THE EFFECT OF COMPENSATION AND MOTIVATION ON THE PERFORMANCE OF EMPLOYEES OF PT PEGADAIAN PERSERO, CABANG PAREPARE

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Abstract. *Compensation and motivation are very important in improving employee performance. Compensation drives a person to carry out an activity in order to get the best results, while employee motivation needs to be raised so that employees can perform well. Given the importance of compensation and motivation in improving employee performance, researchers are interested in conducting research at PT. Pegadaian Persero Parepare Branch. Based on the explanation of the background above, the authors are interested in conducting research which aims to determine the effect of compensation and motivation on the performance of employees of PT Pegadaian Persero Branch Parepare. This study took 30 samples with multiple linear regression data analysis method. The results of the study found that employee compensation and motivation had a significant positive effect on employee performance at PT Pegadaian Persero Parepare Branch. In addition, the coefficient of determination shows that the effect of the variables Compensation and Work Motivation on Performance is 91.3 %.*

Keywords: *Compesation, Employee, Motivation, Performance*

1. INTRODUCTION

Every company definitely needs management in an effort to achieve certain goals for the company. Not only in the private sector, the public sector also requires good management in order to provide good service to the public or people in need. Therefore, the success or failure of a company in achieving its goals depends on the success of the company's individuals (human resources) in carrying out their respective duties. To be able to provide quality human resources in a company, high employee performance is expected by the company. The more employees who have high performance, the overall company productivity will increase so that the company will survive in global competition. High employee performance is not a coincidence, but many influencing factors include compensation and motivation.

Compensation is the provision of services, both directly in the form of money (financial) and indirectly in the form of awards (Supomo and Nurhayati,

2018). The size of the compensation will have an impact on employee performance, if the compensation system provided by the company to employees is fair enough, it will encourage employees to be better at their jobs and more responsible in each task given by the company. Furthermore, another task of a manager is to motivate employees so that every employee in the company has good performance.

A motivation arises as energy to generate self-esteem for someone. The urge arises because of a person's need for something that has not been met which will cause an activity to fulfill that need. In accordance with what was stated by Maslow quoted by Mangkunegara (2013), that needs are the fundamentals that underlie employee behavior. If the employee's needs are not met, the employee will show disillusioned behavior.

One of the Indonesian companies engaged in providing loans with collateral for movable goods both conventionally and sharia, PT Pegadaian Persero implements a payroll system in providing compensation based on employee performance. The higher the work productivity of employees, the higher the compensation received. As an employee, you don't only demand wages according to expectations, but you also have to be accompanied by employee performance that has been planned by each branch. In determining compensation such as bonuses, PT Pegadaian Persero uses the Key Performance Indicator System to measure employee performance achievements. So that the implementation of work assessments can have an effect, the better the performance carried out by employees, the greater the compensation given. In addition to compensation, according to the researcher's direct observations, work motivation is that some employees do not feel enthusiastic about completing their work and are also easily discouraged if they experience failure at work which affects employee performance.

Not only motivation, motivational factors also affect employee performance. Motivation is a desire within a person that causes that person to act. People act for one reason, namely to achieve goals. Thus, motivation is an impulse that is governed by goals and rarely appears in a vacuum (Mathis and Jackson, 2009). Meanwhile, according to Supardi and Anwar (2004) motivation is a state in a person's personality that encourages the individual's desire to carry out certain activities in order to achieve goals.

Therefore, compensation and motivation are very important in improving employee performance. Compensation drives a person to carry out an activity in order to get the best results, while employee motivation needs to be raised so that employees can perform well. Conversely, employees who are not motivated to do their job will find it difficult to work well and tend to be irresponsible even if the employee has good operational skills. If employee motivation can be built, then employees can have better performance within the organization or company. Given the importance of compensation and motivation in improving employee performance, researchers are interested in conducting research at PT. Pegadaian Persero Cabang Parepare. Based on the explanation of the background above, the authors are interested in

conducting research which aims to determine the effect of compensation and motivation on the performance of employees of PT Pegadaian Persero Cabang Parepare.

2. LITERATURE REVIEW

2.1 Employee performance

According to Hasibuan (2016) Performance is basically activities and results that can be achieved or continued by a person or group of people in carrying out tasks, work well, meaning achieving goals or work standards that have been set before or can even exceed the standards set by the organization in the period certain. There are several employee performance indicators put forward by Mangkunegara (2015), namely: (a) Complete tasks according to directions; (b) Completing work on time; (c) Able to overcome obstacles at work; (d) Produce satisfactory performance; (e) Optimal work results according to the target.

2.2 Compensation for Employee Performance

Compensation in the form of salaries, incentives, benefits, facilities and the company's compensation system is an important factor to influence the improvement of an employee's performance (Simamora, 2015). The greater the compensation given by the company to its employees, the higher the efforts of the employees to improve their performance. If employees get compensation according to what has been done in the company, then employees will tend to do the best for the company.

According to research conducted by Wibowo (2018) concerning the Effect of Compensation and Motivation on Employee Performance at PT Indoraya Internasional in Yogyakarta which states that compensation has a positive and significant influence on employee performance at PT Indoraya Internasional, Yogyakarta. Sari (2018) also states that compensation has a significant effect on employee performance at PT. Kusumahadi Santosa Karanganyar. Gusmao and Riana (2018) also concluded the same thing where employee compensation has a positive and significant effect on the performance of East Timor Bau Cau education office employees. This indicates that the higher the employee's compensation, the higher the employee's performance will be.

2.3 Motivation on Employee Performance

The motivation of these employees is useful for continuing to run and maintain the existence of the company. Every company will lose money if they do not pay attention to the enthusiasm of employees at work. An important task of management is to build enthusiasm among employees to perform to the best of their abilities. Therefore the role of the leader is needed here to generate interest in the achievements of employees in their work. Hasibuan (2016) revealed that there are indicators to determine work motivation: (a) The need for achievement; (b) Complaints about competence; (c) The need for power.

According to research conducted by Wibowo (2018) concerning the Effect

of Compensation and Motivation on Employee Performance at PT Indoraya Internasional in Yogyakarta which states that motivation has a positive and significant influence on employee performance at PT Indoraya Internasional, Yogyakarta. Sari (2018) also states that work motivation has a significant effect on employee performance at PT. Kusumahadi Santosa Karanganyar. Gusmao and Riana (2018) also concluded the same thing where employee motivation has a positive and significant effect on the performance of the Bau Cau Timor Leste education office employees. This indicates that the higher the employee motivation, the higher the employee performance.

Based on the results of the previous research above, the following hypothesis can be drawn.

H$_1$: Compensation and motivation have a partially significant effect on the performance of employees of PT Pegadaian Persero, Cabang Parepare.

H$_2$: Compensation and motivation have a significant simultaneous effect on the performance of employees of PT Pegadaian Persero, Cabang Parepare.

Therefore, the research framework based on hypotheses and theoretical studies is as follows:
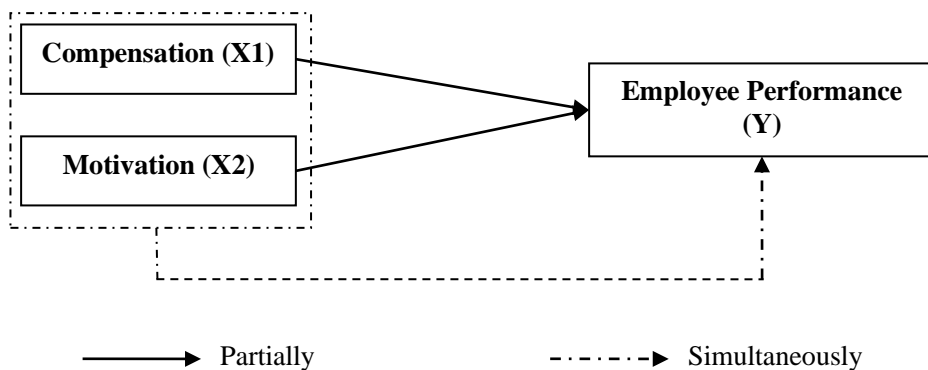

Figure 1: Research Concept Framework

3. METHODOLOGY
3.1 Population and Sample
In this regard, Noor (2017) adds that population is used to refer to all elements/members of an area that is the target of research or is the entire object of research. In this study, the population is all employees of PT Pegadaian Persero Branch Parepare. The determination of the sample in this study used a saturated sample (boring sampling), namely 30 people.

3.2 Data collection technique

Data collection techniques are the most important step in research, because the main purpose of research is to get data. In general, there are several data collection techniques, namely observation, interviews, and distributing questionnaires

3.3 Operational Definitions and Research Variables

The operational variables in this study are compensation and work motivation on employee performance. For more details, the operational definitions of the variables to be used in this study are as follows:

Table 1: Variable Operational Definition

Variable	Definition	Indicator	Scale
Compensation (X1)	Compensation is remuneration received by employees in connection with the sacrifices that have been given to the company.	1. Wages 2. Incentive 3. Allowances 4. Facility 5. Compensation System	Likert scale
Motivation (X2)	Employee motivation is encouragement from within, or from outside a person to take action to achieve a predetermined goal in an organization.	1. The need for achievement 2. The need for affiliation 3. The need for competence 4. The need for power	Likert scale
Performance (Y)	Performance is a behavior-oriented quality on tasks and jobs. This means that the performance of employees in an organization is determined by the attitude and behavior of employees towards their work and the orientation of employees in carrying out their work	1. Complete tasks as directed 2. Completing work on time 3. Able to overcome obstacles at work 4. Produce satisfactory performance 5. Optimal work results according to the target	Likert scale

3.4 Data analysis

The analysis used in this research is quantitative analysis with multiple linear regression analysis method, which is a linear relationship between the independent variable (X) and the dependent variable (Y). This analysis is to

determine the direction of the relationship between the independent variables and the dependent variable. This analysis is to determine the direction of the relationship between the independent and dependent variables whether positive or negative and to predict the value of the variable value of the dependent variable if the value of the independent variable increases or decreases. The estimated equation used according to Rangkuty (2015), namely:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \qquad (1)$$

Where:
Y : Employee performance
α : Constant
X_1 : Compensation
X_2 : Work motivation
β_1, β_2 : Regression coefficient
ε : error

To test the hypotheses H1 and H2 related to the significant influence of the independent variable on the dependent variable based on the estimated equation, it can be tested as follows:
1. Partial Test (t test)
    This test is used to partially test the independent variable on the dependent variable using a real 5% (Ghozali, 2016).
2. Simultaneous Test (Test F)
    This test is used to determine whether all the independent variables (compensation and work motivation) together have a significant influence on the dependent variable (employee performance) using a significant level (α = 5%) (Ghozali, 2016).
3. Coefficient of Determination (R^2)
    The coefficient of determination (R^2) is used to measure how far the model's ability to explain the variation in the dependent variable. The value of the coefficient of determination is between zero and one. However, the use of the coefficient of determination has a weakness, namely the bias towards the number of independent variables included in the model, for each additional one independent variable, R^2 must increase regardless of whether the variable has a significant effect on the dependent variable. Therefore, many researchers recommend using the Adjusted R2 value when evaluating the best regression model.

4. RESULTS AND DISCUSSION

The research results of multiple linear regression analysis are used to analyze how much influence compensation and work motivation have on performance. To make it easier to know the effect of Compensation and Work Motivation on Performance, the authors use SPSS (*Statistics for Product Service Solution*) version 22. Regarding calculations in multiple linear analysis

below:

Table 2 : Multiple Linear Regression Analysis

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-.453	.280		-1,616	.118
	COMPENSATION (X1)	.626	.146	.568	4,289	.000
	WORK MOTIVATION (X2)	.475	.152	.413	3.117	.004

a. Dependent Variable: PERFORMANCE (Y)
Source: SPSS Data Processing, 2022

The coefficient table explains the Compensation variable (X_1) t count = 4.289 and Work Motivation (X_2) t count = 3.117 which will be used in conducting partial testing of the effect of Compensation (X_1) and Work Motivation (X_2) on performance (Y). According to the Coefficient table 4.2 above , the constant "a" - 0.453 is obtained while the compensation coefficient (X_1) "b" 0, 626 and work motivation (X_2) "b" 0, 475 . The output values above are then entered into the multiple linear regression equation below:

$$Y = -0.453 + 0.626 X_1 + 0.475 X_2 \qquad (2)$$

From this equation it means that:

- A constant of -0.453 explains that if there is no value of compensation and work motivation or a value of X_1 and X_2 = 0, then the performance will be -0.453 or equal to a constant value .
- The regression coefficient X_1 is 0.626 explaining that for every 1 increase in the Compensation value, the performance value increases by 0.626 and the assumption of other variables is fixed.
- The regression coefficient X_2 is 0.475 explaining that for every 1 increase in the value of work motivation, the performance value increases by 0.475 assuming other variables have a fixed value.

F Test (Simultaneous Hypothesis Testing)

A analysis ANOVA test function significant independent variable e I _ simultaneously or jointly on dependent variable, testing hypothesis in a manner simultaneous done by comparing f arithmetic with f table .

Table 3: F Test (Simultaneous)

ANOVA ª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,613	2	3,307	153,624	.000 ᵇ
	residual	.581	27	022		
	Total	7,195	29			

a. Dependent Variable: PERFORMANCE (Y)
b. Predictors: (Constant), WORK MOTIVATION (X2), COMPENSATION (X1)
Source: SPSS Data Processing, 2022

Based on table 3. The dependent variable is said to be influential or H1 is accepted, if t count > t table or significant <0.05. As for the H1 formula: There is an influence between the Compensation variable (X1) and the Work Motivation variable (X2) on Performance (Y) simultaneously. From the output above, the significant value of the effect of compensation (X1) and work motivation (X2) simultaneously on performance (Y) is 0.000 <0.05 and the calculated f value is 153.624 > f table 3.34 so it can be concluded that there is an effect of compensation (X1) and motivation Work (X2) simultaneously to Performance (Y) (H1 accepted).

t test (Partial Hypothesis Testing)
In the t or partial test to analyze whether compensation (X_1) and work motivation (X_2) have a significant effect on performance (Y). The t test is done by comparing the calculated t value with the t table of each variable.

Table 4: t test (partial)

Coefficients ª

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-.453	.280		-1,616	.118
	COMPENSATION (X1)	.626	.146	.568	4,289	.000
	WORK MOTIVATION (X2)	.475	.152	.413	3.117	.004

a. Dependent Variable: PERFORMANCE (Y)
Source: SPSS Data Processing, 2022

Based on table 4 . The dependent variable is said to be influential or H2 is accepted, if t count > t table or significant <0.05. As for the H2 : There is an

influence between the Compensation variable (X1) and the Work Motivation variable (X2) on Performance (Y) partially. The results of the study show that the significant value of the effect of compensation (X1) on performance (Y) is 0.000 <0.05 and the t count value is 4.289 > t table 2.051 so that H1 is accepted. Until it is concluded that there is a significant influence between the compensation variable (X1) on performance (Y). Meanwhile, the significant value of the effect of Work Motivation (X2) on performance (Y) is 0.04 <0.05 and the t count is 3.117 > t table 2.051 so that H1 is accepted. This means that there is a significant influence between the variable Work Motivation (X2) on Performance (Y).

Result Coefficient of Determination (R^2)

Table 5 : Results of the Coefficient of Determination (R^2)
Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.959 [a]	.919	.913	.14671

a. Predictors: (Constant), WORK MOTIVATION (X2), COMPENSATION (X1)
Source: SPSS Data Processing, 2022

R Square or the square of R shows the coefficient of determination. This analysis was conducted to see how much the percentage of the independent variable was able to explain the dependent variable. The results of the analysis with the help of the *SPSS Statistics 22 program* obtained Adjusted R Square = 0.913 which means that the effect of the variables Compensation (X$_1$) and Work Motivation (X$_2$) on Performance (Y) is 91.3 %. While the remaining 8.7 % is influenced by other variables not included in this study such as leadership style, rewards, workload, work environment , etc.

Discussion
1.   The Effect of Compensation and Work Motivation on Performance.
From the results of statistical data analysis, and the results of f tables where, f count > f table (153.624 > 3.34) and significant < 0.05 (0.000 < 0.0 5), this proves that simultaneously there is a significant influence between Compensation and work motivation on employee performance at the Office of PT. Pegadaian Persero Cabang Parepare.

2.   Effect of Compensation on Performance.
From the results of statistical data analysis, from the results of calculating t table where, t count > t table (4.289 > 2.051) and significant < 0.05 (0.000 < 0.05), this proves that there is a significant effect between compensation on employee performance at the Office of PT. Pegadaian Persero Cabang Parepare . This means that compensation has a partial effect on performance. This is in accordance with research conducted by Wibowo (2018) concerning

that compensation has a positive and significant influence on employee performance at PT Indoraya Internasional, Yogyakarta. Sari (2018) also states that compensation has a significant effect on employee performance at PT. Kusumahadi Santosa Karanganyar. Gusmao and Riana (2018) also concluded the same thing where employee compensation has a positive and significant effect on the performance of East Timor Bau Cau education office employees. This indicates that the higher the employee's compensation, the higher the employee's performance will be.

3.   Effect of Work Motivation on Performance.
        From the results of statistical data analysis, from the results of calculating t table where, t count < t table (3.117 > 2.0 51) and significant > 0.05 (0.04 < 0.05), thus proving that there is a significant influence between work motivation on performance at the PT. Pegadaian Persero Cabang Parepare . This proves that work motivation has a partial effect on performance. The results of this study are in line with the results of Wibowo's research (2018) concerning the Effect of Compensation and Motivation on Employee Performance at PT Indoraya Internasional in Yogyakarta which states that motivation has a positive and significant influence on employee performance at PT Indoraya Internasional, Yogyakarta. Sari (2018) also states that work motivation has a significant effect on employee performance at PT. Kusumahadi Santosa Karanganyar. Gusmao and Riana (2018) also concluded the same thing where employee motivation has a positive and significant effect on the performance of the Bau Cau Timor Leste education office employees. This indicates that the higher the employee motivation, the higher the employee performance.

CONCLUSION
        Based on the analysis of the data that has been done and the discussion put forward, it can be concluded that simultaneously, compensation and work motivation affect the performance of employees at the PT. Pegadaian (Persero) Cabang Parepare. This is shown by the results of testing the hypothesis test f, where f count > f table (153.624 > 3.34) and significant <0.05 (0.000 <0.05). Then partially, compensation affects the performance of employees at the PT. Pegadaian (Persero) Cabang Parepare. This is evidenced by the results of testing the hypothesis t test where, t count > t table (4.289 > 2.051) and significant < 0.05 (0.000 < 0.05). While partially, Work Motivation influences employee performance at the PT. Pegadaian (Persero) Cabang Parepare. This is indicated by the results of testing the hypothesis t test where t count > t table (3.117 > 2.051) and is significant > 0.05 (0.004 <0.05). Based on the coefficient of determination, it is known that the effect of the variable Compensation (X1) and Work Motivation (X2) on Performance (Y) is 91.3%. While the remaining 8.7% is influenced by other variables not included in this study such as leadership style, rewards, workload, work environment, etc.

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