The Influence of Compensation and Work Motivation on Employee Performance

Muhammad Faris Hidayatullah*[1], Imam Muhtadin[1]
Universitas Muhammadiyah Jakarta, Indonesia[1]
*Coresponding Email: muhammadfarish141@gmail.com

Abstract:
In this era of globalization, every company is trying to show its superiority in order to survive in increasingly tight business competition. Companies are required to increase effectiveness and efficiency optimally so that the company's goals can be achieved. Every company has targets and goals to accomplish in a certain period. PT. Infinit Teknika Industri is a relatively new company in the industrial landscape in Indonesia. Founded in 2022 and based in Tangerang, we have established ourselves as a major player in the electrical and mechanical fields. Initially, we focused on providing high-quality electrical and mechanical equipment. However, as time passes, we realize the importance of providing a more comprehensive service. Therefore, we started offering installation services to ensure that the solutions we provide deliver optimal results for customers, with a vision to become an active contributor to national infrastructure development. The purpose of this research is to determine the influence of compensation and work motivation on employee performance. This research uses observation and questionnaire methods as instruments. The respondents were 45 employees at PT. Infinit Teknika Industri. The sampling process uses technical non-probability sampling using an associative quantitative approach using primary data. Associative quantitative data analysis technique using primary data.

INTRODUCTION

In this era of globalization, every company is trying to show its superiority in order to survive in increasingly tight business competition. Companies are required to increase effectiveness and efficiency optimally so that the company's goals can be achieved. Every company has targets and goals to accomplish in a certain period. A company can run according to the expectations set when the human resources within it are willing to make the company experience increased profits and development from year to year.

Human resources are vital for the company's progress because the active involvement of employees determines the smooth running of every change. Even though it is supported by advanced technology, operations still require the role of humans to supervise and direct the work process so that the results are in accordance with consumer needs (Patra, 2020).

Therefore, companies must focus on developing employee skills and knowledge through training, education, and opportunities for development. Apart from that, companies

need to create a work atmosphere that supports innovation and collaboration, so that each individual can make their best contribution. By prioritizing effective human resource management, companies will be better prepared to face competition and achieve long-term success. This will strengthen the company's foundation in facing ever-growing market dynamics and create sustainable competitive advantages.

PT. Infinit Teknika Industri is a relatively new company in the Indonesian industry. Founded in 2022, this company has planted its roots in Tangerang. As specialists in the electrical and mechanical fields, we are committed to providing comprehensive solutions for industrial needs, with the main focus as a supplier of electrical and mechanical equipment, we connect manufacturers with end users. Our product portfolio is diverse, from small components to large-scale industrial equipment. With an extensive network and in-depth knowledge of the market, we can provide efficient and timely services.

PT. Infinit Teknika Industri is a relatively new company in the industrial landscape in Indonesia. Founded in 2022 and based in Tangerang, we have established ourselves as a major player in the electrical and mechanical fields. Initially, we focused on providing high-quality electrical and mechanical equipment. However, as time passes, we realize the importance of providing a more comprehensive service. Therefore, we started offering installation services to ensure that the solutions we provide deliver optimal results for customers, with a vision to become an active contributor to national infrastructure development.

PT. Infinit Teknika Industri is actively involved in various government strategic projects. We are committed to providing innovative and high-quality solutions to contribute to industrial progress in Indonesia. This field needs to improve employee performance through the processes of compensation and work motivation, and a company must have efficient compensation and work motivation systems in place to ensure efficiency. Apart from that, companies must also be able to measure and evaluate employee performance objectively to identify areas that need improvement. Appropriate performance measurement will help companies identify employees who excel as well as those who require coaching.

According to Siagian and Kilvin (2020), performance can be interpreted as achieving work results within a certain period. This understanding shows that performance is not only related to the work process but instead focuses on the results or output produced during a predetermined period.

Similarly, PT. Infinit Teknika Industri consistently pays attention to the performance of its employees to ensure they continue to deliver maximum results. However, based on the results of the initial survey through interviews with several employees, some employees still experience delays in completing their work, which indicates that employee performance is not optimal. Table 1, explains the results of the performance assessment of PT employees. Infinit Teknika Industri.

Table 1. PT Employee Performance Assessment. Infinit Teknika Industri Period 2022-2024

No	Job Assessment	Year		
		2022	2023	2024
1	Complete tasks effectively	80,4	82,2	82,6
2	Carrying out tasks according to targets and Standard Operating Procedures (SOP)	76,9	81,4	79,8
3	Completion of tasks effectively and on time	79,1	80,1	80,7
4	Collaboration between employees	77,5	81,5	79,3
5	Completion of tasks in accordance with the company's goals	77,3	80,2	79,7
6	Complete tasks according to the job description	79,4	80,7	81,5

Source: PT. Infinit Teknika Industri (2025)

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Table 1. Employee Value Standards

No	Mark	Category
1	91-100	Very Good
2	76-90	Good
3	61-75	Fair
4	51-60	Not Good

Source: PT. Infinit Teknika Industri (2025)

Based on the data in Table 1, the performance of PT Infinit Teknika Industri employees has shown a decline over the past three years. In 2022 the value of employee performance results will be 79.4% in the good category, and in 2023 it will increase to 80.7% still in the good category, and in 2024 it will increase to 81.5% only still in the good category. Therefore, PT needs to make efforts. Infinit Teknika Industri so that employee performance increases to be satisfactory and very satisfying. Factors believed to influence employee performance that are not yet optimal are compensation and motivation. Table 2 entitled Employee Value Standards presents a classification of employee performance assessments based on certain value ranges. This table shows that employee values are categorized into four levels, namely Very Good, Good, Fair, and Not Good. Employees who score between 91-100 are in the Very Good category, this means that they demonstrate a highly satisfactory level of performance. Furthermore, a score of 76–90 is classified as Good, this indicates that the employee has good work performance, while scores in the range of 61–75 fall under the 'Fair' category, reflecting adequate performance but still requiring improvement. Meanwhile, a score between 51-60 is categorized as Not Good, indicating performance that does not meet the standards expected by the company. This standard was prepared by PT. Infinit Teknika Industri in 2025 as a reference in evaluating employee performance objectively and measurably.

METHODS

Research design is the design of activities, collection, processing, analysis, and presentation of data carried out systematically and objectively to solve a problem or test a hypothesis. The research design aims to provide structured and clear guidelines to researchers in conducting their research so that researchers can conduct research according to existing directions.

According to Strijker et al, (2020). Research methods are the procedures and schemes used in research. Research methods allow research to be carried out in a planned, scientific, neutral, and valuable manner. Method refers to the technique used by researchers to collect research data to find a solution to a problem. In general, there are three research methods commonly used in scientific research. These three methods consist of quantitative research methods, qualitative research methods, and combined research methods.

Quantitative research is defined as a research method based on the philosophy of positivism used to research certain populations or samples, collect data using research instruments, and quantitative or statistical data analysis, with the aim of testing predetermined hypotheses. Qualitative research methods are research methods that are based on the philosophy of postpositivism, used to research the conditions of natural objects, (as opposed to experiments) where the researcher is the key instrument, data collection techniques are carried out in a triangulated (combined) manner, data analysis is inductive or qualitative, and the results of qualitative research emphasize the meaning of generalizations.

According to Justan et al., (2024), A mixed methods research design is a procedure for collecting, analyzing, and combining quantitative and qualitative methods in one study. Creswell and Plano in. The use of mixed methods is usually used when the research conducted contains qualitative data and quantitative data.

Based on the research design research according to the experts above, this research will use associative research, with quantitative methods where the author tries to find out the relationship between two variables. This research was conducted in the administration department of PT Infinit Teknika Industri. The data collection techniques used included questionnaires, interviews, pre-surveys, and literature review. The independent variables in this research are compensation (X_1) and work motivation (X_2), while employee performance (Y) is the dependent variable.

Based on several types of sampling techniques above, the researcher used a saturated sampling method. Saturated sampling is a sampling technique in which all population members are taken as samples. This method is a type of non-probability sampling that uses all members of the population as samples. In this study, the population was 45 respondents, so all respondents became the sample.

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis

This analysis was conducted to determine the influence of the Employee Performance variable (Y), which is related to the Compensation variable (X_1) and the Work Motivation variable (X_2).

Table 3. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	16.007	11.129	
Compensation	.547	.124	.527
Work Motivation	.291	.114	.307
a. Dependent Variable: Employee Performance			

Coefficients^a

Source: Data processed by SPSS 30 (2025)

Based on the SPSS calculation results above, a multiple linear regression equation can be formulated as follows.:

$$Y = 16{,}007 + 0{,}547\ X_1 + 0{,}291\ X_2$$

a = The constant of 16.007 means that if the values of variables X_1 and X_2 (Compensation and Work Motivation) are 0 (zero), the value of the Employee Performance variable (Y) will be 16.007.

B1 = The regression coefficient of 0.547 represents the value derived from the Compensation variable (X_1), which has a positive regression direction. This means that for every increase of 1 point in the Compensation (X_1) value, the Employee Performance (Y) variable will increase by 0.547 points.

B2 = The regression coefficient of 0.291 represents the value derived from the Work Motivation variable (X_2), which has a positive regression direction. This means that for every increase of 1 point in the Work Motivation (X_2) variable, the Employee Performance (Y) variable will increase by 0.291 points.

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Table 4.1 Coefficient of Determination Test Results

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.717[a]	.514	.491	5.602
a. Predictors: (Constant), Work Motivation, Compensation				
b. Dependent Variable: Employee Performance				

Source: Data processed by SPSS 30 (2025)

Based on the results of Table 4 above, it can be seen that the influence of Compensation and Work Motivation on Employee Performance is 0.514 or 51.4%. The remaining 48.6% is influenced by Work Discipline, Organizational Culture, and other variables not included in this research.

Table 5. T-Test Results

Coefficients[a]					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
1 (Constant)	16.007	11.129		1.438	.158
Compensation	.547	.124	.527	4.403	<,001
Work Motivation	.291	.114	.307	2.561	.014
a. Dependent Variable: Employee Performance					

Source: Data processed by SPSS 30 (2025)

It can be seen from Table 5 that the t-test results are as follows: The calculation for the t-table with df = n - k - 1 = 45 - 2 - 1 = 42 (2.018)

The Effect of Compensation on Employee Performance.
Based on the results of the t-test, where the calculated t value is greater than the t-table value (4.403 > 2.018) and the significance value is 0.001, which is less than 0.05 (or 5%), Ho is rejected and Ha is accepted. This means that compensation has a positive and significant effect on the performance of PT. Infinit Teknika Industri employees.

The Influence of Work Motivation on Employee Performance.
Based on the results of the t-test where the calculated t value > t table (2.561> 2.018) and the significance value is 0.014 < 0.05 or 5% Ho is rejected, and Ha is accepted, meaning that work motivation has a positive and significant effect on PT employee performance. Infinit Teknika Industri.

Simultaneous Significant Test (F Test)
The F statistical test essentially shows whether all the independent variables included in the model have a joint effect on the dependent variable.

Table 6. F Test Results

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1396.386	2	698.193	22.250	<,001[b]
Residual	1317.926	42	31.379		
Total	2714.311	44			
a. Dependent Variable: Employee Performance					
b. Predictors: (Constant), Work Motivation, Compensation					

Source: Data processed by SPSS 30 (2025)

Based on the F test above, it is known that the calculated F value is 22.250, which is greater than the F table value of 3.22 (22.250 > 3.22). Additionally, the significance value is 0.001, which is smaller than 0.05 (0.001 < 0.05). Therefore, Ho is rejected, and Ha is accepted, meaning that compensation and work motivation together have a significant effect on the performance of PT. Infinit Teknika Industri employees.

The Effect of Compensation on Employee Performance

The compensation variable has a positive and significant effect on employee performance at PT Infinite Teknika Industri. This finding indicates that the better the compensation provided—such as salaries, allowances, and bonuses—the higher the level of employee performance. This is supported by the calculated t-value of 4.403, which exceeds the t-table value of 2.018. Additionally, the significance value (p-value) of 0.001 is less than the threshold of 0.05 (0.001 < 0.05), leading to the rejection of the null hypothesis (H_0) and the acceptance of the alternative hypothesis (H_a). Therefore, it can be concluded that compensation has a statistically significant and positive impact on employee performance at PT. Infinit Teknika Industri.

The Influence of Work Motivation on Employee Performance.

The work motivation variable has a positive and significant effect on employee performance at PT Infinite Teknika Industri. This indicates that the higher the level of employee motivation, the better the performance they demonstrate. Motivation factors such as job satisfaction, challenges, recognition, and development opportunities can encourage employees to work harder and achieve better results. This finding is supported by the calculated t-value of 2.561, exceeding greater than the t-table (critical) value of 2.018, indicating a statistically significant relationship. Moreover, the significance level (p-value) of 0.014 falls below the accepted significance threshold of 0.05 (0.014 < 0.05). Therefore, the null hypothesis (H_0) is invalidated, and the alternative hypothesis (H_a) is accepted. It can be concluded that work motivation has a positive and significant effect on employee performance at PT. Infinit Teknika Industri.

CONCLUSION

Compensation variables have a positive and significant effect on PT employee performance. Infinit Teknika Industri. This means that the better the compensation provided, such as salary, allowances, or bonuses, the higher the level of performance exhibited by employees.The work motivation variable has a positive and significant effect on PT employee performance. Infinit Teknika Industri. This means that the higher the level of employee work motivation, the better the performance they show. Compensation variables and work motivation together have a significant effect on employee performance at PT. Infinit Teknika Industri. This indicates that these two factors, both individually and collectively, play a crucial role in enhancing employee performance. When employees receive adequate compensation and exhibit high levels of motivation, they are more likely to work effectively and efficiently.

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