

Employee Performance Development Through Compensation: A Study Of The Role Of Motivation As A Mediator

Pengembangan Kinerja Karyawan Melalui Kompensasi: Studi Peran Motivasi Sebagai Mediator

Mardi Astutik

ITEBIS PGRI Dewantara Jombang

mardiastutisemm.stiedewantara@gmail.com

**Corresponding Author*

ABSTRACT

The reason of the consider was to decide the impact of emolument on representative execution, to decide the impact of remuneration on work inspiration, to decide the impact of work inspiration on representative execution and to decide work inspiration intervenes recompense on worker execution. The investigate approach utilized in this ponder could be a quantitative investigate approach. Employing a Likert scale. Information collection strategies are carried out through interviews, documentation and surveys. The populace in this consider were 47 generation workers of PT. Afan Logam Lestari. The inspecting method in this ponder utilized soaked inspecting strategies. Information preparing in this think about utilized WarpPLS 7.0 program. The comes about of the consider demonstrate that a adequate level of stipend fulfillment can have an affect on the execution of generation workers. A adequate level of recompense fulfillment can have an affect on the work inspiration of generation workers. Adequate work inspiration can have an affect on the execution of generation representatives. Work inspiration intervenes the level of stipend fulfillment on the execution of generation representatives.

Keywords: Employee performance, Compensation, Motivation

ABSTRAK

Tujuan dari penelitian ini adalah untuk mengetahui pengaruh emolument terhadap eksekusi perwakilan, mengetahui pengaruh remunerasi terhadap inspirasi kerja, mengetahui pengaruh inspirasi kerja terhadap eksekusi perwakilan, dan mengetahui pengaruh intervensi remunerasi terhadap eksekusi perwakilan. Pendekatan investigasi yang digunakan dalam penelitian ini adalah pendekatan investigasi kuantitatif. Menggunakan skala Likert. Strategi pengumpulan informasi dilakukan melalui wawancara, dokumentasi dan survei. Populasi dalam pertimbangan ini adalah 47 pekerja generasi PT. Afan Logam Lestari. Metode pemeriksaan dalam pemikiran ini menggunakan strategi pemeriksaan terendam. Penyusunan informasi dalam penelitian ini menggunakan program WarpPLS 7.0. Hasil dari penelitian ini menunjukkan bahwa tingkat pemenuhan upah yang memadai dapat mempengaruhi pelaksanaan kerja karyawan. Tingkat pemenuhan imbalan yang memadai dapat berpengaruh pada inspirasi kerja para pekerja generasi. Inspirasi kerja yang memadai dapat berpengaruh terhadap eksekusi generasi representatif. Inspirasi kerja mengintervensi tingkat pemenuhan tunjangan terhadap eksekusi perwakilan generasi.

Kata kunci: Kinerja karyawan, Kompensasi, Motivasi

1. Introduction

Employees have a role in the development of a company with their existence as Human Resources being an important thing to fulfill the smooth fulfillment of goals related to the company. Consistency of representative execution could be a self-potential that must be had by each worker or worker in a company, since representative execution can decide the victory of the company.

Currently in the metal industry there is a significant increase in growth. The research was conducted at PT. Afan Logam Lestari located in Mlaras Village, Sumobito District, Jombang

Regency. PT. Afan Logam Lestari was established in 2006, as a home industry in Central Java, precisely in Purworejo Regency. Starting with the processing of B3 Dross, Slag and Scrap Aluminum waste. PT. Afan Logam Lestari is one of the companies engaged in the manufacture of aluminum ingots which are useful for making aluminum-based products.

Every company expects high performance from its employees, as does PT. Afan Logam Lestari. Regarding the phenomenon found by the author, there are obstacles or barriers that make it difficult for employees to improve their performance. Obstacles in this case refer to a decline in employee performance, which if left unchecked can threaten the company's survival in achieving the set production targets. Every month there is a decline in performance, which is indicated by production results that do not meet the company's monthly targets in January to March 2022. This phenomenon can be proven by the following production results report data for the period January 2022 to March 2022:

Table 1. Summary of Aluminum Ingot Production Report PT. Afan Logam Lestari period January to March 2022

No	Month	Number of employees	Production Targets	Production Result Achievement	Percentage
1	Januari	47	390 ton	380 ton	97%
2	Februari	47	375 ton	360 ton	96%
3	Maret	47	350 ton	335 ton	95%

Source: Internal data of PT. Afan Logam Lestari, 2022.

Based on table 1, it shows that there is a decrease in production results which can be marked by the failure to achieve the target set by the company. Interviews conducted with the Head of Human Resources (HR) Division, PT. Afan Logam Lestari found that the production target set by the company is 400 tons per month with a production target of 8.5 tons per employee per month and +27.4 kg per day. The achievement of production results in January is 380 tons for 1 month has not been able to meet. This means that there are around 10 tons of production targets that have not been achieved in January. So that the production target for the following month will be determined according to the achievement of the previous month's production results. This is indicated by the fact that if the achievement of production results decreases and does not reach the target, the production target for the following month will be lowered by the company.

The decrease in representative execution can be affected by stipend components. Remuneration is one of the imperative things in moving forward worker execution within the company. Stipend may be a shape of appreciation for the execution of representatives within the company. With the existence of awards through compensation, employees can improve their performance as a form of reciprocity for the compensation given by the company and directly proportional to the job motivation and work spirit of employees. With the existence of compensation that is appropriate and appropriate for employees, employee performance and company performance will increase.

Based on the observation results, there are compensation factors at PT. Afan Logam Lestari. The compensation given is not in accordance with the work done by employees. The compensation given by the company in the form of incentives often causes conflict between employees who feel they are not treated equally with other employees. Unequal compensation in this case refers to the provision of incentives after an increase in production results worked on by employees, sometimes the incentives are only given to certain employees. Employees are known to expect incentives in the form of bonuses with a nominal amount of at least half of the salary they receive. This can certainly suppress the physical and psychological conditions of other employees, this situation can be detrimental to the company because the work done by employees cannot be completed properly.

Employees who receive compensation according to their duties and responsibilities can improve their performance well, conversely if the compensation is not in accordance with the tasks assigned, it can reduce employee performance. This can be upheld by investigate conducted by Anggraini et al (2024) which clarifies that stipend includes a positive impact on representative execution. This shows that the better the compensation received by employees, the better their performance will be.

The provision of appropriate compensation can make him feel motivated and moved to work diligently according to the responsibilities that have been assigned to him. To keep worker work inspiration steady, the company in this case should pay attention to providing fitting recompense. This can be supported by inquire about conducted by Septiadi et al (2020), appearing that Inspiration features a critical impact on Representative Execution.

The reason of this investigate is to decide the impact of stipend on representative execution, to decide the impact of emolument on work inspiration, to decide the impact of work inspiration on worker execution and to decide whether work inspiration intervenes emolument on representative execution.

2. Literature Review

A. Employee Performance

Agreeing to Riyadi (2011) expressed that representative execution could be a work result accomplished by somebody in carrying out the errands relegated to them based on abilities, involvement, earnestness and time. While Moeheriono (2012) worker execution could be a portrayal of the level of accomplishment of the execution of a program of exercises or approaches in realizing the targets, objectives, vision and mission of the organization which is sketched out through the key arranging of an organization.

The following measurement of employee performance using the Employee Job Performance (EJP) scale:

1. Job Quality. Job quality can be measured through employee perceptions or opinions of the quality of work with the perfection and ability of employees in completing their tasks. Job quality is an important indicator in employee performance to assess the progress or decline of a company.
2. Job Quantity. Amount is the sum of work that can be completed in a certain period of time communicated in terms of the number of yield units.
3. Job time concerns the amount of time needed to complete work-related activities. Punctuality is one of the employee performance indicators that greatly influences the achievement of worker targets.

B. Compensation

According to Sinambela (2020), compensation is a form of appreciation given by a company to employees as a award for the effort or participation given by employees for the progress and achievement of company goals.

The scale used to measure employee satisfaction with compensation or payment in this study is the Pay Satisfaction Scale adapted by Heneman and Schwab (1985) in the journal "*Pay Satisfaction: Its Multidimensional Nature And Measurement*" as follows:

1. *Pay Level*. Pay level is a payment that refers to the current direct compensation (wages or salary) that has been set by the company.
2. *Pay Raise*. Pay Raise is an person alter within the compensation level that has been set by the company based on work classification or other criteria.
3. *Pay Structure / Administration*. Finance structure or organization alludes to the progressive structure made between pay grades for distinctive employments inside

an organization counting the way pay is dispersed to representatives, with most organizations overseen and apportioned by the prompt prevalent.

4. *Benefits*. Benefits are indirect payments to individuals in the form of payments for time away from work such as vacations, insurance, pensions, income maintenance, and other services that have been determined by the company and vary based on the employee's job classification.

C. Work Motivation

Concurring to Sutrisno (2020), work inspiration may be a figure that will energize somebody to carry out exercises, in this manner inspiration is in some cases deciphered as a calculate that drives a person's behavior in carrying out a work.

Inspiration estimation employments the Inspiration At Work Scale (MAWS) which was created based on the concept of *Self Assurance Hypothesis* by Deci and Ryan (2008) in the journal "*The Motivation at Work Scale: Validation Evidence in Two Languages*" as follows:

1. *Intrinsic Motivation*. An activity that a person does for their own benefit because it is considered interesting and enjoyable.
2. *Introjection Regulation*. The involvement of a person's emotional feelings towards their work, such as feelings of pride if they are able to complete their tasks well or feelings of shame and guilt if they fail to carry out the tasks assigned to them.
3. *Identification Regulation*. There is a match between work and a person's personality values, so that the person will be more motivated to work when they feel that the job they do is in line with their personality.
4. *External Regulation*. There are outside impacts such as social components within the work environment within the shape of laud and feedback gotten from co-workers. As well as the impact of fabric variables within the frame of money related rewards, to be specific pay rates, compensation, motivations, remittances and work security.

3. Research Methods

The investigate approach utilized in this ponder could be a quantitative investigate approach. Employing a Likert scale. Information collection strategies are carried out through interviews, documentation and surveys. The populace in this consider were generation representatives of PT. Afan Logam Lestari totaling 47 workers. The examining strategy in this ponder utilized a immersed testing strategy. Information preparing in this consider utilized WarpPLS 7.0 program.

4. Results and Discussions

A. Respondent Characteristic

All respondents in the production division at PT. Afan Logam Lestari are male. Based on age, the lion's share of respondents are 19-25 a long time ancient, amounting to 29 employees (61.70%) of the total respondents. While there are 18 respondents over 25 years old. Based on employee work period of more than 2 years, there are 31 respondents (65.95%) of the total respondents.

B. Model and Hypothesis Tessting

Tabel 2. Nilai Loading Factor dan P value

No	Statement Items	Loading Factor Value	P Value	Status
1	X1	0.707	<0.001	Valid
2	X2	0.808	<0.001	Valid
3	X3	0.771	<0.001	Valid

4	X4	0.645	<0.001	Valid
5	Y1	0.840	<0.001	Valid
6	Y2	0.780	<0.001	Valid
7	Y3	0.852	<0.001	Valid
8	M1	0.843	<0.001	Valid
9	M2	0.775	<0.001	Valid
10	M3	0.823	<0.001	Valid
11	M4	0.743	<0.001	Valid

Source: Data processed using WarpPLS 7.0

The three indicators in the compensation variable—X1, X2, and X3—have a loading factor value of >0.70, according to the data processing results, meeting the requirements for convergent validity. Although the loading factor value for indicator X4 is less than 0.70, this can still be considered to have satisfied the criteria because the indicator's P value is less than 0.001 (<0.05). The three indicators in the employee performance variable—Y1, Y2, and Y3—have a loading factor value of >0.70, according to the data processing results, meeting the requirements for convergent validity. Additionally, the P value has satisfied the criteria, which are that it must be less than 0.001 (<0.05). The data processing results demonstrate that the three indicators in the work motivation variable—M1, M2, M3, and M4—have loading factor values more than 0.70, meeting the requirements for convergent validity. Additionally, the P value satisfies the criteria, which call for all indicators to have a value of less than 0.001 (<0.05).

Table 3. AVE Root Value and Latent Variable Correlation

	Employee performance (Y)	Compensation (X)	Work motivation (M)
Employee Performance (Y)	0.825	0.377	0.425
Compensation (X)	0.377	0.735	0.037
Work Motivation (M)	0.425	0.037	0.797

Source: Data processed using WarpPLS 7.0

Table 3 shows the connection between latent variables and the value of the AVE root. Since the AVE root value is greater than the correlation between latent variables, all variables can be considered legitimate.

Table 4. Composite Reliability and Cronbach's Alpha

No	Variabel	Composite Reliability	Cronbach's Alpha	Status
1	Employee Performance (Y)	0.864	0.764	Reliabel
2	Compensation (X)	0.824	0.714	Reliabel
3	Work Motivation (M)	0.874	0.807	Reliabel

Source: Data processed using WarpPLS 7.0

Based on table 4. above, the results show that the composite reliability and Cronbach alpha of all variables have met the rule of *thumb criteria for composite reliability*.

Table 5. Model Fit Indices Output Results

	Indeks	P Value	Criteria	Information
APC	0,346	0,002	P < 0,05	Accepted
ARS	0,218	0,028	P < 0,05	Accepted
AARS	0,192	0,040	P < 0,05	Accepted

AVIF	1,109	Acceptable if ≤ 5 , ideally $\leq 3,3$	Acceptable and ideal
AFVIF	1,297	Acceptable if ≤ 5 , ideally $\leq 3,3$	Acceptable and ideal
GoF	0.367	small $\geq 0,1$, medium $\geq 0,25$, large $\geq 0,36$	Large
SPR	1,000	acceptable if $\geq 0,7$, ideally = 1	Acceptable and ideal
RSCR	1,000	acceptable if $\geq 0,9$, ideally = 1	Acceptable and ideal
SSR	1,000	acceptable if $\geq 0,7$	Accepted
NLBCCR	1,000	acceptable if $\geq 0,7$	Accepted

Source: Data processed using WarpPLS 7.0

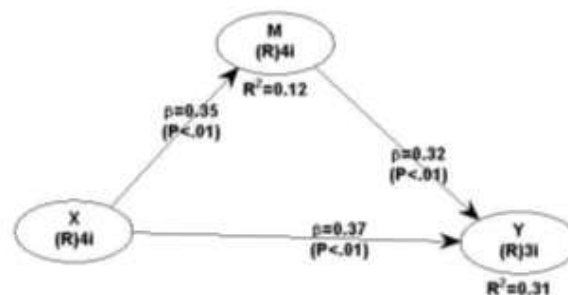


Figure 1. Research Model Testing using WarpPLS 7.0

The p value's size indicates whether the planned research hypothesis has been tested. H_0 is rejected or there is a significant influence if the p-value is less than 0.05. The following table displays the findings of the route coefficients used to assess the degree of influence between variables:

Table 6. Path Coefficient Estimation Results

No	Hypothesis	Path Coefficient	P Value	Status
1	$X \rightarrow Y$	0,367	0,003	Significant
2	$X \rightarrow M$	0,350	0,004	Significant
3	$M \rightarrow Y$	0,322	0,008	Significant

Source: Data processed using WarpPLS 7.0

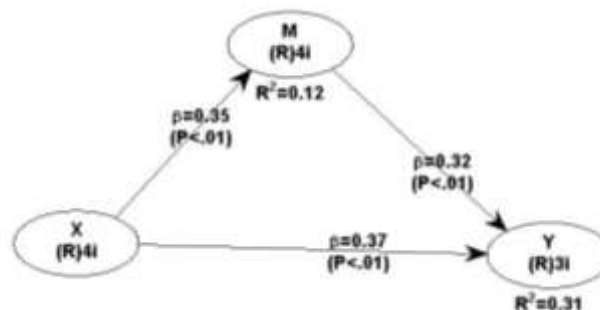


Figure 2. Direct Effect and Indirect Effect Testing using WarpPLS 7.0

Table 7. Results of Path Coefficient Estimation and P-value of Direct Effect

No	Hypothesis	Path Coefficient	P Value	Status
----	------------	------------------	---------	--------

1	X→Y	0,367	0,003	Significant
2	X→M	0,350	0,004	Significant
3	M→Y	0,322	0,008	Significant

Source: Data processed using WarpPLS 7.0

A p value of 0.003 and a path coefficient value of 0.367 were obtained for the direct influence of the Compensation variable (X) on Employee Performance (Y). Given the p value of 0.003, it can be said that X has a considerable impact on Y because the p value is more than 0.05.

A p value of 0.004 and a path coefficient value of 0.350 were obtained for the direct influence of the Compensation variable (X) on Work Motivation (M). Given the p value of 0.004, it can be said that X has a considerable impact on M because the p value is more than 0.05.

A p value of 0.008 and a path coefficient value of 0.322 were obtained for the direct influence of the Work Motivation variable (M) on Employee Performance (Y). The significance of M's influence on Y can be inferred from the p value of 0.008, as it is greater than 0.05.

Table 8. Path Coefficient Estimation Results and P-value of Indirect Effect

No	Hypothesis	Path Coefficient	P Value	Status
4.	X→M→Y	0,113	0,129	Not Significant

Source: Data processed using WarpPLS 7.0

Path Coefficient is the value of the path coefficient or relationship between the influence of the construct and the latent variable. Based on table 8 above, the results of the indirect effect test or indirect influence obtained the result that the influence of Compensation (X) on Employee Performance (Y) through Work Motivation (M) with a *path coefficient* of 0.113 with a p value of 0.129, then it can be explained that the Relationship between Compensation (X) on Employee Performance (Y) through Work Motivation (M) is not significant because the p value > 0.005.

C. Discussion

1. The Influence of Compensation on Employee Performance

Ha is accepted and H0 is rejected because the research's findings indicate that employee performance in PT. Afan Logam Lestari's production department is influenced by compensation. This means that the more money employees receive, the better their performance will be.

High respondent responses in compensation are indicated by a feeling of satisfaction with the benefits provided by the company. While high respondent responses in employee performance are indicated by the employee's ability to produce products according to company standards. This means that with a feeling of sufficient satisfaction with benefits, it can sufficiently improve employee performance by producing products according to company standards.

Compensation contains a relationship where one of the goals of employees working is to get rewards to meet the needs of life, while for the company they make compensation payments so that employees can carry out work according to the expectations and targets of the company. Providing proper compensation to employees according to the abilities that have been issued, then employees will be more serious in working and making every effort to be able to improve good work results with increased performance.

According to research by Karin et al. (2025), competence has a positive and significant impact on employee performance; that is, if job competence rises, employee

performance will follow suit, and vice versa. It is considered to be unimportant, which means that employee performance is unaffected if the work competence variable declines. Therefore, it can be said that employee performance will rise in response to an increase in work competence and fall in response to a drop in work competence.

2. The Influence of Compensation on Work Motivation

According to the findings of the study, PT. Afan Logam Lestari's production department employees' work motivation is influenced by their compensation. This means that the more money they receive, the more motivated they will be, so H_a is accepted and H_0 is rejected.

High respondent responses in compensation are indicated by feelings of satisfaction with the benefits provided by the company. While high respondent responses in work motivation are indicated by feelings of pleasure in doing work. This means that with feelings of satisfaction with the benefits, it can sufficiently motivate employees to be happy doing the work they do.

Payment of appropriate compensation to employees can motivate employees to always work optimally according to their abilities. Employees will be more active in working when their efforts and efforts receive an award from the company.

This is in accordance with the opinion of Patmarina & Setiawan (2025) who explained that there is a strong positive relationship between compensation and work motivation. This means that an increase in salary is correlated with an increase in employee morale. There are several theories that support the statement that compensation has a significant impact on work motivation. Research shows that providing compensation that is commensurate with employee contributions can strengthen permanent job status and improve overall work performance.

3. The Influence of Work Motivation on Employee Performance

H_a is accepted and H_0 is rejected because the research's findings indicate that work motivation influences employees' performance in PT. Afan Logam Lestari's production department. This means that the more motivated employees are, the better their performance will be.

High respondent responses in work motivation are indicated by feelings of pleasure in doing work. While high respondent responses in employee performance are indicated by employee ability in producing products according to company standards. This means that with a feeling of pleasure in doing work, it can sufficiently improve employee performance by producing products according to company standards.

Having sufficient work motivation makes employees exert all their abilities in order for them to maximize their performance improvement. Motivation can encourage employees to be active in completing the tasks and responsibilities that have been given to them.

This is in accordance with the opinion of Setiawan & Handayani (2025) who clarified that employee performance is significantly impacted by work motivation. Because the motivation is very necessary for each employee given by management, either in the form of the best performance appreciation for the best employees, in order to encourage other employees to continue to develop into the best so that they can improve employee performance.

4. Work Motivation Mediates the Effect of Compensation on Employee Performance

Based on the findings of the study, H_a is accepted and H_0 is rejected because work motivation may act as a mediator of pay for the output of workers in PT. Afan Logam Lestari's production department.

High respondent responses in compensation are indicated by feelings of satisfaction with the benefits provided by the company. High respondent responses in

employee performance are indicated by the employee's ability to produce products according to company standards. While high respondent responses in motivation are indicated by feelings of pleasure in doing work. This means that with a feeling of being happy enough to work due to a feeling of being satisfied enough with benefits, this can sufficiently improve employee performance by producing products according to company standards.

This supports the assertion made by Santika et al. (2023) that employee performance and compensation are influenced by work motivation. Employee performance and motivation may be impacted by high pay. Employee performance is also enhanced by high job motivation. This is consistent with the theory that was used, which is the hierarchy of wants theory, specifically the need for appreciation. It is the urge for respect for oneself as well as for acknowledgment and honors from superiors and colleagues. Employees will be inspired to perform better if they receive these awards.

5. Conclusion

The results of the study indicate that a sufficient level of compensation satisfaction is able to have an impact on the performance of employees in the production department of PT. Afan Logam Lestari, so that an increase in compensation payments will improve employee performance. Employee motivation at PT. Afan Logam Lestari's production department can be impacted by a high enough degree of compensation satisfaction, so that an increase in compensation payments will improve employee work motivation. Employee performance at PT. Afan Logam Lestari's production department can be impacted by adequate work motivation, so that work motivation in employees will improve employee performance. Work motivation is a mediator of the level of compensation satisfaction on the performance of employees in the production section of PT. Afan Logam Lestari.

References

- Anggraini, D. P., Efendi, B., & Nurhayati, E. C. (2024). Pengaruh Stres Kerja Dan Kompensasi Terhadap Kinerja Karyawan Dengan Kecerdasan Emosional Sebagai Variabel Intervening. *Jamasy: Jurnal Akuntansi, Manajemen dan Perbankan Syariah*, 4(4), 108-118.
- Karin, N. K., Zaki, H., & Akhmad, I. A. (2025). Pengaruh Kompetensi, Gaya Kepemimpinan Dan Kompensasi Terhadap Kinerja Karyawan. *Jurnal Ilmiah Mahasiswa Merdeka Emba*, 4(1), 274-299.
- Patmarina, H., & Setiawan, M. H. (2025). Pengaruh Kompensasi dan Status Pekerjaan Tetap Terhadap Motivasi Kerja Karyawan Wedrink di Bandar Lampung. *YUME: Journal of Management*, 8(2), 49-55.
- Riyadi, S. (2011). Pengaruh kompensasi finansial, gaya kepemimpinan, dan motivasi kerja terhadap kinerja karyawan pada perusahaan manufaktur di Jawa Timur. *Jurnal manajemen dan kewirausahaan*, 13(1), 40-45.
- Santika, I. P., Mustika, I. K., Iswari, I. P., & Budiasa, I. K. (2023). Pengaruh kompensasi terhadap kinerja karyawan dengan motivasi sebagai pemediasi di PT Bank Mandiri KCP Kerobokan. *Relasi: Jurnal Ekonomi*, 19(1), 146-157.
- Septiadi, M. D., Marnisah, L., & Handayani, S. (2020). Pengaruh motivasi terhadap kinerja karyawan PT Brawijaya Utama Palembang. *Jurnal Nasional Manajemen Pemasaran & SDM*, 1(01), 38-44.
- Setiawan, V., & Handayani, A. (2025). Pengaruh Motivasi Kerja, Stress Kerja dan Konflik Kerja terhadap Kinerja Karyawan PT Assalaam Niaga Utama. *Jurnal Publikasi Ilmu Manajemen*, 4(2), 17-31.
- Sinambela, L. P. (2012). *Kinerja pegawai teori pengukuran dan implikasi*. Yogyakarta: Graha Ilmu, 11, 64.

Sutrisno, E. (2020). Manajemen Sumber Daya Manusia. Jakarta: Kencana Prenada Media Group.