

Motivation on Compensation and Employee Performance

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Motivation on Compensation and Employee Performance

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Abstract:- This study was conducted to examine the role of motivation and compensation on employee performance. Because the role of motivation and compensation is important in improving performance. Low motivation and unjustified compensation will have an impact on the company's overall performance. From the results of research conducted, it was found that motivation has a positive and significant effect on performance. Likewise, compensation has a positive and significant effect on performance. This illustrates the importance of the company in maintaining high motivation and providing proper compensation to maintain the performance and productivity of the company's employees.

Keywords:- Motivation, Compensation, Employee Performance.

I. INTRODUCTION

Currently, in the era of competition, companies are increasingly competitive, each company to improve matters related to the company and be more responsive in order to survive and continue to grow. The success of a company does not only depend on technology but also depends on aspects of adequate human resources to support the success of the company which is an important factor in the company. Human resources play an important role as the backbone (Sriviboon & Jermisittiparsert, 2019), so for companies to continue to strive to improve the performance of human resources optimally to contribute to leading the organization towards a sustainable and effective way (Girdwichai & Sriviboon, 2020).

Employee performance is the result of performance obtained by a person or group in an organization either qualitatively or quantitatively (Robbins & Judge 2017). Success in achieving superior performance requires the strategic role of employees as actors in every company activity (Raineri, 2017). Therefore, companies need to pay attention to the performance of each employee, whether they have carried out their duties and obligations as expected (Carvalho, et al. 2020). Efforts to improve employee performance are a management challenge because success in achieving company goals and survival depends on the quality of the performance of human resources in the company (Oliveira & Honório, 2020).

Based on the results of a preliminary study conducted at PT Graha Asri Dewata, a company engaged in finishing contractors, it was found that the employees lack motivation at work. This can be seen from employees who do not complete their work properly, lack of employee ability in providing creative ideas in carrying out their work and dissatisfaction with what can be obtained in the company. The lack of performance given by employees is influenced by a lack of motivation and compensation that is not in accordance with what employees want.

Motivation is the process of providing encouragement to work for their employees to work for the achievement of the company effectively and efficiently. Motivation are of internal and external forces that encourage someone to reach something optimally (Ratnawati, 2020) and increase employee contributions to the totality of work (Prastiwi et al, 2022) to jointly advance the company (Sukardi and Raharjo, 2020). Companies must to give motivation to all their employees (Veronica & Koto, 2020). With work motivation, it is hoped that it can be a driving force that can create employee work enthusiasm, so that employees want to work together productively to achieve and realize the expected performance (Sajangbati, 2013) because high motivation can encourage high performance as well (Kumarawati, et al. 2017).

Compensation is another thing that is a problem in a company. compensation for employees, is very influential on behavior and performance. Compensation is the main reason for employees to work and motivates them (Prasetyo, et al. 2021). The higher the compensation given to employees, the more motivated they are to do their jobs better (Zulher, 2022 ; Banta & Shaikh, 2017), so to achieve higher performance, companies need to provide appropriate compensation to their employees (Arif, et al. 2019). Compensation is an award as a reward for services, attention, hard work and human resource skills given to an organization, both financial and non-financial. Better compensation will encourage employee awareness to work better and follow company rules (Khair, 2017).

II. LITERATURE REVIEW

Work motivation with employee performance is an interesting thing to discuss because behind the success of a company there is a big struggle for every employee. Company performance and revenue growth are closely related to internal and external factors of the company. All things including human resources, retention and production must be managed properly to achieve company productivity. Productivity is a valuable asset produced by outstanding employees to provide great value to the company. Employee motivation is useful to keep running and maintaining the existence of the company. Every company will lose money if they do not pay attention to the effect of work motivation on employee performance. Several previous studies also state that motivation has a significant positive effect on employee performance (Ekoundayo, 2018; Wahyuni, 2019; Mustapha, 2020) this shows that high employee motivation at work will improve company performance.

Compensation is another important thing that can spur employee performance. compensation for employees, is very influential on behavior and performance. The higher the compensation received by employees from the company, the welfare also increases. This motivates employees to carry out the work responsibilities given and as well as the compensation received is low, the welfare of employees is reduced and results in decreased morale at work so that this causes losses to the company and the company is not achieved properly. (Rumere et al, 2016). The existence of adequate compensation can motivate employees to work well, achieve achievements as expected by the company, and can increase employee satisfaction levels (Sari & Ismail, 2016). Compensation is very important for the employees themselves as individuals, because the amount of compensation is a measure of the value of the employee's work itself. Several previous studies also state that compensation factors affect employee performance (Arif et al, 2019; Sutoro, 2019; Nainggolan et al, 2021) this illustrates that compensation has a fairly important function in smoothing the running of the company's wheels.

III. METHODELOGY

The respondent's characteristic data is the respondent's data which is collected to find out the profile of the research respondents. From the results of research conducted on 34 employees of PT Graha Asri Dewata, it can be seen that the characteristics of respondents include four aspects, namely age, gender, level of education and years of work of respondents.

Table 1

	Information	Total	Percentage
Gender	Male	30	88,23
	Female	4	11,77
Total		34	100
Age	20 - 29 years old	11	32,35
	30 - 39 years old	10	29,43
	40 - 50 years old	8	23,52
	>50 years old	5	14,70
Total		34	100
Level of Education	Senior High School	18	53,0
	Diploma	8	23,5
	Bachelor	8	23,5
Total		34	100
Years of Work	3 - 5 Tahun	9	32,4
	6 - 10 Tahun	13	38,2
	> 10 Tahun	12	29,4
Total		34	100

Table 1 shows that most of the respondents were male with a total of 88.23%, while respondents with female sex were 11.77%. When viewed from age, most of the respondents were aged 20-29 years, namely 32.35%, while the lowest were respondents aged over 50 years, namely 14.70%. Based on the latest education, most of the respondents with SMA/SMK education are 18 people or 53%, while respondents with diploma and undergraduate education are 23.5% each. When viewed from the period of service, respondents with a working period of 6-10 years were 38.2%, while the lowest were respondents with a tenure of 3-5 years as many as 32.4%.

IV. RESEARCH FINDING AND DISCUSSION

➤ Validity and reliability test

Validity testing according to Ghazali (2016) is used to measure the validity or validity of a questionnaire. To test whether a data is valid or not, then the data is correlated with the score of each item with a total score which is the sum of each item score with criteria $r \geq 0.30$, so that the instrument item is said to be valid (Sugiyono, 2017). Where the reliability calculation using Cronbach's Alpha analysis technique with is considered reliable if it is greater than 0.60 (Ghozali, 2018).

Table 2

Variable	Item	Validity	Reliability	Keterangan
Motivation (X1)	X1.1	0.750	0.744	Valid
	X1.2	0.687		Valid
	X1.3	0.839		Valid
	X1.4	0.753		Valid
Compensation (X2)	X2.1	0.639	0.767	Valid
	X2.2	0.721		Valid
	X2.3	0.781		Valid
	X2.4	0.671		Valid
	X2.5	0.782		Valid
Employee Performance (Y)	Y1.1	0.461	0.650	Valid
	Y1.2	0.671		Valid
	Y1.3	0.541		Valid
	Y1.4	0.592		Valid
	Y1.5	0.684		Valid
	Y1.6	0.650		Valid

Based on the results of the validity test, the coefficient value is greater than 0.3 from each research instrument, which means the research instrument from the variables of motivation, compensation, work conflict and employee performance is valid and can be used for further analysis, then the test results reliability shows that all research instruments have a Cronbach's Alpha coefficient of more than 0.6. So it can be stated that all variables have met the requirements of reliability or reliability so that they can be used to conduct research.

➤ Normality Test

The normality test is a test to find out whether in the regression model, the confounding or residual variables have a normal distribution or not, Ghozali (2016). Testing the normality of the distribution of sample data was carried out using the Kolmogorov-Smirnov statistic. The sample data is said to be normally distributed if the Asymp coefficient. Sig (2-tailed) is greater than 0,05.

Table 3

		Unstandarized Residual
N		34
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.21200710
Most Extreme Differences	Absolute	.092
	Positive	.072
	Negative	-.092
Test Statistic		.092
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Results Table 3 above shows Asymp. Sig. (2-tailed) is 0.200 greater than 0.05, so it can be said that the variable in the regression model meets the assumptions of normal distribution.

➤ Multicollinearity Test

Multicollinearity testing is a test to determine whether or not there is a significant correlation between predictor/independent variables in a multiple linear regression model. The multicollinearity test was carried out by looking at the tolerance value and the variance inflation factor (VIF). If the tolerance value is greater than 0.1 and the VIF is less than 10, then the data is free from multicollinearity.

Table 4

Variable	Collinearity Statistics	
	Tolerance	VIF
Motivation (X ₁)	0.521	2.495
Compensation (X ₂)	0.615	1.653

The calculation results in the tolerance value table show that all independent variables have a tolerance value greater than 10% or 0.10 and the results of the calculation of the Variance Inflation Factor (VIF) value also show that all independent variables have a VIF value of less than 10. So it can be concluded that there is no multicollinearity in the independent variables in the regression model.

➤ Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance and residuals from one observation to another. A good regression model is one with homoscedasticity or no heteroscedasticity.

Table 4

Variable	T	Sig
Motivasi (X ₁)	0.314	0.842
Kompensasi (X ₂)	0.154	0.876

The results of the glejser test show that the significance value of all independent variables used is that the Sig value is more than 0.05. This means that the regression model does not contain symptoms of heteroscedasticity.

➤ Hypothesis Test

Hypothesis testing is carried out to determine the effect of Motivation (X1) and compensation (X2) variables on Employee Performance (Y) variables.

Table 5

Variable	Sample estimate	Sig
Motivation → Employee Performance	0,289	0,037
Compensation → Employee Performance	0,266	0,019

V. CONCLUSION

The results of the direct influence test obtained that the motivation variable had a positive and significant effect on employee performance. So that the better the motivation of each employee can improve employee performance, this means that when employees have high motivation at work, they will provide their best abilities for the company, then the results of testing the second hypothesis where compensation has a significant positive effect on employee performance. These results illustrate that when the company is able to provide appropriate compensation for employees this will be able to lead to satisfaction for employees whose impact is the better the performance of the employees themselves.

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