

The Influence of Motivation, Compensation on Employee Performance: Job Satisfaction as an Intervening Variable

Agus Kurniawan¹, Mochamad Edris², Joko Utomo^{3*}

¹²³ Master of Management, Faculty of Economics and Business Muria Kudus University, Indonesia

Keywords:

Motivation
Compensation
Employee Performance
Job satisfaction

ABSTRACT

This study aims to determine the effect of motivation and rewards on employee performance, with job satisfaction as an intervening variable. This study uses a quantitative approach with 140 respondents using the hair formula. Data collection using a questionnaire Research Instrument Test using Convergence Validity, Average Variance Extracted (AVE), Discriminant Validity, and Construct Reliability. Data analysis using SEM (Structural Equation Modeling) Analysis. The results of the study are that (1) work motivation has a positive and significant effect on job satisfaction (0.028 < 0.05), (2) independence has a positive and significant effect on job satisfaction (0.012 < 0.05). (3) Work motivation has a positive and significant effect on employee performance (0.043 < 0.05) (4) Compensation has a positive and significant effect on employee performance (0.929 > 0.05) (5) Job satisfaction has a positive and significant effect on employee performance (0.000 < 0.05) (6) Motivation has a positive and significant effect on employee performance through job satisfaction (0.292 < 0.343) (7) Compensation has a positive and significant effect on employee performance through job satisfaction, (0.019 < 0.346)

This is an open-access article under the [CC BY-SA](#) license.



Corresponding Author:

Joko Utomo
Master of Management, Faculty of Economics and Business Muria Kudus University, Kudus, Indonesia
Email: sccabangkudus@gmail.com

1. INTRODUCTION

HR is very important in fulfilling company goals, especially in improving work. Good human resources can make organizational activities run smoothly and improve performance (1). Human resources must achieve organizational goals. Therefore, human resources must provide the most significant possible work contribution. Not only that, human resources must also be mobilized to produce maximum performance. Even though human resources play an essential role in performance quality, performance is still a problem in organizations, including companies whose causes must be identified immediately. The company highly expects high employee performance. The more employees with high performance, the more the company's overall productivity will increase to survive in global competition (2). However, employee performance in an organization does not always increase; sometimes employee performance increases, and sometimes performance decreases (3). One effort that can be taken to influence employee performance is to motivate and provide motivation and compensation because satisfaction can influence employee behavior to work more enthusiastically and spur high performance (4). Motivation is also a driver, desire, support, or need that can arouse someone and act in a certain way to bring the best results (5).

Then the next factor that affects employee performance is compensation. Compensation is an award given to employees either directly or indirectly. Direct compensation is in the form of salary, allowances, bonuses, and commissions. While for indirect compensation such as training, authority, responsibility, and awards for performance (6). Compensation helps companies achieve their goals and obtain, maintain, and keep employees well if managed properly.

On the other hand, without sufficient compensation, existing employees are very likely to leave the company, so reassignment is not easy. Compensation is significant for the company because it reflects its efforts to maintain human resources (7). The company must know the factors that can create job satisfaction for its employees and provide appropriate compensation to achieve job satisfaction, which will improve employee performance (8).

Job satisfaction is an essential condition that every employee must have, and it is where humans can interact with the work environment. They will work passionately and earnestly to increase their contribution to achieving company goals (9). In addition, a high level of job satisfaction will affect performance because it impacts effectiveness for success in work. In contrast, low satisfaction in the company is part of a series of declining organizational morale and increasing employee absenteeism (10). Job satisfaction has several impacts, such as performance, absenteeism, employee turnover, theft, motivation, work participation, organizational membership behavior, organizational commitment, feelings of stress, and work performance. At the same time, dissatisfaction with work causes aggressive behavior or withdrawal from communication with the social environment (11). According to research by Kumari et al. (2021), Compensation (rewards) and motivation affect employee work performance (12).

In every government program, employee management is a vital asset in addition to managing and motivating employees who have good performance so that there is no re-recruitment of employees. Therefore, the government, in this case, the Ministry of Villages, in the P3MD program must also guarantee employee satisfaction to improve the performance of these employees. Motivation is one factor that causes employees to decline at work because some employees feel dissatisfied with fulfilling their physical needs. For example, providing facilities, allowances, and other things can cause employees to be less motivated to work. The activities of the P3MD program of the Indonesian Ministry of Villages can be implemented well; therefore, its performance is required to be more professional to achieve its work goals. Seeing this, in this study, the researcher is interested in raising problems related to the factors that influence the performance of employees of the P3MD program of the Indonesian Ministry of Villages in Pati Regency. The factor that causes employee motivation problems is decreasing motivation due to several employees who feel dissatisfied with what has been done so far.

2. METHOD

This research is quantitative. The population is all Village Companion Employees of the P3MD Program of the Indonesian

Ministry of Villages, Pati Regency, totaling 204 employees. In this study, the total number of indicators is 28, so the number of samples taken = 5 x 28 indicators = 140 people. This study uses a sampling technique, namely proportional random sampling. Data sources use primary and secondary data. Data collection is carried out using a questionnaire. The instrument test of this study uses an instrument test (validity test and reliability test), SEM analysis (normality test, multicollinearity test, outlier test, sample size test), and data analysis (Development of theoretical models, path diagrams, Conversion of flow diagrams in equations, Selecting input matrices and model estimation, Possible identification problems, Evaluation of Goodness-of-Fit criteria)

3. RESULTS AND DISCUSSION

3.1. Description of Respondent Characteristics

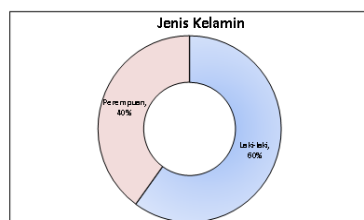


Figure 1. Gender Diagram

Figure 1 shows the characteristics of the respondents based on gender, with the questionnaire distributed to 140 respondents, consisting of 60% male respondents and 40% female respondents.

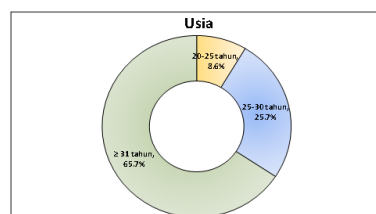


Figure 2. Age Diagram

From Figure 2, the characteristics of respondents can be seen: out of 140 respondents aged 20-25, 12 people, or 8.6%; respondents aged 25-30, 36 people, or 25.7%; and respondents aged 31 years and above, 92 people, or 65.7%.

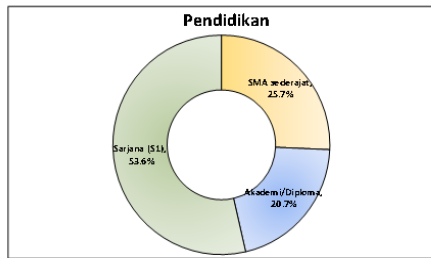


Figure 3 Education Diagram

Figure 3 shows the characteristics of the respondents: Out of 140 respondents, 36, or 25.7%, are high school graduates, 29, or 20.7%, are academy/diploma graduates, and 75, or 53.6%, are bachelor's degree (S1) graduates.

3.2. Hypothesis Testing

Table 4.1 Hypothesis Testing

	Estimate	SE	CR	P	Label
Satisfaction <--- Motivation	.400	.182	2.196	.028	par_18
Satisfaction <--- Compensation	.521	.208	2,510	.012	par_20
Performance <--- Motivation	.334	.180	1,859	.043	par_19
Performance <--- Compensation	-.021	.231	-.089	.929	par_21
Performance <--- Satisfaction	.714	.213	3.360	***	par_22

3.2.1 The Influence of Work Motivation on Job Satisfaction

The calculation results using SEM analysis show a C.R. value of $2.196 > 1.65$ and a probability value of $0.028 < 0.05$, so (H1), which states "work motivation has a positive and significant effect on job satisfaction," is accepted. The estimated parameter of the regression weight coefficient is obtained at 0.400; this indicates that the relationship between work motivation and job satisfaction is positive/unidirectional, where if the level of work motivation increases, it will increase job satisfaction. The results of this study are in line with the research of Purnomo & Dwiloka (2017) entitled "The Effect of Work Motivation, Compensation and Leadership Communication on Employee Performance at PT Bank Jateng Temanggung Branch" The results of the study showed that the regression analysis showed that work motivation had an effect on

performance at PT Bank Jateng Temanggung Branch (13). Research by Sari et al. (2017) entitled "The Influence of Leadership, Motivation, and Work Stress on Employee Performance at Bank Syariah Mandiri Cilacap Branch Office" the results of this study are that leadership, motivation, and work stress simultaneously and partially influence employee performance (14).

3.2.2 The Effect of Compensation on Job Satisfaction

The calculation results using SEM analysis show a C.R. value of $2.510 > 1.65$ and a probability value of $0.012 < 0.05$, so (H2), which states "compensation has a positive and significant effect on job satisfaction," is accepted. The estimated parameter of the regression weight coefficient is 0.521, which shows that the relationship between compensation and job satisfaction is positive/unidirectional, where if the level of compensation increases, job satisfaction will increase. Compensation is important for employees as individuals because the amount of compensation reflects the size of the value of their work among the employees themselves, their families, and the community. Then the compensation program is also important for the organization because it reflects the organization's efforts to maintain its human resources or, in other words, so that employees have high loyalty and commitment to the organization and optimal performance.

3.2.3 The Influence of Work Motivation on Employee Performance

The calculation results using SEM analysis show a C.R. value of $1.859 > 1.65$ and a probability value of $0.043 < 0.05$, so that (H3), which states "work motivation has a positive and significant effect on employee performance," is accepted. The estimated parameter of the regression weight coefficient is obtained at 0.334; this indicates that the relationship between work motivation and employee performance is positive/unidirectional, where if the level of work motivation increases, employee performance will increase.

High work motivation can increase employee job satisfaction. Motivated employees are energetic and enthusiastic, and vice versa. An employee with low motivation often shows

discomfort and displeasure with their work, which results in poor performance and the company's goals not being achieved (15).

The results of this study show that work motivation contributes to employee satisfaction. These results also strengthen the results of Chaeria's research (2024) that the work motivation variable affects employee job satisfaction, where the t-test produces a value of 1.958, exceeding the t-table value of 1.674. Significance (P Values) of 0.025, lower than the significance level of 0.05 (16). which states that motivation has a significant effect on job satisfaction. Research conducted by Nancy (2017) showed that work motivation has a 91.16% effect on job satisfaction. This means that other factors of 8.84% influence job satisfaction (17).

3.2.4 *The Influence of Compensation on Employee Performance*

The calculation results using SEM analysis show a C.R. value of $-0.089 < 1.65$ and a probability value of $0.929 > 0.05$, so (H4), which states "compensation has a positive and significant effect on employee performance," is rejected. The estimated parameter of the regression weight coefficient is obtained at -0.021 . This indicates that the relationship between compensation and employee performance is negative/opposite, where if the level of compensation increases, it will decrease employee performance. Compensation is closely related to job satisfaction; it will also affect job satisfaction if the company provides high compensation. Conversely, if the company provides low compensation, it will also affect job satisfaction. Compensation is an income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company (18). The results of this study are in line with Riansari Titi et al. (2017) with the title "The Effect of Compensation and Work Environment on Employee Job Satisfaction and Performance (Case Study of PT Bank Tabungan Pensiun Nasional, Tbk Malang Branch)" the results of this study state that Compensation has a direct effect on employee job satisfaction at PT Bank BTPN. The higher the compensation, the higher the job satisfaction (19).

3.2.5 *The Influence of Job Satisfaction on Employee Performance*

The calculation results using SEM analysis show a C.R. value of $3.360 > 1.65$ and a probability value of $0.000 < 0.05$, so (H5),

which states "job satisfaction has a positive and significant effect on employee performance," is accepted. The estimated parameter of the regression weight coefficient is 0.714. This indicates that the relationship between job satisfaction and employee performance is positive/unidirectional; if the level of job satisfaction increases, it will increase employee performance. A person with high job satisfaction has positive feelings about the job, while someone dissatisfied has negative feelings about the job. Job involvement measures the extent to which individuals psychologically side with their work and considers the level of performance achieved as an important form of self-esteem (20).

Table 1. Standardized Direct Effects

	Compensation	Motivation	Satisfaction	Performance
Satisfaction	.523	.445	.000	.000
Performance	-.019	.294	.660	.000

Table 2. Standardized Indirect Effects

	Compensation	Motivation	Satisfaction	Performance
Satisfaction	.000	.000	.000	.000
Performance	.346	.343	.000	.000

3.2.6 *The Influence of Motivation on Employee Performance Through Job Satisfaction as an Intervening Variable*

By looking at the value between the direct effect < and the indirect effect value, the test of the relationship between the two variables indicates a value of $0.292 < 0.343$. This shows that job satisfaction mediates the influence of motivation on employee performance. So (H6), which reads "motivation has a positive and significant effect on employee performance through job satisfaction," is accepted. Based on the results of this study, it is known that compensation affects employee performance. The resulting influence is positive, meaning that the higher the level of employee satisfaction with the compensation provided by the company, the higher the employee's performance. The results of this study support previous research conducted by Utami Tunjung Sari (2021), Rafi Jody Kurnia (2019), and Hanifani Nur Aziz (2020). Utami Tunjung Sari (2021) studied "The Effect of Compensation and Leadership Style on Employee Performance

Through Employee Work Motivation at CV. Terus Jaya Cilacap." The results of the study showed that compensation had a positive effect on employee performance (21). Rafi Jody Kurnia (2019) studied "The Effect of Compensation and Work Motivation on Employee Performance at Condong Catur Hospital Yogyakarta." The results of the study showed that compensation had a positive effect on employee performance (22). Hanifani Nur Aziz (2020) studied "The Effect of Compensation on Employee Performance at PT. Catur Tunggal Munggaran". The results of the study showed that compensation had a positive effect on employee performance (23).

3.2.7 *The Influence of Compensation on Employee Performance Through Job Satisfaction as an Intervening Variable*

By looking at the value between the direct effect $<$ and the indirect effect value, the test of the relationship between the two variables indicates a value of $-0.019 < 0.346$. This shows that job satisfaction mediates the effect of compensation on employee performance. So (H6), which states "motivation has a positive and significant effect on employee performance through job satisfaction," is accepted.

This study aligns with Sari et al. (2018) "The Effect of Leadership, Motivation, and Work Stress on Employee Performance at Bank Syariah Mandiri, Makassar Branch Office." The results of this study show that leadership, motivation, and work stress simultaneously and partially affect employee performance (24).

Thus, Kasenda (2022), with the title "Compensation and Motivation Its Effect on Employee Performance at PT. Bangun Wenang Beverages Company Manado," the results of the study stated that the multiple regression coefficient values showed that compensation had a significant effect on employee performance with a positive coefficient value (25). This is also proven by the t-count value $>$ t-table with a significant level $> \alpha$, and motivation significantly affects employee performance; the coefficient value is positive. This is also proven by the t-count value $>$ t-table with a significant level $< \alpha$. The relationship between compensation and motivation with performance is very strong. Likewise, Maringka et al. (2017), with the title "The Relationship between Work

Environment and Compensation on Employee Performance at PT. Bank Sulutgo, Manado Main Branch," the results of the study stated that the work environment and compensation simultaneously had a significant effect on employee performance. The work environment is partially positive and does not significantly affect performance. Compensation partially has a positive and significant effect on performance (26).

4. CONCLUSION

The results of the study show that work motivation has a positive and significant effect on job satisfaction (0.028 <0.05), compensation has a positive and significant effect on job satisfaction (0.012 <0.05), work motivation has a positive and significant effect on employee performance (0.043 <0.05), compensation has a positive and significant effect on employee performance (0.929 > 0.05), job satisfaction has a positive and significant effect on employee performance (0.000 <0.05), motivation has a positive and significant effect on employee performance through job satisfaction (0.292 <0.343) and compensation has a positive and significant effect on employee performance through job satisfaction (-0.019 <0.346)

REFERENCES

1. Indrayanti MA. Analisis Pengaruh Rotasi Pekerjaan dan Motivasi Kerja terhadap Kinerja Karyawan Melalui Kepuasan Kerja PT. Bank Tabungan Negara (Persero) Tbk. Kantor Cabang Semarang. Fakultas Ekonomi dan Bisnis Universitas Diponegoro Semarang.; 2019.
2. Zuhair RA& G. Pengaruh Motivasi dan Kompensasi Terhadap Kinerja Karyawan Koperasi Simpan Pinjam dan Pembiayaan Syariah Bmt Muamalat Kabupaten Karanganyar. *J Penelit dan Kaji Ilm.* 2023;21(1):27–34.
3. Haholongan, R. & E. The Influence of Compensation, Motivation, Work Environment, and Work Discipline on Job Satisfaction. *Int J Soc Sci* [Internet]. 2022;2(4):1903–12. Available from: <https://bajangjournal.com/index.php/IJSS/article/view/4169>
4. Handoko TH. *Manajemen Personalia dan Sumber Daya*

- Manusia*. Yogyakarta.: BPFE; 2019.
5. Serang et al. The Influence of Work Motivation, Compensation, and Work Procedures on Job Satisfaction and Field Extension Performance Family Planning In South Sulawesi. *Int J Prof* [Internet]. 2023;8(5):1–34. Available from:
<https://doi.org/10.26668/businessreview/2023.v8i5.2180>
 6. Rohayati A. Pengaruh kepuasan kerja terhadap Organizational Citizenship Behavior: Studi pada Yayasan Masyarakat Madani Indonesia. *Smart-Study Manag Res*. 2019;11(1):20–38.
 7. Hoque, A. S. M. M., Awang, Z. B., Siddiqui, B. A., & Sabiu MS. Role of Employee Engagement on Compensation System and Employee Performance Relationship Among Telecommunication Service Providers In Bangladesh. *Int J Hum Resour Stud*. 2018;8(3):1937–1937.
 8. Imanuel , I. ., & Djawoto D. The Effect of Compensation on Employee Performance Through Job Satisfaction As Intervening Variable. *Int Conf Bus Soc Sci* [Internet]. 2022;2(1):1400–1411. Available from:
<https://ojsicobuss.stiesia.ac.id/index.php/icobuss1st/article/view/323>
 9. Nurcahyani NMD. Pengaruh Kompensasi Dan Motivasi Terhadap Kinerja Karyawan Dengan Kepuasan Kerja Sebagai Variabel Intervening. *E-Jurnal Manaj Unud*. 2016;5(1):500–32.
 10. Nurseha., & Yusuf M. Pengaruh Motivasi Kerja dan Kepuasan Kerja Terhadap Komitmen Organisasi Pegawai Perusahaan pada Mitra Pt. Pln (Persero) Ulp Kota Bima. *J Bina Manaj*. 2021;10(1):268–78.
 11. Caroline, N., & Sukandi P. The Influence of Compensation and Motivation on Employee Performance at The Tamansari Semanggi Apartment. *Int J Asian Educ* [Internet]. 2023;3(11):2888–98. Available from:
<https://doi.org/10.46799/ijssr.v3i11.599>
 12. Kalpina Kumari, Salima Barkat Ali, Noor un-Nisa Khan JA. Examining the Role of Motivation and Reward in Employees' Job Performance through Mediating Effect of Job Satisfaction: An Empirical Evidence. *Int J Organ Leadersh*.

- 2021;10(3):401–20.
13. Purnomo, M.H., & Dwiloka B. Pengaruh Motivasi Kerja, Kompensasi dan Komunikasi Pimpinan Terhadap Kinerja Karyawan PT Bank Jateng Cabang Temanggung. *J Visi Manaj.* 2017;2(2):173–80.
 14. Sari R dkk. Pengaruh Kepemimpinan, Motivasi, dan Stress Kerja Terhadap Kinerja Karyawan Pada Bank Syariah Mandiri Kantor Cabang Cilacap. *J Anal.* 2017;1(1):87–93.
 15. Murty, W. A., & Hudiwinarsih G. Pengaruh Kompensasi, Motivasi dan komitmen Organiasial Terhadap Kinerja Karyawan Bagian Akuntansi Studi Kasus Pada Perusahaan Manufaktur di Surabaya. *Indones Account Rev* [Internet]. 2018;2(2):215–228. Available from: <https://doi.org/10.14414/tiar.v2i02.97>
 16. Chaeria AA. Pengaruh Work Life Balance, Employee Engagement, dan Motivasi Kerja Terhadap Kepuasan Kerja pada Karyawan PT Transcosmos Indonesia Wilayah Jakarta. *J Young Entrep* [Internet]. 2024;3(2):120–38. Available from: <https://ejournal.upnvj.ac.id/index.php/jye>
 17. Nancy YF. Hubungan Kepuasan Kerja dengan Motivasi Kerja Karyawan (Studi Di PT Pln (Persero) Distribusi Jawa Timur Area Pelayanan dan Jaringan Malang). Fakultas Psikologi Universitas Islam Negeri (Uin) Malang; 2017.
 18. Hasibuan MSP. *Manajemen Sumber Daya Manusia*. Jakarta: Bumi Aksara; 2017.
 19. Riansari, T., Sudiro, A. & R. Pengaruh Kompensasi dan Lingkungan Kerja terhadapKepuasan Kerja dan Kinerja Karyawan(Studi Kasus PT Bank TabunganPensiunan Nasional,TbkCabang Malang). *J Apl Manaj.* 2017;10(4):811–20.
 20. Robbins, Stephen P.,& Timothy J. *Perilaku Organisasi.Edisi kedua belas*. Jakarta: Salemba Empat; 2018.
 21. Sari U. Pengaruh Kompensasi dan Gaya Kepemimpinan terhadap Kinerja Karyawan Melalui Motivasi Kerja Karyawan CV. Terus Jaya Cilacap. Fakultas Ekonomi. Universitas Negeri Yogyakarta; 2021.
 22. Kurnia R. Pengaruh Kompensasi dan Motivasi Kerja terhadap Kinerja Karyawan Rumah Sakit Condong Catur Yogyakarta. Fakultas Ekonomi. Universitas Negeri

- Yogyakarta.; 2019.
23. Aziz H. *Pengaruh Kompensasi terhadap Kinerja Karyawan di PT.Catur Tunggal Munggaran*. Fakultas Ekonomi. Universitas Negeri Yogyakarta.; 2020.
 24. Sari Rahmila, Mahlia Muis NH. Pengaruh Kepemimpinan, Motivasi dan Stres Kerja terhadap Kinerja Karyawan pada Bank Syariah Mandiri Kantor Cabang Makassar. *J Anal.* 2018;1(1).
 25. Kasenda R. Kompensasi dan Motivasi Pengaruhnya terhadap Kinerja Karyawan pada PT. Bangun Wenang Beverages Company Manado. *Junal EMBA.* 2022;1(3).
 26. Maringka, Inggrit Natalia, Lotje Kawet IT. Hubungan Lingkungan Kerja dan Kompensasi terhadap Kinerja Karyawan pada PT. Bank Sulutgo Cabang Manado. *J EMBA.* 2017;5(2).