

THE EFFECT OF COMPENSATION ON PERFORMANCE THROUGH EMPLOYEE'S WORK MOTIVATION AT PT. SKV PROSPEROUS SURABAYA

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Abstract

In order to improve the company's performance, various efforts are needed to improve employee performance so that it fits the company's needs in dealing with current developments, so the purpose of this study is to describe the compensation, motivation and performance of employees of PT. SKV Prosperous Surabaya, to test and analyze the effect of compensation on performance through work motivation of employees of PT. SKV Prosperous Surabaya. This research is an explanatory research with a quantitative approach. The population uses all employees of PT. SKV Prosperous Surabaya, totaling 50 people who are also the research sample because it uses a saturated sampling technique. The hypothesis testing method used in this study is Partial Least Square Structural Equation Modeling (PLS-SEM). The results showed that employee performance, employee motivation and compensation given to employees at PT. SKV Prosperous Surabaya is already in high condition. Compensation has a significant effect on work motivation. Compensation has a significant effect on employee performance. Work motivation has a significant effect on employee performance. Compensation has a significant effect on employee performance mediated by work motivation at PT. SKV Prosperous Surabaya

INTRODUCTION

A company is said to be successful if it can effectively and efficiently use existing resources, especially existing employees, optimally and professionally. For this reason, existing human resources need to be managed properly and correctly, because the success of company management is determined by the quality of the performance of its employees. For this reason, it is appropriate if the human resource factor receives

serious attention from superiors. Performance is a picture of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision and mission of the company as outlined through the strategic planning of a company. With continuous guidance and direction, employees are expected to have optimal performance.

In order to improve the company's performance, continuous efforts are needed to improve employee performance according to the company's needs, such as technological developments and knowledge insights that are relevant to work. Through good human resource management, employee performance can be directed more effectively and efficiently, especially with regard to company goals. Every company will always try to optimize the performance of its employees. Employee performance will achieve optimal results if it is supported by high employee motivation towards work.

Work motivation is a driving force that directs employees to work better and with quality, have a sense of responsibility and strive to improve performance (Sarwoto dalam Sedarmayanti, 2018). Motivation is a driving force for someone to carry out an activity in order to get the best results. Therefore, employee motivation needs to be raised, so that employees can produce good performance. As in research conducted by (Ratna et al., 2023) partially, work motivation has a significant effect on employee performance. Likewise in research conducted by (Gafur et al., 2022) which states that motivation has a positive and significant influence on employee performance. There is a positive direct effect of work motivation on performance (Mardiana et al., 2021). Motivation has a positive and significant effect on employee performance (Muchzen et al., 2019). However, it is different from the results of research conducted by (Siahaan & Bahri, 2019) which states that partially the motivational variable has no significant effect on employee performance. Likewise (Margaretta & Utari, 2022) which states that motivation partially does not have a high significant influence with a positive value on employee performance.

Employees will not be motivated to achieve a high level of productivity unless they consider high and truly realistic and achievable expectations. If they are pushed to strive for unattainable goals, they are likely to give up trying and set an outcome that is lower than their means.

In addition to work motivation, the compensation given to employees will greatly affect the employee's work motivation so that it can impact the resulting performance. Compensation is what employees receive in exchange for their contribution to the organization (Simamora, 2016). This compensation includes the entire package of benefits provided by the organization to its members and the mechanisms and procedures by which these benefits can be distributed (Sulistiyani & Rosidah, 2017).

As in research conducted by (Qomariyah et al., 2023) which states that compensation has a significant effect on work motivation. There is a positive direct effect of competence on motivation (Mardiana et al., 2021). Compensation has a positive and significant effect on employee motivation (Muchzen et al., 2019). (Ratna et al., 2023) which states that compensation has a significant impact on employee performance. (Margaretta & Utari, 2022) which states that partial compensation has a

high significant influence with a positive value on employee performance. (Mardiana et al., 2021) there is a positive direct effect of competence on performance. (Muchzen et al., 2019) Compensation has a positive and significant effect on employee performance. In contrast to (Paino et al., 2023) which states that compensation has no significant effect on performance. compensation has no significant effect on employee performance (Julita et al., 2022).

This compensation program is important for the organization because it reflects the organization's efforts to maintain human resources as the main component. In addition, compensation is also a meaningful aspect for employees, because for individuals/employees the amount of compensation reflects the size of the value of their work among the employees themselves, their families and society. If compensation is given correctly, employees will be motivated and more focused on achieving organizational goals.

Based on the description above, the purpose of this research is to describe the compensation, motivation and performance of PT. SKV Prosperous Surabaya, to test and analyze the effect of compensation on employee motivation, to test and analyze the effect of compensation on employee performance, to test and analyze the effect of motivation on employee performance, and to test and analyze the effect of compensation on performance through PT. SKV Prosperous Surabaya.

RESEARCH METHODS

This research is an explanatory research. Explanatory research is research that intends to explain the position of the variables studied and the relationship between one variable and another variable. Explanatory research is research that intends to explain the position of the variables studied and the relationship between one variable and another variable (Sugiyono, 2019). This study uses a quantitative approach, quantitative research methods can be interpreted as a research method based on the philosophy of positivism, used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim to test the hypotheses that have been set (Sugiyono, 2019).

The population in this study were all employees of PT. SKV Prosperous Surabaya totaling 50 people. In selecting a sample, each population is given the same opportunity and opportunity to be selected, and the magnitude of this opportunity cannot be zero (Sugiyono, 2019). Based on this understanding, the sample in this study was 50 people. This study uses a saturated sampling technique or another term for a census where all members of the population are sampled (Sugiyono, 2019)..

Data Collection Methods in this study using a Questionnaire and Documentation Method. Then the data analysis techniques used in this study consisted of qualitative or descriptive data analysis techniques and quantitative data analysis techniques. Descriptive analysis techniques will be used to describe the research variables along with secondary data while quantitative analysis techniques will be used to test the research hypothesis. The hypothesis testing method used in this study is Partial Least Square Structural Equation Modeling or commonly called PLS-SEM (Ghozali dalam

Khurniawan et al., 2023).

RESULTS AND DISCUSSION

Research Result

In this study the authors managed the questionnaire data in the form of data consisting of 6 statements for the Compensation variable (X), 5 statements for the work motivation variable (Z) and 4 statements for the employee performance variable (Y). The questionnaire distributed was given to 50 employees of PT. SKV Prosperous Surabaya using a Likert scale. Thus for each respondent who answered the research questionnaire, the highest score was given a load of 5 and the lowest score was given a value of 1. So that the average results of the research variables were obtained as follows.

Table 1. Description of Research Variables

No	Variabel	Rata-Rata
1	Employee performance (Y)	4.07
2	Work motivation (Z)	4.14
3	Compensation (X)	4.21

Source: Primary data processed, 2022

Based on the results of the description of the research variables, the average value of respondents assessing the employee performance of PT. SKV Prosperous Surabaya is already in high condition with a mean value of 4.07. The average value of respondents who assess the work motivation of employees in working at PT. SKV Prosperous Surabaya is already in high condition with a mean value of 4.14. The average value of respondents who assess the Compensation given to employees of PT. SKV Prosperous Surabaya is already in high condition with a mean value of 4.21.

In testing the hypothesis in research using PLS-SEM Path coefficient. The path coefficient is used to see the significance of the influence between constructs which can be seen from the path coefficient. To assess the significance of the path coefficient, it can be seen from the t test (critical ratio) obtained from the bootstrapping process, as described in the following table:

Table 2. Direct Effect

Hipotesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Compensation - > Motivation	0.533	0.581	0.079	6.725	0.000
Compensation - > Performance	0.270	0.253	0.135	1.997	0.046
Motivation -> Performance	0.520	0.556	0.151	3.443	0.001

Source: Data Analysis, Processed 2022

Based on the direct effect table above, it can be stated that testing the hypothesis

of the Effect of Compensation on Work motivation has a path coefficient of 0.533, this shows that the better the Compensation given, the higher the work motivation of PT employees. SKV Prosperous Surabaya. This effect has a probability value (p-value) of $0.000 < 0.05$, meaning that compensation has a significant effect on work motivation at PT. SKV Prosperous Surabaya.

Testing the hypothesis of the effect of compensation on employee performance has a path coefficient of 0.270. This indicates that the better the compensation given, the higher the employee performance of PT. SKV Prosperous Surabaya. This effect has a probability value (p-values) of $0.046 < 0.05$, meaning that Compensation has a significant effect on Employee performance at PT. SKV Prosperous Surabaya.

Testing the hypothesis of the effect of work motivation on employee performance has a path coefficient of 0.520, this shows that the better the employee's work motivation, the higher the performance of employees at PT. SKV Prosperous Surabaya. This effect has a probability value (p-value) of $0.001 < 0.05$, meaning that work motivation has a significant effect on employee performance at PT. SKV Prosperous Surabaya.

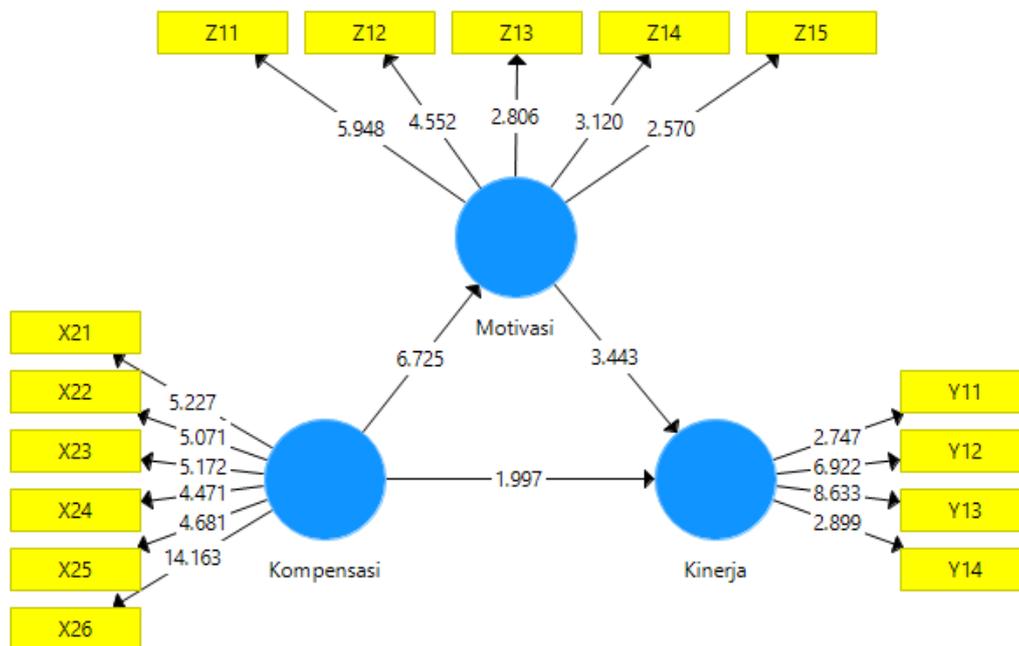


Figure 1. Path Coefficient

Indirect Effect analysis is useful for testing the hypothesis of the indirect effect of an influencing variable (exogenous) on an influenced variable (endogenous) which is mediated/mediated by an intervening variable (mediating variable).

Table 3. Indirect Effect

Hypotesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Compensation -> Motivation -> Performance	0.277	0.325	0.107	2.578	0.010

Source: Data Analysis, Processed 2022

Based on the table above, it can be stated that testing the hypothesis of the effect of compensation on employee performance mediated by work motivation has a path coefficient of 0.277. This effect has a probability value (p-values) of 0.010 < 0.05, meaning that it can be concluded that Compensation has a significant effect on Employee performance mediated by Work motivation at PT. SKV Prosperous Surabaya.

Discussion

Compensation has a significant effect on work motivation at PT. SKV Prosperous Surabaya. The results of this study indicate that the better the compensation given to employees of PT. SKV Prosperous Surabaya, the employee's work motivation will be higher. Where the better the Compensation provided by the company, the higher the work motivation of employees in achieving organizational or company goals. The results of this study are in line with the results of previous research conducted by (Qomariyah et al., 2023) which stated that compensation has a significant effect on work motivation. (Mardiana et al., 2021) there is a positive direct effect of competence on motivation. (Muchzen et al., 2019) Compensation has a positive and significant effect on employee work motivation. Employees are partners in carrying out activities in the company itself, so companies must be able to be fair about what employees have given, because every employee has the right to receive awards and fair treatment from the company as reciprocity for the services provided by employees, so as to motivate employees to work,

Compensation has a significant effect on Employee performance at PT. SKV Prosperous Surabaya. The results of this study indicate that the better self-control exercised by employees of PT. SKV Prosperous Surabaya, Employee performance will increase, where employees will show more responsibility and have high initiative in completing work so that work can be completed on time. The results of this study are in line with the results of previous research conducted by (Ratna et al., 2023) which stated that Compensation has a significant impact on employee performance. (Margaretta & Utari, 2022) which states that Compensation partially has a high significant influence with a positive value on employee performance. (Mardiana et al., 2021) there is a positive direct effect of competence on performance. (Muchzen et al., 2019) Compensation has a positive and significant effect on employee performance. Appropriate compensation and accepted by employees will increase employee performance. The purpose of providing Compensation, among others, is for employee job satisfaction which will later maintain the stability of the employees themselves (Hasibuan, 2017). Thus employees will avoid the influence of labor unions and in the end only concentrate on their work. Here it can be seen that by giving compensation that

is more appropriate and accepted by employees because it is in accordance with the energy and abilities expended and respecting the hard work of employees, employees will be more professional by working seriously and making various efforts in order to achieve good work results. so that the performance can be increased.

Work motivation has a significant effect on Employee performance at PT. SKV Prosperous Surabaya. The results of this study indicate that with the commitment that employees of PT. If the SKV Prosperous Surabaya is high, then employee performance will increase where the results of the work completed can be responded well by the leadership, so employees will be more aware of being more committed to completing the work. The results of this study are in line with the results of previous research conducted by (Ratna et al., 2023) partially, work motivation has a significant effect on employee performance. Likewise in research conducted by (Gafur et al., 2022) which states that motivation has a positive and significant influence on employee performance. (Mardiana et al., 2021) there is a positive direct effect of work motivation on performance. (Muchzen et al., 2019) Motivation has a positive and significant effect on employee performance. With the formation of strong work motivation, it will be able to produce good performance as well as quality from the work carried out. Motivation is an important factor in encouraging someone to do a certain activity (Sutrisno, 2017). When giving motivation is done properly and correctly by the company, employees will carry out every job given seriously which can ultimately increase employee performance.

Compensation has a significant effect on Employee performance through Work motivation at PT. SKV Prosperous Surabaya. The results of this study indicate that the better the Compensation given to employees of PT. SKV Prosperous Surabaya, employee motivation at work will be increasingly developed so that employee performance will also increase. Compensation is a reference for employees to be enthusiastic about maintaining performance. While performance is a result of employee achievement of the responsibilities given by the company in order to achieve company goals, after employees complete their responsibilities properly, the company is also obliged to provide compensation to employees properly. Compensation can be in the form of salary, social security facilities, allowances and so on. Then there will be continuity between employees and companies that are mutually beneficial to each other.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research results it can be seen that Employee performance, employee work motivation and Compensation given to employees at PT. SKV Prosperous Surabaya is already in high condition. Compensation has a significant effect on work motivation. Compensation has a significant effect on Employee performance. Work motivation has a significant effect on Employee performance. Compensation has a significant effect on Employee performance mediated by Work motivation at PT. SKV Prosperous Surabaya.

Based on the results of the research that has been done, there are several suggestions that can be submitted to increase employee performance by applying work motivation at PT. SKV Prosperous Surabaya is already high, but you should continue to

increase work motivation by motivating employees to try to achieve more by mobilizing all abilities at work. Then for the provision of compensation can be done by providing incentives to employees whose performance exceeds the specified standards. For future researchers who will examine employee performance, this research is expected to be used as a reference, support, guide, comparison. The addition of other variables also needs to be done because there are still variables that have not been found by researchers that still have a relationship related to employee performance.

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