



## Jurnal Manajemen dan Bisnis

Vol. 11, No. 2, December 2022, pp. 227-234

**Sekolah Tinggi Ilmu Ekonomi Indragiri (STIE-I) Rengat**

<https://journal.stieindragiri.ac.id/index.php/jmbi/issue/view/25>

### **THE EFFECT OF MANAGEMENT MOTIVATION AND COMPENSATION ON EMPLOYEE PERFORMANCE AT PT INHIL SARIMAS KELAPA**

**Handro Okta Prianus<sup>1)</sup> Susi Hendriani<sup>2)</sup> Daviq Chairilisyah<sup>3)</sup>**

<sup>123)</sup> Riau University, Faculty of Economics and Business, Jl Pattimura No 9 Pekanbaru

[Handrooktaprianus@gmail.com](mailto:Handrooktaprianus@gmail.com)

Submitted: 2022.07.01 Reviewed: 2022.12.25 Accepted: 2023.01.04

<https://doi.org/10.34006/jmbi.v11i2.451>

#### **ABSTRACT**

*The research was conducted at PT Inhil Sarimas Kelapa. The aim is to determine the direct effect of the influence of management motivation and compensation on employee performance. This study took a sample of 115 employees. The variables used are management motivation and compensation and employee performance. Data were analyzed using SEM (Structural Equation Modeling) analysis which was operated through the Smart PLS 3.2.8 program. The research results show that there is Motivation has a positive and significant effect on employee performance. Based on the results of the respondents' responses, it was found that the respondents had accepted that the motivation given by the company had been well implemented. However, for indicators of recognition of performance, getting higher wages and jobs that challenge the desire to learn to master jobs in their field still need to be improved, because the average response of respondents compared to other indicators has the lowest value. Compensation has a positive and significant effect on employee performance. Based on the results of the responses of the respondents, it was found that the respondents had considered the compensation was good. However, it is necessary to pay attention to the Salary/Wage indicator because compared to other compensation indicators the respondents gave the lowest score. Motivation and Compensation have a positive effect simultaneously on Employee Performance.*

**Keywords: Motivation, Management Compensation, Employee Performance**

#### **INTRODUCTION**

Human resources are the main key that must be considered with all their needs. Human resources are a critical success factor for the implementation of an effective organization. According to Griffin (2015) the increasing importance of human resources stems from increasing legal complexity, awareness that human resources are a valuable tool for increasing productivity and awareness of the costs associated with weak human resource management.

Human resource issues are still the focus and foundation for companies to survive in the era of globalization. Seeing the importance of human resources, there are many employees who work seriously or behave well (fairly) in a company, but there are also those who work out of control so that it can lead employees to bad behavior or performance. Besides that, according to Griffin (2015) performance is behavior that is not in accordance with generally accepted social norms. Performance arises because employees feel dissatisfied and disappointed with the results obtained from the company.

As is the case with PT. Inhil Sarimas Kelapa, in this company there are often unfair actions committed by employees, namely the occurrence of errors in taking goods produced. Performance arises in a company caused by different compensation provided by management which can open up employees' freedom to take actions that can be detrimental to the company. Therefore the company must have a good management system and every employee activity within the company must receive strict supervision from the company manager

**RESEARCH METHODOLOGY**

**Research sites**

Place of research conducted at PT. Inhil Sarimas Kelapa, Indragiri Hilir Regency, Riau Province and when the research was conducted from April 2021 to June 2021

**Types of research**

The research design that will be used in this study is causal-comparative research, which is a type of research with problem characteristics in the form of a causal relationship between two or more variables. Research observes the consequences that arise and traces back the facts that make sense as the causal factors

**Population and Sample**

According to (Sugiyono, 2013), population is a generalization area consisting of objects/subjects that have certain qualities and characteristics that are applied by researchers to study and then draw conclusions. Based on the above understanding, the population in this study are all employees at PT. Inhil Sarimas Kelapa totaling 115 people. The sample in this study was taken using a purposive sampling technique of 115 people.

**Hypothesis test**

After carrying out various evaluations, both the outer model and the inner model, we then carry out hypothesis testing. Hypothesis testing is used to explain the direction of the relationship between the independent variable and the dependent variable. This test was carried out by means of SEM technical analysis

**Research results and discussion**

Hypothesis testing using Partial Least Square (PLS) will show three hypotheses. This test is carried out using the t test (t-test) the effect between variables. In PLS statistical testing of each hypothesized relationship is carried out using a simulation. In this case, the bootstrapping method is carried out on the sample, testing with bootstrapping is also intended to minimize problems with research data. The results of testing with bootstrapping from the PLS analysis can be seen as follows:

**Table 1: Hypothesis Testing Results**

Path coefficient			
	Motivation	Performance	Compensation
Motivation		0.812	
Performance			
Compensation	0.614	0.148	
P Values			
	Motivation	Performance	Compensation
Motivation		<0.001	
Performance			
Compensation	<0.001	<0.001	

**Source: Processed Data, 2021**

Hypothesis 1 test: Motivation has a positive and significant effect on performance

Based on the test results in Table 4.12 it is known that the estimation parameter for testing the effect of employee motivation on performance has a beta coefficient of 0.812 and a p value of 0.001. The beta coefficient value of 0.812 indicates a positive direction with a P-value of 0.001 greater than the sig level of 0.05 (significant). Thus it can be concluded that employee motivation has a significant positive effect on employee performance (Hypothesis 1 is accepted).

Hypothesis 2 test: Compensation has a positive and significant effect on motivation

Based on the test results in Table 4.12 it is known that the estimation parameter for testing the influence of motivation on performance has a beta coefficient of 0.614 and a p value <0.001. The marked beta coefficient value of 0.614 indicates a positive direction with a P-value <0.001 which is smaller than the sig level of 0.05 (significant). Thus it can be concluded that compensation has a significant positive effect on motivation (hypothesis 2 is accepted).

Hypothesis 3 test: Compensation has a positive and significant effect on performance

Based on the test results in Table 4.12 it is known that the estimation parameter for testing the effect of compensation on performance has a beta coefficient of 0.148 and a p value <0.001. The beta coefficient value of 0.148 indicates a positive direction with a P-value <0.001 which is smaller than the sig level of 0.05 (significant). Thus it can be concluded that compensation has a positive and significant effect on performance (Hypothesis 3 is accepted).

## **DISCUSSION**

### **The Influence of Motivation and Compensation Together (Simultaneously) on Employee Performance**

The results showed that motivation and compensation have a positive and significant effect on company performance. This research concludes that motivation and compensation in PT. Inhil Sarimas Kelapa can improve company performance. This is because the values applied can be implemented properly. The results of the study show that motivation has a positive and significant effect on employee performance. This means that most of the motivation and compensation has been implemented in the activities of employees in improving performance, a strong spirit of organizational culture to reward employee achievements, ensure fair employee salaries, control costs, and comply with regulations. Based on Gender, there are more male employees than female employees. The balance of this amount has been able to show high responsibility and never been reprimanded for mistakes strengthens motivation to positively and significantly influence company performance. While a good educational background, has been able to motivate and compensate to influence employee performance positively and significantly. Employee income which is dominated by income between IDR 3,000,000 -6,000,000 can be seen from the statement score that employees always show high responsibility and are never reprimanded for mistakes have been able to motivate to influence employee job satisfaction positively and significantly

The results of the study also concluded that employees always do their best work and will get achievements and get incentives if the work is done quickly and well, indicating that this statement is the highest score for work motivation and employee compensation. This means that in terms of employee responsibilities, they want achievement and incentives that are commensurate or in accordance with performance so that they feel satisfied with what the employee is doing.

Motivation is important for employees, motivated employees will feel happier, healthier and want to come to work. Lack of employee motivation can have serious implications for employee absenteeism and engagement. Low employee morale can be

detrimental to the achievement of business goals and company profitability. Therefore, companies must pay attention to employee motivation so that between companies and employees can run smoothly without harming each other. an increase in compensation will have an impact on improving the performance of its employees and vice versa if the compensation provided by the company to employees is less or not good, then the impact that occurs in the company is that employee performance will be low

However, this study also revealed that indicators of employee motivation are more related to the desire to learn to master in their field, which has the lowest score. This fact illustrates that the thing that least supports employee performance is the limitation in achieving the best performance. Employees feel constrained in terms of work motivation when associated with high-performance work conditions. Therefore the management of PT. Inhil Sarimas Kelapa must pay attention to the conditions that support it so that employees are more motivated to learn to master in their field. Meanwhile, on Compensation, it is revealed that the wages paid by the company are in accordance with the work and the availability of payments for time not working has the lowest score.

The leaders of each PT Inhil Sarima Kelapa company are required to be able to motivate and compensate each employee at work. So that employees can carry out their duties properly, and can develop their abilities, achievements at work, and be productive at work so that they can maintain the quality of employee performance in carrying out work, and be proud of the results of their work. This is very necessary to be able to improve employee performance.

This study supports the results of previous research conducted by Damayanti, Susilaningsih & Sumaryati (2013) stating that there is a positive influence between motivation and compensation on employee performance at regional drinking water companies (PDAMs) in Surakarta. This explains that compensation from companies should be adjusted to the performance created by employees. The motivation that is owned should also be able to improve employee performance so that company goals are achieved. The company also has leaders in the company who receive compensation and can create good motivation, so company leaders should be able to improve employee performance while working. Employees receive compensation that has been given by the company in accordance with the results of employee performance,

Empirically, the conclusions of this study differ from the results of previous research by Tanto Wijaya, et al (2015), which concluded that together the variables of motivation, compensation and employee performance satisfaction and rewards have a significant effect on employee performance at PT Sinar Jaya Abadi Bersama. The population in this study amounted to 39 employees at PT Sinar Jaya Abadi Bersama. The results of the study found that motivation and compensation have a positive and significant effect on employee performance. Between the two variables, motivation has a more dominant influence on employee performance than compensation. This can be seen from the Beta ( $\beta$ ) value of the motivation variable (X1) of 0.543 (sig. 0.000) and of the compensation variable (X2) of 0.340 (sig. 0.008).

### **The Effect Of Employee Motivation On Company Performance**

The results showed that motivation has a positive and significant effect on company performance. This research concludes that the motivation in PT. Inhil Sarimas Kelapa can improve company performance. This is because the values applied can be implemented properly. The results of the study show that motivation has a positive and significant effect on employee performance. This means that most of the motivation has been implemented in the activities of employees in improving performance if work motivation increases it will

increase performance, conversely if work motivation decreases it will reduce employee performance.

Based on Gender, there are more male employees than female employees, the difference is not too much different. The balance of this amount has been able to show high responsibility and never been reprimanded for mistakes strengthens motivation to positively and significantly influence company performance. Meanwhile, a good educational background has been able to motivate and influence employee performance in a positive and significant way.

Employee income which is dominated by income between IDR 3,000,000 -6,000,000 can be seen from the statement score that employees always show high responsibility and are never reprimanded for mistakes have been able to motivate to influence employee job satisfaction positively and significantly

The results of the study also concluded that employees always show high responsibility and are never reprimanded for mistakes, this statement being the highest score of employee motivation. This means that in terms of responsibility and trying to avoid mistakes, it is very important for employees to feel satisfied with what the employees have done.

Employee motivation can come from within and from outside. For example encouragement from outside by the leadership to progress in its performance. Because the main basis for the implementation of motivation by a leader is knowledge and attention to the behavior of the humans he leads as a determining factor for the success of an organization that views humans as a determining factor for success which also means demanding serious attention to all needs issues. A leader who is successful in carrying out the motivational function is a leader who has the ability to realize the synchronization between the personal goals of the members of the organization and the goals of the organization itself.

However, this study also revealed that employee indicators are often assessed as outstanding employees having the lowest scores. This fact illustrates that the thing that least supports employee satisfaction is its limitations in achieving the best performance. Employees feel constrained in terms of work motivation when associated with high-performance work conditions. Therefore the management of PT. Inhil Sarimas Kelapa must pay attention to the conditions that support it so that employees can carry out their duties with the best performance.

The leaders of each PT Inhil Sarima Kelapa Company are required to be able to provide stimulation and encouragement or motivate each employee at work. So that employees can carry out their duties properly, and can develop their abilities, are skilled and diligent in carrying out their work, and are proud of the results of their work. This is very necessary to be able to improve employee performance.

This study supports the results of previous research conducted by Hakim (2011) who examined the Effect of Work Motivation on Employee Performance at STIE Totalwin Semarang. The results of his research concluded that significantly indicating that the dominant influence of work motivation on employee performance in the field of teaching is the work environment variable. Likewise with the performance of employees in the field of scientific study which is dominantly influenced by the independent variables of the work environment. This proves that a good work environment, such as lighting factors, coloring in the work space, giving motivation by the authorities and relations between employees (a conducive atmosphere) greatly affect the level of employee performance.

Empirically, the conclusions of this study are different from the results of previous research by Syahalam, et al (2013), which concluded that together the variables of motivation, satisfaction and rewards have a significant effect on the performance of employees of the Bengkulu Ministry of Health Poltekkes certification. This can be seen from

the sig value of  $0.000 < 0.05$ . The results of the t test also show that partially only the motivational variable has no significant effect (0.101) while satisfaction (0.007) and rewards (0.041) have a significant effect on the performance of certified employees.

### **Effect of Compensation directly on performance**

The results of the study show that employee compensation has a positive and significant effect on employee performance. This means that most of the compensation has been implemented in the activities of employees in increasing job satisfaction and there is already a large part of job satisfaction in increasing performance. This means that employee compensation affects job satisfaction, and job satisfaction increases employee performance.

The results of this test reveal that the effect of compensation on employee performance through job satisfaction shows a positive and significant effect. The increase in the value of the greatest influence on this direct effect is the effect of performance on motivation with a coefficient of 0.81. This condition can be seen from the significant positive influence of performance on job satisfaction, and job satisfaction has a significant effect on employee performance. Employee morale is high and the leadership responds with appreciation to employees who excel and provides support for employees to progress and develop.

The results of Wandy Zulkarnaen's research (2018) show that direct compensation and indirect compensation have a positive and significant effect on the performance of employees of the operational staff of PT Pranata Jaya Abadi. Compensation plays an important role in improving employee performance, one of the main reasons someone works is to make ends meet. Someone will work optimally in order to get compensation according to expectations. Compensation policy, in addition to giving rewards to employees for the work done by employees, is also a way to retain potential employees

### **CONCLUSION**

From the results of the research that has been described previously, the conclusions of this study can be drawn as follows:

1. Motivation has a positive and significant effect on employee performance. Based on the results of the respondents' responses, it was found that the respondents had accepted that the motivation given by the company had been well implemented. However, for indicators of recognition of performance, getting higher wages and jobs that challenge the desire to learn to master jobs in their field still need to be improved, because the average response of respondents compared to other indicators has the lowest value.
2. Compensation has a positive and significant effect on employee performance. Based on the results of the responses of the respondents, it was found that the respondents had considered the compensation was good. However, it is necessary to pay attention to the Salary/Wage indicator because compared to other compensation indicators the respondents gave the lowest score.
3. Motivation and Compensation have a positive effect simultaneously on Employee Performance

### **SUGGESTION**

From the results of the research and conclusions that have been described previously, the authors provide the following suggestions:

Employee Work Motivation is as follows:

1. Give examples of honest behavior by leaders in PT. Inhil Sarimas Kelapa, Indragiri Hilir Regency,

2. Give rewards to honest employees, and provide punishment to employees who are found to be dishonest at work,
3. Apply fair behavior to anyone who commits a lie must be punished.

#### Compensation

The steps that can be taken to improve the working climate at PT. Inhil Sarimas Kelapa, Indragiri Hilir Regency, the following steps can be taken:

1. Always appreciate from the office when completing the right work, such as always trying to congratulate employees who complete their work properly and quickly, giving bonuses to employees who can achieve maximum work results.
2. Provision of remuneration must be adjusted to the performance of the organization and also the performance of individual employees. Like giving

#### Performance

To improve employee performance, PT. Inhil Sarimas Kelapa Indragiri Hilir Regency must take the following steps:

1. Provide a good understanding to employees about the standard of work to be performed,
2. Applying good work standards to all employees,
3. Give awards to employees who are able to complete the work according to the standards that have been carried out.

## REFERENCE

- Agoes Sukrisno. 2015. *Anthology of Auditing*. Jakarta: Salemba Empat
- Arens A. Alvin. 2015. *Integrated Approach Auditing and Assurance Services*. Fifteenth Edition Volume-Jakarta. Erlangga
- Arens, Alvin A. 2012. *Auditing and Verification Services: An Integrated Approach*. Language, Index Team. Gramedia Group Index PT, Jakarta.
- Arens, Alvin A., Randal J. Elder., and Mark S. Beasley. 2012. *Auditing and Assurance Services*. (Translated by: Herman Wibowo). Erlangga, Jakarta.
- Wake, Wilson, 2012, *Human Resource Management*, Erlangga Publishers.
- Effendy, Muh Taufiq. 2013. *The Influence of Competence, Independence, and Motivation on Audit Quality of Inspectorate Apparatuses in Regional Financial Supervision*. Thesis. Diponegoro University Accounting Science Masters Study Program.
- Farlen, Frans. 2016. *Effect of Work Motivation and Work Ability on Employee Performance (Study on employees of PT. United Tractors, Tbk Samarinda)*. Yogyakarta.
- Fuad, Mas'ud. 2014, *Organizational Diagnosis Survey, Concept and Application*, BPUndip, Semarang.
- Ghozali, Imam. 2018. *Application of Multivariate Analysis with the IBM Program*. Diponegoro University, Semarang.
- Griffin, Ricky, W., 2015. *Management, Seventh Edition, Volume 2*, Translator: Gina Gania, Erlangga Publisher, Jakarta.
- Hasibuan, Malay. 2017. *Human Resource Management*. PT Toko Gunung Agung, Jakarta.
- Jayanti, Ni Putu Indah and Ni Ketut Rasmini. 2013. *The Effect of Internal Control, Motivation, and Reward Management on Performance Consultant PT. Orindo Alam Ayu Bali Branch*. Bali Udayana University. Essay. IAI, 2009, Standard Accountancy Finance, Issuer: Indonesian Alumni Association, Jakarta.

- 
- Manggu 2019. The Effect of Internal Control on Employee Performance in the Payroll System.
- Mangkunegara, 2017, Human Resources Performance Evaluation, PT. Rafika Aditama. Bandung.
- Mangkunegara, Anwar Prabu, 2012, HR Performance Evaluation, Refika Aditama, Bandung Nababan. 2017. The Effect of Work Motivation and Compensation on Employee Performance in the Payroll System with Leadership Style as a Moderating Variable.
- Nawawi, Hadari. 2017. Human Resource Management. Yogyakarta: Gadjah Mada University Press.
- NitiseMITO, 2017, Management is a Foundation and Introduction, Science Arena, Jakarta.
- Priyatno, Duwi. 2011. Smart Book of Computer Statistics. Yogyakarta: MediaKom Sinambela, Lijan Poltak, et al Employee Performance Theory of Measurement and Implications (Graha Ilmu, 2012)
- Sugiyono. 2016. Business Research Methods, IKAPI, CV. Alfabeta, Bandung. Sutrisno, Edy. 2017. Human Resource Management, 9th Edition, Kencana, J. Company PT Inhil Sarima Kelapa Islamic Economics and Business, Raden Fatah State Islamic University Palembang Jakarta.
- Wulandari 2016. The Influence of Internal Control Systems and Compensation on Employee Performance at PT. Pegadaian (Persero) Palembang Sharia Branch
- Valery G Kumaat, 2011, Internal Audit. Jakarta: Erlangga Publisher.
- Veithzal Rivai and Basri. 2016. Performance Appraisal: The Right System for Assessing Employee Performance and Increasing Company Competitiveness. Grafindo. Jakarta