

Effects of Compensation and Workplace Motivation on Employee Performance

Cucu Permata Sari

Universitas Bina Sarana Informatika, Indonesia
cucupermata.sari@gmail.com

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ABSTRACT

To be able to provide professional staff, high employee performance is expected by the company. Thus this study aims to determine the effect of compensation and motivation on employee performance at PT. Cadets Jaya. This research is a case study with quantitative methods using multiple correlation tests. This research was conducted on Taruma Jaya company employees as many as 50 respondents. The data used in this study are primary data collected through questionnaires using techniques saturated sample. The results of this study indicate that compensation and motivation have a partial and simultaneous effect on employee performance.

Keywords: Compensation, Motivation, Performance, Employee Characteristics, Performance Quality

INTRODUCTION

In a company can operate properly if it is able to combine existing resources, thus the company can produce goods and services that can be marketed, these resources can be in the form of humans, capital, and machines, which are owned and run by a company, the company will be easy to achieve its goals, in relation to human resources are very important assets for a company (Rosmaini, & Tanjung, 2019).

Therefore, companies need resources to achieve their goals, resources are sources of energy, energy, and strength needed to create power, movement, activity and action. These resources include natural resources, financial resources, human resources, scientific resources, and technological resources.

To be able to provide professional staff, high employee performance is expected by the company. The more employees who have high performance, the overall company productivity will increase so that the company will survive in global competition (Prayogi, et, al., 2019). High employee performance is not just a coincidence, but many factors that influence, including the provision of compensation and motivation.

Compensation is a way for companies to improve work performance and employee motivation. Compensation is everything that employees receive as remuneration for their work (Dwiyanti, et, al., 2019). The size of the compensation will have an impact on employee performance, if the compensation system provided by the company to employees is fair enough, it will encourage employees to be better at their jobs and more responsible in each task given by the companys.

Furthermore, another task of a manager is to motivate employees so that every employee in the company has a good performance, a motivation arises as energy to generate self-motivation for someone. The impulse arises because of a person's need for something that has not been fulfilled which will cause an activity to meet these needs. In accordance to (Syah, et, al., 2021), that needs are the fundamental underlying employee behavior. It is impossible to understand employee behavior without knowing what their needs are. If the employee's needs are not met, the employee will show disappointed behavior. And vice versa, if their needs are met, the employee will show happy behavior as a sense of satisfaction.

Compensation and motivation are very important in improving employee performance. Compensation is the impetus for someone to carry out an activity in order to get the best results, while employee work motivation needs to be raised so that employees can perform well. On the other hand, employees who do not have the motivation to be able to do their jobs will be difficult to work well and tend to be irresponsible even if the employee has good operational skills (Saputra, & Mulia, 2021). If the employee's work motivation can be built, then the employee can have a better performance in the organization or company. Given the importance of compensation and motivation in improving employee performance, I am interested in conducting research at PT. taruna jaya, located in southern Tangerang.

Given the market share of crackers, which is quite large then PT. Taruna Jaya is required to be able to produce crackers in accordance with the demand of the market. This indicates the manager of PT. Taruna Jaya is required to be able to improve employee performance, among others, by providing compensation in accordance with employee needs, so as to be able to motivate employees to want to work well.

THEORETICAL BASIS

Human Resources Management

Human Resources is a component of the company which has a very important meaning that human resources are the determining source of planning the goals of a company, because its function is the core of the company's activities. Without human resources, the company's activities will not run as they should even though at this time automation has entered every company, but if the actors and implementers of the machine, namely humans, do not give the expected role, the automation will be useless (Setyawan, et, al., 2021).

Human resource management is broadly the same, namely that human resource management manages all workers effectively and efficiently by developing their capabilities in realizing the goals of the company, employees, and society. With certain goals, the workforce will be motivated to work as well as possible.

Compensation

The issue of compensation is sensitive because being an impetus for a person to work also affects the morale and discipline of labor. Therefore, any company/organization should be able to provide compensation balanced with the workload that the workforce bears.

According to (As'ad, & Kamidin, 2020) compensation is all income in the form of money, direct or indirect goods that employees receive in return or services provided to the company. The establishment of an effective compensation system is an important part of human resource management because it helps to attract and retain talented jobs. In addition, the company's compensation system has an impact on strategic performance.

Motivation

Motivation in terms of management science is a function or tool that is closely related to humans as a mobilizer for people to want to carry out organizational activities voluntarily. For organizational leaders, management activities are important in improving organizational performance so that the activities carried out by subordinates can support the direction of achieving goals effectively and efficiently (Simanjuntak, 2019). For this reason, every leader always tries to provide motivation to his subordinates even though in reality they always experience obstacles considering that people have different wants and needs.

Some experts define motivation as (Shah, et, al., 2021) is motivation derived from the Latin word *movere* which means to encourage or move. Motivation in management is aimed only at human resources in general and subordinates in particular. Motivation questions how to direct the power and potential of subordinates so that they are willing to work together productively to succeed in achieving and realizing predetermined goals. Meanwhile, according to (Setyawan, et, al., 2021) it is stated that motivation is a desire contained in an individual that stimulates him to perform actions.

Employee Performance

Below are the definitions of employee performance expressed by several experts, as follows: According to (Alhamdi, 2018) the term performance comes from the word job performance or Actual performance (work performance or actual performance achieved by a person). performance conceptually according to Mangkunegara is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Furthermore, according to (Prayogi, et, al., 2019) that Performance is the result of a process that refers to and is measured over a certain period of time based on predetermined terms or agreements.

Based on the above opinion the author can conclude that employee performance is a level of employee progress on the results of his efforts to improve abilities positively in his work.

METHOD

Population is a generalization area consisting of: objects / subjects that have certain qualities and characteristics set by the researcher to be studied and then drawn conclusions (Ainanur, & Tirtayasa, 2018). The population in this study was all employees of the Taruna Jaya Company, which amounted to 50 people.

According to (Surajiyo, 2019) the sample is part of the number and characteristics possessed by that population. The study was conducted using the saturated sample method. Saturated Sample is a sample determination technique when all members of the population are used as samples. This is often done when the population is relatively small, less than 30 people, or research that wants to make generalizations with very small errors.

According to (Anggraeni, 2019) primary data is data obtained directly from the source or object of research. To obtain data in this study, the authors used primary data

collection techniques by distributing questionnaires. The questionnaire in this study used a Likert scale approach.

According to (Surajiyo, 2019) secondary data is data that has been published or used by other parties. The secondary data used by the researchers in this study were sourced from books, journals, and the use of internet media to obtain information, as well as the necessary data.

RESULT

The Effect of Compensation on Performance

The t-test results for the variable "compensation" on performance indicate that the tcount value is 4.123, which is greater than the critical t-value (ttable) of 1.677. This difference suggests that the variable "compensation" has a statistically significant effect on performance.

A positive t-value suggests a unidirectional relationship between compensation and performance. In this case, since the t-value is positive, it indicates that higher levels of compensation are associated with better performance.

Based on these findings, the conclusion drawn is that the alternative hypothesis (Ha) is accepted, while the null hypothesis (H0) is rejected. This means that compensation has a positive and significant effect on performance. In other words, the study supports the idea that higher levels of compensation are linked to improved performance levels.

The effect of motivation on performance

The t-test results for the variable "motivation" on performance indicate that the tcount value is 4.785, which is greater than the critical t-value (ttable) of 1.677. This difference suggests that the variable "motivation" has a statistically significant effect on performance.

A positive t-value suggests a unidirectional relationship between motivation and performance. In this case, since the t-value is positive, it indicates that higher levels of motivation are associated with better performance.

Based on these findings, the conclusion drawn is that the alternative hypothesis (Ha2) is accepted, while the null hypothesis (H02) is rejected. This means that motivation has a positive effect on performance. In other words, the study supports the idea that

higher levels of motivation are linked to improved performance levels.

Simultaneously Test

Based on the information provided, the calculated value obtained is 46.542. To determine the statistical significance, an F-table is used with a significance level of 0.05. The degrees of freedom (df) are calculated as follows: df1 is the number of variables minus one, which is $3-1 = 2$, and df2 is the total sample size minus the number of variables and one, which is $50-2-1 = 47$.

The result obtained from the F-table is 3.20. Comparing the calculated value (46.542) with the F-table value (3.20), we find that the calculated value is greater than the F-table value ($46.542 > 3.20$).

Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. This means that the independent variables (compensation and motivation) together have a significant effect on the dependent variable (performance). In other words, the study concludes that both compensation and motivation are important factors that significantly impact performance.

Multiple Linear Regression Analysis

The outcomes of data processing demonstrate $Y = 8,621 + 0,498X_1 + 0,416X_2$

1. The constant value (a) is 8.621. This means that in the absence or when the motivational compensation variable is not taken into account, the baseline value of the behavioral performance variable is 8.621. In other words, this value represents the expected level of behavioral performance when no specific factors such as motivation and compensation are considered. It is important to note that when analyzing the impact of the independent variables (motivation and compensation), the coefficient values associated with these variables would provide insights into the magnitude of their effects on the behavioral performance, while the constant value represents the starting point or baseline level of the dependent variable.
2. The research findings indicate that the regression coefficient of the compensation variable (X_1) is 0.498. This coefficient represents the relationship between compensation and employee performance. Based on the coefficient value, it can be concluded that there is a positive influence between compensation and employee performance. Specifically, when the compensation provided to employees improves, their performance is expected to increase positively. In other words, better

compensation is associated with higher levels of employee performance. This result suggests that compensation plays a significant role in motivating and incentivizing employees, leading to improved performance. It highlights the importance of fair and adequate compensation practices in organizations to enhance employee productivity and engagement.

3. The research findings reveal that the regression coefficient of the motivation variable (X2) is 0.416. This coefficient indicates the relationship between motivation and employee performance. Based on the coefficient value, it can be concluded that there is a positive influence between motivation and employee performance. Specifically, when an employee's motivation improves, their performance is expected to increase positively. In other words, better motivation is associated with higher levels of employee performance. This result emphasizes the significance of employee motivation in driving their performance. It suggests that when employees are motivated, whether through intrinsic or extrinsic factors, they are more likely to exhibit higher levels of productivity and achieve better outcomes. Creating a work environment that fosters and enhances employee motivation can have a positive impact on organizational performance and overall employee satisfaction.

Determination Test

Based on the data analysis, the research concludes that the adjusted coefficient of determination (Adjusted R Square) is 0.650 or 65.0%. The Adjusted R Square represents the proportion of the variance in the dependent variable (performance behavior) that can be explained by the independent variables (compensation and motivation) included in the regression model.

In this case, the Adjusted R Square value of 0.650 indicates that approximately 65.0% of the variation in the performance behavior variable can be explained by the included variables, namely compensation and motivation. The larger the Adjusted R Square value, the stronger the relationship between the independent variables and the dependent variable.

However, it is important to note that approximately 35.0% of the variation in the performance behavior variable remains unexplained by the included variables in the study. This suggests that there are other factors or variables not considered in the research that may also influence or contribute to the performance behavior. These unaccounted

factors may include individual differences, organizational culture, leadership styles, or other relevant variables.

Therefore, while compensation and motivation account for a significant portion of the variation in performance behavior (65.0%), there are still other factors beyond the scope of this study that impact the remaining 35.0% of the variance. Further research and analysis could explore these additional factors to gain a more comprehensive understanding of performance behavior.

CONCLUSION

The research findings indicate that compensation and motivation have a simultaneous effect on employee performance. This means that both compensation and motivation, when considered together, significantly influence employee performance. The study suggests that these two factors are interrelated and work in conjunction to impact employees' overall job performance.

By considering both compensation and motivation as influential factors, organizations can design comprehensive strategies and practices to enhance employee performance. This may involve implementing fair and competitive compensation packages that align with employees' expectations and industry standards. Additionally, organizations can focus on fostering a motivating work environment that includes recognition, rewards, career development opportunities, and supportive leadership.

Overall, the research emphasizes the importance of considering both compensation and motivation together to optimize employee performance. By addressing these factors simultaneously, organizations can create a conducive environment that enhances employee motivation and, in turn, positively impacts their performance levels.

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