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

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ABSTRACT

The purpose of this study to determine the effect of compensation, motivation, and job satisfaction on employee performance of BUMdes Malar Walatra. This research was conducted with a quantitative approach through questionnaires. In total, 30 questionnaires were distributed to all employees of BUMDes Malar Walatra who become the population using saturated sampling. Data analysis was then performed using multiple linear regression method. The outcomes of the investigation show that motivation, compensation, and job satisfaction simultaneously and independently affect performance. The study contributes to the literature by confirming the influence of motivation, compensation, and job satisfaction on performance. Thus, reinforce the findings of previous studies. On the practical level, the results of this research imply that organizations should pay close attention to provide the motivation, compensation, and job satisfaction needed to ensure good performances of the employees.

Introduction

BUMDes (Badan Usaha Milik Desa/Village-Owned Enterprises) can play a part as a new economic strength to empower the community by exploring the economic potential of a village and tailor it to the needs and existence of the village. Essentially, BUMDes has two roles: as a social and commercial institution. As a social institution, BUMDes contributes social services that focus on the needs and interests of village communities. Whereas as a commercial institution, BUMDes acts as a provider of local resources to increase village income. To make sure the operation of BUMDes, the government provides financial assistance. In this term, the funds provided by the government to the village will be managed by the BUMDes and are expected to provide optimal benefits for the community.

BUMDes Malar Walatra is located in Subang Village, Subang District, Kuningan Regency which is directly adjacent to Ciamis Regency. The motto of Subang Village is "Sugri Walagri Malar Walatra" which means a healthy community to create equitable physical and mental health. BUMDes Malar Walatra, which was inaugurated in 2014, has five main points that act as the focus of the potential development of the village, namely: 1) hot water baths "CIPANAS", 2) robusta coffee, 3) palm sugar products, 4) managerial capacity and human resources development (BUMDes managers) and 5) market support and financial capital from third parties.

Many factors affect employee performance, among others, competence, motivation and compensation. Competence is defined as the behavior, expertise, knowledge and skills possessed by an individual in carrying out the assigned task. Various studies have proven that competence affects employee performance (Danila & Kore, 2019; Junaidi et al., 2014). Another factor that affects performance is compensation. Compensation includes all types of payments, either directly or indirectly, in the form of material, money or awards given by the company to the employees (Hasibuan, 2012; Maizar, 2017). Compensation is important for the employees as it indicates the amount of their work among the employees themselves, their families as well as the communities (Hani Handoko, 2003). Furthermore, employee motivation also plays a role in determining employee performance. Employee motivation is very much determined by the encouragement from superiors through a sense of concern in the form of compensation. In improving human resources, it must be supported by providing motivation to work to improve the

work performance of the employees (Springer & Gary Jon, 2011). Based on the preceded background, the authors are interested in examining the impact of competence, compensation and motivation on the performance of BUMDes Walatra employees. Specifically, this study aims to answer the questions as follows: (1) does compensation influence performance; (2) does motivation influence performance; and (3) does job satisfaction influence performance.

Literature Review

Compensation

Compensation can be defined as all income in the form of money as well as direct or indirect goods earned by employees in return for services contributed to the company. Compensation is a settlement awarded to employees, either directly or indirectly, financially or non-financially, as a fair exchange for their contribution to achieving organizational goals. Compensation makes employees more motivated in carrying out their duties and responsibilities; employees will work more seriously they get the needs they want (Al Fajar, 2013). The purpose of compensation is to reward employee performance, ensure fairness of employee salaries, retain employees or reduce employee turnover, obtain qualified employees, control costs, and comply with regulations (Priansa, 2014; Robbins, 2018). Different types of compensation provided to the employees include direct compensation, namely salaries or wages that are paid regularly on a fixed period; and indirect compensation, namely the provision of other benefits for workers apart from the fixed wages in the form of money or goods including holiday allowances, health insurance, holidays and leave (Maizar, 2017, Sutrisno, 2012).

Motivation

Robbins (2009) defined motivation as a process that involved the intensity, direction, and continuance of individual efforts towards attaining goals. Uno (2009) elaborated indicators of motivation as follows: responsibility in carrying out works, achievements, self-development and independence. Work motivation always go hand in hand with employees' needs, desires, and drives. Furthermore, it also serves as the reason

employees strive to achieve certain goals as well as keep performing the tasks that must be carried out in the organization. Maslow (Sutrisno, 2012) proposed a five-tier model of human needs to explain the pattern of motivation known as Maslow's Hierarchy of Needs. The hierarchical levels comprised of: a) physiological needs, such as the needs of clothing, food, and shelter; b) security needs, which is not limited to a physical sense, but also include psychological security; c) love and belonging needs; d) esteem, which is generally reflected in various status symbols; and e) self-actualization, which is related to the opportunities for someone to unlock their potential and turn it into real capabilities.

Job Satisfaction

Satisfaction or dissatisfaction is closely related to work activities that go hand in hand with company productivity. Employees who are satisfied with their work are expected to be more enthusiastic at work and able to meet work targets. On the other hand, low job satisfaction will hinder employees work activities. In other words, dissatisfaction can be the starting point of problems in the organization, including conflict, absenteeism, turn over and other problems that can disrupt the organization from achieving its goals. Job satisfaction is a person's feelings about his job. In general, job satisfaction is an attitude towards work that is based on the assessment of different facets of the job. Employee's attitude towards his job is related to pleasant or unpleasant experiences at work as well as his expectations about future experiences. Wexley and Yuki (2003) defined job satisfaction as employee's feelings about his job. In addition, Hoppeck (in Anoraga, 2001) argued that job satisfaction is employees' evaluation regarding the degree to which their overall job satisfies their needs. Unmet job satisfaction can lead to employees' withdrawal and acts of aggression (Wexley & Yuki, 2003). Wexley and Yuki (2003) argue that there is a consistent relationship between dissatisfaction with withdrawal in the form of displacement and absence. Furthermore, the frustration that accompanies job dissatisfaction can lead to aggressive behavior in the form of sabotage, deliberately making mistakes, strikes, sluggish work, and protests.

Performance

Performance can be defined as the outcomes of work, both in the form of quality and quantity, attained by employees in executing their responsibilities accordingly (Mangkunegara, 2017). Maharjan (2012) defined performance as an outcome that is achieved by employees because they are motivated by work and satisfied with the work they do. Many factors affect performance, including: a) ability, which is related to the capability that is obtained formally, for example, education obtained in school or in college which can directly affect the performance of the employees; b) motivation (material and non-material) that is given directly to each employee to meet their needs and satisfaction; c) support, which is related to the facilities that indirectly support the employees to carry out their works; d). the existence of the work they do which lead to employees' satisfaction and love both for the company and their works; e) their relationships with the organization, in this term, comfortable and harmonious relationship between employees will improve employee morale which will ultimately affect employees' performance (Sastrohadiwiryo, 2006). The performance dimension is the performance standard or factors evaluated in carrying out the work, which can be elaborated as follows: a) quantity of work, which is related to the volume of work an employee can do; b) quality of work, which is related to the accuracy of the work results; c) initiative, which is related to employees' desires to progress, be independent, and fully responsible for their works; d) adaptability, which is related to the to respond to and adapt to changing circumstances; and e) cooperation, which is related to the ability and willingness to cooperate with co-workers and supervisors.
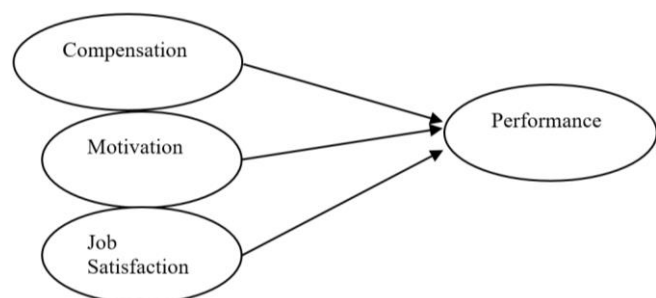
Conceptual Framework

Figure 1. The relationships between variables

The Impact of Compensation on Performance

Compensation can be described as an award given by the company to the employees. According to Athonia and Okeke (2019), compensation can be measured on two factors, namely financial and non-financial. Compensation is very important for the company in achieving the organizational goals. Therefore, the company must manage it well and pay close attention to it. Darma and Supriyanto (2017) argued that compensation affect performance.

H1. Compensation has an effect on performance

The Impact of Motivation on Performance

Motivation is an emotional state that serves as a reason for willingness and actions. Bohlander (2013) argued that motivation is based on social exchange and levels of reciprocity. Therefore, motivation can be seen as changing progress that supports a person towards achieving goals. In the context of performance, motivation is associated with the overall performance of employees as a factor, element, or desire that encourages employees to execute their tasks in order to attain organizational goals. Previous study by Adam and Kamase (2019) showed that motivation has an effect on performance.

H2. Motivation has an effect on performance

The Impact of Job Satisfaction on Performance

Job satisfaction is related to employees' feelings and attitudes towards their works. According to Bohlander (2013), job satisfaction is about the fulfillment of several wants and needs through activities or work. Lubis (2020) states that job satisfaction can affect employees' performance in the company.

H3. Job Satisfaction has an effect on performance

Methodology

This study was carried out with a quantitative approach that aims to describe the characteristics of a situation or research object. Primary data used in this research was collected through questionnaires and interviews with related parties. On the other hand, secondary data were collected from several journal publications and textbooks.

The population in this research were all active employees at BUMdes Walarta, totaling 30 people. The sample in this investigation was all personnels who became the population as the result of saturated sampling (Sugiono, 2018). Data analysis was performed using multiple linear regression with the equation $Y = a + b1X1 + b2X2 + e$ using SPSS 23 software.

Results and Discussion

Table 1 presents the data on the characteristics of the respondents in this study.

Table 1. Respondent characteristics

Characteristics		Frequency	Percent
Gender	Male	24	80
	Female	6	20
	Total	**30**	**100%**
Age (years)	18 – 25	10	33.3
	26 – 30	14	46.7
	31 – 35	3	10
	>35	3	10
	Total	30	33.3
	Total	**123**	**100%**
Education	High School	26	80
	Bachelor Degree	4	20
	Total	**30**	**100%**
Length of service (years)	< 1	7	23.3
	1 – 3	22	73.3
	4 – 5	1	3.3
	Total	30	100%

Source: Primary data processed in 2020

As presented on Table 1, the majority of employees in BUMDes are male (80%). This is understandable because in village society, man is expected to be the head of the household who has to provide for the family. Most of the respondents were aged between 18 and 30 years old (80%). The rest of the respondents were evenly divided into 31-35 years age group (10%) and over 35 years age group (10%). The respondents are considered to be in the productive age. In terms of education, the majority of the respondents had high school education (80%) and the rest had higher education (20%). The data shows that all of the respondents had at least high school educations, meaning all of the respondents have sufficient education to provide good competence and ease in gaining new knowledge to manage BUMDes. Most of the respondents have worked between one and three years at BUMDes (73.3%); only small portions of the group have worked for less than a year (23.3%).

Validity and Reliability Test

The outcomes of the validity test conducted in this study shows that each statement item in this study has a sig level $\alpha \leq 0.05$, proving the validity of the variables. Whereas, the outcomes of the reliability test are presented as follows:

Table 2. Reliability test

Variable	Cronbach's Alpha (CA)	Remarks
Compensation	0,721	Reliable
Motivation	0,816	Reliable
Job Satisfaction	0,827	Reliable
Performance	0,834	Reliable

Source: Primary data processed in 2020

As presented in Table 2, Cronbach's alpha above 0.60 was obtained from the reliability test for all of the variables. The results not only suggest the validity, but also the reliability of the instrument to conduct the research.

Descriptive Analysis

Table 3. Descriptive analysis recapitulation

Variable	Minimum	Maximum	Mean	Remarks
Motivation (X1)	1	5	4,07	Good

Compensation (X2)	2	5	3,64	Good
Job Satisfaction (X3)	1	5	3,98	Good
Performance (Y)	3	5	4,09	Good

Source: Primary data processed in 2020

The results of the survey show that the respondents have a good perception of their performance. On a scale of 5, the mean value of the performance questions is 4.09. In regards to the motivation variable, the mean value is 4.07. Whereas the compensation is 3.64 and the mean value of job satisfaction is 3.98. For that reason, it can be concluded that each research variable gets a good value.

Coefficient of Correlation and Determination Analysis

Table 4. Coefficient of correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864[a]	.746	,746	1,938

a. Predictors: (Constant), Motivation, Compensation, Job Satisfaction
b. Dependent Variable: Performance

As presented in Table 4, the value of the multiple correlation coefficient between motivation, compensation, and job satisfaction on performance is 0.864, indicating a good relationship since it shows the value between 0.0 - 0.199.

Analysis of coefficient of determination (kd) was used to inspect how motivation, compensation, and job satisfaction explain performance. The analysis was performed with the calculation as follows: kd = r2 x 100% = (0.864) 2 x 100% = 74.6%. The result of the calculation shows the coefficient of determination of 74.6%. This indicates that performance is affected by motivation, compensation, and job satisfaction by 74.6%, while the rest is influenced by other factors that are not examined.

Multiple Linear Regression Analysis

Table 5. Multiple linear regression analysis

		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Error	Beta	t	Sig.
1	(Constant)	34,490	8,456		4,079	,000
	Motivation	,067	,209	,861	2,322	,000
	Compensation	,063	,128	,881	2,489	,001
	Job Satisfaction	,146	,142	,851	2,925	,005

a. Dependent Variable: Performance
Source: Primary data processed, 2020

As presented on the output in Table 5, it can be concluded that:

Y = a + b1X1 + b2X2 + b3X3
Y = 34,490 + 0.067 M + 0.063 C + 0.146 JS

The regression equation can be interpreted as follows:
1. The constant value of 34.490 indicates that provided that the value of motivation, compensation, and satisfaction is 0, then the value of performance is 34.90.
2. The value of the X1 coefficient is 0.067, which suggests that with the assumption that X2 and X3 are constant, each increase of one unit of motivation will lead to an increase in performance (Y) level of 0. 067.The value of the X2 coefficient is 0.063, indicating that if the compensation increases by one point, there will be an increase of 0.063 points in

performance (Y), assuming X1 and X3 are fixed.

3. A similar conclusion can be drawn regarding the job satisfaction variable (X3). The value of the X3 coefficient is 0.146, suggesting that an increase of one unit of job satisfaction will

results in the increase of 0.146 points in performance (Y), assuming X1 and X2 are constant.

Hypothesis Test/t Test

Table 6. t Test

	Coefficient	t-Value	Sig.	Probability
Constant	34,490			
Motivation	,067	2,322	,000	0,05
Compensation	,063	2,489	,001	0,05
Job Satisfaction	,146	2,925	,005	0,05

Source: Primary data processed in 2020

Table 6 shows the t-value of motivation (X1) of 2.322 > t table 1.697 and the significance level of 0.000 < probability 0.05. Thus, established the acceptance of H1 or the first hypothesis, meaning that there is an impact of motivation (X1) on performance (Y). Furthermore, the t-value of compensation (X2) of 2.489 > t table 1.697 and the significance level of 0.001 < probability 0.05 suggests the influence of compensation (X2) on performance, thus leading to the acceptance of the second hypothesis. The table also shows the t-value of job satisfaction (X3) of 2.925 > t table

1.697 and significance level of 0.005 < probability 0.05, indicating the influence of job satisfaction (X3) on performance (Y). Therefore, it can be inferred that H3 or the third hypothesis is accepted. The results of this examination are supported by previous research conducted by Lubis (2019) which states that motivation, compensation and job satisfaction have an effect on performance.

The Effect of Motivation, Competence, and Satisfaction on Performance

Table 7. F test
ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7,299	3	2,433	4,533	,001ᵇ
	Residual	97,668	26	3,756		
	Total	104,967	29			

a. Dependent Variable: Performance
b. Predictors: (Constant), Job Satisfaction, Motivation, Compensation
Source: Primary data processed in 2020

ANOVA test was conducted to investigate the simultaneous impact of the independent variables (X) on the dependent variable (Y). Table 7 shows the f value of 4.533 > f table 3.10 and significance value (sig) of 0.001 < probability 0.05. Thus, it may be concluded that motivation, compensation, and job satisfaction simultaneously influence performance.

Conclusion

The aims of this research is to examine the effect of motivation, compensation, and job satisfaction on performance. Based on the preceded

investigation, several conclusions can be drawn as follows:

1. Motivation significantly affects performance. It implies that providing motivation to the employees of BUMDes Malar Walatra is expected to improve their performances.
2. Compensation significantly affects performance. This conclusion is consistent with Athonia (2019) argument that compensation given by the company or organization can influence employee performance.
3. Job satisfaction also significantly influences performance, suggesting that satisfaction at

work will result in better performance. This finding is in congruence with previous research by Lubis, R (2020) that showed the influence of job satisfaction on performance.

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