



The Influence Of Motivation And Compensation Towards Employees Performance

¹Sri Aprianti Tarigan, ²Benny Lim, ³Susanto, ⁴Mardaus Purba, ⁵Wivenny

^{1,2,3,5}Insitut Bisnis Informasi Teknologi dan Bisnis
⁴Politeknik MBP

sriapriantitarigan@gmail.com, changsusanto2019@gmail.com, benny.lim2080@gmail.com,
mardauspurba@gmail.com, wivenny@gmail.com

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ABSTRACT

The success of a company is influenced by employee performance. By improving employee performance will make it easier for company goals to be achieved. One factor that can improve employee performance is the provision of compensation and motivation. This study aims to determine and analyze the influence of motivation and compensation on employee performance. From the observations of researchers in the field, PT. Surya Sumatera Indah Sejahtera seems to be less motivated in terms of the way services are provided to customers and employees also seem less enthusiastic at work. Employees who work at PT. Surya Sumatera Indah Sejahtera receives compensation that can only meet their needs, meaning that compensation is not in accordance with the prevailing general provisions (civil servant salary regulations and regional minimum wages). The purpose of this study was to determine the influence of motivation and compensation to employees' performance. The writer collected data by questionnaire. The population in this study is all employees of the company amounted to 169 persons. The writer use Slovin Formula so that the sample is amounted to 119 persons. The conclusion from this research is motivation and compensation have a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera. Partially, each variable motivation and compensation have a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera

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1. Introduction

There is plenty of evidence to show that in the midst of competitive labour market, retaining a productive employee is a huge task as the hunt is always there to find and snatch from one organization to the other. An employee with a vision for growth requires to be shown clear path on his chances of progression in the organization apart from the economic benefits they will be availing during the process. Non Availability of skilled employee results in lack of knowledge, skills and experience which will have a deep impact on the organization economically (Omollo and Oloko, 2015).

In order to encourage performance, companies should create a strong and positive relationship with its employees and direct them towards task fulfillment (Albeiti, 2015). In order to achieve their goals and objectives, organizations develop strategies to compete in highly competitive markets and to increase their performance (Knapp & Mujtaba, 2017). Nevertheless, just a few organizations consider the human capital as being their main asset, capable of leading them to success or if not managed properly, to decline (Bartol & Martin, 2016). This implies that, if employees are not satisfied with their jobs and not motivated to fulfill their tasks and achieve their goals, the organization cannot attain success. Motivation of employees can be defined as a psychological process that stimulates and maintains human activity in relation to work, task or widely understood project (Hitka et al. 2019). Employee motivation is a major component of the management process, and the relevant knowledge of such issues should be gained by company executives. Motivation is a driving force thanks to which an entity undertakes efforts in the hope of achieving its



objectives. The motives for taking action may vary depending on human needs, the workplace and cultural environment, as well as the potential for achieving a given target. In other words, motivation represents the willingness, intention or desire to achieve something. It is a psychological process experienced by all employees in the workplace; it is a major element of their labour potential, while their performance determines the level of their competence. Motivating, on the other hand, aims to enhance the entity's sustained ability to take action. According to some research, employee productivity is related to the level of meeting his/her needs (Cantele and Zardini 2018). In the light of research studies conducted by other authors, a number of assumptions can be made with regard to human behaviour: it is affected by specific factors (it does not occur of its own accord), it is always related to some objectives, and it is subject to external impact. The motivation is not homogenous. Some research indicates differences in employee motivation. Such differences are regional and cultural (Hitka, 2019), depends on age and stage of professional career (Caganova, 2017) is associated with belonging to given generation or is determined by education level (Collier and Curry 2017). The above considerations constitute a foundation for developing human behaviour models based on the assumption that humans are characterised by a number of needs, desires and expectations which have different degrees of intensity. The effectiveness of motivation, in turn, is affected by an appropriate choice of motivation principles, tools and factors (Kozioł 2002). In other words, the motivation process combines the organization's requirements and expectations in relation to its employees and employees' own needs, values and expectations, while employees' job satisfaction, achieved through satisfying their needs in the workplace, stimulates them to increase their productivity. According Suwanto and Priansa (2011: 219) states that compensation is a matter that is important, which is the encouragement or motivation main someone employee to work. According Kreitner and Kinicki (2014: 258) argues that compensation not only financial (salary and benefits), but also the opportunity of growth of personal and professional as well as environmental work motivates such recognition, the environmental work that is comfortable, the design work and balance. Compensation is something that is received by the employee as a substitute for the contribusi services of the services they are in the company, granting compensation is one of the implementation of the functions of Human Resource Management (HRM) which is associated with all kinds award on an individual as an exchange in doing the task organization by Veithzal, et al (2014: 541).

Seeing the above phenomenon, PT. Surya Sumatera Indah Sejahtera needs to immediately improve their resources in order to improve employee performance. If the performance of employees has improved significantly, the company's performance will also improve and the achievement of profit can also be in accordance with the targets set by the company.

2. Literatur Review

2.1 Motivation

According to Anthony (2017), Following are the seven major indicators that people in an organization are genuinely motivated to strive toward peak performance and contribute to the success of their functional group.

1. **Conscientious and Initiative.** If employees want to accomplish something, they will not passively sit back waiting for "someone" to say or do something. They will take charge and act on their own before being told to move ahead. In addition, people will eagerly and willingly submit suggestions, ideas proposed solutions to improve situations, to innovate or to solve problems. The best teams in company's organization consist of a group of leaders, not just a group with a leader. People who are demotivated and discouraged take no initiative because they simply don't care, for whatever reason.
2. **Challenge Management to Make the Organization Better.** Motivated people care about and show great pride working in an organization that constantly gets better and wants to be among the best in 28 their industry or government sector. Motivated employees strive for excellence in everything they do. So, if they feel that their management is somehow slacking off or getting into situations that might compromise reaching for that organizational goal of excellence or otherwise appear to adversely affect the future of the workplace, these driven people will individually and collectively speak up to and not let up with their managers.
3. **Support and Help Each Other.** A highly-motivated environment builds teams of employees who take care of and otherwise support each other. They shun the idea of just "looking out for number one." They realize the vital nature of working together that brings about winning together. There is no hint of or tolerance for any Machiavellian cutthroat, cunning, unprincipled duplicity or bad faith in dealing with one another. Openness, honesty and best intentions reign in these relationships where people trust and depend their team members and others throughout their organization.
4. **Self-Improvement.** Motivated people want to excel on a regular basis. Mediocrity is shunned and frowned upon. Even "average" is considered subpar performance. Their goal is to

get better and better all the time, raising the bar of what was deemed best then to what is best now and in the future. Whether he refer to it as the ultimate “Self-Actualization” in Maslow’s Hierarchy of Needs or simply aiming to achieve the highest degree of performance one can aspire to, motivated employees are always open and receptive to positive, constructive feedback on how they can boost every aspect of their performance. The most effective leaders build what are known as “Learning Organizations” which are defined as companies that maximize the learning of skills and knowledge of its members. These transcendent organizations continuously transform rethink, reinvent, remake and revitalize themselves. Learning organizations progress as a result of the numerous pressures, challenges threats facing modern organizations and this continuous learning and innovation enables them to remain competitive in the global business environment. These organizations sustain six main aspects: a. Integrated systems thinking. b. Personal mastery. c. Mental models d. Shared visions. e. Team learning and team building. f. Continuous innovation. In such superior learning organizations, motivated employees actively and constantly seek out and embrace feedback for self-improvement. 5. Volunteer for Tough, Challenging Assignments. Optimistic, energized and adventurous people seek out challenging projects that stretch and grow their talents and skills to the max and give them knowledge to help them move upward in their careers. After successfully finishing a difficult, but and enriching assignment, these people feel a sense of deep accomplishment, fulfillment pride in their work. This further fuels their motivation to continue to volunteer for those increasingly challenging projects that their more timid, change and risk-averse less ambitious peers would pass on doing. 6. Enthusiasm Walk into any corporation, government agency (such as an advanced research laboratory) or innovative organization or association and they can “feel” an electrically-charged atmosphere there. People are smiling, engaging each other and perhaps are being playful and having fun. There is a sense that their organization is doing something of importance and meaning to society that what they do surely counts for something of significance. This climate of progress and optimism gives people the license to believe and trust that they are making a difference, beyond just revenue, market share and profit growth. When people are supremely motivated, they have an unquenchable enthusiasm and can do! that drives the on-going success of their team and their company as a whole. Motivated employees, along with their positive and encouraging leaders, find ways to get over occasional discouragement, disappointment or dismay.

2.2 Compensation

Each company has different indicators in the process of providing compensation for employees. Direct compensation and indirect compensation Hasibuan (2015) argues, in general there are several compensation indicators, namely:

1. Salary, generally applies to weekly, monthly, or annual rates which are given regularly.
2. Wage, is the basis of payment which is often used for production and maintenance workers or for daily workers who are not employees or 38 permanent employees. Wages are usually paid daily, weekly or monthly in accordance with the agreement between the worker and the employer.
3. Incentives, are additional compensation outside the salary or wages provided by the organization. Incentives are usually given by companies on the basis of employee performance or employee productivity. Employees with good performance or work productivity will receive incentives from the company.
4. Insurance, is an economic institution that aims to reduce risk by combining the management system of a large object so that overall losses can be predicted within certain limits.
5. Office facilities are generally related to enjoyment such as company cars, access to company planes, special parking lots and enjoyment for employees.
6. Allowances, are payments or services provided by companies as protection or complement to basic salaries. Examples of benefits as protection for health and life, company-borne holidays, pension plans, and other benefits related to employee relationships.

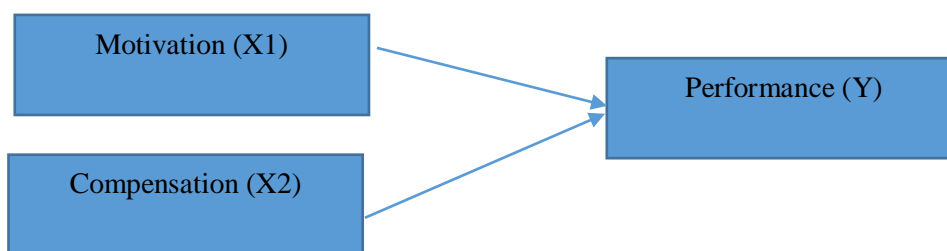
2.3 Performance

In performance measurement, organizations should be able to determine what aspects are the topics of measurement. Dharma (2012) defines the performance measurement variable indicators into 3 major groups, namely:

1. Quality Employee work quality is related to employee work quality characteristics. Work quality is measured by employees' perceptions of the quality of work produced and the perfection of tasks on employee skills and abilities.

2. Quantity The quantity of employee work is related to the quantity of employee work. Quantity is the amount produced expressed in terms such as the number of units, the number of activity cycles completed.
3. Cooperation Cooperation is related to the ability of an employee to work with other employees. Cooperation states the ability of employees to participate and cooperate with others in completing tasks. Employee performance refers to the quality of work performed by employees in their implementation of serving social programs. Focuses on the quality assumption that some people's behavior is smarter than others and can be identified, described and measured.

2.4 Framework



3. Results and Discussion

3.1 Multiple Regression Analysis

To determine the effect of motivation and work compensation on employee performance at PT. Surya Sumatera Indah Sejahtera Medan. used multiple regression analysis (multiple regression). The regression equation models are:

$$Y = b_0 + b_1X_1 + b_2X_2 + \varepsilon$$

Where:

Y = Employee Performance of PT. Surya Sumatera Indah Sejahtera Medan
 B_0 = Constant

b_1 b_2 = regression coefficient X_1 =

Motivation

X_2 = Compensation

ε = Epsilon or variables outside the study

T test (Partial Test)

This test is to find out whether the effect of each independent variable on the dependent variable is meaningful or not. Testing is done by comparing the t value of each independent variable with the value of t table with a degree of error of 5% in the sense ($\alpha = 0.05$). If the calculated value \geq t table, then the independent variable gives a significant influence on the dependent variable. According to Sugiyono (2016), using the formula:

$$t = \frac{r \sqrt{n - 2}}{\sqrt{1 - r^2}}$$

Where :

t = Distribution t

r = Partial correlation coefficient

r^2 = coefficient of determination
 n = Amount of data

The H_0 and H_a formations in this study are as follows:

- a. H0: $b_1 = 0$ means, work motivation does not have a positive and significant effect on the performance of employees of PT. Surya Sumatera Indah Sejahtera Medan.
Ha: $b_1 \neq 0$ means, work motivation has a positive and significant effect on the performance of employees of PT. Surya Sumatera Indah Sejahtera Medan.
 - b. H0: $b_2 = 0$ means, compensation does not have a positive and significant effect on the performance of the employees of PT. Surya Sumatera Indah Sejahtera Medan.
Ha: $b_2 \neq 0$ means, compensation has a positive and significant impact on the performance of employees of PT. Surya Sumatera Indah Sejahtera Medan.
- 1) F Test (Simultaneous Test)

This test is used to determine whether all independent variables together have a positive and significant effect on the dependent variable. Testing is done by comparing the calculated F value with F table at 5% error level in the sense ($\alpha = 0.05$). According to Sugiyono (2016) is formulated as follows:

$$F = \frac{R^2/k}{(1-R^2)/(n-k-1)}$$

Where:

R^2 = coefficient of determination

k = Number of independent variables n = Number of data members or cases The hypothesis formulation in this study is as follows:

- a. H0: $b_1, b_2, b_3 = 0$ means that work motivation and compensation do not have a positive and significant effect on the performance of the employees of PT. Surya Sumatera Indah Sejahtera Medan
- b. Ha: $b_1, b_2, b_3 \neq 0$ means, work motivation and compensation have a positive and significant impact on the performance of employees of PT. Surya Sumatera Indah Sejahtera Medan

Based on the data analysis above, the writer obtained some results as follows:

1. Based on the validity test, the indicator of variable X1 (Motivation) which consists of 10 questions are 0.913 for question number 1, 0.915 for question number 2, 0.832 for question number 3, 0.921 for question number 4, 0.896 for question number 5, 0.893 for question number 6, 0.708 for question number 7, 0.896 for question number 8, 0.959 for question number 9, and 110 0.843 for question number 10. The indicator of variable X2 (Compensation) which consists of 10 questions are 0.872 for question number 1, 0.595 for question number 2, 0.942 for question number 3, 0.885 for question number 4, 0.942 for question number 5, 0.595 for question number 6, 0.942 for question number 7, 0.595 for question number 8, 0.885 for question number 9 and 0.942 for question number 10. The indicator of variable Y (Employee Performance) which consists of 10 questions are 0.674 for question number 1, 0.964 for question number 2, 0.964 for question number 3, 0.964 for question number 4, 0.964 for question number 5, 0.964 for question number 6, 0.879 for question number 7, 0.674 for question number 8, 0.964 for question number 9, and 0.964 for question number 10.
2. The reliability test showed that the variable motivation has cronbach's alpha 0.965 (reliable), the variable compensation has cronbach's alpha 0.950 (reliable) and the variable employee performance has cronbach's alpha 0.973 (reliable).
3. The normality test showed that the data (dots) spread around the diagonal line and follow a diagonal line so that it can be concluded that the residuals in the regression model are normally distributed because it meets the criteria in testing normality. Based on the Kolmogorov smirnov test, the Asympt Sig (2-tailed) is 0.200 or bigger than 0.05 so that it can be concluded that the regression model is normally distributed.

4. Conclusions

Motivation has a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera. This can be seen from the value of tcount 3.004 > ttable 1.98063 and significance 0.003 < 0.05, so it can be concluded that motivation has a positive and significant effect on employee performance at PT.



Surya Sumatera Indah Sejahtera. Compensation has a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera. This can be seen from the value of $t_{count} 5.402 > t_{table} 1.98063$ and significance $0.000 < 0.05$, so it can be concluded that compensation has a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera. Motivation and compensation have a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera. This can be seen from the value of $F_{count} 39.424 > F_{table} 3.07$ and significance $0.000 < 0.05$, so it can be concluded that motivation and compensation have a positive and significant effect on employee performance at PT. Surya Sumatera Indah Sejahtera.

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