

The Effect of Compensation and Motivation on Employee performance

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Abstract

The purpose of this study was to determine the effect of compensation and motivation on employee performance at PT Adicitra Mulyatama in Pekanbaru. Riau Indonesia. The sample for this study was 40 people, sampling using the census sampling technique. The results of this study state that compensation has a significant effect on employee performance. Motivation affects employee performance and compensation and motivation affects employee performance with a contribution of 80.4% to employee performance while the remaining 19.6% is influenced by other variables not examined in this research.

Keywords :Compensation, Motivation and Performance

PRELIMINARY

The benchmark for a company's success can be seen from the increase in employee performance. An employee's performance improvement is based on the results (output) given in completing his work. Performance is always related to the results and benefits that can be obtained as well as employee performance depending on how the company values its employees wisely. One way to improve employee performance is to provide compensation to each employee. Compensation given can be in the form of giving gifts, bonuses, awards to employees who excel so that employee morale will increase and of course have an impact on success for the company. Compensation is a form of reciprocity for employee work that can contribute to the survival of the company.

Compensation plays an important role, because one of the main reasons people work is to fulfill their needs, and be able to increase their welfare in life with the rewards they receive from working. The compensation provided aims to encourage employees to be more active, diligent, disciplined in their work, and to help create mutual awareness among employees and be able to do everything the company needs.

In addition to compensation, the company must also pay attention to motivation. In this case, motivation is used to spur the level of productivity produced by employees. Appreciation or motivation from leaders to their employees is very influential, thus creating a comfortable atmosphere at work. Motivation can also encourage employees to work well again, so as to create a conducive atmosphere for the work environment. For this reason, in order to foster motivation within the company, intensive communication is needed between employees and leaders and among fellow employees.

PT Adicitra Mulyatama in Pekanbaru is a company engaged in consulting for construction and non-construction activities. The company also cooperates with Government and Private Agencies. One of the company's projects in collaboration with the government is the Community Water Supply and Sanitation Program (Pamsimas). Pamsimas is one of the national mainstay programs (Central Government and Local Government) to increase rural population access to proper drinking water and sanitation facilities with a community-based approach. Based on the data obtained by the researcher, the compensation received by employees is only in the form of salaries and labor insurance without any incentives and bonuses, health insurance or treatment in the event of a work accident or falling ill. Other than that,

LITERATURE REVIEW

According to Mangkunegara (2016: 67) performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Performance can be interpreted as the entire work process of the individual whose results can be used as a basis to determine whether the individual's work is good or vice versa (Roziqin, 2010:41). Performance indicators are measuring tools used to determine work results with established standards. According to Robbins in Bintoro and Daryanto (2017:107), the indicators used to measure performance include: work quantity, work quality, punctuality, effectiveness and independence. h employees with their families.

According to Nurmansyah (2018:175) Compensation is a reward for the work it provides to the company in the form of salaries, allowances, benefits and facilities or services and so on which can be valued in money and tend to be given on a regular basis. According to Hasibuan (2017:119) Compensation is all income in the form of money, goods directly or indirectly received by employees in return for services provided to the company.

Compensation Indicator

Compensation is a tool that binds companies to their employees, a pull factor for prospective employees and a motivating factor for someone to become an employee. In the compensation variable there are indicators that affect the compensation itself. According to Nurmansyah (2018:176), the indicators of compensation are: Salary, Allowances, Facilities, Incentives, Bonuses.

Motivation

Every human being certainly has a basic reason to do a certain type of work. Why are there people who are very active in doing work, then there are also those who do work normally, but there are also those who do work lazy. Of course, all of this has basic reasons that encourage someone to be willing to do the job. This is due to motivation. According to Samsudin (2010: 281) suggests that motivation is the process of influencing or encouraging from outside a person or work group so that they want to carry out something that has been determined. Meanwhile, according to Siagian (2011: 102), defines motivation as a driving force for someone to contribute as much as possible for the success of the organization to achieve its goals,

Motivation Indicator

To dig deeper into motivation, it is necessary to know the indicators that influence it. According to Maslow in Wukir (2013: 105), that employee work motivation is influenced by physical needs, the need for security and safety, social needs, the need for self-esteem, and the need for self-realization. Then from

the need factor, it is derived into indicators to determine the level of work motivation of employees, namely:

1. Physical needs, indicated by: salary, bonus, food allowance, transport money, housing facilities and so on.
2. The need for a sense of security and safety is indicated by: work security and safety facilities, including the existence of social security for workers, pension funds, health benefits, accident insurance, and work safety equipment.
3. Social needs, indicated by: interacting with others, including to be accepted in the group and the need to love and be loved
4. The need for appreciation, indicated by: recognition and appreciation based on their abilities, namely the need to be respected and appreciated by other employees and leaders for work performance.

Hypothesis

A hypothesis is needed to predict the results of a study of the object of research. Hypothesis is a provisional answer whose truth is still not convincing. Because the answers given are only based on the relevant theory, while the truth of the opinion needs to be tested or proven. The hypotheses in this study are:

1. It is suspected that compensation has an effect on employee performance at PT Adicitra Mulyatama in Pekanbaru
2. It is suspected that motivation affects employee performance at PT Adicitra Mulyatama in Pekanbaru
3. It is suspected that compensation and motivation affect employee performance at PT Adicitra Mulyatama in Pekanbaru

RESEARCH METHODS

The method used in determining this sample is the Census method. This method is used because the population is small, so the researchers took the same number of samples as the population, namely 40 employees of PT Adicitra Mulyatama in Pekanbaru. For data analysis and hypothesis testing using SPSS Version 23.

RESULTS AND DISCUSSION

Partial Test (t Test)

From the results of the hypothesis test, it is known that the value of ttable at a significance level of 5% and df (degrees of freedom) or ttable is 2,024.

Table 2. t test results

Model	Coefficients ^a								
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	44,407	13,209		5.362	.002	17,642	71.171		
Compensation	.140	.163	.138	4.859	.000	-.190	.470	.956	1.046
Motivation	.518	.346	.240	3.498	.000	-.183	1.218	.956	1.046

Based on the output of table 2 above, testing the first hypothesis is the effect of Compensation for Employee performance at PT Adicitra Mulyatama in Pekanbaru in this study can be described that after a partial test is carried out where the Compensation variable (X1) has an effect on Performance (Y), this can be seen in the value of $t_{count} < t_{table}$ with an influence value of $4.859 < 2.024$ this figure does not exceed the value that has been set in the table which is 2,024. Based on the output of table 5.28 t test above, testing the second hypothesis is the effect of Motivation towards Employee performance at PT Adicitra Mulyatama in Pekanbaru in this study can be described that after a partial test is carried out where the motivation variable (X2) has an effect on performance (Y), this can be proven by the value of $t_{count} > t_{table}$ with an influence value of $3,498 > 2,024$, the number this exceeds the value that has been set in the t_{table} which is 2,024.

Simultaneous Test (F Test)

This test is used to determine the joint effect of the independent variables on the dependent variable. To find out whether it is significant or not, a probability of 5% ($\alpha = 0.05$) is used.

Table 3. F Test Results
ANOVA^a

Model	Sum of Squares	df	Mean Square	F
1 Regression	75,203	2	37,601	9,841
Residual	755.772	37	20,426	
Total	830,975	39		

a. Dependent Variable: Total_Y

b. Predictors: (Constant), Total_X2, Total_X1

Based on table 3 above, the ANOVA test produces an F number of 9.841 with a significance level (0.001) which can be interpreted that $F_{count} > F_{table}$ or $9.841 > 4.280$ and a probability number of $0.001 < 0.005$ then together or simultaneously it can be said that Compensation (X1) and Motivation (X2) have a joint effect on Performance (Y) at PT Adicitra Mulyatama in Pekanbaru.

Coefficient of Determination (R²)

The value of the coefficient of determination is a tool to determine the contribution of the independent variable (X) to the dependent variable (Y). The results of the coefficient of determination in this study can be seen in table 4 Model Summary below:

Table 4 Determination Test Results (R²)
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.913a	.833	.804	4.51954

- a. Predictors: (Constant), Total_X2, Total_X1
b. Dependent Variable: Total_Y

From table 4 above, it can be seen that the adjusted coefficient of determination or (adjusted R2) is 0.833, this result means that the dependent variable performance can be explained or contributed by the independent variable Compensation and Motivation of 83%. While the remaining 17% is explained by other factors not examined in this study.

Multiple Linear Regression Analysis

Multiple linear regression equation is used to determine predictive determination if there is a strong relationship between the independent variable (X) and the dependent variable (Y). The results of the multiple linear regression of the effect of compensation and motivation on employee performance in the study are as follows:

Table 5 Multiple Linear Regression Test Results Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	44,407	13,209		5.362	.002	17,642	71.171		
Compensation	.140	.163	.138	4.859	.000	-.190	.470	.956	1.046
Motivation	.518	.346	.240	3.498	.000	-.183	1.218	.956	1.046

- a. Dependent Variable: Performance

From table 5, a regression equation can be formulated as follows: From the above equation it can be explained as follows: $Y = 44.407 + 0.140 X1 + 0.518 X2 + e$ The constant value (α) is 44,407, meaning that if the value of the Compensation (X1) and Motivation (X2) variable is considered non-existent or equal to 0 (zero), then the value of the Performance variable (Y) increases by 44,407 units. The coefficient (b1) is 0.140 with a positive value, meaning that the X1 regression coefficient of 0.140 states that if each increase in the Compensation variable (X1) is one unit, it will cause an increase or increase in Performance (Y) of 0.140 units. The coefficient (b2) is 0.518 with a positive value, meaning that the X2 regression coefficient of 0.518 states that if each increase in the motivation variable (X2) is one unit, it will cause an increase in performance (Y) of 0.518 units.

Discussion

Effect of Compensation on Performance at PT Adicitra Mulyatama in Pekanbaru

In the t-test table above, it can be seen that the t-count value is 4.859 with a t-table value of 2.024. Therefore, $t_{count} > t_{table}$ is $4.859 > 2.024$, with a significant level of $0.002 < 0.05$. Then the hypothesis (H_a) is accepted, and partially there is an influence between Compensation on Performance.

This shows that the researcher's analysis of the hypothesis that there is an effect of Compensation (X1) on Performance (Y) at PT Adicitra Mulyatama in Pekanbaru is proven. If it is observed from the data source that is processed, that compensation in this context is an important factor so that it has a very strong influence on performance.

The Effect of Motivation on Performance at PT Adicitra Mulyatama Pekanbaru

In the coefficient table above, it can be seen that the tcount value is 3,498 with a ttable value of 2,024, assuming that $t_{count} > t_{table}$, namely In the coefficient table above, it can be seen that the tcount value is $3,498 > 2.024$, with a significant level of $0.000 < 0.05$. So the second hypothesis in this study is accepted, meaning that partially there is an influence of Motivation (X2) on Performance (Y) at PT Adicitra Mulyatama in Pekanbaru.

This shows that the influence of motivation on performance (Y) at PT Adicitra Mulyatama Pekanbaru is very important to implement, this is because the compensation carried out routinely must be balanced with motivation, so that the performance of employees at PT Adicitra Mulyatama in Pekanbaru is consistent with the results obtained. expected.

The Effect of Compensation and Motivation on Performance at PT Adicitra Mulyatama in Pekanbaru

In the table that shows the analysis of variance that the value of $F_{count} > F_{table}$ or $9.841 > 4.280$ with a significant value of $0.001 < 0.05$, it means that compensation and motivation have a joint or simultaneous effect on employee performance at PT Adicitra Mulyatama in Pekanbaru. Based on the model table Summary, also shows the results obtained by the R Square value of 0.833 or 83.3%. This shows that the percentage of the two independent variables is an important factor in realizing the expected performance because the factors that are not measured in this study are only 17% left. this indicates that the two factors, both compensation and motivation, have been able to explain and influence employee performance by 83%.

CONCLUSION

Based on the results of research conducted on compensation and motivation on employee performance at PT Adicitra Mulyatama in Pekanbaru, compensation has a significant effect on employee performance at PT Adicitra Mulyatama in Pekanbaru. This is in line with the theory of compensation that in compensation required standards on each compensation, so that the implementation of performance goes according to what is expected. Motivation affects employee performance at PT Adicitra Mulyatama in Pekanbaru, meaning that motivation is an important factor from several other factors that support employee performance, while other factors are raised on compensation (X1), motivation (X2), on performance (Y) in general. simultaneously or jointly affect performance with a value of $F_{count} > F_{table}$ or $9.841 > 4.280$ with a significant value of $0.001 < 0.05$, which is the assumption of the alternative hypothesis in this study is accepted. Another thing also shows that the R2 value is 0.833 or 83.3%. This shows that the percentage of the contribution of the influence of the independent variable (Compensation and Motivation) on the dependent variable (Performance) leaves 17%, which means that 17% are factors not measured in this study. They are influenced or explained by other variables not included in the research model. this.

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