Driving Factors Of Employee Performance Inspiration

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Abstract
Based on the observations and preliminary survey on the research object, it was hypothesized that the main driving factor for employee performance is compensation. This study aims to determine the effect of compensation on employee performance at Auto2000 Pasteur Bandung. This study used quantitative methods that are causal and used primary data whose data collection used questionnaires with the calculation of results using the Likert scale with a scale of numbers 1-5. The technique used in sampling uses non-probability sampling with census sampling techniques. The population in this study was 68 Auto2000 Pasteur employees and the same number of samples. Data analysis method using Smart PLS. Data that have been obtained from questionnaires and have been tabulated are then analyzed using validity reliability tests, R² tests, hypothesis tests, and partial tests (t-tests). The results showed that compensation significantly positively affected the performance of employees of the company Auto2000 Pasteur

Keyword : Compensation, Employee Performance, Bandung

1. INTRODUCTION
PT Astra International Tbk-TSO Auto2000 as a network of Toyota sales, maintenance, repair, and spare parts providers provides car maintenance and repair products and facilities to meet the needs of the community in the automotive sector. (Yogatana, 2020). Toyota is one of the car brands with the highest sales in Indonesia compared to other brands. The development of economic and business conditions in the era of globalization requires companies to be able to adjust their products to the needs and desires of the community and in continuing their business continuity, companies must be able to compete as an entity competitively. (Suprapto et al., 2023). In achieving this, it cannot be separated from the importance of Human Resources (HR). The availability of highly competent human resources is needed to be able to adapt to technological developments and compete with other companies.

The potential of every human resource in the company must be utilized as well as possible to provide optimal output for the company itself. (Afriyie et al., 2020). Good human resource management is the key to the success of achieving company goals. (Aliku et al., 2020). Even company mapping is largely determined by the quantity and quality of human resources (Mukhtar et
One of the important requirements in evaluating job performance is employee efficiency. (Alharbi et al., 2022). Efforts that can be made by the company include providing motivation to employees and providing updates according to the abilities and performance produced by human resources. Employees who feel satisfied at work will show loyalty to their work and the company so that their performance increases. Giving rewards is not only beneficial for employees but will also affect the performance of the company itself. The effect of compensation on performance can be even more important if certain industries and businesses are more susceptible to compensation than other motivational stimuli such as promotion or development (Kim & Jang, 2020).

The phenomenon that occurred regarding compensation in Auto2000 Pasteur was based on a pre-survey conducted by researchers on fifteen respondents. The data obtained shows forty percent of employees feel that bonuses and salaries are not as expected. This is driven by factors in the conditions of giving compensation in the company, for now, the provision of compensation for employee performance is generally financial-based. (McGuire et al., 2019). While compensation for overtime activities in Auto2000 uses a ‘Libur Ganti Lembur’ (LGL) system. This indirect compensation has provisions whereby a maximum of eight hours of overtime work can be replaced with one day off with the approval of the division head. To be able to motivate employees effectively, compensation must follow the achievements achieved by employees. This is so that employees feel valued and still do a good and responsible job. Compensation guarantees that employees direct their efforts to achieve organizational goals. An organization is required to continue to develop its performance and it must be supported by employees who are professional and have high loyalty. To achieve this, the provision of satisfactory compensation can reduce the emergence of adverse things. Auto2000 should be able to consider the impact of the phenomenon, especially on salary and bonus indicators.

The overview of the condition of the company, such as its strengths and weaknesses, can be described by the performance of the company itself. Performance can be measured and known if individuals or groups of employees already have criteria or benchmark success standards that have been set by the organization. Therefore, if goals and targets have been set in measurement, then a person's or organizational performance may not be understood if there is no benchmark of success. If performance does not comply with standards, then the appraisal provides an opportunity to review the progress of employees and to draw up a performance improvement plan. Performance appraisal is carried out to assess whether an employee has performed following standards or not. The business environment is changing at a rapid pace. This requires the company to be able to create high employee performance to develop the company. Of course, this requires the role of Human Resources in competitive advantage. This means that the organization must be able to improve better work results in the future. (Dwianto & Purnamasari, 2019). The performance condition of employees at Auto2000 Pasteur can be seen in Figure 1 of the following sales chart:

**Figure 1. Auto2000 sales chart 2023**

Source: Auto2000 Pasteur Company. 2023

Figure 1 shows the sales conditions of Auto2000 vehicles of the Pasteur branch during 2023. It can be seen from the table above, that sales during 2023 amounted to seven hundred and sixty-five units with a monthly average of sixty-four units. Based on the sales target that has been set, which is ninety-five units per month, the above results can be said to have not reached the sales target. Sales at Auto2000 Pasteur in 2023 will fluctuate. In January 2023 sales reached a low of five units, and the highest sales occurred in September 2023 with total sales of one
hundred and five units. And during 2023 it has only twice reached its sales target. This should be a special concern for companies related to the performance of their employees. There needs to be attention to factors that play an important role in performance, one of which is compensation. The design of an effective compensation system significantly affects the development of the organization by revealing external competitiveness, internal equity, and individual equity. External competitiveness attracts talent, and internal equity helps companies retain talent by ensuring that employees and colleagues make equal contributions to receive equal compensation. (Anthonia. N et al., 2019).

Based on previous research conducted by (Dwianto et al., 2019) with the title "The Effect of Compensation on Employee Performance of PT. JAEIL Indonesia", compensation can contribute 48.6% to employee performance in one of the divisions, namely the production division PT. JAEIL Indonesia. Meanwhile, research from (Mawarni et al., 2023) on the Effect of Compensation, Motivation, and Leadership Style on Employee Performance of PT Perkebunan Nusantara IV (Tea Plantation) Tobasari Unit explains that the variables of compensation, motivation, and leadership style simultaneously affect employee performance. Even in an international journal researched by (Kim & Jang, 2020) the title The effect of increasing employee compensation on company performance: Evidence from the restaurant industry explains that compensation has a positive and significant influence on the motivation of the work of employees. The aspect of compensation for employee performance had not been previously explored at the research target, Auto2000 Pasteur. The data collection period was brief, spanning 5 days from March 12, 2024, to March 16, 2024. The collected data was analyzed using Smart PLS 3 software.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Compensation

According to (Hasibuan, 2017), compensation refers to all payments, whether in the form of money or products, directly or indirectly received by workers as rewards for their contributions to the organization. (Wilson Seran & Ariyani, 2023), emphasize that compensation is a crucial aspect of an organization's human resources, as it plays a fundamental role in attracting, retaining, and motivating employees.

They also highlight that a well-designed compensation system can significantly contribute to increasing employee productivity, thereby positively impacting the organization as a whole.

Citing from (Rahman et al., 2019) According to the literature on compensation, wages and benefits contribute a part in employee satisfaction, which in turn influences overall work satisfaction. One of the primary elements in a happy workplace is pay satisfaction. Pay satisfaction is a key component of job satisfaction conceptualizations and assessments. (Smith et al., 1969; Weiss et al., 1967); (Rahman et al., 2019). Pay satisfaction is a multidimensional construct (Heneman and Schwab, 1985; Miceli and Lane, 1991). According to Society for Human Resource Management (2015), job satisfaction and engagement survey, the top three contributors to employee job satisfaction are: overall benefits, overall compensation, job security. The most widely used compensation indicators in the implementation of compensation according to (Dessler, 2009) are as follows: salary, bonuses, benefit and health insurance.

2.2. Employee Performance

Employees in the workplace are typically motivated by performance, and driven by organizational (Aliku et al., 2020). Employee performance is a crucial factor for companies, serving as an indicator of their productivity. It is influenced by various factors such as work discipline and compensation (Iptian et al., 2022). According to experts, including (Mangkunegara, 2009), performance is defined as "the result of work in quality and quantity achieved by an employee in carrying out his duties by the responsibilities given to him". Performance dimensions, as defined by (Mathis & J.HJackson, 2006); (Robbins et al., 2013)
2.3. The Effect of Compensation on Employee Performance.

An employee's performance is significantly influenced by the compensation they receive. Most individuals join a company with the primary motivation of making a living. Therefore, when someone invests their knowledge, skills, and time in working for a company, they expect to be rewarded in return.

The results of the previous study entitled "The Effect of Compensation on Employee Performance of PT. Bank Woori Saudara 1906 Tbk Bandung" provide empirical evidence that compensation has a positive and significant effect on employee performance. This led to the following research hypothesis:

H0: Compensation does not affect employee performance
H1: Compensation has a positive and significant effect on employee performance

3. RESEARCH METHOD

This research was conducted by distributing online questionnaires to all employees of the Auto2000 company Pasteur Bandung branch. The time of distribution and collection of questionnaires lasted for 5 days starting from March 12, 2024, to March 16, 2024, this study obtained 68 respondents. This study used census sampling techniques in collecting data so that respondents were a number with a population of 68 people. Researchers used survey questionnaires through Google Forms. After all the data was collected for 5 days I pulled the data and then processed it using Smart PLS 3. The measurement of the variables below refers to research that has been done previously which can be reviewed in Table 1 below:

Table 1: Instrumen Sources

<table>
<thead>
<tr>
<th>No.</th>
<th>Construct</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Compensation (X)</td>
<td>(Komang et al., 2018), (Hasibuan, 2017), (Wilson Seran &amp; Ariyani, 2023), (Rahman et al., 2019), (Dessler, 2009)</td>
</tr>
<tr>
<td>2.</td>
<td>Employee Performance (Y)</td>
<td>(Komang et al., 2018), (Aliku et al., 2020), (Iptian et al., 2022), (Mangkunegara, 2009), (Mathis &amp; J.HJackson, 2006), (Robbins et al., 2013)</td>
</tr>
</tbody>
</table>

Source: Author’s Proceed Data, 2024

Table 1 shows the source of this research instrument which is the variable of compensation and employee performance. The number of respondents to this study has a total of 68 respondents. These respondents are a representative sample of the population of this study, the description of respondents who are used as research samples are categorized based on their characteristics which can be seen in Table 2 below:

Table 2: Respondent Characteristics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>54</td>
<td>79%</td>
</tr>
<tr>
<td>Female</td>
<td>14</td>
<td>21%</td>
</tr>
<tr>
<td>Division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>THS (Toyota Home Service)</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>Administration division</td>
<td>6</td>
<td>9%</td>
</tr>
<tr>
<td>Service division</td>
<td>4</td>
<td>6%</td>
</tr>
<tr>
<td>Units</td>
<td>26</td>
<td>38%</td>
</tr>
<tr>
<td>Service Direct</td>
<td>25</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: Author’s Proceed Data, 2024

Table 2 above shows the profile of respondents in this study where there are 79%...
male and 21% female, while in the job division as much as 10% from THS (Toyota Home Service), 9% from the administrative division, 6% service division, 38% units, and 37% direct service.

4. RESULTS AND DISCUSSION

4.1 Measurement Model (Outer Model)

4.1.1 Validity and Reliability

In outer model testing, it aims to see the validity and reliability of a model. This test analysis will be seen from the influence of Loading factors, Average Variance Extracted (AVE), and Discriminant Validity, as well as composite reliability. (Rokim & Tentama, 2023). The results of outer loading using SMARTPLS software can be seen in Table 3 below:

Table 3: Outer Loading Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Measurement Item</th>
<th>Indicator</th>
<th>Outer Loading</th>
<th>Cronbach Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>Comp 1</td>
<td>Wages</td>
<td>0.782</td>
<td>0.934</td>
<td>0.944</td>
<td>0.628</td>
</tr>
<tr>
<td></td>
<td>Comp 2</td>
<td>Incentive</td>
<td>0.852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 3</td>
<td>Bonus</td>
<td>0.748</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 4</td>
<td>Allowance</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 5</td>
<td>Insurance</td>
<td>0.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 6</td>
<td>Income</td>
<td>0.875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 7</td>
<td>0.726</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 8</td>
<td>0.812</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 9</td>
<td>0.828</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp 10</td>
<td>0.736</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>Prfrm 1</td>
<td>Quality</td>
<td>0.733</td>
<td>0.936</td>
<td>0.947</td>
<td>0.694</td>
</tr>
<tr>
<td></td>
<td>Prfrm 2</td>
<td>Quantity</td>
<td>0.797</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prfrm 3</td>
<td>Punctuality</td>
<td>0.813</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prfrm 4</td>
<td>Effectiveness</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prfrm 5</td>
<td>Independence</td>
<td>0.928</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prfrm 6</td>
<td>Commitment</td>
<td>0.904</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prfrm 7</td>
<td>0.904</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prfrm 8</td>
<td>0.733</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Proceed Data, 2024

Based on Table 3 above, it can be seen that the Compensation variable is measured with 10 valid measurement items with an outer loading between 0.726 – 0.875 which means that all valid measurement items reflect compensation. The level of reliability of the variable is acceptable indicated by Cronbach's alpha of 0.936 and Composite Reability of 0.947 which is above 0.70 (reliable). The level of convergent validity is indicated by an AVE value of 0.694 > 0.50 so that it meets the requirements of good convergent validity.

Among the ten measurement items, the measurement items Comp 3 and Comp 6 have the highest outer loading of 0.852 and 0.875 which indicates that the two measurement items related to incentives and bonuses given are appropriate. Meanwhile, the measurement items of Comp 8 related to allowances are good but still need to be accelerated.

The Employee Performance variable is measured using 8 valid measurement items with outer loading between 0.733 – 0.928 which means that all eight measurements validly reflect employee performance. The level of reliability of the variable is acceptable indicated by Cronbach's alpha of 0.936 and Composite Reability of 0.947 which is above 0.70 (reliable). The level of convergent validity is indicated by an AVE value of 0.694 > 0.50 so that it meets the requirements of good convergent validity.

Among the eight measurement items, the measurement items Prfrm 5 and Prfrm 7 have the highest outer loading of 0.928 and 0.904 which shows that both measurement items are related to independence and excellent commitment to the performance of Auto2000 Pasteur employees. While other measurement items are good but still need acceleration. The results of the outer loading path can be seen in Figure 2 below:

Figure 2: Outer Loading Results

Source: Author’s Proceed Data, 2024

Based on Figure 2 above, it can be seen that all indicators provide acceptable item reliability. By the opinion of (Hair et al., 2019) The first step in the assessment of reflective measurement models involves examining the load of the indicator. A loading above 0.708 is recommended, as it indicates that the construct explains more than 50 percent of the variance of the indicator, thus providing acceptable item reliability.
4.2 **Inner Model Analysis**

4.2.1 **R Square**

There are three categories in the grouping of R-square values. If the R-square value is 0.75 then it belongs to the strong category; R-square values of 0.50 include the medium category and 0.25 include the weak category. (Hair et al., 2014). The R-square value of the dependent variable obtained in this research model can be seen in Table 2 below:

<table>
<thead>
<tr>
<th>Performance</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE</td>
<td>0.531</td>
<td>0.524</td>
</tr>
</tbody>
</table>

From Table 4 above, the results of Smart PLS 3.0 concerning Auto2000 Pasteur Employee Performance Compensation obtained an R square adjust value of 0.524 > 0.50 or 52%, meaning that the effect of Compensation on Auto2000 Employee Performance has a moderate effect.

4.3 **Hypothesis Testing**

“The hypothesis is at the heart of scientific research and everything moves around the hypothesis” (Djuro Susnjic, 2007) on (Bulajic, 2012). The results of the hypothesis can be seen in Table 5 below:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>t-Statistics</td>
<td>10.018</td>
</tr>
<tr>
<td>P-Value</td>
<td>0.00</td>
</tr>
</tbody>
</table>

H0: Compensation does not affect employee performance
H1: Compensation has a positive and significant effect on employee performance

The hypothesis test (t-test) in Table 5 obtained t calculate employee performance by 10.018 at degrees of freedom (df) = N-2 = 68-2 = 66, then t table determined at 1.668. So it can be concluded that t count > t table (10.018 > 1.668 ). From the results of the t-test obtained a significant value of less than 0.05 (t table 0.00, then Ho is declared rejected and Ha is accepted, meaning that the independent variable has a significant effect on the dependent variable, otherwise if t counts < t table then Ho is declared accepted and Ha is rejected meaning that the independent variable does not have a significant influence on the dependent variable. So it can be interpreted that compensation has a positive and significant influence on employee performance.

Based on the test results, it is clear that compensation positively influences employee performance. This suggests that as compensation rises, so does employee performance, and conversely, as compensation decreases, so does employee performance. The empirical evidence from the resulting regression table reveals a t-count value of 10.018, while the known t-table value stands at 1.668. Consequently, this leads to the rejection of Ho and the acceptance of Ha, signifying a positive and significant impact of compensation on employee performance, with a significance value of 0.000, which is lower than the predetermined significance level of 0.05. This finding is in line with previous studies, such as the one conducted by (Sukandi et al., 2019), entitled "Compensation Effect On The Performance Of Employee PT. Bank Woori Saudara 1906 Tbk Bandung," which also found a substantial influence of compensation on employee performance. Furthermore, on the research of (Afriyie et al., 2020), entitled “The Effect of Compensation on Employees’ Performance: A Case of a Technical University in Ghana” revealed The relationship between compensation and employee performance by revealing is not compensation that produces performance but performance that produces compensation. As well on a research from (Kim & Jang, 2020), entitled “The effect of increasing employee compensation on firm performance: Evidence from the restaurant industry” states that compensation has a positive and significant effect on employee performance. On research that analyzes several compensation indicators such as salary and bonuses to employee performance in the title “Compensation Management On Employee Performance: Manufacturing Industry In
Focus” (Aliku et al., 2020) states that the salary compensation indicator has a significant effect on performance, while bonuses have a moderate effect on performance.

The aspect of compensation for employee performance had not been previously explored at the research target, Auto2000 Pasteur. The data collection period was brief, spanning 5 days from March 12, 2024, to March 16, 2024. The collected data was analyzed using Smart PLS 3 software.

In summary, the study demonstrates that compensation plays a pivotal role in enhancing employee performance. Compensation acts as a form of recognition for employees' contributions to the company, thereby boosting job performance, motivation, job satisfaction, and meeting employee needs. Compensation is not only crucial as the primary motivator for employment, but also has a significant impact on employee morale and enthusiasm.

5. CONCLUSION

The analysis results indicate that compensation has a positive and significant impact on the performance of Auto2000 employees, with a coefficient of determination of 0.524 and a t-value of 10.018. These findings validate previous theories and research. Compensation significantly influences employee morale, leading to improved performance, particularly when the total compensation package (basic salary, bonuses, and additional benefits) exceeds employee expectations. Consequently, employees consciously strive to perform at their best to meet the organization's goals. A substantial compensation package motivates employees to work diligently and responsibly while feeling accountable if their work does not meet company expectations. Conversely, a smaller compensation package may lead to modest performance. These conditions need to be carefully addressed with concrete actions. The company should develop a compensation plan that fosters professional work attitudes and behaviors, rewarding employees who work hard, solve problems, and actively contribute to the company's success.

Based on the results of the analysis conducted, the author provides some suggestions that can be put forward in this study, some of them for Auto2000 Pasteur’s managerial should contemplate raising compensation to enhance the company's performance. It is anticipated that a robust connection between leaders and employees, coupled with favorable compensation, will bolster employee performance. And The author’s research specifically delves into the influence of compensation on employee performance. Nevertheless, there exist various other factors that can impact employee performance. Thus, additional research is warranted to delve into other unexplored factors influencing employee performance. Based on the firsthand experience of researchers during the research process, several limitations were encountered. These limitations highlight areas that future researchers should consider when refining their research endeavors, as this study itself has inherent shortcomings that must be continually addressed in future research. The limitations of this study include: In the data collection process, the information provided by respondents through questionnaires may not always accurately reflect their true opinions. This discrepancy can be attributed to differences in thoughts, assumptions, and understandings among respondents, as well as other factors such as the sincerity of respondents when completing the questionnaires. This study solely explores the influence of one factor, namely compensation, on employee performance. Therefore, future research should encompass the examination of other unexplored factors that may also impact employee performance. The conclusions drawn are solely based on the analysis of the acquired data.

6. REFERENCE


