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The Effect of Compensation, Job Satisfaction and Work Motivation on Employee Performance at PT Candi Loka Ngawi Regency

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Abstract

The purpose of the study was to determine the effect of compensation, job satisfaction and work motivation on the performance of employees of PT Candi Loka. This study uses quantitative methods with a population and sample size of 50 employees, where the sample technique used is a saturated sample. The data collection method was carried out through distributing questionnaires. The data analysis technique used is Partial Least Square (PLS). The results showed that compensation, job satisfaction and work motivation affect employee performance.

Keywords: Compensation, Satisfaction, Motivation, Employee Performance

INTRODUCTION

Performance is demonstrated by employees with their efforts to fulfill their duties and obligations, Rahmawati & Liswandi, (2022). In addition, assessing employee performance requires performance standards. Performance standards can be used as a benchmark to determine whether performance is good or not. Employees who have a high level of performance are expected to carry out their obligations with a sense of responsibility, and also use their potential well. In addition, human resource performance is influenced by many factors including compensation, job satisfaction, work environment, and motivation.

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Setiarini & Kustini, (2022) define compensation in general as a form of reward given by the company to all its employees as an of appreciation for individual work achievements. Since the majority of individuals have goals when they work, they receive compensation that is utilized to meet their living needs, both for themselves and their families. In general, each individual has varying levels of job satisfaction, which depends on the evaluation system applied to all individuals. Employees with high job satisfaction are less likely to be absent, tend to be loyal to the company, are more productive, and demonstrate commitment to the organization.

Indra & Rialmi, (2022) job satisfaction can be described as an employee's pleasant or unpleasant feelings toward their work, which is reflected in their behavior towards their job and everything they experience in their work environment. The level of satisfaction each individual possesses is clearly different, depending on the attitudes and behaviors they exhibit while working. One of the factors in decreasing employee job satisfaction is due to inappropriate compensation. The purpose of giving rewards to appreciate the performance of employees who are able to give them a sense of satisfaction and motivation to work optimally. This is because the reduced drive or motivation to work in employees can be an obstacle to the realization of company targets.

According to Tajudin & Supriadi, (2021) motivation is the drive that causes, channels, and sustains human behavior, encouraging individuals to work diligently and enthusiastically to achieve optimal results. Therefore, companies need to understand the needs and behaviors of employees in order to motivate them to improve their performance and reach the set goals.

PT Candi Loka is one of the private companies that manages and produces green tea in the Jamus tea plantation agro-tourism in Sine District, Ngawi Regency. PT Candi Loka produces semi-finished goods in the form of dried tea which is sent to suppliers. Production is a concrete activity for the procurement of green tea products at PT Candi Loka, because if it stops or experiences an obstacle, it can hamper the production process and can experience losses. Employees in the processing or production department have significant control over the company's sustainability. Based on the results of surveys and interviews conducted by the researchers, several issues related to suboptimal employee performance have been identified.

In the 2019-2022 tea production report, there is a problem that indicates that the performance of employees in the production section is less than optimal, which is due to production results not meeting the target every year. Based on interviews with production employees, the fluctuations that have occurred in the last four years are caused by the

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number of employees who complain because the salaries given are often late and the lack of bonuses given, while the company also often provides additional working hours or overtime. In addition, employees also explained that the mess at the company is inadequate. The company pays less attention to the condition of the existing mess and special transportation to be used for work, while to get to the location of the company employees must pass the road that continues to rise and is quite steep considering that the location is located in a tea plantation hill area with cold temperatures. This is in accordance with research conducted by (Dwianto et al., 2019) which shows the results that there is an effect of compensation on employee performance, where the higher the compensation received by employees, the higher their performance will be.

Then in addition to compensation, another indication of problems that affect the high and low performance is the employee's own sense of satisfaction at work. Based on the company's turnover report, there has been instability in employee retention during the years 2019-2022. In the most recent year, 2022, there was an increase in the number of employees leaving the company. Employees have expressed the view that this phenomenon is due to their salaries not complying with minimum wage regulations, making it insufficient to meet their needs. Employees are dissatisfied because the company does not provide salaries in line with the workload and applicable regulations. This statement is supported by research conducted by (Octavianti & Hamni, 2022) which explains that the level of employee satisfaction is influenced by the company's systems and rules that they receive. Thus, the higher the job satisfaction of employees, the higher the performance they tend to achieve.

If low job satisfaction can lead to poor performance, then employees require a boost or motivation. The last issue is indicated by the low motivation of employees. Based on the attendance records over the past four years, there has been an increase in employee absenteeism, with some admitting to being reluctant to work because the income they receive does not match the workload they have to complete. In addition, companies pay less attention to employees who are often absent or employees who arrive late without a wise warning, so employees tend to underestimate their work. This is in line with research conducted (Dwi et al., 2022) that the higher the work motivation, the higher the resulting performance, and vice versa.

Based on the explanations provided above, this research aims to determine the influence of compensation, job satisfaction, and work motivation on employee performance at PT Candi Loka, Ngawi Regency.

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LITERATURE REVIEW

Employee Performance

Ma'ruf & Chair, (2020) explains that performance is the result of work in quality and quantity achieved by a person in performing his duties in accordance with the responsibilities given by him. According by (Rizky Reza Pahlawan, 2022) explains that performance is the result of work that can be achieved by an individual or a group within an organization, in line with their respective authorities and responsibilities, with the aim of achieving the goals of the organization legally, without violating the law, and in accordance with both resources and ethics. Performance also signifies the outcome, the overall success level of an individual over a specific period concerning the execution of their tasks with various risks, such as work output standards, targets, or criteria as previously agreed upon together (Arifin & Hakim, 2017). According to Sutrisno (2016), employee performance indicators include work results, job knowledge, attitude, and punctuality.

Compensation

Hasibuan, (2018), compensation is a form of return in the form of cash, direct or indirect goods received by employees for the hard work given to the company. Meanwhile, according to Wether and Davis, compensation is any form that employees receive in return for their work services within the company. Compensation is one of the functions that companies must pay attention to. Compensation is very influential for employee satisfaction at work, if the sense of satisfaction created is high employees will work wholeheartedly as a form of reward for the company so that performance and results can be maximized. In addition, compensation is also able to be a factor to maintain and maintain the quality of employees well. And it is also stated that the meaning of compensation is all income in the form of money, goods directly or goods indirectly, which employees receive in return for the services they provide for the company (Mujanah, 2019). Indicators of compensation according to Simamora in Wardhana, et al., (2022) namely, incentives or bonuses, allowances, and facilities.

Job Satisfaction

(Rudiansyah, 2022) Job satisfaction can be described as how employees assess their own work. If employees have a high level of job satisfaction, they are likely to respond positively to their work. Conversely, if they are dissatisfied, they may respond negatively to their job. (Alfiansyah, 2021) explains that job satisfaction is beneficial and

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has a good effect on increasing morale and work productivity. Vice versa, job dissatisfaction will make morale and productivity decrease. Indicators of job satisfaction according to (Trinovela & Saragi, 2021) namely, salary, supervision, coworkers.

Work Motivation

Rivai, (2021) motivation is a desire that serves as the reason for someone to consciously engage in actions or activities. Motivation or drive to work is crucial for achieving a goal, so individuals must cultivate the highest level of work motivation for employees in a company. According to Afandi (2018), motivation is a desire that arises from within an individual because they are inspired, energized, and driven to carry out activities with sincerity, enthusiasm, and earnestness, resulting in good and high-quality outcomes from the activities performed. Indicators of work motivation according to (Ma'ruf & Chair, 2020).

Effect of Compensation on Employee Performance

Every company expects optimal results from its employees so that company goals can be met according to the target. In realizing this, the company must provide support for its workers. Compensation is a factor that can cause welfare for employees. If the compensation provided is appropriate, it will improve employee performance, otherwise if the compensation is not appropriate, employee performance may decrease. Based on research conducted by Aprilia, (2020), Riana, et al., (2019) dan Saba et al., (2020) concludes that compensation has a positive and significant impact on employee performance.

Effect of Job Satisfaction on Employee Performance

Satisfaction is a feeling of pleasure when someone feels that the work carried out gives results as expected. This behavior is also shown by an employee when his performance is optimal, which can be seen from the way he completes his responsibilities. If employees have high satisfaction with a job, the company will have a good impact and allow goals or targets to be realized. Based on research conducted by Dwi Partika et al., (2020), Rahadian & Tony Nawawi (2020) explains that job satisfaction has a positive and significant impact on employee performance. The better the job satisfaction experienced by employees, the more their performance will improve.

Effect of Work Motivation on Employee Performance

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Motivation is one of the factors that must be shown by company leaders because with motivation from the company, employees will be encouraged to improve their performance and work performance. Based on research that has been conducted by Nuruzzaman et al., (2021) dan Manikottama et al., (2019) indicates that work motivation has a positive and significant impact on employee performance. This is influenced by the encouragement from superiors, good working conditions, and fair compensation, which can motivate employees to enhance their performance.

Hypothesis

H1 It is suspected that compensation has a positive effect on employee performance

H2 It is suspected that job satisfaction has a positive effect on employee performance

H3 It is suspected that work motivation has a positive effect on employee performance

RESEARCH METHODS

This research uses a quantitative approach with data collection methods through questionnaires using questionnaires. The population in this study were all permanent employees of PT Candi Loka in the production section. Samples taken using saturated sample technique as many as 50 employees. Data analysis techniques in this study using Partial Least Square (PLS).

RESEARCH RESULTS AND DISCUSSION

Research Result

Based on the results of the questionnaire answers, the results obtained regarding the characteristics of the respondents. The majority of respondents are male as much as 74%, aged 30-40 years as much as 60%, the last education is high school / high school as much as 72%, working for 3-4 years as much as 42%.

Descriminant Validity

The results of the AVE test for the Compensation variable (X1) were 0.648550, the Job Satisfaction variable (X2) was 0.733167, the Work Motivation variable (X3) was 0.803757, and Employee Performance (Y) was 0.675287, the four variables showed a

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value of more than 0.5, so overall the variables in this study can be said to have good validity.

Composite Reliability

The results of Composite Reliability testing show that the variable Compensation variable (X1) is 0.846135, the Job Satisfaction variable (X2) is 0.891722, the Work Motivation variable (X3) is 0.924706, and Employee Performance (Y) is 0.892309, the four variables show a Composite Reliability value above 0.70 so it can be said that all variables in this study are reliable.

Latent Variable Correlations

The highest correlation value is between the variable Job Satisfaction (X2) and Employee Performance (Y) of 0.820349, this indicates that among the variables in the research model, the relationship between the variable Job Satisfaction (X2) and Employee Performance (Y) shows a stronger relationship than the relationship between other variables, this can also be interpreted that in this research model, the high and low employee performance is more influenced by the Job Satisfaction variable than other variables.

R-Square

R2 value = 0.783998. It can be interpreted that the model is able to explain the phenomenon of Employee Performance which is influenced by independent variables including Compensation, Job Satisfaction and Work Motivation with a variance of 78.4%. While the remaining 21.6% is explained by other variables outside this study (other than Compensation, Job Satisfaction and Work Motivation).

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PLS Model Analysis

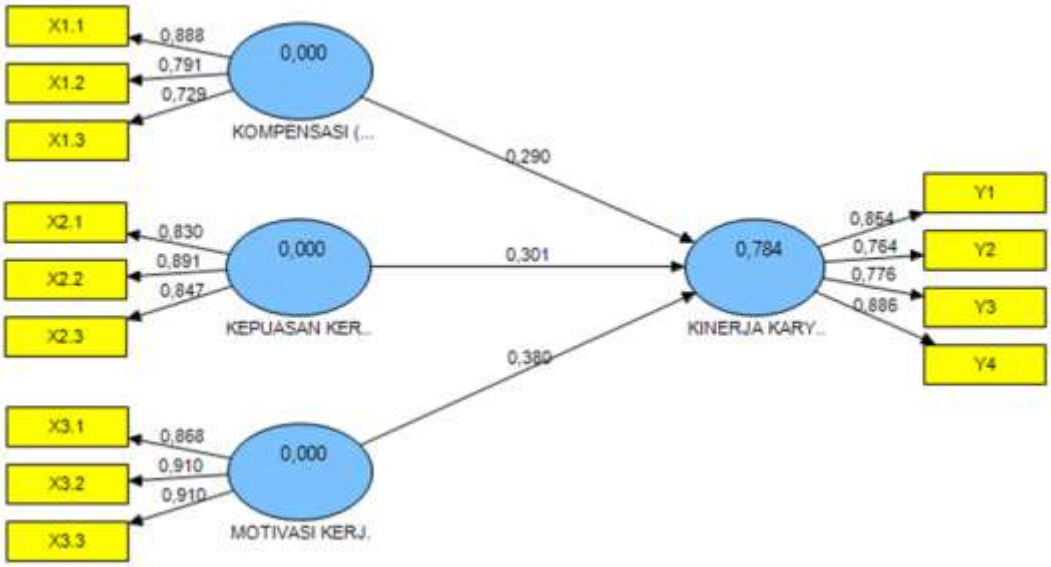


Figure 2 Path Diagram of PLS Output Results
Source: Data processing, output SmartPLS

From the PLS output image above, it can be seen that the largest factor loading value is the work motivation variable with indicator X3.2 of 0.9104. In addition, it can also be seen that the amount of R-Square is right inside the circle of endogenous variables (Employee Performance variables).

Path Coefficients (Mean, STDEV, T-Values, P-Values)

Based on the results of data processing PLS Path Coefficients (Mean, STDEV, T-Values, P-Values), it can be concluded that the hypothesis stating :

H1. It is suspected that compensation has a positive effect on employee performance can be accepted, with path coefficients of 0.290075, and a T-statistic value of 4.729659> 1.96 (T-table value of Zα = 0.05), or a P-Value of 0.000 <0.05, with significant (positive) results.

H2. It is suspected that job satisfaction has a positive effect on employee performance can be accepted, with path coefficients of 0.301019, and a T-statistic value of 3.925004> 1.96 (T-table value of Zα = 0.05), or a P-Value of 0.000 <0.05, with significant (positive) results.

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H3. It is suspected that work motivation has a positive effect on employee performance can be accepted, with path coefficients of 0.380219, and a T-statistic value of 5.181066> 1.96 (T-table value of Zα = 0.05) or a P-Value of 0.000 <0.05, with significant (positive) results.

DISCUSSION

Effect of Compensation on Employee Performance

Based on the results of the research that has been done, it can be seen that compensation affects employee performance at PT Candi Loka Ngawi Regency. It is explained that the higher the compensation of a company, the better employee performance will be. The indicator that has an influence with a high percentage is the provision of incentives or bonuses. For employees, the provision of incentives or bonuses can help to meet their needs so that the resulting performance is getting better, because the problem due to the lack of companies in providing incentives or bonuses makes the performance of employees not optimal. This study has similar results to research conducted by Aprilia (2020), Riana, et al., (2019), dan Saba et al., (2020) which shows that compensation has a positive and significant effect on employee performance. The study explains that providing compensation in the form of incentives or bonuses can improve employee careers within the company.

Effect of Job Satisfaction on Employee Performance

Based on the results of the research that has been done, it can be seen that job satisfaction affects employee performance at PT Candi Loka Ngawi Regency. It is explained that the higher the job satisfaction of employees, the better the resulting performance. Indicators that have an influence with a high percentage are supervision and work instructions. An employee will feel that the company cares about employee satisfaction if the supervision and work instructions given are well directed according to applicable procedures and rules so that employees will do a good and maximum job, because the problems that arise due to salaries given are not in accordance with the contract rules make many employees leave and enter the company so that their performance is less than optimal. This study has similar results to research conducted by Dwi Partika et al., (2020), Rahadian & Tony Nawawi (2020) which shows that the allegation of job satisfaction has a positive effect on employee performance can be accepted, and the results of the study are as follows (Lestari & Afifah, 2021) also shows

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the results that satisfaction has a positive and significant effect on employee performance, if a sense of comfort does not arise fully, the work produced will be less good.

Effect of Work Motivation on Employee Performance

Based on the results of the research that has been done, it can be seen that work motivation affects employee performance at PT Candi Loka Ngawi Regency. It is explained that the higher the work motivation of employees, the better the resulting performance. The indicator that has an influence with a high percentage is perseverance or diligence. An employee who has a diligent, diligent and earnest attitude will do a good job, because they are motivated to immediately complete the work according to the rules that apply in the company, so that employees do not cause internal problems related to increased absenteeism due to frequent absence from work. This study has similar results to research conducted by Manikottama et al., (2019) which shows that motivation has a positive and significant effect on employee performance. Research conducted by Astuti, (2021) dan Nuruzzaman et al., (2021) also explains that the higher the work motivation, the higher the resulting performance, and vice versa, because it is said that if employee motivation decreases just a little, it will not only affect performance but also the progress of the company.

CONCLUSIONS AND SUGGESTIONS

Based on the results of testing and discussion using PLS analysis for compensation variables, job satisfaction and work motivation on employee performance of PT Candi Loka Ngawi Regency, it can be concluded that compensation, job satisfaction and work motivation affect the performance of employees of PT Candi Loka Ngawi Regency. Compensation has the highest indicator, namely incentives or bonuses, which means that providing incentives or bonuses can help to meet their needs so that the resulting performance is getting better. Job Satisfaction has a high indicator, namely supervision, which means that employees will feel that the company cares about employee satisfaction if the supervision and work instructions given are well directed according to applicable procedures and rules so that employees will do a good and maximum job. Meanwhile, motivation has a high indicator, namely perseverance, which means that employees who have a diligent, diligent and earnest attitude will do a good job, because they are motivated to immediately complete the job according to the rules that apply in the company.

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For further research, it is expected to use more data sources, so that it is not only limited to plantation sector companies and should also use research variables other than compensation, satisfaction and motivation in the company

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