

## Employee Performance: The Role of Compensation and Work Motivation

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### ABSTRACT

Employee performance is the result produced by individuals that is relevant to the tasks and roles assigned, evaluated in terms of quality, quantity, and timeliness, and influenced by both internal and external factors. Compensation and work motivation are significant determinants of performance. This study aims to examine the effect of compensation and work motivation on employee performance at PT. PG Rajawali II Unit Jatitujuh Majalengka. The research employs descriptive and verification methods. The population in this study consists of permanent employees of PT. PG Rajawali II Unit Jatitujuh Majalengka, with a sample size of 102 respondents. The data collection method applied is a questionnaire. Instrument evaluation is conducted using validity and reliability testing. This study applies classical assumption tests, model feasibility tests (F-test), multiple linear regression, coefficient of determination ( $R^2$ ), and hypothesis testing (t-test) as analytical methods. The research findings reveal that "compensation has a positive and significant effect on employee performance, as does work motivation, which also has a positive and significant effect on employee performance." This means that the higher the compensation provided, the better the employee performance, and the higher the work motivation, the better the employee performance will be.

**Keywords:** Compensation; employee performance; work motivation

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## INTRODUCTION

As a subsidiary of PT Rajawali Nusantara Indonesia (Persero), PT. PG Rajawali II Jatitujuh Unit processes sugarcane into crystal sugar as part of its agro-industrial operations. Strategically located in Majalengka Regency, West Java, the Jatitujuh Sugar Factory meets the sugar needs of the entire country. The operational success of PT. PG Rajawali II Jatitujuh Unit is highly dependent on the performance of its personnel, because it is a production unit that directly uses employee work processes.

Ariyanto (2024) states that effective HR management generally includes recruiting new employees, as well as finding ways to maintain the performance of existing employees and finding ways to improve their performance. The achievement of organizational targets relies on employee performance. When a person performs well, it shows that they are able to complete tasks efficiently and effectively, which will help the organization as a whole. Therefore, it is crucial for HRM to understand the elements that affect employee performance. Compensation is an aspect that affects employee performance.

Raising compensation that is competitive with the market can have a positive impact on worker morale and loyalty. Various forms of payment are considered compensation, including salaries, benefits, bonuses, and more. Workers tend to give everything when they are confident that their compensation is fair for the work they do.

Employees tend to give everything or be motivated at work when they are financially compensated for their performance. Internal (intrinsic) and external (extrinsic) factors can motivate workers to perform at their best. A person's intrinsic level of motivation determines how much effort they put into completing tasks, achieving goals, and developing themselves.

Previous studies have shown that compensation and work motivation are crucial aspects that can affect employee performance. Vera and Widodo (2021) prove that compensation and work motivation contribute 40.3% to employee performance. Therefore, it is crucial for companies to understand the extent of the relationship between these variables in the operational context. Referring to this background, the purpose of this study is to find out: "1) The effect of compensation on employee performance. 2) The effect of work motivation on employee performance."

## LITERATURE REVIEW, FRAMEWORK AND HYPOTHESIS

### Organizational Behavior

The study of human interaction in a group is known as organizational behavior (Farida in Kurnia 2023:389). Meanwhile, organizational behavior is defined by Sagala in Sari (2022:31) as the interaction between people, systems, procedures, and partnerships with technology and goals. Organizational behavior is the grand theory in this study because it provides a theoretical basis that explains the actions and reactions of individuals in the organization. In the context of this research theme, compensation and work motivation play a role in shaping employee behavior, which affects employee performance.

### Compensation

Nasurdin, as quoted in Fauzan (2022:1861), defines compensation as a form of recognition of employees' readiness for the obligations delegated by the organization. This illustrates that salary is a tangible manifestation of the appreciation that the organization gives to individuals for their efforts and commitments. The compensation indicators applied in this study are those described by Vera Eka & Sri Widodo (2021), namely: "wages/salaries, incentives, benefits and facilities."

### Work Motivation

One of the definitions of motivation put forward by Steers in Fauzan (2022:1862) is an internal drive that supports individuals to act in pursuit of their goals. The level of intensity, direction, and persistence of a

person in work is determined by his motivation. In other words, intrinsic motivation affects not only whether a person works, but also the quality of their work and the duration they are able to sustain their efforts in pursuit of goals. Work motivation in this study was measured through the indicators suggested by Suswanto in Fahlevi & Chalil (2024:436). These indicators are: "physical needs, security needs, social needs and the need for rewards."

### Employee Performance

According to Emil et al. (2024:4904), employee performance is defined as a person's ability in quantity and quality to complete their tasks within a predetermined time limit. Performance in this context reflects not only the results, but also how the work process is carried out professionally and responsibly. High-performing employees tend to be more disciplined, initiative, and able to work together in a team. In this study, the indicators applied in measuring employee performance are based on those stated by Muhammad Tabah & Arqy (2024), namely: "quality, quantity, timeliness, effectiveness, and independence."

### Conceptual Framework

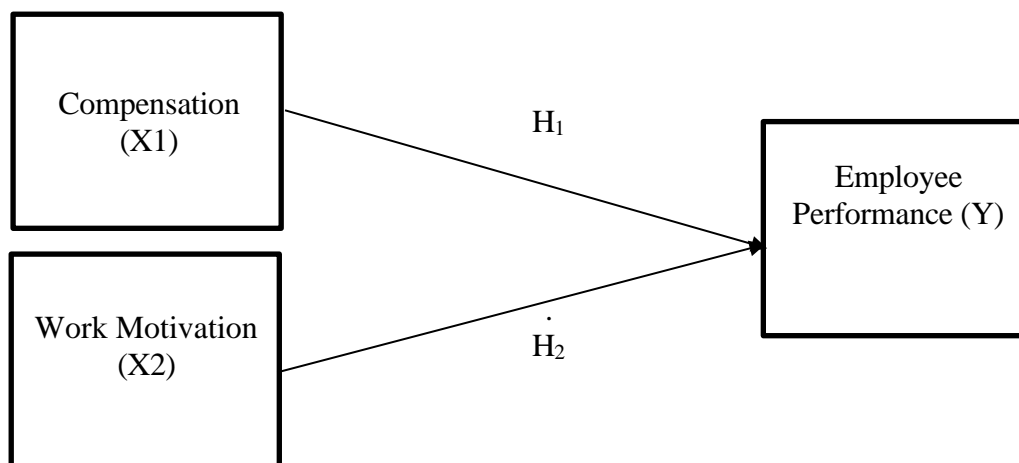


Figure 1. Research Model

### Hipotesis :

H1: Compensation affects employee performance

H2: Work motivation affects employee performance

### METHODS

This study uses a survey strategy that includes descriptive and verifiable techniques. A total of 102 participants who became the population in this study were all permanent employees of PT. PG Rajawali II Jatitujuh Majalengka unit. Questionnaires were applied in collecting data. Validity and reliability tests are applied in instrument tests. Multiple linear regression, classical assumption test, F-test, determination coefficient ( $R^2$ ), and t-test are some of the analysis methods applied in this study.

### RESULTS AND DISCUSSION

Ghozali (2018) stated that the purpose of the normality test is a test in determining whether the dependent and independent variables of the regression model follow the normal distribution. Using SPSS version 26, the researcher carried out a normality test through the application of histograms and the Kolmogorov-Sminnov (KS) test.

**Table 1. Normality Test Result  
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		102
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	6,75000669
Most Extreme Differences	Absolute	,072
	Positive	,040
	Negative	-,072
Test Statistic		,072
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source : SPSS output (2025)

Refer to Table 1, Assymp. The sig. for the KS test is 0.200 > significance is 0.05 (5%). Thus, the residual values for all variables follow the normal distribution.

### Model Feasibility Test (F Test)

**Table 2. F Test Result  
ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	688,495	2	344,248	12,222	,000 <sup>b</sup>
Residual	2788,350	99	28,165		
Total	3476,846	101			

a. Dependent Variable: KINERJA

b. Predictors: (Constant), KOMPENSASI, MOTIVASI

Source : SPSS output (2025)

The calculated F value achieved is 12,222 at a significance level of 5% with a profitability value (sig) = 0.000, as shown in table 4 of the Model Feasibility Test (F Test). The statistical test yielded an Ftable value of 3.09, which was determined using the distribution table F and the formula  $n - k - 1$  ( $102 - 2 - 1 = 99$ ), with n being the number of samples (in this case 102) and 2 being the sum of independent variables. The data showed that, at the significance threshold of  $0.000 < 0.05$ , the Fcount ( $12.222 > 3.09$ ) was higher than the Ftable ( $12.222 > 3.09$ ). The findings show that the regression model of this study is fit and can be applied in predicting the performance of employees of PT. PG Rajawali II.

### Multiple Linear Regression Test

**Table 3. Result of Multiple Linear Regression Test**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	9,404	3,650		2,577	,011
KOMPENSASI	,372	,106	,326	3,496	,001
MOTIVASI	,185	,076	,228	2,437	,017

a. Dependent Variable: KINERJA

Source : SPSS output (2025)

Based on the findings of the analysis of the Multiple Linear Regression Test using SPSS version 26 in table 4, the regression equation can be obtained as follows:  $Y = 9.404 + 0.372 + 0.185 + \epsilon$   
Referring to the equation, it can be described as follows:

1. Kostanta in the regression model was 9,404 and marked positive. So, if Compensation and Work Motivation do not exist, then the Performance variable will still exist.
2. The regression coefficient of compensation is 0.372 and is marked positive (unidirectional). This means that the greater the compensation, the greater the employee performance.
3. The regression coefficient of Work Motivation is 0.185 and is positive. The greater the motivation, the greater the performance of employees.
4. Residual value ( $\epsilon$ ) means term error (other aspects that are not studied and can have an impact).

### Coefficient Determination Test

**Table 4. Result of Coefficient Determination Test**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Correlations		
	B	Std. Error	Beta				Zero-order	Partia	Part
(Constant)	9,404	3,650			2,577	,011			
MOTIVASI	,185	,076	,228		2,437	,017	,315	,238	,219
KOMPENSASI	,372	,106	,326		3,496	,001	,387	,332	,315

a. Dependent Variable: KINERJA

Source : SPSS output (2025)

Compensation has a zero-order value of 0.315 and work motivation has a value of 0.387, based on the analysis of the determination coefficient in Table 5. The influence of each independent variable on the dependent variable can be determined by: The effect of compensation on Employee Performance KD =  $(0.3152) \times 100\% = 9.92\%$  Based on this calculation, it can be seen that the contribution of Compensation affects Employee Performance at PT. PG Rajawali II by 9.92%.

### Hypothesis Testing (T test)

**Table 5. T Test Result**

Model	Coefficients <sup>a</sup>		Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1(Constant)	9,404	3,650		2,577	,011
KOMPENSASI	,372	,106	,326	3,496	,001
MOTIVASI	,185	,076	,228	2,437	,017

a. Dependent Variable: KINERJA

Referring to table 5, it can be interpreted as follows:

#### **The Effect of Compensation on Employee Performance**

H1: "Compensation affects employee performance". Because the calculation of 3,496 > the table of 1,983, "H0 is rejected and Ha is accepted, namely Work Motivation has a positive and significant effect on Employee Performance."

The research that is in line with this is shown by Vera Eka Santi & Sri Widodo (2021) in their research at PT. TIKI JNE Jakarta, which found that paying workers fair compensation motivates them to perform at their best. Employees report greater levels of job satisfaction and organizational loyalty when their compensation is proportional to their efforts, according to the study.

However, this study is not relevant to the study conducted by Moch Rizal (2021) at PT. Excellent Friends. The findings of his research explained that financial or non-financial compensation did not have a significant effect on employee performance. This difference in results is thought to be influenced by the type and quality of compensation provided. At PT. PG Rajawali II, compensation in the form of adequate work facilities, equipment, supporting facilities, and a supportive work environment has been proven to have a direct positive impact on performance.

#### **The Effect of Work Motivation on Employee Performance**

H2: "Work motivation affects employee performance". Because the calculation of 2,437 > the table of 1,983, "H0 is rejected and Ha is accepted, namely Work Motivation has a positive and significant effect on Employee Performance."

The findings of this study are also consistent with the study conducted by Vera Eka Santi & Sri Widodo (2021) in his research at PT. TIKI JNE Jakarta. According to the study, "employee performance is significantly positively influenced by motivation." The importance of strong motivation for employees, whether through rewards, opportunities for self-development, or job stability, is highlighted in this study. Employees who feel motivated generally perform better.

However, this study is not in line with your Astri Pramestya research. (2023). The findings of the study they conducted described "motivation has no significant effect on employee performance." This difference in findings is suspected to be due to differences in respondent characteristics and organizational context. At PT. PG Rajawali II, work motivation is an important factor because the workload in the plantation sector requires discipline, resilience, and clear targets, so that motivation plays a direct role in improving performance

### **CONCLUSION**

Based on the overall analysis, this study concludes that compensation and work motivation have a positive and significant effect on employee performance. Adequate and fair compensation contributes directly to improved employee performance, indicating that employees tend to perform better when they receive appropriate financial rewards and benefits for their efforts. In addition, work motivation also plays a crucial role in enhancing employee performance, as motivated employees demonstrate higher levels of enthusiasm, commitment, and productivity in carrying out their duties. These findings confirm that both compensation and work motivation are key factors in optimizing employee performance.

The findings of this study imply that company management should give serious attention to compensation policies and motivational strategies. A well-structured compensation system—including salaries, benefits, and incentives—needs to be monitored and evaluated regularly to ensure fairness, transparency, and alignment with employee performance. Such a system can encourage employees to contribute optimally to organizational goals. Furthermore, management is expected to foster a supportive work environment, provide career development opportunities, and implement motivational programs that enhance employee engagement. A motivated workforce is more likely to achieve organizational targets, demonstrate sustained high performance, and maintain long-term loyalty to the organization.

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