



## THE INFLUENCE OF COMPENSATION AND WORK MOTIVATION ON JOB SATISFACTION AT PT.MMP CENTRAL SULAWESI

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### Abstract

An organization or institution is established with specific goals, and the achievement of these objectives is influenced by the behavior and attitudes of its human resources. The success of an organization depends on the contributions of its human resources. The purpose of this study is to determine whether compensation and work motivation have an impact on job satisfaction at PT. Morowali Mitra Perkasa. A quantitative research method is applied in this study, with job satisfaction as the dependent variable and compensation and work motivation as independent variables. The total population of this study is 602 employees. The research sample is determined using Probability Sampling, applying the Simple Random Sampling method, using calculations with the Slovin formula. It is known that the sample size considered representative of the population is 86 respondents. The research analysis method uses Partial Least Squares (PLS). The results of this study can be summarized as follows: 1) Compensation plays a role in job satisfaction. 2) Work motivation plays a role in job satisfaction.

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

### INTRODUCTION

An organization or institution is established with specific goals, and to achieve these goals, various factors influence the behavior and attitudes of its human resources. The success of an organization relies significantly on its human resources, responsible for managing and utilizing other resources to help achieve organizational goals. In a company, employees are a crucial resource, and their satisfaction is essential for the company to achieve its objectives (Putri & Wulansari, 2020). Therefore, companies need to pay attention to the job satisfaction of their employees to achieve organizational goals.

According to (Lestari & Rachmasari, 2021), job satisfaction is the attitude of employees toward their work related to the work situation, working with colleagues, the rewards received, and things related to physical and psychological factors. According to (Suroto, 2022), job satisfaction is a pleasant and loving emotional attitude towards one's work, reflected in work morale, discipline, and job performance. Therefore, the achievement of job satisfaction among employees in a company can encourage increased motivation and job performance, resulting in improved company profits. One of the factors influencing employee job satisfaction is compensation. If employees receive compensation that is commensurate with their work, it will encourage the formation of job satisfaction that will positively impact the sustainability of the company.

Compensation is the company's action in providing rewards to employees as a form of appreciation for the contributions they make to the organization. This involves giving rewards, both in financial and non-financial forms, to employees as a reward for the work they have done. According to (Suroto, 2022), compensation can be given in various forms, such as in the form of monetary rewards, material and facility provision, and in the form of career opportunities. Compensation is crucial for employees because the magnitude of compensation serves as a measure of their job performance.

Motivation is an inner desire that drives someone to perform something to the best of their ability and achieve the best possible results. Motivation is a supportive factor in improving employee performance, providing job satisfaction, and motivating employees, which is just a part of human resource management (Suroto, 2022). Therefore, when employees have high work motivation, it will have a positive impact on their performance, which is the company's goal to achieve optimal profits.

Based on interviews with the company, a unique phenomenon was observed in the research location. The company has a rule directed towards employees, involving salary deductions for disciplinary issues. The deducted amount is accumulated at the end of the month, and during salary distribution, employees receive deductions based on the reports received by the company. Regarding the nominal salary deductions given by the company to employees, they range from Rp. 100,000.00 to Rp. 450,000.00. The company hopes that employees will have high work motivation so that they do not receive salary deductions, and the company can achieve the desired goals.

A successful organization efficiently combines its resources to achieve expected goals. In managing an organization, a leader must be able to handle various types of resources. Every human resource in the company should be utilized optimally, and the company appreciates this by providing compensation to motivate them further (Suroto, 2022).

## **LITERATURE REVIEW**

### **Compensation**

Compensation includes everything received, whether physical or non-physical. It refers to all rewards received by an employee for their services or results, whether in the form of money or goods, directly or indirectly (Sicillia et al., 2021). According to Handoko (cited in Suroto, 2022), compensation encompasses everything received by employees as remuneration for their work. Hasibuan (cited in Lestari & Rachmasari, 2021) defines compensation as all income in the form of money, direct or indirect goods received by employees as a reward for the services provided to the company. Hasibuan (cited in Tamali & Munasip, 2019) identifies compensation indicators as follows: 1) Salary, 2) Wages, 3) Incentives, 4) Allowances, 5) Facilities.

### **Work Motivation**

Work motivation is defined as the needs that drive behavior towards specific goals. It refers to psychological factors that influence an individual's decision-making in organizational behavior, effort,

persistence, or endurance in performing activities (Nurdin & Djuhartono, 2021). Work motivation is the drive of an employee to act and contribute to their work using all their abilities to achieve the company's goals (Ulfaturrosida & Swasti, 2022). Mangkunegara (cited in Hidayati, 2020) defines organizational work motivation as the process of providing encouragement to employees to work in line with the limits set by the organization, aiming for optimal organizational needs. Based on Maslow's hierarchy of needs theory (Ardiansari & Haryani, 2018), motivation indicators include: 1) Physiological needs, 2) Safety needs, 3) Social needs, 4) Esteem needs, 5) Self-actualization needs.

### **Job Satisfaction**

Job satisfaction is the level of pleasure an individual feels about their role or job in an organization. It involves aspects such as the received salary or wage, career development opportunities, relationships with other employees, job placement, job type, organizational structure, and supervision quality (Sicillia et al., 2021). Job satisfaction reflects an employee's attitude towards their work, work with colleagues, received rewards, and factors related to physical and psychological aspects (Lestari & Rachmasari, 2021). According to Rivai (cited in Tamali & Munasip, 2019), job satisfaction indicators are measured by: 1) Job content, 2) Supervision, 3) Organization and management, 4) Advancement opportunities, 5) Salary or incentives, 6) Colleagues, 7) Job conditions.

### **Influence of Compensation on Job Satisfaction**

According to Lestari & Rachmasari (2021), providing compensation is a crucial part of the employee evaluation process. If the compensation meets expectations, it increases job satisfaction in the company. Therefore, compensation provided by the company creates an attitude based on the achievement of employee job satisfaction.

**H<sub>1</sub>:** It is assumed that the Compensation variable has a positive influence on Job Satisfaction at PT. Morowali Mitra Perkasa.

### **Influence of Work Motivation on Job Satisfaction**

According to Lestari & Rachmasari (2021), job satisfaction ultimately motivates employees to work more diligently for better performance and optimal contributions to the company. Encouragement can have a positive impact on job satisfaction, as it establishes a systematic system for employees.

**H<sub>2</sub>:** It is assumed that the Work Motivation variable has a positive influence on Job Satisfaction at PT. Morowali Mitra Perkasa.

## **METHOD**

The research employs a quantitative method, with job satisfaction as the dependent variable and compensation and work motivation as independent variables. The population for this study consists of

field employees, totaling 602 individuals. The research sample is determined using a "Probability Sampling" design, specifically applying the "Simple Random Sampling" method, which involves calculations using the Slovin formula. After calculating using the Slovin formula, it is found that the number of samples considered representative of the population is 86 respondents. The research analysis method used in this study is Partial Least Squares (PLS). Reliability testing is conducted using Cronbach's alpha to ensure measurement consistency, with a reliable variable having a Cronbach's alpha value  $> 0.60$ .

## RESULTS AND DISCUSSION

Indicator validity is measured by examining the Factor Loading value from the variable to its indicators. Validity is considered sufficient if it is greater than 0.5 and/or the T-Statistic value is greater than 1.96 (Z-value at  $\alpha = 0.05$ ). Factor Loading is the correlation between an indicator and a variable, considered valid if it is greater than 0.5. If the T-Statistic value is greater than 1.96, significance is met.

Based on the outer loading table above, all reflective indicators on the Compensation ( $X_1$ ), Work Motivation ( $X_2$ ), and Job Satisfaction (Y) variables show Factor Loading values greater than 0.50 and/or significant (T-Statistic value greater than  $Z \alpha = 0.05$  (5%) = 1.96). Therefore, the estimation results of all indicators meet Convergent Validity.

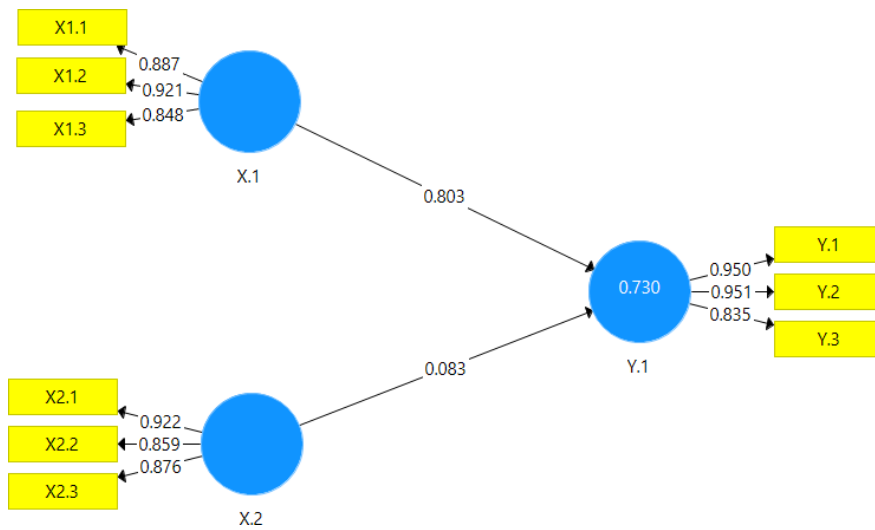
### Discriminant Validity

The next measurement model is the Average Variance Extracted (AVE), which indicates the amount of indicator variance contained by its latent variable. An AVE value greater than 0.5 demonstrates good validity for latent variables. The model is considered good if the AVE value for each construct is greater than 0.5.

The AVE testing results for the Compensation ( $X_1$ ) variable is 0.785, the Work Motivation ( $X_2$ ) variable is 0.785, and the Job Satisfaction (Y) variable is 0.835. All three variables show values greater than 0.5, indicating good validity for all variables in this study.

Questionnaire responses are scored from one to five, where one indicates strongly disagree and five indicates strongly agree. The strongest indicator for the Compensation variable in forming the Compensation variable, based on factor loading, is the allowance at 0.921. This indicates that, according to employees at PT. Morowali Mitra Perkasa, the most important aspect of compensation is the allowance. Similarly, the strongest indicator for the Work Motivation variable, based on factor loading, is the fulfillment of daily needs at 0.922. This suggests that, according to employees at PT. Morowali Mitra Perkasa, the most crucial aspect of work motivation is the fulfillment of daily needs. According to respondent data, the strongest indicator for the Job Satisfaction variable, based on factor loading, is the allowance at 0.951. This indicates that, according to employees at PT. Morowali Mitra Perkasa, the most important aspect of job satisfaction is the allowance.

**Partial Least Squares (PLS) Model Analysis**



From the PLS output image, the factor loading values of each indicator can be seen above the arrows connecting variables and indicators. Additionally, the size of the path coefficients is visible above the arrows connecting exogenous variables with endogenous variables. The R-Square values are visible inside the circle of the endogenous variable (job satisfaction).

**Structural Model Testing (Inner Model)**

The  $R^2$  value is 0.730, indicating that the model can explain the phenomenon of job satisfaction influenced by independent variables, including Compensation and Work Motivation, with a variance of 73.00%. The remaining 27.00% is explained by variables outside this study (other than Work Motivation and Compensation).

**Hypothesis Test**

	<b>Path Coefficients (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STERR )</b>	<b>P Values</b>
<b>Compensation (X1) -&gt; Job Satisfaction (Y)</b>	0.803	0.820	0.095	8.480	0.000
<b>Work Motivation (X2) -&gt; Job Satisfaction (Y)</b>	0.801	0.818	0.013	8.237	0.003

From the table above, it can be concluded that the hypothesis stating:

- H<sub>1</sub>**: Compensation (X1) has a positive influence on Job Satisfaction (Y) at PT. Morowali Mitra Perkasa. **is accepted**, with a path coefficient of 0.803, T-statistic value of 8.480 > 1.96 (from  $Z\alpha = 0.05$  table) or P-Value of 0.001 < 0.05, with a **significant** (positive) result.
- H<sub>2</sub>** : Work Motivation (X2) has a positive influence on Job Satisfaction (Y) at PT. Morowali Mitra Perkasa. **is accepted**, with a path coefficient of 0.801, T-statistic value of 8.237 > 1.96 (from  $Z\alpha = 0.05$  table) or P-Value of 0.003 < 0.05, with a **significant** (positive) result.

### **Influence of Compensation on Job Satisfaction**

Based on the conducted research, it is found that the work motivation variable has a positive influence on job satisfaction among employees at PT. Morowali Mitra Perkasa. The indicator with the highest factor loading value in the research for the work motivation variable is the fulfillment of physiological needs (daily) of employees, including meals, rest areas, facilities, and salary. This aligns with the research conducted by Lestari & Rachmasari (2021), concluding that motivation is one of the factors influencing human behavior. Motivation can be considered as a driver, desire, supporter, or needs that can make someone enthusiastic and motivated to reduce and fulfill their own urges. Therefore, companies must make maximum efforts to consider employee needs. From the above explanation, it can be concluded that compensation is an essential factor that companies must continuously maintain to achieve their goals. Additionally, integrity between employees and the company is required for the company's vision and mission to be achieved.

### **Influence of Work Motivation on Job Satisfaction**

Based on the research results, it is found that the work motivation variable has a positive influence on job satisfaction among employees at PT. Morowali Mitra Perkasa. The indicator with the highest factor loading value in the research for the work motivation variable is the fulfillment of physiological needs (daily) of employees, including meals, rest areas, facilities, and salary. This aligns with the research conducted by Lestari & Rachmasari (2021), concluding that motivation is one of the factors influencing human behavior. Motivation can be considered as a driver, desire, supporter, or needs that can make someone enthusiastic and motivated to reduce and fulfill their own urges. Because job satisfaction cannot be separated from work motivation, which is an employee's expectation, the relationship between job satisfaction and work motivation can be described as work motivation can create high job satisfaction. If the needs and desires of employees are fulfilled, it will affect their work motivation (Putri & Wulansari, 2020). From the above explanation, it can be concluded that job satisfaction and work motivation are interrelated, and companies need to motivate their employees to achieve the desired job satisfaction.

### **CONCLUSION**

Based on the testing results using PLS analysis to evaluate the impact of Compensation and Work Motivation on Job Satisfaction at PT Morowali Mitra Perkasa, the following conclusions can be drawn:

1. Compensation plays a role in the Job Satisfaction of employees at PT Morowali Mitra Perkasa, indicating that job satisfaction can be influenced by the amount of compensation received by employees.
2. Work Motivation also plays a role in the Job Satisfaction of employees at PT Morowali Mitra Perkasa, explaining that job satisfaction can be influenced by their work motivation.

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