

The Effect Of Compensation On Employee Performance With Work Motivation As An Intervening Variable At The Office Of Cooperative Micro Enterprises, Industry And Trade, Banjar Regency, South Kalimantan

Abdul Kadir

Pancasetia College of Economics, Banjarmasin

Article Info

Keywords:

Compensation,
work motivation,
employee performance

ABSTRACT

This research aims to determine the effect of compensation on employee performance through work motivation in the cooperative and micro-enterprise department of Banjar Regency, South Kalimantan. This type of research uses descriptive quantitative with a survey approach where questionnaires will be distributed to all research respondents, where the population in this research is all employees of the cooperative and micro-enterprise department of Banjar district, South Kalimantan, totaling 35 people. In determining the sample, saturated sampling was used where the entire population was used as respondents considering that the population was less than 100. In testing the results of respondent data to measure the influence of the dependent variable on the independent variable, path analysis was used. The test results showed that compensation was directly proven to have a significant effect on the performance of employees of the cooperative and micro-enterprise department of Banjar district, South Kalimantan, indirectly, motivation was able to mediate the effect of compensation on the performance of employees of the cooperative and micro-enterprise department of Banjar district, South Kalimantan.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license



Corresponding Author:

Abdul Kadir

Pancasetia College of Economics, Banjarmasin

audahkadir63@gmail.com

INTRODUCTION

The development of technology and information, which is currently increasingly rapid, has a huge impact on various aspects, one of which is the demand to create high employee performance for the goals that companies or agencies, both private and government, want to achieve. Companies must be able to build and improve performance in their environment. The company's success is influenced by several factors, one important factor is human resources, because human resource management is a process of utilizing human resources effectively and efficiently. Human resources must also be mobilized to produce the maximum possible performance. Even though human resources play an important role in the quality of performance, good performance can be seen from the results of the employee's performance.

The Effect Of Compensation On Employee Performance With Work Motivation As An Intervening Variable At The Office Of Cooperative Micro Enterprises, Industry And Trade,

Banjar Regency, South Kalimantan—Abdul Kadir

According to Suryoadi (2012), high employee performance is expected by the company. The more employees who have high performance, the company's overall productivity will increase so that the company will be able to survive in global competition. However, employee performance in an organization does not always increase, sometimes employee performance increases, sometimes performance decreases. For this reason, it is natural for a company to provide compensation in the form of compensation to its employees.

According to Nawawi (2001) compensation is an award or reward for workers who have contributed to realizing their goals. Through activities called work. Compensation is also an award given to employees either directly or indirectly. Financial and non-financial to improve employee performance. The forms of financial compensation are salary, allowances, bonuses and commissions. Meanwhile, non-financial compensation includes training, authority and responsibility.

Compensation is also an award given by employees, both directly and indirectly, financially and non-financially, fairly to employees for their contribution to achieving organizational goals, so that providing compensation is really needed by any company to improve the performance of its employees.

It is not only compensation factors that companies need to pay attention to in order to improve employee performance, but companies must pay attention to motivation factors. An employee's ability to carry out their duties optimally is determined, among other things, by the motivation that encourages the employee to work diligently, as well as the discipline applied so that the company's goals can be achieved under leadership that can create a conducive atmosphere for the work environment. Every employee is not necessarily willing to exert their work performance optimally, so there is still a need for encouragement so that someone is willing to use their full potential to work. This driving force is called motivation.

Motivation needs to be implemented in an organization, where if all activities and tasks are based on high motivation, performance will also be high and vice versa. In order for someone to want to do a job, that person needs motivation.

Nawawi (2011) states that motivation is something that arises because of needs, both material and non-material, in an effort to achieve organizational goals. Leaders who direct through motivation will create conditions where employees feel inspired to work hard. If employees have high motivation then high performance results can be achieved. The phenomenon of employee work motivation includes employees being less motivated to develop the potential that exists in employees, this is caused by employees receiving less recognition and appreciation from the leadership when the employee has more potential than other employees, employees also rarely receive appreciation directly from the leadership. If the employee has achievements, this will cause a lack of enthusiasm for work for some employees. Employees still often postpone work, work performance decreases, there is a lack of discipline and there is a decrease in the percentage of attendance.

Saputra's research results (2014) show that motivation partially has a positive and significant effect on job satisfaction of Lhokseumawe State Polytechnic Education employees. In principle, employees can be motivated to carry out their duties depending on the strength of the motives that influence them. In Hasibuan (2012) the importance of motivation is because it causes, encourages and supports human behavior so that they are willing to work diligently and enthusiastically to achieve optimal results. One of the efforts that can be taken which can influence employee performance is by providing compensation received as compensation for employee services. contribution to their work in the company. He added that compensation must be designed in such a way as to motivate employees and at the same time not burden the organization. In this way, the target of providing compensation to increase employee and organizational productivity can be achieved. In research conducted by Blazovich (2013), compensation influences employee performance. Supported by research by Ibojo (2014) shows that compensation has a significant effect on employee performance. And research by Jamil and Raja (2010) states that compensation has been proven to have a significant effect on employee performance. According to research conducted by Dermawan (2012) regarding the influence of compensation on employee performance, the results show that compensation has a significant effect on employee performance. This is because compensation is able to influence performance because compensation is able to increase employee discipline, namely being able to comply with all applicable regulations and stay away from all prohibitions that apply to the company.

This is different from research conducted by Noe in Khusaini (2002: 27), which states that employee dissatisfaction with the compensation received can lead to negative employee behavior towards the company and the impact of Job With Drawal. Which can be seen from the decline in work performance.

This is different from research conducted by I Ketut (2019) which stated that the influence of employee compensation does not have a significant effect on employee performance. Apart from that, there is research conducted by Ian Larkin (2012) regarding compensation having a negative influence on employee performance. (Fadli, 2010) regarding compensation for performance, shows that compensation has a negative influence on employee performance. In this research, employee performance is not influenced by periodic increases in compensation because the most important thing for employees is that they can get a job. Shows no influence or an insignificant negative effect between compensation and employee performance. This is due to the lack of compensation for employee performance, because the compensation given is seen from the work results of each employee.

Therefore, one of the best ways to increase employee performance capacity is to link compensation to employee development. If the compensation program is perceived as fair and competitive by employees, it will be easier for the company to attract potential employees, retain them and motivate employees to further improve their performance, so that productivity increases and the company is able to produce products at competitive

prices. In the end, the company not only excels in competition, but is also able to maintain its survival, and is even able to increase profitability and develop its business.

Research conducted (Yohanes 2016) on the influence of motivation on employee performance together, the results of which have a positive and significant effect on performance. (Musriha, 2011) regarding the influence of motivation on employee performance with results showing that motivation has a significant influence on employee performance. It can be interpreted that motivation is able to encourage an employee to work well, with high motivation a person will put in more effort in carrying out their work resulting in better performance.

Meanwhile, research conducted by Dhermawan (2012) on motivation on performance shows that motivation does not have a significant effect on employee performance. This means that the results of motivation do not fully influence employee performance, in this case motivation only plays a role as an incentive for employees to work harder.

Based on this gap research, there are differences in the results of research on compensation and motivation on employee performance in companies. Researchers focused their research on employees of the Banjar Regency, South Kalimantan Cooperatives and Micro Enterprises Service. The Department of Cooperatives and Micro Enterprises of Banjar Regency, South Kalimantan is an institution recognized by the Indonesian government, under guidance and supervision,

Meanwhile, the factor that causes employee motivation problems at the Department of Cooperatives and Micro Enterprises, Banjar Regency, South Kalimantan is the decreasing motivation due to several employees who are dissatisfied with the compensation provided. For example, providing facilities, incentives and so on. Which causes employees to be less motivated at work. When someone feels that compensation is appropriate for their work, it will influence a person's motivation which will then have a positive impact on their performance.

Based on this description, the questions in this research are:

1. Is there a direct influence of compensation on employee performance?
2. Is there an influence of compensation on employee performance with work motivation as an intervening variable?

Literature Review

Compensation

Compensation is "a broad term relating to financial rewards received by people through their employment relationship with an organization" (Simamora, 2004: 541). Compensation will have different meanings for different people. Basic compensation is necessary to maintain employees with a decent standard of living. However, compensation also provides a tangible measure of an individual's value to the organization.

Compensation is income in the form of money, direct goods or indirect goods received by employees as compensation for services provided. (Hasibuan, 2011: 118) Compensation is a contribution to the company or organization for employees (Ardana, 2012: 153). All

income in the form of money, direct goods or indirect goods received by employees as compensation for the services provided is called compensation (Hasibuan, 2009: 118). Research conducted by Yensy (2010), revealed that compensation that is well managed or implemented properly in the long term can be an effective tool for employee morale. Good compensation will influence company performance, thereby impacting employee motivation.

According to Nawawi (2005), compensation is divided into two, namely direct compensation and indirect compensation. Direct compensation is salary and incentives, while indirect compensation is such as old age allowance, health allowance, company allowance, food allowance, wife and child allowance, income improvement allowance, holiday allowance and operational costs.

Compensation is one way that companies can provide rewards to employees. Compensation can increase or decrease employee performance. Providing compensation to employees needs to get more attention by the company. Compensation must have a strong basis, be true and fair. If compensation is felt to be unfair, it will cause employees to feel disappointed, so that good employees will leave the company. Therefore, in order to retain good employees, the compensation program is created in such a way that employees will feel appreciated and are willing to stay in the company (Muljani, 2002). The compensation given to employees aims to further motivate them in improving performance in the company. (Tanto Wijaya, 2015: 37)

Motivation

Motivation is giving an individual encouragement to act which causes the person to behave in a certain way that leads to a goal (Murty and Hudiwinarsih, 2012). Siagian (1995) explains that motivation is the driving force that causes an organization member to be willing and willing to carry out various activities for which they are responsible and fulfill their obligations. Providing motivation is one of the goals so that employees who are motivated can work in accordance with the work standards and responsibilities given so that company goals can be achieved well. Apart from that, it also contains elements of effort, namely efforts that are quality and directed and consistent with the organizational goals to be achieved.

Motivation is "giving an individual encouragement to act which causes the person to behave in a certain way that leads to a goal" (Ivan Aries and Imam Ghozali, 2006: 126). Providing motivation is one of the goals so that employees who are motivated can work in accordance with the work standards and responsibilities given so that the company's goals can be achieved well. Apart from that, it also contains elements of effort, namely efforts that are quality and directed and consistent with the organizational goals to be achieved.

Rivai (2009:837), revealed that motivation is a series of attitudes and values that influence individuals to achieve specific things in accordance with individual goals. Compensation is all income in the form of money, direct goods, or indirectly that employees receive as compensation for services provided to the company (Hasibuan, 2011: 118). According to Maslow Sihotang (2007: 247-251), there are several factors that influence motivation, one of which is namely physiological needs, namely the amount of benefits

received and conditions in the workplace, the need for a sense of security, namely a feeling of calm with the current position in the work unit and health insurance coverage, dependency and love needs, namely the opportunity to participate in committee activities and the opportunity to build friendships, needs of self-esteem is the superior's assessment of work performance and promotion, the need for self-actualization is the opportunity to develop a career.

Understanding employee motivation correctly is a difficult task. However, organizations need to identify the goals and needs behind employee behavior. Various motivation theories state that each person's desires or needs are different, besides that, the ways to fulfill these needs are also very diverse. Therefore, organizations need to understand the concept of motivation thoroughly before implementing policies to encourage increased motivation.

Employee performance

Marihot Tua Efendi (2002) believes that performance is the result of work produced by employees or real behavior displayed according to their role in the organization. Performance also means the results achieved by a person, both quality and quantity, in accordance with the responsibilities given to him. Apart from that, a person's performance is influenced by the level of education, initiative, work experience and employee motivation. The results of a person's work will provide feedback for the person himself to always be active in doing his work well and it is hoped that this will produce good quality work as well. Education influences a person's performance because it can provide broader insight to take initiative and innovate and then influence their performance.

Sutrisno (2013: 172), who states that employee performance is the result of employee work seen from the aspects of quality, quantity, working time and cooperation to achieve the goals set by the organization. According to Swasto in (Supriyanto and Maharani: 2013) performance is divided into several, namely work quality, knowledge, income or statements and decisions taken. The quality of employee work exceeds that of other employees, employee knowledge is related to carrying out good work. Income or statement is having to provide an opinion or statement about the organization.

Sopiah (2008) stated that the environment can also influence a person's performance. A conducive environmental situation, for example support from superiors, co-workers, adequate facilities and infrastructure will create comfort and will encourage good performance. On the other hand, an uncomfortable working atmosphere due to inadequate facilities and infrastructure, lack of support from superiors, and lots of conflict will have a negative impact resulting in a decline in a person's performance.

METHODS

This research uses a quantitative research approach, namely a type of research that emphasizes testing theories through calculating research variables with numbers and requires data analysis using statistical procedures. The measuring tool for this research is in

the form of a questionnaire, the data obtained is in the form of answers from employees to the questions that will be asked. Based on the research objectives that have been determined, this type of research is explanatory. The population in this study was all employees of the cooperative and micro-enterprise department of Banjar Regency, South Kalimantan, totaling 35 people. In this study, because the population was less than 100, 35 employees were taken as a sample.

The sampling technique used a saturated sampling technique, that is, all members of the population, totaling 35 people, were sampled in the research. Data collection techniques use questionnaires and interviews. The measurement scale uses a Likert scale with a preference level of 1 to 5. This research uses path analysis. Path analysis is used to analyze the pattern of relationships between variables. This model aims to determine the direct or indirect influence of a set of independent variables on the dependent variable.

RESULT

Table 1 Coefficient of Determination (R^2)

Variable	R Square
Employee Performance	0,619
Work motivation	0,391

From table 1, it shows that the R^2 value for the Employee Performance variable is 0.619. These results indicate that 61.9% of employee performance is influenced by compensation. The remaining 38.1% is influenced by variables outside the research.

Table 2 Cross-validated Redundancy (Q^2)

Variable	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Employee Performance	330.000	210.430	0.362
Compensation	220.000	220.000	
Work motivation	165.000	123.038	0.254

From table 2, the results show that the Q^2 value for Employee Performance is $0.362 > 0.05$ and Work Motivation is $0.254 > 0.05$ so the variables used are appropriate. Based on the diagram and table 2 display, all Q^2 Square values for both employee performance and work motivation constructs are more than 0.05. So it can be interpreted that predictions of the constructs of employee performance and work motivation are correct or relevant. In detail it can be concluded as follows:

1. The relevance of predictions of compensation and work motivation to customer satisfaction based on the Q^2 Square value is $0.362 > 0.05$, so it can be concluded that the exogenous variables of compensation and work motivation are appropriate or relevant if used as predictors of the employee performance construct as an endogenous variable.
2. The relevance of compensation predictions to employee performance based on the Q^2 Square value is $0.254 > 0.05$, so it can be concluded that the exogenous compensation

variable is appropriate or relevant if used as a predictor of the motivation construct as an endogenous variable.

Tabel 3 Effect size (F^2)

Variable	Employee Performance	Compensation	Work motivation
Employee Performance			
Compensation	0,907		0,642
Work motivation	0,004		

Based on table 3, it can be seen that the influence of compensation on employee performance has a fairly large effect size because it has a value of $0.907 > 0.35$ and also the influence of compensation on work motivation is $0.642 > 0.35$. Meanwhile, the influence of work motivation on employee performance is ignored because it has an effect size < 0.02 .

Hypothesis testing

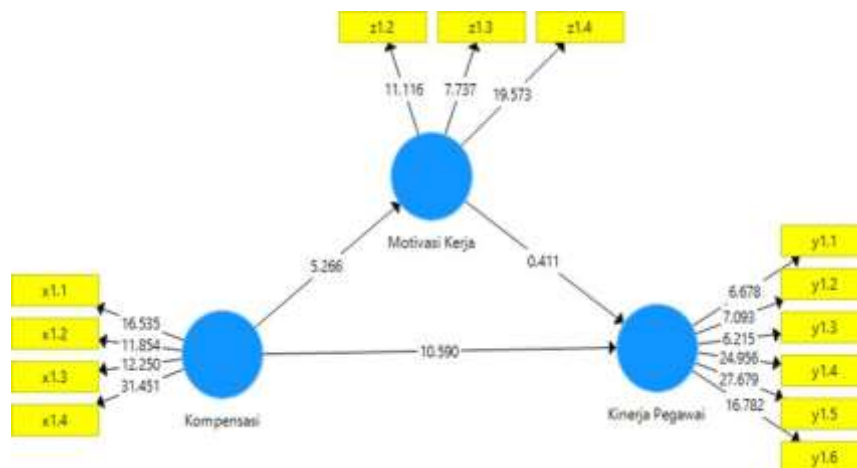


Table 4 Path coefficients significance test (bootstrapping)

Hip	Variable	Original Sample (O)	T Statistics (O/STDEV)	P Values	Hypothesis
H1	Compensation-> Employee Performance	0,753	10,590	0,000	Diterima
H2	Motivation-> Employee Performance	0,786	16,181	0,038	Diterima

Based on the bootstrapping results in table 4, the following results can be obtained:

1. Compensation has a significant influence on employee performance because it has a t statistic of $10.590 > 1.96$ and has a relationship between variables of 0.753 so it can be concluded that the first hypothesis is accepted.
2. Work Motivation mediates the influence of Compensation on Employee Performance because it has a t statistic of $16.181 > 1.96$ and has a relationship between variables

of 0.786. Because the indirect relationship has a greater value than the direct influence, it can be concluded that the second hypothesis is accepted.

Discussion

The effect of compensation on employee performance

Based on hypothesis testing, the results show that compensation has a significant influence on employee performance because it has a t statistic of $10.590 > 1.96$ and has a relationship between variables of 0.753. This shows that the more compensation an employee receives, the higher the employee's performance.

These results indicate that appropriate compensation received by employees will improve employee performance at the Banjar Regency Cooperatives and Micro Enterprises Service. This is in line with research conducted by Warsidi (2014) which explains that compensation has a positive and significant effect on performance. Compensation also contains a professional relationship where one of the main goals of employees working is to get compensation to meet various needs, while on the office side they pay employees so that employees can carry out their work in accordance with the wishes and expectations of the company with the main aim of being able to advance the company's business by The main goal is to be able to advance the course of the company's business. By providing compensation that is more appropriate and accepted by employees because it is in accordance with the energy and abilities expended and respecting employees' hard work, employees will behave more professionally by working seriously and making various efforts to achieve better work results so that their performance could increase further.

The effect of compensation on employee performance through work motivation

Based on hypothesis testing, the results show that compensation has a significant influence on employee performance through work motivation because it has a t statistic of $16.181 > 1.96$ and has a relationship between variables of 0.786. Because the indirect relationship has a greater value than the direct influence, it is proven that work motivation indirectly mediates the effect of compensation on employee performance.

CONCLUSION

Based on the results of the pliers testing that has been carried out and the discussion in the previous chapter, the following conclusions can be drawn: Compensation has a significant effect on employee performance. The higher the compensation employees receive, the higher the employee's performance in carrying out the work assigned to them. Work motivation mediates the effect of compensation on employee performance.

REFERENCES

- Alex.S.(1980). *Manajemen Personalia*, cetakan ketiga.Jakarta:Ghalia Indonesia.
- Agustina Heryanti, (2018). Hubungan antara pendidikan dan pelatihan (Diklat) K3 dan pemberian kompensasi terhadap kinerja karyawan PT.Kereta api Indonesia (persero) Devisi regional III Palembang. Palembang. Universitas Indo Global Mandiri

- Aries, Ivan dan Imam Ghozali, (2006). Akutansi Keperilakuan. Semarang: Universitas Diponegoro
- Ali Arifin. (2007). Membaca Saham, Yogyakarta : Salemba Empat
- Ardana. (2012). Manajemen Sumber Daya Manusia. Yogyakarta: Graha Ilmu
- Austuty Yensy Nurul.B, (2010). Pengaruh Kompensasi dan Motivasi terhadap Kinerja Guru di SMA N2 Aga Makmur Bengkulu Utara. Jurnal Kependidikan TRIADIK Vol.13 No. 1 Tahun 2010
- Dermawan, D. (2012). Proses keperawatan penrapan konsep & kerangka kerja (1st ed). Yogyakarta: Gosyen Publishing.
- Fatankah Sanaz. (2017). Using satisfaction compensation to predict turnover intentions and theft between cabin crew: mediating the role of the deprivation brotherhood.
- Gomez-Mejia, Luis R and David Balkin and Robert L. Cardy. (2012). Managing Human Resources. New Jersey: Person Education inc Publishing as Pretice Hall.
- Ghozali, Imam. (2013). Aplikasi Analisis Multivarite dengan Program IBM SPSS 21 Update PLS Regresi. Semarang: Badan Penerbit Universitas Diponegoro
- Handoko. 1994. Klimatologi dasar landasan pemahaman fisika atmosfer dan unsur-unsur iklim. Jakarta: PT.Dunia Pustaka Jaya
- Hasibuan, Malayu S.P. (2002). Manajemen Sumber Daya Manusia. Jakarta : Bumi Aksara.
- Hadari, Nawawi. (2005). Penelitian Terapan, Yogyakarta: Gajah Mada University Press
- Hariandja, Marihot Tua Efendi. (2002). Manajemen Sumber Daya Manusia. Jakarta: Grasindo
- Heryati, Agustina dan Remmy Agusta Menzata Z. (2018). Hubungan Antara Pelatihan dan pelatihan diklat (K3) dan pemberian kompensasi terhadap kinerja karyawan PT.Kereta Api Indonesia (Persero) Devisi Regional III. Palembang: Universitas Indo Global Mandiri.
- Ibrahim El-Fiky, (2011). 10 Keys To Ultimate Succses, Terj. Bagus Dewanto, Jakarta: Tugu Publisher
- Ike, Rachmawati Kusdyah, (2008). Manajemen Daya Manusia. Yogyakarta: ANDI.
- Ismail, Kamboja. (2016). Investigating the effects of classroom models ignites students' Omani EFL motivation levels in English performance
- Juniantara Wayan, (2015). Pengaruh Motivasi dan kepuasan kerja terhadap kinerja karyawan koperasi di Denpasar. Bali : Ekonomi dan Bisnis Universitas Udayana.
- Muljani, Ninuk. (2002). Kompensasi sebagai Motivator Untuk Meningkatkan Kinerja Karyawan, Jurnal Manajemen dan Kewirausahaan Vol. 4 No. 2 September 2002, 108-122
- Mathis Robert, Jackson John. (2002). Manajemen Sumber Daya Manusia. Jakarta: Salemba Empat
- Mulyadi dan Rivai. (2009). Manajemen Sumber Daya Manusia. Jakarta: PT.Sinar Abadi
- Marwansyah. (2010). Manajemen Sumber Daya Manusia Edisi kedua. Bandung: Alfabeta.
- Musriha. (2011). Servicescape pada karakteristik lingkungan yang berkenan pada panca Indera. Jurnal Emba. Vol.1

- Murty, Hudiwinarsih. (2012). Pengaruh Kompensasi, Motivasi dan Komitmen Organisasional Terhadap Kinerja Karyawan Bagian Akuntansi (Studi Kasus pada perusahaan Manufaktur Di Surabaya). Jurnal The Indonesian Accounting Review Vol. 2. STIE Perbanas. Surabaya.
- Marina Fidler. (2013). Work Motivation and job satisfaction as antecedents of reserch performance: investigation of a different mediation model
- Nawawi, Hadari. (2005). Manajemen Sumber Daya Manusia untuk Bisnis yang Kompetitif. Cetakan Keempat. Yogyakarta: Gajah Mada University Press
- Nurchayani, Ni Made dan I.G.A Dewi Adnyani, (2016). Pengaruh Kompensasi dan Motivasi terhadap kinerja karyawan dengan kepuasan kerja sebagai variabel Intervening. Bali : Universitas Udayana
- Rini dkk, 2014. Pengaruh kompensasi terhadap kinerja karyawan melalui motivasi kerja sebagai variabel Intervening (Studi Pada karyawan Pt.Duta Oktan Semesta Palembang).
- Robbins, Stephen P. (2001). Perilaku Organisasi: Konsep, Kontroversi, Aplikasi, Jilid 1, Edisi 8. Jakarta: Prenhallindo
- Rivai, V. (2004). Manajemen Sumber Daya Manusia Untuk Perusahaan. Jakarta: Raja Grafindo Persada
- Singariman , Masri dan Sofian Effendi. (1989). Metode Penelitian Survey Jakarta: LP3ES
- Susilaningih, Nur. (2008). Pengaruh Kepemimpinan, Disiplin, Motivasi, Pengawasan dan Lingkungan Kerja Terhadap kinerja pegawai (Studi pada Badan Perencanaan Pembangunan Daerah Kabupaten Wonogiri. EXCELENT, Vol 1, no.2
- Sugiyono. (2011). Metode Peneitian Kuantitatif, Kualitatif dan R&D. Bandung: Alfabeta
- Supriyanto, Achmad Sani, dan Masyhuri Machfudz. (2010). Metodologi Riset Manajemen Sumber Daya Manusia. Malang: UIN Maliki Press
- Singh, T.T Barjinder Selvarajan. (2012). Is it Spillover or Compansation? Effect of Community and Organizational Diversity Climates on race differentiated employee intent to stay. USA: University of Houston Victoria
- Sedarmayanti. (2017) . Perencanaan dan Pengembangan Sumber Daya Manusia. Bandung: PT Refika Aditama.
- Supriyanto, Achmad Sani dan Vivin Maharani, (2013). Metode Penelitian Manajemen Sumber Daya Manusia, Malang: UIN-Maliki Press
- Sondang P. Siagian. (1995). Manajemen Sumber Daya Manusia, Jakarta: PT.Elek Media Kompentinda.
- Wekly dan Yukl (1988). Perilaku Organisasi dan Psikologi Personaliala Adminitrasi. Jakarta: PT.BINA AKSARA