

Optimizing Compensation and Motivation in Increasing Job Satisfaction and Employee Performance

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ABSTRACT

Job satisfaction and employee performance are two key aspects in the context of human resource management that affect organizational success, compensation and motivation are the two main factors that influence these two aspects. However, a deeper understanding of how compensation and motivation can affect job satisfaction and employee performance simultaneously. Through a comprehensive analysis, this study aims to identify the impact of compensation and motivation on employee job satisfaction, as well as how job satisfaction contributes to improving employee performance. This study uses quantitative survey methods involving a number of respondents from various layers in an organization. Questionnaires were used to collect data on employees' perceptions of compensation, motivation, job satisfaction, and performance. The data is then statistically analyzed using a variety of analysis techniques, including regression to identify relationships and impacts between variables. The results of this study revealed a significant relationship between compensation, motivation, job satisfaction, and employee performance. Fair compensation and high motivation have been shown to contribute positively to employee job satisfaction. In addition, high job satisfaction also has a positive impact on employee performance. These findings underscore the importance of prudent compensation management and effective motivational strategies in improving organizational performance.

Keywords: Compensation, Motivation, Job Satisfaction, Employee Performance, Human Resource Management

INTRODUCTION

Human resource management has become one of the most important aspects in the success of modern organizations. The main factor affecting the performance of employees and, in turn, the achievement of organizational goals, is the level of job satisfaction felt by employees. In an effort to improve employee performance, organizations need to understand the factors that affect job satisfaction and employee motivation. Two factors that significantly influence these aspects are the compensation received by employees and the level of motivation they experience (Syahidin, et, al.,

2022). Therefore, this study aims to investigate the effect of compensation and motivation on job satisfaction, and how job satisfaction impacts employee performance.

Job satisfaction is an important aspect in the performance of employees and the organization as a whole (Damayanti, & Julinar, 2019). When employees are satisfied with their work, they are more likely to contribute to the maximum, work harder, and commit to the organization. On the other dissatisfaction can lead to decreased productivity, increased turnover, and other negative impacts on the organization. Therefore, understanding the factors that affect job satisfaction is important in achieving organizational success.

Compensation, which is the rewards given to employees in the form of salaries, benefits, incentives, and other benefits, is a major factor affecting job satisfaction. Employees who feel that they are getting a fair reward and that match their contributions tend to be more satisfied with their work. Conversely, dissatisfaction with compensation can interfere with job satisfaction and affect employee performance (Oktavia, et, al., 2020). Therefore, it is important to explore the relationship between compensation and job satisfaction and how compensation can affect employee performance.

Motivation is another factor that plays an important role in improving employee performance. Motivation encompasses a variety of factors, including internal and external drives that drive employees to achieve their goals and perform well. Motivated employees tend to be more productive, think creatively, and contribute positively to the achievement of organizational goals (Suryanto, 2020). Therefore, understanding how motivation affects job satisfaction and employee performance is an important focus in this study.

In addition, changes in the global business environment and technological developments have affected organizational and employee dynamics. In this digital era, organizations are often faced with new challenges in terms of finding and retaining high-quality employees (Putra, 2021). Therefore, the study will also consider the impact of changes in the business environment and technology on the relationship between compensation, motivation, job satisfaction, and employee performance.

THEORETICAL BASIS

Employee Performance

Employee performance refers to the work results achieved by an individual in the context of their work. This includes the extent to which an employee successfully fulfills the responsibilities and tasks assigned to them in the organization or workplace (Fauzan, 2022). Employee performance is often measured in terms of achieving work goals, quality of work results, productivity, efficiency, and the positive impact produced by their work. Employees who comply with organizational rules and follow high work ethics tend to perform well.

Employee performance is often measured through various methods, such as performance appraisal, measurement of key performance indicators, evaluation by superiors or colleagues, and self-assessment (Sholihin, & Arida, 2021). These performance appraisals can be used by organizations to provide feedback to employees, identify areas of improvement, and develop career development plans. Employee performance does not only depend on individual abilities, but is also influenced by the work environment, organizational support, motivational factors, and job satisfaction (Rachmasari, 2021).

Job Satisfaction

Job satisfaction refers to the level of satisfaction, excitement, and satisfaction felt by an individual towards his work in an organization or work environment. This includes positive feelings and individual evaluations of various aspects of their work, including the work environment, boss, coworkers, job responsibilities, and compensation (Garaika, 2020). Recognition and appreciation of individual achievements and contributions can increase job satisfaction. When employees feel valued and given recognition for their efforts, they tend to be more satisfied with their work.

Human resource management and organizational leaders often seek to create a supportive work environment and increase employee job satisfaction. This can include the development of fair compensation policies, the promotion of work-life balance, recognition of achievement, career development opportunities, and an organizational culture that supports positive working relationships. High job satisfaction is a goal

pursued by many organizations because it can have a positive impact on employee performance and organizational success (Putri, & Hidayat, 2022).

Compensation

Compensation is a reward or reimbursement given to an individual as a result of the work or services they provide in an organization or workplace (Rifa'i, et, al., 2021). Compensation often involves monetary payments, but can also include benefits and other immaterial incentives provided to employees. The purpose of compensation is to meet the economic needs of employees, reward them for their contributions, and keep them motivated and attached to the organization.

Compensation can vary significantly between different industries, companies, and employment levels. Compensation policies are usually influenced by factors such as the labor market, economic conditions, and organizational strategies and values. Fair and competitive compensation can also help organizations to attract and retain high-quality employees. Compensation is one of the main aspects in human resource management and can take many forms, including: salaries or wages, benefits, bonuses, benefits, and incentives (Hidayat, 2021).

Motivation

Motivation is the drive, driving force, or internal energy that drives a person to take action, achieve a goal, or fulfill a need. This is a psychological factor that stimulates individuals to act, work hard, and persevere in the face of challenges (Saputra, & Mulia, 2020). Motivation is one of the key concepts in psychology, management, and behavioral science, and plays an important role in many aspects of human life, including work, education, and personal achievement. Motivation plays an important role in personal development. Strong motivation can help a person achieve achievements, achieve personal goals, and improve the quality of life (Nurwati, 2021).

Employee motivation is a key factor in achieving organizational goals, improving performance, and maintaining a productive and committed workforce. Managers and organizational leaders often seek to understand what motivates their employees and create a work environment that supports high motivation. With good motivation, employees are more likely to work with passion, achieve goals, and contribute positively to the success of the organization. Motivated employees have goals and desires to achieve certain achievements (Kurniawan, 2021).

METHOD

This study used quantitative statistical methods involving a number of respondents from various layers in an organization. Statistical calculation analysis is based on data obtained from respondents through questionnaires / questionnaires to employees who will answer questions from each variable to be studied and describe systematically. The research will be conducted at the South Jakarta Fire and Rescue Service tribal office. The population in the study amounted to 395 tribal troops from the South Jakarta fire and rescue service. The sampling technique used is simple random sampling, this technique is a way of sampling without choosing individuals who will be used as sample members. The number of samples used was 199 respondents. Data analysis techniques in this study used simple linear regression analysis and multiple linearly, partial tests, simultaneous tests and test the coefficient of determination.

RESULT

The Effect of Compensation on Employee Job Satisfaction

Based on the results of research that has been done, it is known that compensation has a significant effect on employee job satisfaction. The calculated value (21.115) is greater than the value in the table (1.972), indicating a significant difference between the group affected by compensation and the group not affected. In inferential statistics, rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1) indicate that there is strong statistical evidence supporting that compensation has a significant impact on employee job satisfaction.

The coefficient of determination (R Square) of 0.692 indicates that about 69.2% of the variation in employee job satisfaction can be explained by compensation variables. This means that most of the variation in job satisfaction can be attributed to compensation. It found that the remaining 30.8% were influenced by other factors not included in the study. This suggests that in addition to compensation, there are other factors that also affect employee job satisfaction, and may be the subject of subsequent research.

The results of this study have important implications, especially in the context of human resource management and workforce management. Organizations may want to consider improving or adjusting their compensation policies to increase employee job

satisfaction. In addition, the results of the study also underscore the importance of understanding other factors that can affect job satisfaction, to better integrate human resource management strategies.

The Effect of Motivation on Employee Job Satisfaction

Based on the results of research that has been conducted, it is known that motivation has a significant effect on employee job satisfaction. The calculated value (18.283) is greater than the value in the table (1.972), indicating that the effect of motivation on job satisfaction is statistically significant. In inferential statistics, rejection of the null hypothesis (H_0) and acceptance of alternative hypotheses (H_1) suggest that the results support that motivation has a significant impact on employee job satisfaction.

The coefficient of determination (R Square) of 0.629 indicates that about 62.9% of the variation in employee job satisfaction can be explained by motivational variables. It describes the extent to which motivation affects an employee's level of job satisfaction. The remaining 37.1% of the variation in employee job satisfaction was influenced by other factors not included in the study. This underscores the existence of other factors that also play a role in influencing employee job satisfaction, and this could be the subject of further research.

The results of this study have significant implications in the context of human resource management. Organizations may want to consider efforts to increase employee motivation, such as providing recognition, incentives, development opportunities, and a supportive work environment. Thus, these efforts can contribute to increased job satisfaction, productivity, and employee retention. In addition, it is important to continuously identify and understand other factors that affect job satisfaction, in order to design a comprehensive human resource management strategy.

The Effect of Compensation and Motivation on Employee Job Satisfaction

Based on the results of the study showed that both compensation (X_1) and motivation (X_2) have a positive influence on employee job satisfaction simultaneously. This means that when these two variables are combined, the impact is positive on job satisfaction. A calculated F value (433.936) that is greater than the table F value (2.33) indicates rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1). That is, the results of the study support that the two variables, namely

compensation and motivation, together have a significant effect on employee job satisfaction.

The coefficient of determination (R Square) of 0.816 shows that about 81.6% of the variation in employee job satisfaction can be explained by a combination of compensation and motivation variables. It describes the extent to which these two factors contribute to job satisfaction levels. The remaining 18.4% of the variation in employee job satisfaction was influenced by other factors not included in the study. This suggests that there are still other factors that can affect job satisfaction, which could be the subject of further research.

The results of this study underscore the importance of compensation and motivation in increasing employee job satisfaction together. Organizations may want to consider efforts to optimize both of these factors in human resource management. Thus contributing to the improvement of employee performance and welfare. In addition, the results also show that there are other factors that also affect job satisfaction, which need to be considered in efforts to more comprehensive human resource management.

The Effect of Job Satisfaction on Employee Performance

Based on the results of research that has been done, it is known that Job Satisfaction has a positive effect on Employee Performance. This is indicated by a positive regression coefficient of 0.398, which indicates that an increase in job satisfaction will have a positive impact on employee performance. A calculated value (5.667) that is greater than the table t-value (1.972) indicates that the effect of job satisfaction on employee performance is statistically significant. In other words, the results support the rejection of the null hypothesis (H_0) and the acceptance of the alternative hypothesis (H_1), suggesting that there is a strong relationship between job satisfaction and employee performance.

The coefficient of determination (R Square) of 0.140 indicates that about 14% of the variation in employee performance can be explained by the job satisfaction variable. This means that job satisfaction has a considerable contribution to employee performance levels. The remaining 86% of the variation in employee performance was influenced by other factors not included in the study. This highlights the presence of other factors that also affect employee performance and can be the focus of further research.

The results of this study confirm the importance of job satisfaction in improving employee performance. Organizations and human resource management may consider efforts to increase employee job satisfaction levels as a way to improve their performance. However, it is also important to understand that there are still other factors that affect employee performance, and need to be considered in a more holistic human resource management effort.

CONCLUSION

The conclusion of this study is that compensation has a significant effect on employee job satisfaction, with an influence of 69.2%. The results of this study provide a solid understanding of the importance of compensation factors in influencing the level of job satisfaction in the work environment. Compensation, in this context, includes elements such as salaries, benefits, bonuses, and other benefits provided to employees in return for their work. The research shows that employees who feel they are being compensated fairly and adequately tend to be more satisfied with their jobs.

Motivation has a significant influence on employee job satisfaction, with influence reaching around 62.9%. The results of this study highlight the important role of motivation in influencing the level of job satisfaction in the work environment. Motivation, in this context, includes internal drive and energy that drives employees to do their jobs with passion and dedication. This research shows that employees who feel motivated tend to be more satisfied with their jobs, have clear goals, and feel engaged in their work.

There is a strong relationship between compensation and motivation on employee job satisfaction. In this study, about 81.6% of employee job satisfaction levels could be explained by a combination of compensation and motivation factors. This shows that good compensation and high levels of motivation together play an important role in increasing employee job satisfaction. It is important for organizations to understand the importance of these two factors and efforts to optimize them to improve employee well-being and performance.

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