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Science, Engineering and Social Science Series
ISSN/e-ISSN: 2541 – 0369/2613 – 988X
Vol. 4, No. 1, 2020, Printed in the Indonesia

The Impact of Compensation, Motivation, and Job Satisfaction on Employee Performance

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Employee Performance is the main concern for every company, due to employee performance can be a benchmark in the success rate from a company. Therefore, employee performance is the new one of interesting topics to research. In this study aimed to examine the effect of compensation, motivation, and job satisfaction on employee performance. To achieve this goal, data were collected by online survey of 150 employees. The collected data were analyzed using SPSS and Structural Equation Modelling (SEM). The results of this research are indicating if compensation, motivation, and job satisfaction can improve employee performance. Therefore, this research has several important conclusions for company management, if with compensation, motivation and job satisfaction; the employee's performance will increase.

Keywords: Employee performance, job satisfaction, work motivation, work compensation

1. INTRODUCTION

Every organization and company will always try to improve employee performance, with the hope that what becomes the company's goal is achieved [1]. The role and contribution of human resources in achieving company success can be measured by the employee's performance [2]. In improving the employee performance, the company takes several ways, take for example through education, training, giving motivation, proper compensation and creating a conducive work environment is a factor that reflect a person's attitude and character in carrying out their main tasks and functions [3]. One of the important goals in organization is a creation of job satisfaction which is will be further improve as a performance of members in organization [4]. The existence of job satisfaction is expected to achieve organizational goals it will be better and more accurate [5]. The compensation and motivation can improve employee satisfaction and performance. It is shown in the employee's positive attitude towards his work and everything he will face in his work environment [6]. Therefore, motivation and appropriate compensation in a company are closely related to job satisfaction and employee performance [7, 8].

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The more appropriate compatibility between workloads and responsibilities for giving motivation and compensation in delegating tasks, the more satisfied employees will be at work, so it will improve employee achievement in the company [9, 10].

2. METHODOLOGY

A. Compensation

Compensation is a received reward by a worker for services or the results of they work on an organization or company [11]. These benefits can be like money or goods, either directly or indirectly, given by an organization for the work / services of the worker to the organization / company. The compensation is everything received by employees as a reward for their work [12]. Here, the compensation is everything that is received by employees like salaries, wages, incentives, bonuses, premiums, treatment, insurance and other similar types that are paid directly by the company [13].

B. Motivation

Work motivation is a reason that encourages employees to work in a company [14]. The work motivation is an influential condition that generates, directs and maintains behaviors (related to the work environment). A giving

motivation appropriately it will be increased enthusiasm, passion, and sincerity of work in a person [15]. Increasing enthusiasm and willingness to work voluntarily will produce better jobs, so that it will increase work productivity [16]. An employee's motivation to work is usually complicated, due to motivation involves individual factors and organizational factors. Here, included in the individual factors that influence work motivation are goals, attitudes and abilities while those that are classified as factors that come from organizations that have an influence on work motivation are salary, job security and fellow worker relations [17].

C. Job Satisfaction

Satisfaction is related to a person's feelings or attitudes about the work itself, salary, promotion or education opportunities, supervision, coworkers, workloads and others [18]. He continued the statement if job satisfaction is related to one's attitude about work, and there are several practical reasons that make job satisfaction an important concept for leaders. Research shows if satisfied workers are more likely to survive working for organizations [19]. Satisfied workers also tend to be involved in organizational behavior that goes beyond their job descriptions and roles, and help to reduce workload and stress levels of members in the organization. The dissatisfied workers tend to be resistant in relation to leadership and are involved in various counterproductive behaviors.

D. Employee Performance

Performance is the result of work in quality and quantity achieved by an employee to carrying out its functions in accordance with the responsibilities given a leadership and involved in various behaviors counterproductive. According to the behavior approach in management, performance is the quantity or quality of something produced or services provided by someone who does the work [20]. Work performance is w is a comparison between work results and set standards [20].

E. Variables Relationship And Hypotheses Development

Every company wants to have a high satisfaction so that the company's goals can be achieved properly. The one of raises high job satisfaction based expectations of employees match the reality that the employees experience both materially and non-materially. In order to increase a job satisfaction, companies can choose several ways that are appropriate to the situation and capabilities of the company, which include compensation. Department of Personnel improves work performance, motivation and job satisfaction of employees is through compensation [21]. Whereas a companies need to provide rewards to employees who have sacrificed time, opportunity and skills so that employees feel satisfied because their business is valued [22]. Based on that we provide hypothesis can be made:

H₁: Compensation has a positive relationship with job satisfaction

Knowledge and ability of an employee will not affect by someone if not accompanied by a good attitude and motivation for their work. Motivation is one of the efforts so that the employee can work well. In other words, motivation questions how an employee can exert all his power and potential, so that he can work productively to achieve a good work performance. The five levels of needs that are able to motivate employees to work in achieving a work achievement, namely physical needs, the need for security and safety, social needs, the need for appreciation, and the need for self-realization [23]. So that, if a someone have a work feels their needs have been met, then it will show a behavior attitude in work that shows high enthusiasm as a form of embodiment of satisfaction from employees. Job satisfaction is reflected a person's feelings towards the work which is appears in employee's positive attitude and everything in the work environment. Thus, from the above review, a hypothesis can be made:

H₂: Motivation has a positive relationship with Job Satisfaction

The high and low level of job satisfaction perceived by employees and will affect employee commitment to the organization, and that commitment will affect the job satisfaction of the employee concerned. Satisfied employees will be more likely to be involved in organizations that can increase productivity, while employees who are not satisfied will influence the running of the organization in achieving goals. Job satisfaction is interesting and important part also most fundamental thing is the influence of job satisfaction on organizations that will affect employee performance [24]. From the above argument, the researcher proposed the hypothesis:

H₃: Job Satisfaction has a positive relationship with Employee Performance

Compensation is remuneration received by employees, both financially and non-financially. Here, the work performance is a result from certain function activity carried out by employee. Therefore, the size of compensation received from both directly and indirectly also affected the performance of employees concerned by compensation with a large value is expected to improve a performance of employee and vice versa. A strong relationship between performance and employee compensation must be motivate and optimized. The compensation is a dominant thing in employee performance. The direction of relationship is marked positive means that compensation is received or feels more adequate then its performance will increase as well.

Thus, a hypothesis can be made from the above argument, the researcher proposed the hypothesis:

H₄: Compensation has a positive relationship with Employee Performance

Many variables that affect performance include work motivation. The relationship between work motivation and performance. Here, the performance include work motivation are affected by performance including psychological factors while in this factor there is a variable motivation to work on his own work [25]. Based on the statement above, there is a relationship between work motivation and performance. The relationship between motivation and performance, the statement have correlation over employee also will be willing to make a greater effort if he believes that the effort will result in a good performance appraisal, and that good performance appraisal will result in salary increases and promotions. Thus, all of that allows the person to achieve his personal goals. From the review above, the hypothesis can be made:

H₅: Motivation has a positive relationship with Employee Performance

In this research was conducted in November 2018 over Jakarta by using a descriptive research method with a causality model to see the relationships between variables. In accordance with the analytical tool we use, namely Structural Equation Model (SEM), the determination of representative minimum sample amounts according the number of samples must have five times the number of questions analyzed. The research questionnaire contained 23 statements, so the minimum number of samples needed was 115 respondents. In this research, we use 150 respondents who worked in one of the private companies and came from various positions. The aspects studied were compensation, motivation, job satisfaction, and employee performance. The data measurement method uses a Likert scale with one to five scale intervals.

This research uses 2 independent variables namely compensation and motivation, one dependent variable is employee performance and one intervening variable namely job satisfaction. The variable compensation measurement is based on the Employee Satisfaction Survey of Internal Service Quality (ESSIQO) which is consists 6 dimensions namely work environment, work resources, rewards, leadership, communication, and teamwork. However, in data measurement of compensation variables in this research only the rewards dimension containing 5 questions was used. The measurement of motivation variables based on the Internal Work Motivation questionnaire was proposed which consisted of 6 questions. The measurement of job satisfaction variables based on the General Job

Satisfaction questionnaire was proposed to assess with consisted of 5 questions. For the measurement of employee performance variables have consists of 9 questions. Furthermore, from all the measurements displayed in the form of a questionnaire, and then tested the validity and reliability test. In validation test is done by Confirmatory Factor Analysis, by looking at the value of Kaiser-Meyer-Olkin Measure of Sampling (KMO) and Measures of Sampling Adequacy (MSA). In this test the value obtained must be greater than 0.500 which means that factor analysis is suitable for use, and can be further processed. The compensation scale consists of 5 questions and 1 of them is invalid so there are 4 questions left, the motivation scale consists of 6 questions and 4 of them are invalid, the job satisfaction scale consists of 5 questions and 3 of them are invalid, and the employee performance scale is 7 questions and 3 of them invalid. The reliability test of Alpha Cronbach value is greater than > 0.5 which is reliable. So that, it can be said that the indicators of all variables can be trusted as data collection tools in this research. The next phase is managing data using SEM analysis methods (Structural Equation Modeling). SEM is able to explain the relationship of complex variables as well as the direct or indirect effects of one or several variables on other variables.

3. RESULT AND DISCUSSION

The focus of this research is the effect of compensation, motivation, and job satisfaction on employee performance. The results show that of the five hypotheses proposed, the four results of the data obtained support the hypothesis and the one data do not support the hypothesis (see Table I).

Table I. Hypotheses testing results

Hypotheses	Hypotheses statement	T-Value	Detail
H ₁	Compensation has a positive relationship with job satisfaction	3,12	Data support the hypothesis
H ₂	Motivation has a positive relationship with Job Satisfaction	2,72	Data supports the hypothesis
H ₃	Job Satisfaction has a positive relationship with Employee Performance	2,18	Data supports the hypothesis
H ₄	Compensation has a positive relationship with Employee Performance	2,72	Data supports the hypothesis
H ₅	Motivation has a positive relationship with Employee Performance	0,97	Data doesn't support the hypothesis

In the results of testing the first hypothesis (H₁), it was found that the results of the analysis support the H₁ hypothesis with a value of t-value of 3.50, namely compensation has a positive relationship with job satisfaction. This shows that with high compensation, the level of job satisfaction of employees will also be higher.

In the results of testing the second hypothesis (H₂), it was found that the results of the analysis support the H₂ hypothesis with the results of t-value of 2.72, namely motivation has a positive relationship with job satisfaction. This shows that the higher the motivation of employees, the more satisfied their employees will be in carrying out the work they do. In the results of testing the third hypothesis (H₃), it was found that the results of the analysis support the hypothesis H₃ with the results of t-value of 2.18, namely job satisfaction has a positive relationship with employee performance. This shows that the higher the satisfaction of employees, the higher the performance of employees. In the results of testing the fourth hypothesis (H₄), it was found that the results of the analysis support the hypothesis H₄ with the results of t-value of 2.72, namely compensation has a positive relationship with employee performance. This shows that the higher the compensation the employee gets, the higher the performance of his employees. In the results of testing the fifth hypothesis (H₅), it was obtained that the results of the analysis did not support the hypothesis H₅ with the results of t-value of 0.97 ie compensation did not have a positive relationship with employee performance. This shows that motivation does not affect the performance of employees at all.

4. CONCLUSION

This research is examines the effect of compensation, motivation, and job satisfaction on employee performance. This research uses Structural Equation Model (SEM) analysis. The results that can be concluded from this research are: (i) compensation positively affects employee job satisfaction, which means compensation will increase employee job satisfaction (the first hypothesis is supported); (ii) motivation positively influences employee job satisfaction; (iii) job satisfaction positively influences employee performance. High job satisfaction will improve employee performance; (iv) compensation has a positive relationship to employee performance, which means that the higher the compensation, the higher employee performance will be encouraged; and (v) motivation doesn't have a positive relationship to employee performance, which means that the motivation obtained by employees does not affect employee performance. This research has several limitations that can be considered for further research, including this research only carried out in a company in Jakarta and the respondents are employees who come from various positions within the company. This research uses a questionnaire as a measurement tool with the aim of saving time and effort. There is a possibility that the respondent did not fill out the questionnaire with the actual answer or only filled in based on the ideal conditions expected and not the conditions that were happening. This can cause the measurements used not to describe the actual variables.

This research is still very limited, because it is only done in a private company in Jakarta and its employees come from various positions within the company. This research is also limited to examining the effect of compensation, motivation, and job satisfaction on employee performance. Therefore, researchers suggest developing the next research by adding other variables that affect employee performance. This is because there are many other variables, besides motivation, compensation and employee satisfaction that can optimize these variables.

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Received: 9 November 2019, Accepted: 28 January 2020