Solid State Technology
Volume: 63 Issue: 3
Publication Year: 2020

The Effect of Work Motivation and Compensation Towards Employees' Performance at PT. Cipta Bangun Nusantara (CBN)

Annisa Fadhilah Ramadhan, Nikita Meilawati Pratiwi, Chalysta Oktaviani Fadila, Fery Perdian, Pratminingsih, S.A., Ph.D.*
Widyatama University, Bandung, Indonesia
*sri.astuti@widyatama.ac.id

Abstract

The research aims to identify how work motivation and compensation affect employees' performance at PT Cipta Bangun Nusantara, Jakarta, Indonesia. This study uses an approach method of quantitative verification. The population of the research is 50 employees at PT Cipta Bangun Nusantara. The collecting of data in this research is conducted with a survey in a form of a questionnaire given to the respondents. The result of the research shows that motivation and compensation affect positively and significantly on employees' performance. Between the two variables, motivation affects more dominantly on employees' performance than compensation.

Keywords: *performance, motivation, compensation.*

INTRODUCTION

The construction industry plays an important role in the Indonesian economy through a significant contribution to the Gross Domestic Product (GDP). The construction sector is the most dynamic sector and is a labor-intensive industry. Data from the Statistics Indonesia (BPS, Badan Pusat Statistik) in 2018 shows that the number of construction workers in Indonesia is a total of 8.3 million people. A study conducted by the BPS shows that the construction sector is in the third position as the main source of Indonesia's economic growth. The growing construction sector made the Indonesian economy grew by 5.01% in 2017 and GDP by 10.38%, higher than the previous year. The construction sector will continue to run even though there has been a decline due to the COVID-19 pandemic.

PT Cipta Bangun Nusantara is one of the companies that engages in the construction industry. Based on the interviews with the company leaders, currently, the company is experiencing fluctuations in the achievement of company performance and tends to decline. Many factors affect performance, among others, motivation and compensation factors. Motivational compensation, according to previous researches (Rahmayanti, 2016; Setiawan, 2013), affects employees' performance. It implicates that the higher the compensation accorded, the higher the performance produced and vice versa, the lower the compensation the lower the performance result. Komara and Nelliwati (2014) state that fair and proper financial compensation enormously helps motivate employees to improve their performance.

Therefore, the authors are interested in examining the effect of motivation and compensation on employees' performance.

THEORETICAL FRAMEWORK

Performance

According to Sutrisno (2016), performance is an individual accomplishment in finishing tasks, work results that can be achieved by a person or group in a company following their authorities and responsibilities. Meanwhile, Sedarmayanti (2011) states that performance is the work of a worker which includes a management process or an organization as a whole, where the results of the work can be conclusively proved and evidence are measurable (compared to predetermined standards).

Many factors affect performance, including motivation and workers' ability (Sagita, 2015; Irwandi, 2016). In assessing performance, a leader must judge it based on certain indicators. According to Mathis and Jackson (2011), the elements of performance are the quantity of work results, quality of work results, timeliness, attendance, and ability to work in a team. However, according to Mangkunegara (2014), the dimensions of performance are the quantity of work, quality of work, and timeliness of work.

Work Motivation

Motivation is the basic impetus that moves employees to behave. This urge is in the employees who move themselves to do something in accordance with the drive in him. According to Winardi (2016), a promising urge that humans have is called motivation. It is possible to expand either independently or through several external forces which mainly considered in a form of financial and non-financial rewards. It can affect employees' performance either positively or negatively. Robbins (2017) describes motivation as a progress which holds a function in the intensity, direction, and duration of individual efforts towards attaining their goals. As a result, if an employee considers that the compensation provided by the company is equivalent to their expectations, it will motivate employees to improve their performance.

Several theories of motivation have been put forward by previous researchers, including Maslow's theory. According to Maslow's theory, humans have five-tiered needs, namely: physical needs, security, social needs, recognition needs, and self-esteem needs (George & Jones, 2005). These needs can motivate workers.

Compensation

As explained by Mangkunegara (2017), all money earned and direct or indirect goods received by employees are compensation which they receive for the work they do for the company. On the other hand, Sedarmiyanti (2015) defines compensation as the entire benefit received by employees as an appreciation for their contributions to the company, both financial and non-financial. According to Dessler (2016), compensation can be classified into:

1. Direct financial compensation, in the form of salaries or basic wages, performance fees, incentive payments (including bonuses, commissions, profit sharing, and stock options), and deferred payments (such as savings programs and share purchase annuity).
2. Indirect financial compensation, in the form of protection programs (including health insurance, life insurance, pension, labor insurance), pay outside working hours (such as holidays, national celebrations, annual leave, and maternity leave), and benefits of facilities such as vehicles, office space, and parking lots.

3. Non-financial compensation, namely in the form of work (such as interesting assignments, challenges, responsibilities, recognition, and a sense of accomplishment) and work environment (such as healthy policies, competent supervisors, pleasant relatives, comfortable work environment).

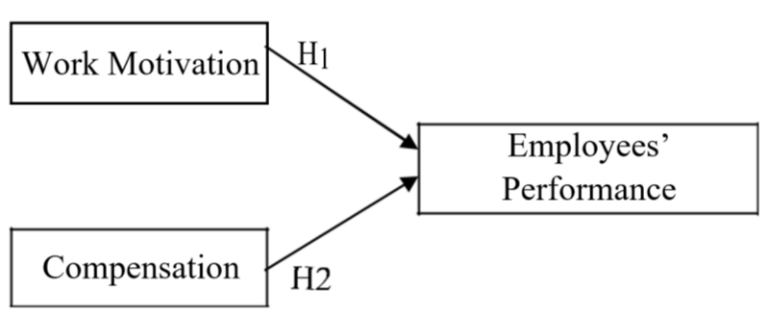
The purpose of compensation is to reward employee performance, ensure salary fairness, retain employees, or reduce employee turnover, obtain quality employees, control costs, and comply with regulations (Priansa, 2014; Robbins, 2018). The objectives of good compensation are to attract, motivate, and retain good employees in achieving the company's goals. Compensation and motivation must be recognized as the main factors that influence employees' performance (Rahmayanti, 2016; Setiawan, 2013).

Relationship between Work Motivation and Performance

Work motivation is an encouragement to do a job and it is closely related to a person's performance. Essentially, work motivation is different for every employee. Pawirosumarto et al. (2017) have narrated that employees' performance is determined by the ability and desire of the employees along with the work environment provided. Their study on 82 respondents in Indonesia reveals that employees' performance has a significant and positive correlation with employee motivation. The relationship between motivation and employee performance has also been researched by Irwandi (2016). It is found that a significant influence between motivation and employee performance is present. Previous research has proven that there is a crucial relationship between motivation and compensation given on employees' performance. Compensation and motivation are also found to jointly affect employees' performance (Syamsiah & Yuniarsih, 2018; Hidayat, 2015).
Thus, according to the explanations, the authors developed a hypothesis (H1) that motivation affects employees' performance.

Relationship between Compensation and Performance

Compensation is closely related to performance, which is involved in a cause-and-effect relationship (causally related). Compensation is an important element in a company where if given appropriately can affect employees' performance and eventually will also affect the company's performance. Financial compensation is found to have a good and crucial effect on job satisfaction of the employees. Sopiah (2013) and Sagita Sukma (2015) in their research find that compensation affects employees' performance, in which the finer the compensation accorded, the greater employees' performance gets.
Based on those statements, the authors developed the 2nd hypothesis (H2) that compensation affects employees' performance.



RESEARCH METHOD

This research design uses a verification research design in which a research design is arranged to examine the possibility of a cause-and-effect relationship between variables (Sugiono, 2018).
The data is collected through a survey by distributing questionnaires to the respondents. The questionnaire is adapted from previous researchers, using a Likert scale that is 1 to 5 where 1 represents strongly disagree and 5 represents strongly agree.
The population in this study are all employees of PT. Cipta Bangun Nusantara, comprised of 50 employees. Since the population is small, the sampling used in this study is a saturated sampling. It means that all members of the population become respondents in this study. The analysis is carried out using multiple regression analysis.

RESULTS AND DISCUSSION

Respondents' profiles

Based on the research conducted, respondents' profiles can be illustrated in Table 1.

Table 1. Respondents' Profiles

Description		Frequency	Percentage
Gender	Female	14	28.6
	Male	35	71.4
Age	< 20	4	8.16
	20–29	12	24.49
	30–39	20	57.14
	40–49	7	14.28
	> 50	5	10.20
Education	High School	15	30.61
	Vocational High School	29	59.18
	Bachelor degree	5	10.20
Length of work	>1 year	8	16.33
	1 – 3 years	14	28.6
	3,1 – 5 years	16	32.65
	> 5 years	11	22.45

Based on gender, the male respondents are 71.4%, while female respondents are 28.6%, this is reasonable because construction companies usually have the majority of male employees. The majority of respondents (81.54%) are between the ages of 20 and 39, who are of productive age. The majority of employees have worked in the company for between 1 and 5 years (83.7%).

Validity and Reliability Test

Proof that shows the instrument, technique, or process used to measure a concept actually measures the concept is the definition of validity (Sakaran, 2014). To measure the validity of the questionnaire, the researcher determines the standard of the calculation results, each instrument developed by the researcher must be > 0.30. Based on the research results, each question in the questionnaire has a value greater than the specified standard, 0.30, where the validity value of this research instrument which includes motivation, compensation, and performance variables is between 0.897 and 0.313. Thus, every questionnaire question is valid.

Reliability is a test to determine the consistency and stability of the measurement instrument (Sakaran, 2014). According to Sugiono (2018), an instrument is not reliable if the Cronbach's alpha value is > 0.60. The Cronbach's alpha value of this study is displayed in Table 2.

Table 2. Reliability Test

Variable	Cronbach's Alpha Value	Description
Motivation	0.820	Reliable
Compensation	0.872	Reliable
Performance	0.841	Reliable

Based on Table 2, it can be concluded that all instruments used in this study are decent because the Cronbach's alpha value is greater than the specified standard.

Regression Analysis

The study focuses on determining whether the motivation variable affects employees' performance and also if the compensation variable influences performance. Table 3 illustrates the effect of motivation and compensation variables on employees' performance.

Based on the research results, it is apparent that the constant value of the work stress variable is 7.916 which means if motivation and compensation values are not present, the performance value is 7.916. The motivation regression coefficient is positive, that is 0.411 with a Sig value of 0.002 < 0.05, therefore, motivation affects performance positively and crucially. That is, if the motivation gets higher, the performance increases by 0.411 or 41%. Furthermore, the compensation regression coefficient is 0.300, which is positive but the Sig value is 0.021 > 0.05, thus, compensation prompts critically on performance.

Table 3. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	7,916	5,090		1,555	,127
1	Motivation	,435	,133	,411	3,265	,002
	Compensation	,453	,190	,300	2,383	,021

Furthermore, to determine whether motivation and compensation simultaneously have an effect on performance, the data is drawn in Table 4.

Table 4. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	422,621	2	211,311	8,061	,001[b]
1	Residual	1232,120	47	26,215		
	Total	1654,741	49			

Dependent Variable: y
Predictors: (Constant), x2, x1

Based on the table above, the Fcount value is 8,601, the significance value is 0.001 then Ho is rejected and Ha is accepted. From these results, it can be concluded that with a confidence level of 95% motivation and compensation affect performance. This means that hypothesis 3 is accepted.

Discussion

The results of this study prove that motivation affects employees' performance. It is in accordance with the results of the research by Irwandi (2016) and Rahmayanti (2016). In this study, it is found that motivation positively and importantly affects employees' performance. It means that the higher the employees' motivation is; the more employees' work performance level increases. Therefore, the company has to motivate employees for ensuring their performance. Companies can use Maslow's motivation theory in doing this.

This study also proves that compensation has an effect on employees' performance. The finer the compensation accorded, the greater the employees' performance. Those results are supported by previous researches namely Adeoye (2020) and Ihsan Hakin (2019) which also found that compensation has an effect on employees' performance.

The compensation provided by the company can be in the form of direct compensation and indirect compensation.

CONCLUSION

The first objective of this study is to determine how motivation affects performance. The results show that motivation prompts the performance of the employees of PT. Cipta Bangun Nusantara. Based on the survey results, the company should be able to improve various programs related to motivation to elevate employees' performance.

The second objective of this study is to determine how compensation affects employees' performance. The results of this study prove that compensation affects employees' performance. Companies should pay attention to the compensation given to their employees, both direct compensation and indirect compensation. Good compensation will improve employees' performance.

REFERENCES

1. Adeoye, A.O. (2019). Compensation Management and Employee Motivation in the Insurance Sector: Evidence from Nigeria. Facta Universitatis-Economics and Organization, 16(1), 31-47.
2. Dessler, G. (2016). Human Resource Management. Pearson Education, UK.
3. George and Jones. 2005. Understanding and Managing Organizational Behavior, Pearson Prentice Hall.
4. Hidayat. Z. (2015). Pengaruh Lingkungan Kerja, Disiplin Kerja dan Motivasi Terhadap Kinerja Karyawan PDAM Lumajang. Jurnal WIGA, 2(1).
5. Ikhsan, M., Reni, A., Hakim, W. (2019). Pengaruh Motivasi Kerja, Kompetensi dan Kompensasi Terhadap Kinerja Agen Melalui Kepuasan Kerja: Studi pada Prudential Life Assurance di Makasar. Hasanuddin Journal of Applied Business and Entrepreneurship, 2(1), 60-71.
6. Irwandi. 2016. The Influence of Motivation on Job Satisfaction and Its Impact on Performance of Accountancy Lecturer in Lampung. Jurnal Akuntansi dan Keuangan, 7(1), 35-54.

7. Bilal, J., & Naintara, S. R. (2011). Impact of compensation, performance evaluation and promotion practices on government employees' performance vs private employees. Interdisciplinary Journal of Contemporary Research in Business, 3(8), 907-913.
8. Komara, A. T., & Nelliwati, E. (2014). Pengaruh Kompensasi, Motivasi Dan Kepuasan Kerja Terhadap Kinerja Pegawai Negeri Sipil (PNS) Di Lingkungan Rumah Sakit Umum Daerah (RSUD) Kota Bandung. Jurnal Ekonomi, Bisnis & Entrepreneurship, 8(2), 73-85.
9. Robert, L. Mathis and John, H, Jackson, (2006). Human Resource Management. Salemba Empat, Jakarta.
10. Mangkunegara, A. A. P. 2019. Manajemen Personalia, Gajah Mada Universitas Press, Yogyakarta.
11. Priansa, D. J. (2018). Perencanaan Pengembangan Sumber Daya Manusia. Bandung: Alfabeta.
12. Rahmayanti. D. (2016). Pengaruh Kepemimpinan, Motivasi dan Stress Kerja terhadap Kinerja Karyawan Bank Mandiri Syariah, Cabang Makasar. Jurnal RMBA, 3.
13. Robbins, S. P., & Judge, T. A. (2017). Organizational Behaviour. Boston: Pearson.
14. Haryani, S. S. (2015). Pengaruh kompensasi terhadap motivasi kerja dan kinerja (Studi pada karyawan PT. Telekomunikasi Indonesia, Tbk Malang). Jurnal Administrasi Bisnis, 25(1).
15. Sedarmayanti, A. (2011). Manajemen Sumber Daya Manusia, Reformasi Birokrasi dan Manajemen Pegawai Negeri Sipil. Bandung: PT Refika Aditama.
16. Sedarmayanti. 2016. Manajemen Sumber Daya Manusia. PT. Refika Aditama, Bandung.
17. Setiawan, F., & Dewi, A. S. K. (2014). Pengaruh Kompensasi Dan Lingkungan Kerja Terhadap Kinerja Karyawan pada CV. Berkat Anugrah. E-Jurnal Manajemen Universitas Udayana, 3(5).
18. Setiyono, S. (2017). Pengaruh Motivasi Kerja, Gaya Kepemimpinan Dan Kompensasi Terhadap Kinerja Karyawan Pada Perusahaan Konstruksi PT. Pundikarya Sejahtera Bekasi. Eksis: Jurnal Riset Ekonomi dan Bisnis, 12(1).
19. Sopiah, S. (2013). The effect of compensation toward job satisfaction and job performance of outsourcing employees of Syariah banks in Malang, Indonesia. Internasional Journal of Learning & Development, 3(2), 77-91.
20. Sugiyono, S. (2017). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.
21. Sutrisno. E. 2011. Manajemen Sumber Daya Manusia. Jakarta: Kencana Prenada Media Group.
22. Sutrisno. E. (2016). Manajemen Sumber Daya Manusia. Kencana Prenada Media Group, Jakarta.
23. Syamsiah. D., & Yuniarsih. T. (2018). Meningkatkan Motivasi Berprestasi Guru melalui Sistem Penilaian Kinerja, Jurnal Pendidikan Manajemen Perkantoran, 3(2), 167-172.
24. Winardi. 2016. Kepemimpinan dalam Manajemen. Jakarta: PT. Rineka Cipta.