

THE INFLUENCE OF COMPENSATION AND WORK MOTIVATION ON EMPLOYEE PERFORMANCE AT CV. SURYA MEGA YOSAKA MOJOKERTO

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Abstract. HR plays an important role for an organization, to help and advance an organization, everything depends on existing human resources. Therefore, HR can determine the results of an organization in the long term. However, in reality there are many challenges that employees must face in supporting the successful performance of a company. The purpose of this research is to determine the effect of compensation and work motivation on employee performance. The method used is a quantitative method with a population of 77 samples taking the entire population of 77 production employees. Data was obtained through a questionnaire compiled based on indicators for each research variable and then analyzed using SmartPLS software. The results of the research show that compensation has no effect on employee performance and work motivation has a significant effect on employee performance.

Keywords: *Compensation; Work Motivation; Employee Performance*

I. INTRODUCTION

Human resources (HR) are very important for the success of an organization. Therefore, every employee must have knowledge, skills, and abilities, as well as experience, motivation, discipline, and high work spirit to achieve organizational goals and good organizational performance. In Basically, humans have the ability to develop, reason and thoughts, feelings, needs, and hopes. These factors affect achievement, dedication, loyalty, and love for work and the success of the organization. Therefore, to improve employee performance, which will bring success for organizations and to survive in a highly competitive business environment, it is important to improve the performance of these employees. Human resources (HR) is a broad concept that deals with the implementation, policies, and procedures used to manage people or employees throughout an organization. Employees are the most important thing in a company because their work results will affect the company's performance. If employee performance is low, it will be an obstacle for the company to achieve its goals. A company needs to maintain its employees so that they can make a good contribution to the company. Performance can affect the ongoing activities of an organization. The better the performance shown by employees, the more helpful it will be in the development of the organization. Sinaga (2020:14 in Siti Sariah, 2024) said that performance is the result of a person's job function or activities in an organization that is influenced by various factors to achieve organizational goals within a certain period of time. One way to motivate them to improve employee

performance is by providing compensation to them. This is expected to create a good relationship pattern between employees and the company where employees will think that the place they work can understand and fulfill the needs of life that trigger why they work.

Factors that can improve employee performance are compensation, Compensation is a reward given by the company to its employees because they carry out the tasks, obligations, and responsibilities given to them to achieve the company's goals. It is important for employees because compensation reflects the value of their work towards their coworkers, family, and society. According to Emron (2017:152 in Mufida, 2024) Compensation is something given to employees as an appreciation for their efforts in the workplace. They contribute energy and knowledge that they consider valuable. A worker who works as a porter believes that their physical strength is something valuable to them in the workplace. Another factor that can improve employee performance is work motivation. Motivation is a very important thing for the company to pay attention to if they want each employee to be able to contribute positively to achieving the company's goals, because with motivation an employee will have high enthusiasm in carrying out their duties and responsibilities. The importance of motivation is because motivation is what causes, channels, and supports human behavior so that they want to work hard and enthusiastically to achieve optimal results. According to Afandi (2018:23 in Tarigan B & Priyanto A. A 2021:3)

motivation is a desire that arises from within a person or individual because they are inspired, encouraged, and driven to carry out activities with sincerity, joy, and earnestness so that the results of the activities they do get good and quality results. Work motivation can spur employees to work hard so that it can increase employee work productivity and will affect the achievement of company goals. This research was conducted at CV. Surya Mega Yosaka Mojokerto which is one of the factories that produces various kinds of shoes. The company is still running well. However, based on the initial survey conducted by the researcher, it was found that production at CV. Surya Mega Yosaka in 2021-2023 was found to have fluctuations, while the target data for achieving production is as follows:

Table 1 Production Achievement Target Data

Year	Number Of Employee	Absence			Total	Percentage
		Sick	Permission	Alpha		
2021	105	27	18	12	57	54,28%
2022	118	17	10	9	36	30,50%
2023	127	20	15	14	49	38,58%

Source: CV. Surya Mega Yosaka

It can be seen that the development of employee performance at CV. Surya Mega Yosaka during 2021-2023 showed a less than optimal level of performance. There was a fluctuation in 2021-2023. For example, in 2021 the percentage of target achievement was 73.90%, then in 2022 it increased by 87.46%, while in 2023 it decreased by 78.71%. Based on the results of interviews conducted with several production employees, it can be seen that the compensation received in the form of salary does not reach the minimum wage in force in Mojokerto Regency. This of course affects the performance of employees there. This can allow employees to compare the compensation received with their colleagues who work in other companies. When comparing, these employees will think about whether the compensation they receive is fair or not. This problem can also affect employee motivation. In addition, it is suspected that the decline in company productivity can not only be seen through data on the achievement of company targets, but is reinforced based on the percentage of employee absence data at CV. Surya Mega Yosaka in the last 3 years. The employee absence data for 2021-2023 is as follows:

Table 2 Employee Absence Data

Year	Production Target	Realization	Percentage
2021	500.000	369.542	73,90%
2022	500.000	437.318	87,46%
2023	500.000	393.560	78,71%

Source: CV. Surya Mega Yosaka

Based on table 2, it can be concluded that the total percentage of absences continues to fluctuate. It can be seen that in 2021 the total percentage of absences was 54.28%, in the year it decreased by 30.50%, then in 2023 it increased by 38.58%. By looking at the table, it can be seen that the number of employee absences fluctuates. In addition, when observations were made in this study, the condition of

employees there was found that there were several employees who had low motivation in doing their jobs. Based on the results of interviews conducted with several employees, it can be seen that there is a lack of professionalism in employees. It is possible that the production target was not achieved due to the large number of employees who were absent per year and also many who did not take breaks on time. With this happening, the company's productivity becomes unbalanced. The existence of this problem can affect work motivation towards employee performance. So it is important to increase employee motivation in order to achieve company goals. Anggoro KR (2022) in his research stated that compensation has a positive or significant effect on employee performance. This is also supported by research conducted by Fauzan A (2022) which also shows that compensation has a positive or significant effect on employee performance. Sirajida, et al (2023) in their research stated that work motivation has a positive or significant effect on employee performance. This is also supported by research from Hidayat MS, et al (2024) which also shows that work motivation has a significant effect on employee performance. The purpose of this study is to determine the effect of compensation on employee performance at CV. Surya Mega Yosaka Mojokerto and to determine the effect of work motivation on employee performance at CV. Surya Mega Yosaka Mojokerto.

Compensation

In addition, according to Suprihatin (2019 in Andari, et al. 2024) compensation is a reward given by an organization or work unit to employees, which can be financial or non-financial, in a fixed period. A good compensation system will be able to provide satisfaction for employees and enable the organization's work units to obtain, employ and retain employees. According to Hasibuan (2017: 118 in Handoko, et al. 2021) compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company. Based on several opinions above, the author can define compensation as something in the form of money, gifts, rewards or awards for services they provide to the company, whether services in the form of energy or ability.

Work motivation

According to Maruli (2020: 58 in Purnawan & Ratnawati, 2024) said that work motivation is everything that arises from a person's passion, by arousing passion and desire from within a person that can influence and direct and maintain behavior to achieve goals or desires that are in accordance with the scope of work. Supported by Ferdinatus (2020: 3 in Hartawan, et al. 2024) said that work motivation is something that must be built with a good personality or character, because the drive for work motivation that is based on the existence of wrong principles and reasons will result in personal and organizational losses. Based on the above understanding, it can be concluded that motivation is a drive or strength that exists within an individual to carry out an activity, marked by the emergence of a desire to do the work so that it can influence behavior to achieve predetermined goals.

Employee performance

According to Pratama & Handayani (2022), performance is the quality and quantity of work results achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. In addition, "Nasurdin et al., (2020) explained that employee performance reflects the employee's capacity to do work that contributes to company growth". From several explanations regarding employee performance that have been described above, it can be concluded that employee performance is a measure of the extent to which an employee successfully completes their tasks and responsibilities with the expected level of quality. Performance is one of the important elements that must be considered in an organization or company in order to achieve the desired goals.

II. RESEARCH METHOD

This type of research is quantitative research. This method is a problem that is studied with a very broad scope, a complex level of variation and in quantitative research is a systematic, planned, structured, and clear system from beginning to end. Sugiyono (2019) states that quantitative research is research that uses an approach based on an active philosophy in order to research a particular population or sample, collect data using research tools, and establish hypotheses that have been tested by analyzing quantitative data. Data collection techniques using questionnaires by distributing the questionnaires to respondents. Quantitative data is an analysis used on data in the form of numbers.

III. RESULTS AND DISCUSSION

PLS Model Analysis

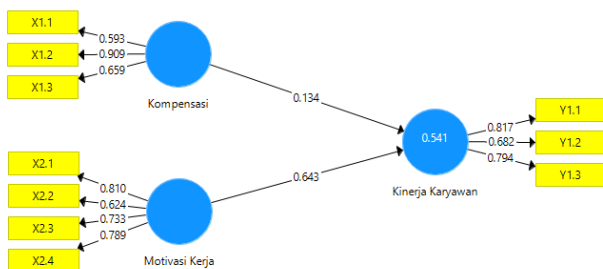


Figure 1 Path diagram of PLS results

From the image above, it can be seen that there is a *factor loading value* for each indicator. In addition, *the path coefficients value can also be seen* between the connecting path between the independent variables and the dependent variables. In addition to *the path coefficients*, *the R-square value can also be seen* which is located in the middle of the dependent variable, namely employee performance. Based on the loading factor values listed above, it can be seen that in the Compensation variable (X1), the most influential indicator is the second indicator, namely Incentives with a loading factor value of 0.909. Furthermore, the most influential indicator on the Work Motivation variable (X2) is

the first indicator, namely Promotion with a loading factor value of 0.810.

Structural Model Testing

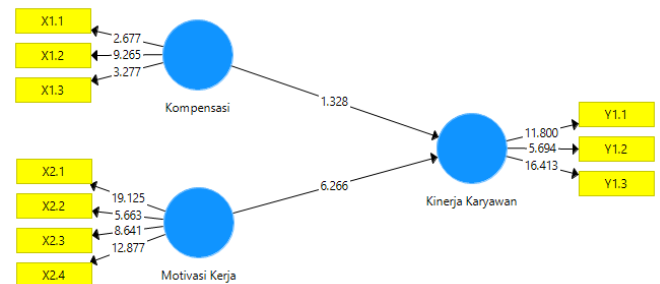


Figure 2 Inner Research Model

This analysis is conducted to validate that the structural model used for the study is strong and accurate. As for validating it, it can be seen through several indicators, one of which is R-Square. The R-square value is used to see how much the independent variables in the model are able to explain the dependent variables.

Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Compensation -> Employee Performance	0.134	0.169	0.101	1,328	0.185
Work Motivation -> Employee Performance	0.643	0.627	0.103	6.266	0.000

From the table above, it can be concluded that the hypothesis states:

1. Compensation does not have a significant effect on Employee Performance. This result is proven by the test value of the influence of Compensation on Employee Performance in the *path coefficients* section of 0.134 and the *T Statistic* value of 1.328 which is <1.96 (T-table value) and the P-Value value of 0.185 > 0.05 which means it is not statistically significant. Therefore, the first hypothesis is rejected.

2. Work Motivation has a significant effect on Employee Performance. The results are proven by the test value of the influence of Work Motivation on Employee Performance, precisely at the *path coefficients* value of 0.643 and the *T Statistic* value of 6.266 which is > 1.96 (T-table value) and the P-Value value of 0.000 < 0.05 which means it is statistically significant. Therefore, the second hypothesis can be accepted.

The Impact of Compensation on Employee Performance

Based on the results of the research that has been conducted, it was found that Compensation has proven to have no contribution to employee performance. The Compensation Scheme implemented at CV . Surya Mega Yosaka has proven to be inconsistent with employee expectations, resulting in decreased employee performance.

Based on the results of the previous analysis, it was found that the largest contribution from Compensation is Incentives. This indicator gets the largest value compared to other factors. This indicates that the provision of incentives that have been implemented so far has not been able to lift or improve employee performance. It is possible that the amount or scheme such as incentive provision procedures and so on have not been able to meet employee expectations.

As discussed in the previous section, in addition to incentives which are the biggest supporters through loading factors, this certainly needs to be considered by the company because if this kind of thing is allowed to continue, it will certainly make the company's productivity continue to decline as in the case described in the previous section. Companies must find a way so that the total amount of wages received by employees can meet their needs because that way, they will be motivated again to work optimally. The results of this study are supported by Faiza, G & Suhardi, S. (2022) where their research found that compensation was proven to have no effect on employee performance. The study has similarities in the use of quantitative research methods.

The above results are in contrast to the research of Shafa, MI, & Sulastri, S. (2021). where the research found that compensation has a positive influence on employee performance. Likewise with the research conducted Anggoro KR, et al. (2022) who found that compensation was proven to have a positive effect on employee performance.

The Influence of Work Motivation on Employee Performance

From the results of the research that has been conducted, it was obtained that Work Motivation has been proven to have a contribution to employee performance. From this it can be interpreted that the form of work motivation in CV. Surya Mega Yosaka has an influence on employee performance. Through the results of the analysis test in the previous section, the highest value was found in the Promotion section. From this, there is a possibility that providing work motivation in the form of job promotion can boost the increase in CV. Surya Mega Yosaka Employees. This motivation could be in accordance with what the employees want so that employee performance there can be improved. However, another thing that needs to be considered by the company as discussed in the previous section is the decline in employee professionalism which continues to decline due to the lack of discipline of some employees as evidenced by employee absence data. The large number of employees who are absent from work hampers the achievement of the company's production targets and ultimately also has an impact on the work enthusiasm of other employees due to the lack of available human resources.

The results of this study are in line with the research of Sirajida, Aditya Okta, and Sulastri Irbayuni (2023). Where the research found that Work Motivation has an effect on employee performance. The same study by Larasati, A., & Iryanti, E. (2024) also found that Work Motivation has a positive effect on employee performance.

IV. CONCLUSION

Based on the discussion and results of previous research, several conclusions can be drawn as follows. From the first hypothesis test, it was found that Compensation was proven to have no contribution to Employee Performance at CV. Surya Mega Yosaka. As an indicator with the largest value, incentives were proven to have no contribution to employee performance. Through these results, it means that the implementation of the Compensation scheme at CV. Surya Mega Yosaka does not play a role in increasing or decreasing employee performance. In the second hypothesis test, it was found that Work Motivation was proven to contribute to Employee Performance at CV. Surya Mega Yosaka. As an indicator with the largest value, promotion was proven to have contributed to employee performance. The provision of motivation practiced by company leaders was proven to have contributed to employee performance.

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