

# The Role of Job Satisfaction Mediation of Compensation and Work Motivation for Employee Performance

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**Keywords:** Compensation, work motivation, job satisfaction, employee performance, path analysis.

**Abstract:** The purpose of this study is to test the role of job satisfaction mediate the influence of compensation and work motivation on employee performance. Sampling method using total sampling, with 34 permanent employee respondents. Data collected through questionnaires filled by permanent employees of PT. Bina Avia Persada East Java, with testing technique using validity and reliability test for research instrument, normality test and heteroskedasticity test in looking at problematic research model or not, descriptive analysis and analysis path. The result of path analysis shows that compensation and motivation of work have a significant effect on job satisfaction and performance of employees. Job satisfaction is proven to mediate the effect of compensation and motivation on employee performance. The role of job satisfaction effectively mediates compensation and motivation policies in improving employee performance. This means job satisfaction becomes a benchmark for compensation and work motivation policies to guide better employee performance. The position of employee job satisfaction is very important, describing the compensation policy is appropriate through the provision of bonuses and motivation of work through affiliate motivation.

## 1 INTRODUCTION

The era of the 21st century one marked the digital economy, the base of human resource management system, more explores the comparable competence between knowledge, skills and individual attitudes as human capital. The strength of human resources plays a strategic role, innovation, originality of knowledge-based creative ideas. This condition is suitable for airlines that grow again, both national and international scale. More increase the development of service business in the field of aviation, hence the need of quality human resources more urgent. The birth of PT. Bina Avia Persada, in 2005 addressed the issue of competent human resource needs, through training institutions for reliable airlines, competent for air hostess programs, airline staff and ticketing reservations.

Problems that occur, employee performance is not stable, the number of educated students who are distributed work tend to go up and down. The study in this study, knowing the actual employee performance, is associated with compensation policy and work motivation through job satisfaction. Assumptions are presented, the compensation given to employees has a significant effect on the level of

job satisfaction and work motivation, as well as the work (Mangkunegara, 2008). Compensation became one of the company's attention, for the realization of maximum employee performance. The results of Baledi and Said's research (2017), compensation has a significant effect on job satisfaction. Motivation is defined as a condition or action that encourages a person to perform an activity of activities as much as possible to do and produce. A person with low motivation tends to display feelings of discomfort and displeasure with his work. So the greater the motivation of individual employees can improve the employee's performance. Lack of work motivation of employees of a company will hamper the performance of employees and also create an atmosphere of work is not conducive (Murty and Hudiwinarsih, 2012). This is in accordance with research Mahesa (2010) which shows the motivation has a positive effect on employee performance.

Employee performance issues, Handoko (2008) states the form of business activities or programs initiated and implemented by the leadership of the organization or company to direct and control employee performance. The indicators developed include quality of work, quantity of work, timeliness, effectiveness, and independence. Mangkunegara

(2008) understand the performance of the work in quality and quantity achieved by a person in carrying out the task according to the responsibility given. The problem of job satisfaction, Handoko (2008), states the emotional state of fun or unpleasant employees in understanding their work. Mondy and Robert (1999) employee job satisfaction is an important issue worth noting its relationship with employee productivity and dissatisfaction is often associated with high levels of job demands and complaints. Job satisfaction factors (Luthans, 2002), work in itself, pay, supervise, co-workers and promotions. Mondy and Robert (1999) there are 3 reasons managers care about job satisfaction, that is, dissatisfied people more often pass the job and the opportunity to resign, satisfied people have good health and a longer life, and job satisfaction will be brought to personal life out of work.

Compensation is to offer wages to employees and systematize significant budgets with employers. The same compensation: all income in the form of money, goods directly or indirectly received by employees in return for services provided to the company (Hasibuan, 2011). The technical uses of the time (hours, weeks, or months) system, the output (output) of the unit generated (per piece, meter, liter, and kilogram), bulking system (based on the volume of work and working hours). So compensation: the right of the employee to be given the company in return for the work that is charged to the employees. Direct compensation is the compensation received by an employee in the form of salary, bonus, holiday allowance. Indirect compensation, in the form of awards, employment and other facilities and benefits. Motivation according to Hasibuan, (2011) is a skill, in directing employees and organizations to work well, so that organizational goals are achieved. According to Sopiah (2008) motivation is a state where effort and one's hard will be directed to the achievement of certain results or goals, in the form of productivity, presence or other creative work behavior. The purpose of providing motivation for employees who are motivated to work in accordance with the reference work and responsibilities given so that corporate objectives can be achieved with good. Except, there is also a quality effort and directed and consistent with organizational goals to be achieved. McClelland states achievement, power and relationships are three important needs that can help explain motivation. Achievement is an encouragement to exceed, reach the standards, and strive to succeed. The need for power makes others behave in such a way that they will not behave otherwise, and the need for relationships is a friendly,

intimate interpersonal desire within an organization's environment. So the motivation of work according to Mc. Clelland (1961) is the drive to achieve the need for achievement, the drive to achieve the need for power, the impulse need for affiliation.

Nurcahyani & Dewi Adnyani (2016) research conducted at PT. Sinar Sosro Bali, the result that job satisfaction mediates the effect of compensation and motivation on employee performance. Compensation and work environment have a significant effect on job satisfaction, and job satisfaction has a significant effect on employee performance. Research Mahesa (2010) states that motivation and job satisfaction have a positive effect on employee performance and duration of work moderate job satisfaction on performance but not successful moderate work motivation to performance.

If the compensation received by employees is high, then employees will feel more satisfied. Conversely, if the compensation received by employees a little, then employees will feel dissatisfied in working. Work motivation is believed to have a positive effect on employee job satisfaction. If an employee's work motivation is higher or increased, then their job satisfaction will increase as well. Conversely, if the work motivation decreases will decrease employee job satisfaction. The result of research obtained by Baledi and Said (2017) is job satisfaction has a significant effect on employee performance. So the more satisfied employees, the employees will be more show their best performance. Conversely, if employees are not satisfied in working, then in him will arise feeling lazy, so that will have an impact on the declining performance of employees. From the description above, the research hypothesis is:

- H1: Compensation and Motivation significantly influence Employee Satisfaction
- H2: Compensation and Motivation significantly influence Employee Performance
- H3: Job Satisfaction has a significant effect on Employee Performance
- H4: Compensation has significant effect on Employee Performance through Job Satisfaction
- H5: Work motivation significantly influence Employee Performance through Job Satisfaction.

## 2 RESEARCH METHOD

This research includes explanatory research that explains the causal relationship between exogenous

variables and endogenous variables with path analysis method. The determination of the scope of this study is in accordance with the research objectives and model framework, which discussed the problem of compensation, work motivation, job satisfaction and employee performance in PT Bina Avia Persada branch of East Java. Population in this research is all staff permanent employees of PT. Bina Avia Persada East Java branch covering Surabaya, Malang and Jember city, with total sampling of 34 people, with male dominant characteristic, working period of 2-5 years, age more than 30 years Scale of measurement (score) using Likert scale 1-5, to measure attitudes, opinions and employee perceptions about social phenomena in the company. The result after tested the validity and reliability is quite convincing, greater than the standard set. The relationship between independent variable with dependent variable by path analysis, Sugiyono (2013).

### 3 RESEARCH RESULT

Variable compensation consisting of salary, bonus, allowance, and insurance, dominant formed by bonus with good appreciation. While the salary, received a low appreciation. Motivational variables formed by the drive to achieve success, power, and affiliation are dominant in the motivation of affiliation, by following the association and the lowest appreciation of the need for shelter. Job satisfaction variables formed by psychological, social, physical and financial factors, dominant psychological factors with the talent and skill and the lowest appreciation in lighting. Employee performance variables formed by indicators of quality, quantity, timeliness, effectiveness and independence indicate that the superior item is a high work commitment and the lowest appreciation on timely completion of tasks.

- The effect of compensation and work motivation on job satisfaction, according to table 1. Obtained standardize beta 0,466,  $t_{count} = 3,169 > t_{table} = 2,032$  with significance value  $0,003 < 0,05$  for variable of compensation, and standardize beta 0,328, the value of  $t_{count} = 2,229 > t_{table} = 2,032$  with significance value  $0,033 < 0,05$  for motivation variable, thus stated that compensation ( $X_1$ ) and motivation ( $X_2$ ) have a significant effect on job satisfaction ( $Y_1$ ).

Table 1: Analysis of variable path  $X_1, X_2$ , with  $Y_1$ .

Variable	Standardize Beta	T count	Sig
Compensation	0,466	3,169	0,003
Work Motivation	0,328	2,229	0,033
F count = 13,058		F table : 3,276	
sign : 0,000			
T table = 2,032			
Alpha = 0,05			
Adjusted R Square = 0,422			

Source: Primary Data is processed in 2018.

The result of simultaneous analysis obtained  $F_{count} = 13,058 > F_{table} = 3,276$  with significance value  $0,000 < 0,05$  and value of Adjusted R Square = 0,422 or 42,2% which mean that contribution of compensation and motivation to job satisfaction equal 42,2%, it is stated that the causal relationship simultaneously between compensation ( $X_1$ ) and motivation ( $X_2$ ) on job satisfaction ( $Y_1$ ) is significant.

- Partial analysis of the effect of compensation and motivation on employee performance obtained result according to table 2. Standardize beta 0,515  $t_{count} = 4.315 > t_{table} = 2.032$  with significance value  $0,000 < 0,05$  for variable compensation. Standardize beta 0.429,  $t_{count} = 3.589 > t_{table} = 2.032$  with a significance value of  $0,001 < 0,05$  for the motivation variable, thus stated that compensation ( $X_1$ ) and motivation ( $X_2$ ) significantly influence employee performance ( $Y_2$ ).

Table 2: Analysis of variable path  $X_1, X_2$ , with  $Y_2$ .

Variable	Standardize Beta	T count	Sig
Compensation	0,515	4,315	0,000
Work Motivation	0,429	3,589	0,001
F count = 27,754		sign : 0,000	
T table = 2,032			
Alpha = 0,05			
Adjusted R Square = 0,619			

Source: Primary Data is processed in 2018.

The result of simultaneous analysis obtained  $F_{count} = 27,754 > F_{table} = 3,276$  with significance value  $0,000 < 0,05$  and value of Adjusted R Square = 0,619 or 61,9% meaning that compensation and motivation contribution to employee performance equal to 61,9% it is stated that the causal relationship simultaneously between compensation ( $X_1$ ) and motivation ( $X_2$ ) on employee performance ( $Y_2$ ) is significant.

- Analysis of the effect of job satisfaction on employee performance obtained results

according to table 3. Standardize beta  $0,515 t_{count} = 3,693 > t_{table} = 2,032$  with significant value  $0,001 < 0,05$  for job satisfaction variables. Based on the results of this analysis, job satisfaction ( $Y_1$ ) significantly affects employee performance ( $Y_2$ ).

Table 3: Analysis of variable path  $Y_1$  with  $Y_2$ .

Variable	Standardize Beta	T count	Sig
Job Satisfaction	0,547	3,693	0,001
T table	= 2,032		
Alpha	= 0,05		

Source: Primary Data is processed in 2018.

- The result of the analysis of the compensation path to employee performance mediated by job satisfaction, according to table 4 shows that the direct influence of 0,515 and the indirect influence of 0,255 while for the total effect is 0,770. This shows that job satisfaction effectively mediates the effect of compensation on employee performance is 0,770 or 77%.

Table 4: Analysis of variable path  $X_1$  with  $Y_2$  through  $Y_1$ .

Direct influence	0,515
Indirect influence	0,255
Total influences	0,770

Source: Primary Data is processed in 2018

This means the management of PT. Bina Avia Persada East Java has managed to provide proper and appropriate compensation, thereby impacting employee performance. The compensation makes employees feel satisfied in working and make employees try as much as possible to help companies achieve goals so that indirectly will make employee performance better. Employee performance is important for the company, whether or not a company depends on whether or not good employee performance.

- The result of the analysis of motivation path to employee performance mediated by job satisfaction, the result according to table 5. that the direct influence of 0,429 and the indirect influence of 0,179 while the total effect is 0,608. This shows that job satisfaction effectively mediates the effect of motivation on employee performance is 0,608 or 60,8%. meaning the management of PT. Bina Avia Persada East Java has managed to build work motivation through employee job satisfaction.

Table 5: Analysis of variable path  $X_2$  with  $Y_2$  through  $Y_1$ .

Direct influence	0,429
Indirect influence	0,179
Total influences	0,608

Source: Primary Data is processed in 2018

With job satisfaction awakened motivation work, employees are aware of the duties and responsibilities as an employee. Means employees perform tasks with full awareness for the realization of corporate goals. The path equation model obtained the following results:

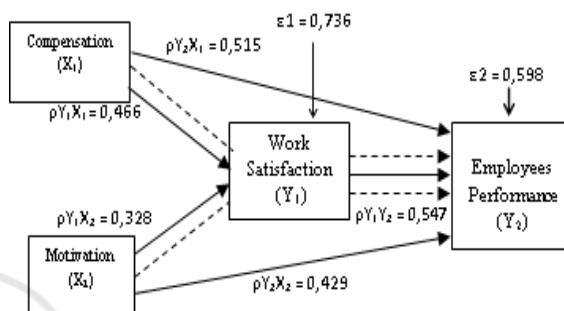


Figure 1: Framework of research model.

## 4 DISCUSSION

### 4.1 The Influence of Compensation and Work Motivation on Job Satisfaction

Compensation effect on job satisfaction, and work motivation affect the job satisfaction. Results together with compensation and work motivation affect the job satisfaction. Compensation is everything employees receive in return for the contributions they have made to the company. Compensation policies in the form of bonuses, on time can prevent employees out (Mondy and Robert, 1999). The provision of appropriate, balanced and decent compensation in accordance with the services employed by employee's increases job satisfaction. Baledi and Said research (2017) compensation has a significant effect on job satisfaction, which supports the theory of Mangkunegara (2008) that the compensation to employees affect the level of job satisfaction and work motivation, and the work.



#### **4.2 The Effect of Compensation and Work Motivation on Employee Performance**

Compensation policy affects employee performance, and motivation affects employee performance. Together compensation and motivation affect the job satisfaction. This is in accordance with research Baledi and Said (2017), that the compensation effect on employee performance, motivation also affects employee performance. Murty and Hudiwinarsih (2012) say that a motivated employee will be energetic. The same thing is delivered, Robbins (2002) work motivation is needed to accelerate employee performance.

#### **4.3 The Influence of Job Satisfaction on Employee Performance**

Job satisfaction affects employee performance. This shows that job satisfaction positively affects employee performance. This research is in accordance Harinoto research (2017), Baledi and Said (2017) that job satisfaction has a positive effect on employee performance. The more satisfied employees, the more performing performance. Conversely, if employees are not satisfied at work, it will arise feeling lazy, which affects the declining performance. Satisfaction obtained by employees from work there is conformity with the expected, so what is received can encourage employees to achieve optimal performance. This becomes a feedback that affects employee performance. The results of this study support the theory of Hasibuan (2008) and reject previous research which states there is no relationship of job satisfaction with employee performance, Chen (2004).

#### **4.4 The Effect of Compensation on Employee Performance through Job Satisfaction**

The results of job satisfaction research mediate the effect of compensation on employee performance, thereby providing compensation policy must be on target, with the type of bonus compensation can increase job satisfaction and effectively mediate the effect of compensation on employee performance. This study is in line with Spector (1997), that job satisfaction mediates the effect of compensation on employee performance. Provision of compensation to improve employee welfare, to motivate employees,

increase productivity and retain potential employees (Mondy and Robert, 1999). Rejecting Baledi and Said's (2017) study of negative satisfaction mediates compensation for employee performance.

#### **4.5 The Influence of Work Motivation on Employee Performance through Job Satisfaction**

Result of research that motivation has influence to employee performance mediated by job satisfaction. This means that job satisfaction effectively mediates the influence of motivation on employee performance. As the research of Wexley and Yulk, (1992), Robbins (2002), Nurcahyani and Adnyani (2016) research at PT. Sinar Sosro Factory Bali, that job satisfaction mediate the influence of motivation on employee performance. Murty and Hudiwinarsih (2012) say that a motivated employee will be energetic. Similarly Riana, Gede (2015) motivation to improve performance when employees feel satisfied to work.

### **5 CONCLUSIONS**

Based on the results of this study, it can be concluded that the appropriate compensation in the form of bonus (excluding salary) increase morale, the implication to improve employee performance and employee job satisfaction. Similarly, motivation run by the management managed to encourage employee performance improvement and job satisfaction. The dominant motivation in the effort to build affiliation, by participating in the association, a comfortable working atmosphere. The role of job satisfaction effectively mediates compensation and motivation policies in improving employee performance. This means job satisfaction becomes a benchmark for compensation and work motivation policies to guide better employee performance. The position of employee job satisfaction is very important, describing the compensation policy is appropriate through the provision of bonuses and motivation of work through affiliate motivation. Suggestions for subsequent researchers can develop similar research by adding other factors that effectively improve employee performance.

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