. We need to go beyond financial compensation and develop recognition programs that acknowledge and appreciate employee contributions. This can be a powerful motivator. Creating more career development opportunities helps employees feel they have a clear path for growth and can achieve their full potential. Enhancing the physical and psychological work environment ensures that employees feel comfortable and motivated at work. Effective compensation management can enhance employee motivation and performance, positively impacting overall organizational success. It is crucial to implement flexible and adaptive compensation policies that align with employee needs and changing economic conditions. However, to ensure our employees feel secure and fairly treated, we need to develop a transparent and objective performance appraisal system. This will ensure that compensation reflects employee contributions. Integrating employee welfare programs with performance-based allowances as part of the compensation package can increase satisfaction and performance. By

managing compensation effectively, leadership can significantly enhance employee motivation and performance, positively affecting overall organizational performance. This strategic approach ensures that employees are adequately compensated and feel recognized and supported in their roles, fostering a productive and harmonious work environment. These measures are critical for BRPBAPPP Maros to sustain its organizational performance and adapt to future challenges.

The Effect of Competence on Optimizing Organizational Performance

The study confirms that employee competence significantly impacts organizational performance, highlighting the crucial role that skilled employees play in enhancing organizational outcomes. Employees with higher competence levels can perform their tasks effectively and efficiently, positively influencing overall organizational performance. These findings underscore the importance of continuously enhancing employee competencies through targeted training and development programs. Investing in employee development yields long-term benefits, including improved organizational performance. The study's practical implications for BRPBAPPP Maro's management include several vital steps. First, developing tailored training and development programs that address employees' specific needs can enhance and broaden their competencies. This is crucial for ensuring that employees possess the necessary skills and knowledge to contribute significantly to the organization. Additionally, it is essential to focus on relevant competencies during the recruitment process to ensure that new hires have the capabilities required for significant contributions. Regular performance evaluations, which are essential in identifying areas where employee competencies need improvement, ensure that the necessary support is provided for their enhancement. Enhancing employee competence strengthens the organization's ability to achieve its goals and meet the demands of a dynamic work environment. Allocating sufficient resources to training and development programs is critical. Encouraging active employee participation in these programs motivates them and increases their engagement in achieving the organization's objectives. This proactive approach to competence development ensures that employees are well-equipped to handle new challenges and contribute to continuous improvement within the organization.

5. CONCLUSION

Based on the research conducted on the impact of leadership style, compensation, and competence on optimizing organizational performance, several conclusions can be drawn. Firstly, the leadership style implemented significantly influences organizational performance. Effective, transparent, and communicative leadership can enhance employee motivation and productivity, positively affecting the organization's overall performance. Secondly, a fair and competitive compensation system also significantly impacts organizational performance. Employees who feel valued and receive compensation commensurate with their contributions are more motivated to work optimally. This includes salaries, benefits, incentives, and non-financial recognition. Thirdly, employee competence, encompassing knowledge, skills, and abilities, is crucial in enhancing organizational performance. Employees with high competence can complete tasks more effectively and efficiently, contributing to innovation and continuous improvement within the organization. These three factors—leadership style, compensation, and competence—jointly contribute significantly to optimizing organizational performance at BRPBAPPP Maros. Leadership style enhancement, improved compensation, and employee competence development can increase the organization's operational effectiveness and efficiency. To further optimize organizational performance, BRPBAPPP Maros could implement several strategies. These include regular leadership development programs focusing on communication skills, decision-making, and conflict management. Continuous evaluation and feedback systems should ensure the leadership style aligns with organizational and employee needs. The compensation system should be regularly reviewed to maintain competitive and industry-standard wages and benefits. Developing incentive programs encouraging high performance and innovation, including non-financial recognition like employee of the month awards, can also boost motivation. It is essential to provide continuous training and development programs to enhance employees' technical and non-technical skills tailored to their specific roles and responsibilities. Implementing mentoring and coaching programs can assist employees in career development, fostering a more productive and harmonious work environment. By adopting these

recommendations, BRPBAPPP Maros can enhance organizational performance and effectively meet internal and external challenges.

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