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The Impact Of Compensation And Work Motivation On The Performance Of Outsourcing Security Employees At PT. Sasana Duta Millenia

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Abstract

This research aims to determine the influence of compensation, work motivation and performance on outsourced security employees at PT. Millennia Ambassador Gym. This type of research is quantitative research using the Smart PLS software analysis tool. The population in this study was 70 employees and the sampling technique in this study used a saturated sample so it took the entire population. Data collection was carried out using interview techniques, observation and distributing questionnaires. Data testing techniques include validity and reliability tests, R-Square and bootstrapping hypothesis testing. Based on the research results, it can be concluded that compensation has an insignificant positive effect and motivation has a significant positive effect on the performance of outsourcing security employees.PT. Sasana Duta Millenia

Keywords: compensation, work motivation and performance

INTRODUCTION

A company is a modern organization that utilizes resources such as raw materials and labor to produce goods and services to achieve its objectives. In the current and future era of globalization, human resources have become a key determining factor. Human resource management, which focuses on managing human elements, is a crucial part of an organization.

With the rapid development of science and technology, the need for high-quality and competent human resources is becoming increasingly urgent. Nowadays, human

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resources play a very important role in various sectors. Individuals are the driving force behind the operations of an organization, and the achievement of organizational goals is heavily influenced by employee performance. Therefore, leaders must pay attention to, direct, and motivate employees to improve their performance. According to Astarina (2018) in (Fernos & Wipi, 2023), employee performance within a company is influenced by several factors, including work motivation and compensation received. Work motivation can come from both internal and external sources, while compensation is what employees receive from the company for their work.

Employee performance and organizational goals are interdependent. The higher or better the employee performance, the easier it is to achieve the organizational goals. Conversely, if employee performance is low or subpar, achieving these goals becomes difficult, and the results may not meet expectations. According to Yogatama and Mudhawati (2020), performance can be measured in terms of both quality and quantity of an individual's work according to established standards. To ensure professional input, high employee performance is highly desired by companies. The more employees with high performance, the greater the overall productivity of the company, which helps it remain competitive in the global market. High employee performance is not a mere coincidence but is influenced by several factors, including compensation and motivation.

According to Pratamiaji, Tuwuhadi, Hidayat, and Darmawan (2019), compensation is a form of counterperformance for the use of labor or services provided by employees. Individuals work by contributing their time and effort to the organization, and in return, the organization provides rewards or compensation, which can vary widely. The system used by the organization to provide these rewards can affect work motivation and employee performance. Therefore, the purpose of compensation is to provide remuneration for the work done, motivating employees to improve their performance.

Roziki et al. (2022) describe two types of compensation: first, financial compensation, which includes direct financial compensation such as basic pay, performance pay, incentives, commissions, bonuses, profit-sharing, stock options, and deferred payments like retirement savings and cumulative shares. Second, indirect financial compensation, which includes protection such as insurance, severance pay, children's education, and pensions. Non-working hour compensation includes overtime, public holidays, sick leave, maternity leave, and facilities such as housing, relocation expenses, and vehicles. Non-financial compensation includes career-related benefits such as job security, promotion opportunities, recognition of work, new discoveries, special achievements, and work environment benefits such as praise, friendships, job

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comfort, and conducive conditions. The amount of compensation will impact employee performance; if the compensation system provided by the company is fair, it will encourage employees to work better and be more responsible for their tasks.

However, compensation is not the only factor a company should consider to improve employee performance; motivation is also crucial. According to Pratamiaji, Tuwuhadi, Hidayat, and Darmawan (2019), motivation comes from the Latin word "movere," meaning drive or force, and the English word "to move." Motivation is a drive or reason underlying enthusiasm in performing tasks. It is the force that stimulates action and the motivation to work that fuels the drive for high performance. Motivation is expected to encourage each individual or employee to work hard and enthusiastically to achieve high work performance.

Motivation arises as a force to stimulate self-drive in individuals. This drive arises due to an unmet need that prompts activity to fulfill that need. According to Abraham Maslow's theory (Purnaswati, 2020), human needs are divided into five levels: physiological needs, safety needs, social needs, esteem needs, and self-actualization needs. Meeting these needs is fundamental to employee behavior. If employee needs are unmet, they may exhibit disappointed behavior; conversely, if their needs are met, they are likely to show happy behavior, leading them to perform their work to the best of their abilities.

PT. Sasana Duta Millenia is a company specializing in labor provision, including cleaning services, security, and supporting labor such as administration, receptionists, drivers, technicians, and office boys. Established in 2001, the company currently has 16 representative offices and approximately 3,500 trained employees. PT. Sasana Duta Millenia's vision is to be the most trusted partner in facility services. Its mission is to ensure the welfare of all employees so they can work optimally and wholeheartedly.

PT. Sasana Duta Millenia is experiencing a decline in security employee performance. According to reports from leaders or supervisors, security employees have received education and training before starting their duties to facilitate their tasks. However, not all security employees perform their duties well. They are considered to lack understanding of the importance of teamwork, especially during patrols, roll calls, and guarding, with some even falling asleep during work hours. Additionally, some employees arrive late. Leaders or supervisors view the performance of security employees as negative and not meeting company standards, often giving warnings and sanctions, including threats of termination, even for a single mistake.

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The decline in security employee performance is indicated by inadequate compensation as expected. They receive salaries below the regional minimum wage (UMK) standards and do not receive additional allowances such as daily meal allowances, holiday allowances, health benefits, and overtime pay. They also face penalties ranging from Rp. 25,000 to Rp. 35,000 per day for tardiness.

Objectives

This article aims to:

1. Determine the effect of compensation on the performance of outsourced security employees at PT. Sasana Duta Millenia.
2. Determine the effect of work motivation on the performance of outsourced security employees at PT. Sasana Duta Millenia.

LITERATURE REVIEW

Compensation

According to Posuma (2013) in (Roziki et al., 2022), compensation is anything that employees receive as a reward for their work. Compensation includes all forms of income, whether direct or indirect, received by employees as remuneration for the services provided to the company. Afandi (2018) in (Gee et al., 2021) identifies indicators of compensation as follows: (1) Salary, (2) Incentives, (3) Allowances, (4) Facilities.

Work Motivation

According to Sedarmayanti in (Anggara & Santoso, 2023), motivation is the drive that compels an individual to perform or refrain from performing a specific action, which can be positive or negative, coming from within or outside the individual. It heavily relies on the leader as the driving force that engages the person in certain activities. Thus, motivation is often understood as the driving force behind a person's behavior. Every action taken by an individual is fundamentally driven by core factors. Sayuti (2010) lists the following indicators of work motivation: (1) Drive to achieve goals, (2) Work enthusiasm, (3) Initiative, (4) Sense of responsibility.

Performance.

According to Rahmadhani (2020), performance is the result of work achieved by an individual in carrying out tasks assigned to them, based on their abilities, experience, dedication, and time. Similarly, if employee performance declines, it can affect and reduce

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the company's achievements, making it difficult to reach the established goals. Robbins in (Filoshopia Yasni Glorianismus, Noverinda Maharani, Siti Daniah Watiningsih, Tantri Ayu, 2023) describes performance indicators as tools to measure the extent of employee performance achievements. Some indicators for measuring employee performance include: (1) Quality of Work, (2) Quantity, (3) Timeliness, (4) Effectiveness, (5) Independence.

RESEARCH METHOD

This study employs a quantitative method using sampling techniques with Saturated Sampling, which involves taking the entire population. A total of 70 security employees from PT. Sasana Duta Millenia are included in the sample. The data collection techniques utilize primary data obtained through observation, interviews, and questionnaires distributed to respondents. The analysis technique used in this study involves the PLS (Partial Least Squares) application, as well as validity testing, reliability testing, and hypothesis testing.

DISCUSSION

Validity and Reliability Analysis

Convergent Validity

In this study, the validity of indicators is measured by examining the factor loading values on outer loading. Factor loading indicates the correlation between the indicator and the variable, and it is considered valid if it is greater than 0.5. Based on Table 2, all constructs have values greater than 0.50, leading to the conclusion that the measurements meet the criteria for convergent validity.

Tabel 1 Outer Loading

	Compensation	Work Motivation	Performance
X1.1	0.825		
X1.2	0.741		
X1.3	0.547		
Y1.1			0.764
Y1.2			0.779
Y1.3			0.772
X2.1		0.717	
X2.2		0.728	

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X2.3		0.693	
X2.4		0.759	

Source: Research Results (Processed Data)

The analysis of the table above shows that all indicators for the research variables—Compensation, Motivation, and Performance—have factor loadings greater than 0.5, indicating that these indicators meet the criteria for convergent validity.

Discriminant Validity

The next measurement model is the Average Variance Extracted (AVE), which indicates the amount of variance in the indicators captured by their latent variables. A convergent AVE value greater than 0.5 demonstrates adequate validity for the latent variables. Below are the results for the AVE measurement model.

Tabel 2 Average Variance Extracted (AVE)

Variable	AVE
Compensation	0.509
Work Motivation	0.525
Performance	0.596

Source: Research Results (Processed Data)

Based on the table above, the AVE values for Compensation (0.509), Motivation (0.525), and Performance (0.596) are all greater than 0.5. Therefore, overall, the variables in this study can be considered to have good validity.

Composite Reliability

The reliability of constructs in a model is measured using the composite reliability value. A construct is considered to have good reliability if its composite reliability value is greater than 0.70. This indicates that the indicators used to measure the latent variable are consistent and stable in their measurement.

Tabel 3 Composite Reliability

Variable	Composite Realibility
Compensation	0.752

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Work Motivation	0.815
Performance	0.815

Source: Research Results (Processed Data)

The composite reliability test results show that the variables Compensation (0.752), Motivation (0.815), and Performance (0.815) all have composite reliability values greater than 0.70. Therefore, it can be said that all variables in this study are reliable.

R^2 (R-Square)

The R^2 value indicates how well the exogenous (independent) variables in the model explain the endogenous (dependent) variables. The coefficient of determination ranges from zero to one ($0 < R^2 < 1$). A smaller R^2 value suggests that the independent variables have a limited ability to explain the variation in the dependent variable.

Tabel 4 R-Square

Variable	R^2 (*R-Square*)	(*R-Square*) Adjusted
Employee Performance (Y)	0.617	0.606

Source: Research Results (Processed Data)

An R^2 value of 0.617 for Employee Performance indicates that this model explains approximately 61.70% of the phenomenon studied. The remaining 38.30% is explained by other variables not included in the model and by error factors. This means that Compensation and Motivation contribute 61.70% to explaining Employee Performance, while 38.30% is influenced by other variables not included in the model.

Path Coeffisien (Mean, STDEV, T-Statistics)

Tabel 5 Path Coeffisien (Mean, STDEV, T-Statistics)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P Values
Compensation(X1)=> Employee Performance (Y)	0.137	0.161	0.129	1.064	0.288

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Work Motivation (X2)=> Employee Performance(Y)	0.682	0.669	0.104	6.548	0.000

Source: Research Results (Processed Data)

Based on the table above, the results of the hypothesis tests are as follows:

1. Compensation has a positive but not significant effect on employee performance, as evidenced by a path coefficient of 0.137 and a T-statistic value of 1.064, which is less than 1.96 (the critical value for t from the Z-table at α = 0.05). The p-value is 0.288, which is greater than α = 0.05 (5%). Therefore, the effect of Compensation on employee performance is positively significant but not statistically significant.
2. Motivation has a positive and significant effect on employee performance, as indicated by a path coefficient of 0.682 and a T-statistic value of 6.548, which is greater than 1.96 (the critical value for t from the Z-table at α = 0.05). The p-value is 0.000, which is less than α = 0.05 (5%). Thus, the effect of Motivation on employee performance is both positive and statistically significant.

Impact of Compensation and Employee Performance

Based on the research conducted, it was found that compensation has a positive but not significant effect on employee performance among security staff at PT Sasana Duta Millenia. Therefore, the hypothesis stating that Compensation positively affects Employee Performance among security staff at PT Sasana Duta Millenia cannot be accepted.

The compensation provided does not contribute significantly. This suggests that the current compensation scheme does not impact employee performance. The analysis revealed that the largest contribution from compensation comes from salary, which received the highest value compared to other indicators. This indicates that salary alone is not sufficient to enhance or elevate employee performance. This may be influenced by other factors, such as inadequate supervision by the partner companies utilizing the security services of PT Sasana Duta Millenia.

Impact of Motivation on Employee Performance

The research results indicate that Work Motivation has a positive and significant effect on employee performance among security staff at PT Sasana Duta Millenia. Thus, the hypothesis stating that Motivation positively and significantly affects Employee Performance among security staff at PT Sasana Duta Millenia is accepted.

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The most influential indicator for employee performance is the sense of responsibility. This shows that security staff feel responsible for their tasks, demonstrating high commitment and attention to detail. It suggests that employee motivation drives them to take greater responsibility for their work.

CONCLUSION

Based on the data analysis using PLS to test the impact of Compensation and Motivation on the performance of security employees at PT Sasana Duta Millenia Surabaya, the following conclusions can be drawn Compensation shows a positive but not significant effect on employee performance among the security staff at PT Sasana Duta Millenia. Motivation has a positive effect on performance. This means that as work motivation increases, employee performance also improves.

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