CHAPTER III

RESEARCH METHODOLOGY

A. Research Object

The object studied is the object under study and analysis. This research uses quantitative research type and using field approach. This study shows the influence of compensation and leadership style on employee performance in Yogyakarta hotel's. The location of this study was chosen with the consideration that most studies done still rarely used hotels in Yogyakarta as the object of their research. They usually used manufacturing companies, hospitals, or banking.

B. Type of Data

The data used in this study was the primary data. Primary data was data obtained directly from the original source. Primary data were specifically collected to answer research questions. Primary data is usually obtained from field surveys using all ordinal data collection methods (Sugiyono, 2002).

C. Sampling Method

Population is the whole object that made the observation to do the sampling. The population of this research was employees of Hotel in Yogyakarta. Technique of sampling that writer use was random sampling with total sample that were 100 hotel employees in Yogyakarta.

D. Data Collection Method

Data collection techniques used in this study was using questionnaires. Questionnaire is a data collection technique that is done by giving a set of

questions or written statement to the respondent to be answered. Primary data in this study was obtained from the distribution of questionnaires to employees working in hotels located in Yogyakarta. The questionnaire would be distributed by the writer, and would be taken back within 2-3 weeks. Data obtained from the results of questionnaires would be processed by using SPSS with multiple linear regression analysis.

The questionnaire was adopted from Prasetiyo (2014). Points of question or statement in the questionnaire were based on relevant management theory and from the findings of previous research. Questions or statements in the questionnaire were measured using a likert scale that is a scale used to measure attitudes, opinions, perceptions of a person or a group of social phenomena. The answers of the respondents were qualitatively quantitative, where the answers to questions or statements were scored by using the Likert scale. According to Ghozali (2005), the Likert scale is a scale containing 5 levels of preferred preference with choice as follows: score / value 1 to 5 which means value 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree.

E. Measure of Construct

This study consisted of three variables, namely two independent variables and one dependent variable. Independent variables in this research were financial compensation and leadership style while the dependent variable in this research was employee performance.

2. Independent variable

The independent variable is the variables that influence or the cause of the change or the emergence of the dependent variable (sugiyono, 2010). Independent variable in this study which becomes was the financial compensation (FC) and transformationl leadership style (LS). The questionnaire for these instruments is adopted from Prasetiyo (2014). However in this research only use questionnaire that fullfil the criteria of both variable. The total questionnaire for financial compensation is 9 items and transformational leadership style is 12 items. Questionnaire for measure transformational leadership style is selected based on criteria from Robbins (2006).

3. Dependent variable

The dependent variable is the variable that is influenced or the effect due to the existence of independent variables (Sugiyono, 2010). Dependent variable in this study the was employee performance. This dependent variable is measured by questionnaire adopted from Prasetiyo (2014). The total questionnaire for employee performance is 9 items.

F. Instrument and Data Testing

The testing instrument consisted of validity test, reliability test, and classic assumption (normality test, multicollinearity, and heteroscedasticity test). The technique of data analysis used to test the hypothesis instrument multiple linear regressions.

1. Descriptive Statistic Test

    Descriptive statistic test is used to depict both of independent variable and dependent variable in the form of table. The descriptive statistic includes the means, deviations standards, maximum values and minimum values of each variable. In this research, the independent variables were financial compensation and transformational leaderehip style while the dependent variable was employee performance.

2. Validity Test

    Validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the question on the questionnaire is able to reveal something that will be measured by the questionnaire (Ghozali, 2005).

3. Reliability Test

    Reliability test is a tool to measure a questionnaire that has indicators of variables or constructs. A questionnaire is considered reliable or reliable if one's response to a statement is consistent or stable over time (Ghozali, 2005).

    Reliability tests can be performed using SPSS program assistance, which will provide facilities for measuring reliability with Cronbach Alpha (α) statistical tests. A construct or variable is said to be reliable if it gives a Cronbanch Alpha value > 0,60.

4. Classic Assumption

    a. Normality test

The normality test aims to test whether in the regression model, the intruder or residual variable has a normal distribution or not. Normal distribution will form a straight line diagonal, and ploting residual data will be compared with the diagonal line. If the data distribution is normal, then the line representing the real data will follow the diagonal line. The basis of decision making meets the normality or not as follows:

1) If the data spreads around the diagonal line and follows the direction of the diagona line or the histogram graph shows the normal distribution pattern, then the regression model meets the assumption of normality.

2) If the data spread far from the diagonal and / or does not follow the direction of the diagonal line or histogram graph does not show the normal distribution pattern, then the regression does not meet the assumption of normality..

b. Multicollinearity Test

According to Ghozali (2012), multicolinearity test aims to test whether the regression model found the correlation between independent variables. A good regression model should not result in correlation between independent variables. If independent variables are correlated, these variables are not orthogonal (independent variables that have correlation values among independent variables equal to zero.

Multicoleniarity can be seen from the tolerance values of variance inflation factor (VIF). They show each of the independent variables described by other independent variables. Tolerance measures the variability of selected independent variables that are not explained by other independent variables. So a low tolerance value is equal to a high VIF value (because VIF = 1 / tolerance). The common cut off value used to indicate the presence of multicoleniarity is a Tolerance ≥ 0.10 or equal to VIF ≤ 10.

c. Heteroscedasticity Test

According to Ghozali (2012) heteroscedasticity test aims to test whether in the regression model occurs inequality of residual one observation to another observation. If the variance of the residual one observation to another observation remains, it is called homoscedasticity and if different is called heteroscedasticity. A good regression model is that it does not contain heteroscedasticity or arguably homoscedasticity. One way to detect whether or not heteroscedasticity is to see the sig value. If the value of sig > 0.05 it means that the data does not contain heteroscedasticity.

G. Hypothesis Testing and Data Analysis

This research is designed to answer the problems that have been formulated and the objectives to be achieved and test the hypothesis. This research is an exploratory research that is trying to find relationships that are

relatively new, and explanatory research is done by describing the symptoms caused by a research object.

1. t-Test.

    According to Ghozali (2012) t test basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable. The way is by comparing the statistical t value with the critical point according to the table. The assumption is, if the t value > t table then H_a is accepted.

2. F test.

    The F test used basically indicates whether all independent or independent variables included in the model have a mutual influence on the dependent or dependent variable (Ghozali, 2012). The assumption is, if sig value > alpha 0.05 then H_a is accepted, meaning there is any effect simultaneously.

3. Coefficient of determination (R^2).

    The coefficient of determination essentially measures how far the model's ability to explain variations of independent variables. The coefficient of determination is between zero and one. The small value of R^2 means that the ability of the independent variables to explain the variation of the dependent variable is very limited. A value close to one means the independent variables provide almost all the information needed to predict the variation of the dependent variable (Ghozali, 2012).

4. Multiple regression analysis.

   Hypothesis testing in this research is done by linear regression method which is used to predict how far the change of dependent variable value, if independent variable is manipulated or changed (Sugiyono, 2012).

   Multiple linear formulas:

   $$EP = \alpha + \beta_1 FC + \beta_2 TS + e$$

   Information:

EP	= Employee Performances
α	= Constanta
β_1 - β_2	= Coeficient Regression
FC	= Variable Financial Compensation
LS	= Variable Transformational Leadership Style
e	= Error disturbances