



(RESEARCH ARTICLE)



The effect of work motivation on employee performance with compensation as an intervening variable at PT Hutama Karya (Persero) Trans Toll Road Construction Division Sumatera in Cawang, East Jakarta

Martin Hutagalung*, M. Isa Indrawan and Kiki Farida Ferine

Department of Magister Management, University of Pembangunan Panca Budi, Medan, Indonesia.

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Abstract

This study aims to determine and analyze the effect of work motivation on employee performance with compensation as an intervening variable at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division in Cawang, East Jakarta. This research method uses associative and quantitative approaches with a population of 168 people who are permanent employees. The sampling technique is purposive sampling using the slovin formula so that the number of samples is 63 respondents. Data analysis techniques use SEM (Structural Equation Modelling) based on Smart_Partial Least Square (PLS). Based on direct testing (direct effect) the results of the study show that motivation has a positive and significant effect on employee performance. Motivation has a positive and significant effect on employee compensation. Compensation has a positive and significant effect on employee performance. And based on indirect testing, motivation has a positive and significant effect on employee performance through compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.

Keywords: Performance Motivation; Compensation; Performance; Intervening variable

1 Introduction

Currently, competition in the business world and industry is increasingly competitive. To face competition like now, companies are required to have reliable employees and have high competence in order to compete. Because employees are the main asset and spearhead in the success of a company. Employee Motivation in the Company is very important. Employees are one of the human resources in the organization who have knowledge and skills contributed to the organization, and have a very important role in achieving organizational goals.

The head of an organization or company is a person who works with help from his subordinates. Therefore, it is the obligation of a leader to strive for employees to excel. The ability of subordinates to be able to excel is caused by encouragement or motivation. Providing motivation appropriately will be able to cause enthusiasm, passion and sincerity of work in a person. Increased enthusiasm and willingness to work voluntarily will result in better work, so it will increase work productivity. While someone who has low work motivation, they will work arbitrarily and do not try to get maximum results. Lack of employee motivation can have a serious impact on absenteeism and employee engagement rates. Low employee morale can be detrimental to the achievement of business goals and company profitability. *The Mazars survey* conducted in Ireland revealed only 58% of employees are motivated to do their best and 42% of employees are demotivated or strongly demotivated [1]. Therefore, companies must pay attention to employee motivation so that between the company and employees can run smoothly without harming each other.

Companies that are ready to compete must have strong and effective management. In this case, strong motivation and job satisfaction greatly affect employee performance. To motivate employees, company leaders must understand the

* Corresponding author: Martin Hutagalung

motives and motivations desired by employees. An unmotivated person will give only a minimum of effort in work. A person will be motivated if the results of his work are appreciated, on the other hand if the results of his efforts are ignored he will only carry out the work according to his wishes without any improvement. Leaders can motivate their subordinates by evaluating their performance, increasing salaries, giving bonuses or incentives, as well as rewards and opportunities in a better career path. High work motivation can encourage employees to achieve better performance. When employees feel motivated, they tend to work harder and are dedicated to achieving work goals and objectives. This motivation, in turn, influences management's decisions about the level of compensation provided to employees.

Compensation is a way for companies to improve job performance and employee motivation. Compensation is one way that companies can provide rewards to employees. Compensation can increase or decrease employee performance. Compensation to employees needs more attention by the company. Therefore, in order to retain good employees, the compensation program is made in such a way, so that potential employees will feel valued and willing to stay in company [2]. Fair and adequate compensation can improve employee performance. When employees feel that their contributions and performance are well rewarded through proper compensation, they tend to be more engaged and motivated to give their best in their jobs.

According to [3], compensation is financial rewards and intangible services and benefits received by employees as part of the employment relationship. The company expects the compensation paid to obtain greater work performance rewards for employees. Salary is a remuneration for money paid periodically to permanent employees and has a definite guarantee. That is, gaji will still be paid even if the worker does not enter. Wages are remuneration paid to daily workers based on the agreement agreed to pay [4]. Adequate compensation can be a strong motivating factor for employees. When employees feel that their wages and benefits are proportional to the contribution and effort they put in, they tend to be more motivated to perform well. Employees who receive good compensation have a higher tendency to commit to their organization. Employees who have a high level of commitment tend to perform better, have greater morale, and are more likely to stay in the organization in the long run.

The success of an organization depends on whether or not the performance of the employees of the organization is good. The performance of an organization depends on its employees where each employee is the driving force of an organization. Something good from employees will have a direct impact on the progress or setbacks obtained by the organization. As is known that the achievement of organizational goals is something that is desired by every organization. Employees who have low performance will find it difficult to achieve the expected results, according to research by [5].

Performance is a work performance, namely a comparison between the results of work seen in real time with the work standards set by the [6] quoted from (Dessler, 2006). Good employee performance, supported by adequate motivation and compensation, can help organizations retain quality employees. Employees who are satisfied with their performance and compensation tend to stay in the organization, reduce turnover, and retain valuable expertise. In addition, good employee performance also has an impact on increasing overall productivity, which can result in higher profits for the organization.

In realizing an optimal level of performance, PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division has tried to do various things such as improving the discipline of its employees and simplifying every employee work plan so that it is easier to do and easier to implement. But sometimes constrained because human resources who work less efficiently and effectively at work and also lack of initiative in their work due to compensation that is not as expected and also reduced work motivation due to various other factors so that their performance is less optimal or more precisely less maximized, of course, it can affect organizational performance on several fronts. From the description above we can know that the purpose of providing compensation and work motivation is to improve the performance of an employee and also to improve company performance.

1.1 Employee Performance

Performance is the result of quality and quantity work achieved by an employee in carry out his duties in accordance with the responsibilities that have been assigned. (Bernardin & Russell, 1998) in [7] research define performance as a record of the results obtained from certain job functions or activities within a certain period of time. (Cascio, 1992) in [7] research states that performance refers to employee achievement of assigned tasks.

Employee performance is one of the determining factors for the success of a company or organization in achieving it, (Susanti & Widayat, 2016). Meanwhile, according to (Wahyudi & Sudibya, 2016), performance is the result of work over a certain period compared to various possibilities, for example standards, targets / targets or criteria that have

been mutually agreed. According to [8] in [9] "Performance is the result of work and work behavior that has been achieved in completing the tasks and responsibilities given in a certain period."

1.2 Employee Performance Indicators

Performance is a record of the results obtained from certain job functions or activities within a certain period of time, (Bernardin & Russell, 1998) in [7]. There are six dimensions that can be used to measure employee performance, namely:

- Quality in doing a job; That is, the level of activity results that are done close to perfect or in another sense have completed and fulfilled the expected goals of an activity.
- The quantity produced from a job; is the amount produced, expressed in terms of a number of units or represents the number of cycles of an activity that has been completed.
- Punctuality to complete a job; Viewed from the level of activity that has been completed at the desired initial period, which is seen from the angle of output produced and maximizing the time available for other activities.
- Effectiveness to complete a job; i.e. the level of resource use of the organization that is maximized with the intention of benefiting from each use of resources and also reducing its losses.
- Independence to do and complete a job; is the degree to which an employee without asking for help, guidance, and supervision can perform his work functions, or does not involve supervisory intervention in performing his work functions.
- Work commitment shown by the employee to the organization in which he works; The degree to which an employee has a work commitment to the company and responsibility in working for his company.

1.3 Motivation

Motivation from the Latin *movere* which means to encourage or move. According to. Motivation is a condition that encourages or causes a person to perform an action or activity, which takes place consciously. Motivation is an activity that results in, and maintains human behavior [10] in [11]. According to [12] in [10] in [11], motivation is what causes, channels, and supports human behavior, so that they want to work hard and enthusiastically to achieve optimal results. Managers need to understand this psychological process if they want to successfully nurture workers toward achieving organizational goals. [13] in [7] state that motivation refers to the process by which a person's effort, intensity, direction, and perseverance to achieve goals. This definition has three key elements, namely intensity, direction, and perseverance. Gibson, Ivancevich, and (Donnelly, 1996) in [7] say that motivation is the drives that arise in or within an individual.

According to [12] in (Saputri, 2014), employee motivation is influenced by the need for achievement, the need for affiliation, the need for competence and the need for power. Then from these needs factors are derived into indicators to determine the level of work motivation in employees, namely:

- The need for achievement, which is a desire to overcome / overcome a challenge, for progress, and growth.
- The need for affiliation, that is, the drive to make relationships with others.
- The need for competence, namely the drive to do quality work, and
- The need for power, that is, the drive that can control a situation.

1.4 Compensation

According to [3], compensation is financial rewards and intangible services and benefits received by employees as part of the employment relationship. According to [14] "compensation is the number of packages that an organization offers to workers in exchange for the use of its labor". According to [15], compensation is all income in the form of money, goods, directly received by employees in exchange for services provided to the company.

According to [16], compensation can be defined as a form of reciprocity provided to employees as a form of appreciation for their contributions and work to the organization. The compensation can be direct or indirect financial, and the award can also be indirect. Furthermore, according to [17] "compensation is one of the important functions in human resource management (HRM)".

There are several things that can be used as compensation indicators, according to [3], namely:

- Wages and salaries
- Incentive

- Allowances
- Facilities

2 Material and methods

The research approach carried out by researchers is to use associative and quantitative approaches. In this study, the place of research is at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division. The address is Address: HK Tower, Jl Letjen MT Haryono Kav. 8, Cawang, East Jakarta, Jakarta 13340. The research period will be from June 2023 to September 2023. The type of data in this study is associative, which is a study that asks the relationship between two variables.

Population is a set of objects that will be used as research material by having the same characteristics. The population in this study is all employees at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division as many as 168 people who are permanent employees.

According to [18], samples are part of the number and characteristics possessed by the population. The sample was conducted because researchers have limitations in conducting research both in terms of time, energy, funds and a very large population. The sampling technique in this study was carried out by Purposive sampling. Purposive sampling is sampling based on certain considerations made by researchers [19]. The sample was calculated using the Slovin technique according to [20]. Based on the calculation of the slovin formula, the number of samples determined was 63 respondents.

The data collection technique is in the form of asking directly by giving questionnaires to office employees at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division. Then the data from interviews and filling out questionnaires are processed using data processing techniques using Smart_Partial *Least Square* (PLS)-based SEM.

3 Results and discussion

3.1 Evaluation of the Measurement Model (Outer Model)

The evaluation of the SEM-PLS model on the measurement model (outer model) is evaluated by looking at validity and reliability.

3.1.1 Validity Test

Convergent Validity

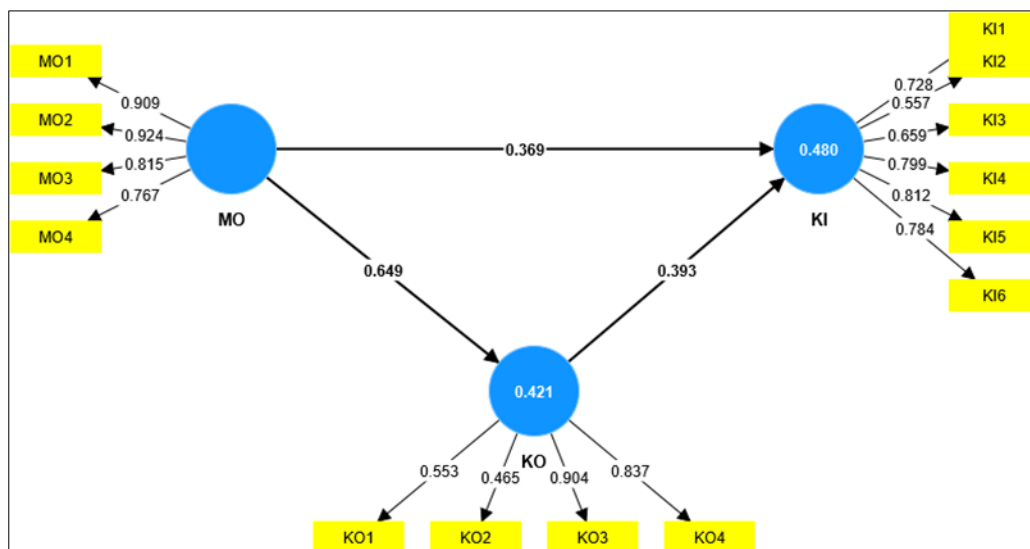


Figure 1 Diagram Path

The validity test is intended to measure the extent to which the accuracy and accuracy of a measuring instrument in performing the function of its measuring instrument or provide appropriate measuring results by calculating the correlation between each statement with the total score. This test has stages that must be done, namely by testing on validity convergent, discriminant validity, and average variance extracted (AVE).

The condition that must be considered is if the results are high will correlate with the value of the loading factor which is ≥ 0.5 (Gendro Wiyono, 2011). Here are the outer loading values of each indicator on the research variables:

Table 1 Convergent Validity (Outer Loading)

	KI	KO	MO
KI1	0.728		
KI2	0.557		
KI3	0.659		
KI4	0.799		
KI5	0.812		
KI6	0.784		
KO1		0.553	
KO2		0.465	
KO3		0.904	
KO4		0.837	
MO1			0.909
MO2			0.924
MO3			0.815
MO4			0.767

In table 1. shows that the loading factor value still has a value of <0.4 , so it can be concluded that all indicators have not met the convergent validity criteria, so it is necessary to eliminate outer loading from the model in order to meet the requirements of convergent validity and further analysis can be carried out.

3.1.2 Reliability Test

Reliability tests carried out giuna show the level of accuracy, consistency, and accuracy of the instrument in measuring constructs. Reliability testing can be seen based on Cronbach's alpha value must be more than 0.6 and the composite reliability value must be more than 0.7.

Table 2 Reliability Test

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
KI	0.812	0.813	0.876	0.640
KO	0.858	0.860	0.934	0.876
MO	0.877	0.900	0.916	0.733

Based on table 2. reliability test results show that Cronbach's Alpha value ranges from being above the minimum threshold (>0.6). This result is supported by a Composite Reliability value that is all above (>0.7). And the AVE value of

the entire variable has a value of >0.5 . This result can be expressed on each variable having a value at good discriminant validity. Thus, it can be stated that this research instrument has met the requirements and has a good level of reliability.

3.2 Structural Model Evaluation (Inner Model)

3.2.1 Coefficient of Determinant (R-Square)

The R-square value can be used to explain the effect of certain exogenous latent variables on whether endogenous latent variables have a substantive influence. R-Square values of 0.75, 0.50 and 0.25 can be concluded that the model is strong, moderate and weak. The results of R Square are shown in the following Table:

Table 3 R-Square

	R-square	R-square adjusted
KI	0.507	0.498
KO	0.322	0.316

Based on Table 3. shows the R-square value of the performance variable (KI) of 0.507, meaning the variability of performance (KI) which can be explained by motivation (MO) and compensation (KO) of 50.7%. And the variable Compensation (KO) of 0.322 means the variability of Compensation (KO) which can be explained by work motivation (MO) of 32.2%. The higher the R-square value, the greater the ability of the independent variable to explain the dependent variable so that the better the structural stability. The value of R Square belongs to the moderate influence.

3.2.2 Hypothesis Testing

Test the hypothesis is determined based on the value of the path coefficient to see the direct effect, indirect effect and total effect. If the value of the path coefficient is positive, the effect is positive, while if the path coefficient is negative, the greater the value of the coefficient, the greater the effect (Ghozali, 2017). The effect is said to be significant if the probability (p) value ≤ 0.5 (Sugandini, 2003: 194; Sugandini. et al., 2017:49). The hypothesis for the statistical value for alpha is 5% and the t-statistic value used is 1.96. Thus, the stated criterion of accepting or rejecting the hypothesis is if the t-statistic >1.96 . And P-Values have value

Direct Effect

Table 4 Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
KO -> KI	0.382	0.382	0.080	4.801	0.000
MO -> KI	0.422	0.426	0.083	5.105	0.000
MO -> KO	0.567	0.571	0.071	7.980	0.000

Based on table 4.8 that this study has results in testing each hypothesis as follows:

The effect of compensation (KO) on Performance (IP) has a t-statistic value of 4.801 ($4.801 > 1.96$) and a p-value of 0.000 ($0.000 < 0.05$). So it can be concluded that there is a positive and significant influence between compensation and employee performance. Thus the hypothesis can be **accepted**", Compensation has a positive and significant effect on employee performance at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.

The effect of motivation (MO) on performance (IP) has a t-statistic value of 5.105 ($5.105 > 1.96$) and a p-value of 0.000 ($0.000 < 0.05$). So it can be concluded that there is a positive and significant influence between motivation and performance. Thus hypothesis can be **accepted**, motivation has a positive and significant effect on employee performance at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.

The effect of motivation (MO) on compensation (KO) has a t-statistic value of 7.980 ($7.980 > 1.96$) and a p-value of 0.000 ($0.000 < 0.05$). So it can be concluded that there is a positive and significant influence between motivation and compensation. Thus hypothesis can be **accepted**, motivation has a positive and significant effect on employee compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.

Indirect Effect

Table 5 Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
MO -> KO -> KI	0.217	0.219	0.058	3.736	0.000

Based on table 5, it can be known the effect of motivation (MO) on employee performance (KI) through compensation (KO) as an intervening variable can have a t-statistic value of 3.376 ($3.376 > 1.96$) and a p-value ($0.000 < 0.05$). Then it can be concluded that the hypothesis is acceptable. Thus, motivation has a positive and significant effect on employee performance through compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.

- **Motivation has a positive and significant effect on employee performance at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.**

Motivation can come from a variety of sources, such as recognition of achievement, opportunities for growth, and a supportive work environment. Employees also feel valued and have clear goals, and will show dedication in carrying out their duties. When employees feel motivated, they tend to be more energized, focused, and contribute positively to their work. In addition, motivation can increase employees' sense of responsibility and initiative to achieve better results.

- **Motivation has a positive and significant effect on employee compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.**

The relationship between motivation and compensation creates a positive circle where motivated employees earn comparable rewards, creating a work environment that promotes professional growth and overall employee well-being. Management strategies that pay attention to employee motivation can be key to achieving long-term success and building positive relationships between the company and the work team.

- **Compensation has a positive and significant effect on employee performance at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.**

Employees who feel valued through appropriate compensation will be more motivated to achieve targets and perform at their best. In addition, adequate compensation can also form a positive bond between employees and the company, increase labor loyalty and retention, can create a work environment that supports professional growth, increase employee satisfaction, and ultimately, improve the overall performance of the company.

- **Motivation has a positive and significant effect on employee performance through compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.**

High motivation can be a trigger for extra encouragement for employees to make their best contributions. When employees feel recognized and valued through a fair compensation system, they tend to be more motivated to achieve targets and perform optimally. Appropriate compensation is not only a material incentive, but also a form of reward that strengthens the positive bond between employees and the company. Employees who feel their compensation is in line with their contributions are more likely to show greater dedication to their work, create a productive work environment, and ultimately, improve the overall performance of the organization.

4 Conclusion

- Motivation has a positive and significant effect on employee performance at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.
- Motivation has a positive and significant effect on employee compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.
- Compensation has a positive and significant effect on employee performance at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.
- Motivation has a positive and significant effect on employee performance through compensation at PT Hutama Karya (Persero) Trans Sumatra Toll Road Development Division.

Compliance with ethical standards

Disclosure of conflict of interest

The authors declare no conflict of interest.

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