The Effect of Compensation and Job Satisfaction on Employee Performance

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Abstract: Objectively, this study aims to test and analyze partially and simultaneously the effect of compensation and job satisfaction on employee performance at the Office of the Ministry of Religion, Makassar City. This study involved 52 respondents, namely employees of the Makassar City Ministry of Religion. The analytical tool used is multiple linear regression analysis using the SPSS program with several stages of testing such as validity, reliability, normality, heteroscedasticity, and autocorrelation tests. To answer the hypothesis proposed in this study, hypothesis testing is done using the R Square test, T-test, and F-test. This study found that partially and simultaneously, compensation and job satisfaction have a positive and significant effect on employee performance at the Office of the Ministry of Religious Affairs in Makassar City.

Keywords: Compensation; Job Satisfaction; Performance

INTRODUCTION

Human resources are one of the factors in a company in addition to other factors such as capital. In modern times like today, it can be seen that most of the human work can be replaced by machines. Human resources are a central factor in an organization; human resources are the key to the success of a company/institution, especially in a rapidly changing and highly competitive business environment. Because whatever the shape and purpose, the organization is made based on the vision and mission, and in carrying out its mission, it is managed and managed by humans. So humans are a strategic factor in all company or organizational activities, so the management of human resources must receive attention from company owners. One of the things that must be considered in the management of human resources is providing compensation. Compensation can be defined as something that employees receive as remuneration for work provided to an agency or company.

The Ministry of Religion of Makassar City is one government agency or institution that deals with the people in the religious field. The phenomenon that occurred at the Makassar City Ministry of Religion Office, among which there were a small number of employees complained about the remuneration (compensation including employee income allowances) provided by the agency because they felt it was not by the work they had done and the lack of good communication between superiors and employees. Subordinates, so this phenomenon also affects their performance. In addition, some employees at the Makassar City Ministry of Religion have complained about the existing facilities. The promotion of his position also lacks appreciation from the Ministry of Religion of Makassar City. So that with the various problems in these agencies will affect the performance of employees at the Makassar City Ministry of Religion Office. The tight level of competition in the ministry has resulted in the ministry being faced with the challenge of serving the community well, especially during the Hajj season or marriage problems. Therefore, this ministry must serve the community as well as possible, and one of the tools that this ministry can use is the provision of compensation.

Suppose the compensation program is perceived as fair and competitive by employees. In that case, it will be easier for the ministry to attract potential employees, retain them and motivate

employees to improve their performance so that employee performance increases and the ministry can serve the community well. So that the ministry is superior in serving the community but is also able to serve the community in general and improve the quality of service well. Compensation (employee income allowance) plays an essential role in improving employee performance, one of the main reasons a person works is to fulfill his life needs. A person will work optimally in order to get the appropriate compensation (employee income allowance). In this study, the researchers only examined the Makassar City Ministry of Religion Office because, at the Makassar City Ministry of Religion Office, the problems were unraveled in the phenomena in this ministry. According to one employee at the Makassar City Ministry of Religion, central government policy carries out a work assessment once a year. In improving the performance of employees, job satisfaction is essential because with reasonable job satisfaction, the interest in work will be higher, and morale will increase. In addition, employees must also be motivated to complete their work correctly and on time. The problem at the Office of the Ministry of Religion of Makassar City is the employee income allowance or compensation.

Priansa (2014) explains that compensation is a reward to employees/employees for administrative and leadership tasks whose amount is usually fixed monthly. Employees of the Makassar City Ministry of Religion complained that the compensation provided by the company was that compensation they received was not by the work they were doing. They said that the employee's salary allowance was not as expected by the employee. This is what employees of the Makassar City Ministry of Religion have complained about. The employee income allowance is considered for an employee who serves at the Makassar City Ministry of Religion. The amount is still lacking, and the determination of who gets the employee income allowance is sometimes still favoritism. In improving employee performance, job satisfaction is essential because with reasonable job satisfaction, work interest is higher, and morale also increases. In addition, employees must also be motivated to complete their work correctly and on time. After the researchers conducted research at the Makassar City Ministry of Religion Office and conducted interviews with several employees, the problem that occurred in the ministry was employee income allowances (compensation).

LITERATURE REVIEW

Human Resource Management

Management is the science and art of utilizing human resources and other resources effectively and efficiently to achieve a specific goal. This management consists of six elements (6 M): men, money, methods, materials, machines, and market. This element of men (humans) has developed into a field of management science called human resource management or abbreviated as HRM, which is a translation of workforce management (Hasibuan, 2011)". "Human resource management is planning, organizing, coordinating, implementing, and supervising the procurement, development, provision of remuneration, integration, maintenance, and separation of workers in order to achieve organizational goals (Mangkunegara, 2016). Human resource management functions include planning, organizing, directing, controlling, procurement, development, compensation, integration, maintenance, discipline, and dismissal (Hasibuan, 2011).

Compensation

According to Acheampong (2010), compensation must be distributed according to the contribution given to the company in the form of bonuses, subsidies, and welfare must be included in the pay system. Then additional salaries and bonuses by employee contributions can be a strong motivator for improving individual performance (Hamid, 2014). This shows that appropriate compensation can be a driving force for someone to carry out an activity to get the best results for the company, which is shown through its performance. Wirawan (2009) defines compensation as a meaningful aspect for employees because the amount of compensation reflects the value of their work among the employees themselves, their families, and the community. There are three (3) indicators

used to measure compensation according to Simamora (2014), namely salary, facilities, and allowances.

Job Satisfaction

Rivai & Sagala (2013) explain that job satisfaction is a need that increases from time to time, and humans always try with all their abilities to satisfy these needs. According to Luthans, (2011), job satisfaction results from an employee's perception of the extent to which work can provide everything meaningful to the employee himself. Rivai and Sagala (2013: 856), job satisfaction is a need that increases from time to time, and humans always try with all their abilities to satisfy these needs. According to Robins (2011), five (5) indicators are used to measure job satisfaction, namely the work itself, salary, promotion opportunities, supervisors, and coworkers.

Performance

Performance is essential for the organization when it is associated with activities or activities carried out by the company. Performance refers to the employee's achievement, which is measured based on the standards or criteria set by the company. According to Simamora (2014), what is meant by employee performance is the level to which employees achieve job requirements. According to Priansa (2014) stated indicators in measuring performance are Quantity of Work, Quality of Work, Independence, Initiative, Adaptability, and Cooperation.

Compensation Against Performance

Compensation can affect employee performance. Compensation plays an essential role in creating employee performance because one of the main reasons people work is to make ends meet and compensation from the company is a source of income for employees. Compensation given by the company fairly and reasonably will provide a positive boost to employees.

Job Satisfaction on Performance

Job satisfaction can be described as a pleasant or unpleasant emotional state with which employees view their work. Many factors can affect the level of job satisfaction of an employee, ranging from the compensation he receives to the existing work environment. Increased job satisfaction is one sign that the company has managed employees or human resources within the company well.

Compensation and Job Satisfaction on Performance

Compensation and job satisfaction are aspects that affect employee performance because they are very interrelated. Compensation is remuneration from the company to employees for the work done by the employee. Compensation is the primary goal of employees at work because employees work to earn money as a tool to meet their needs.

Based on the theoretical review and the results of previous research, the conceptual framework model of this research can be described as follows.
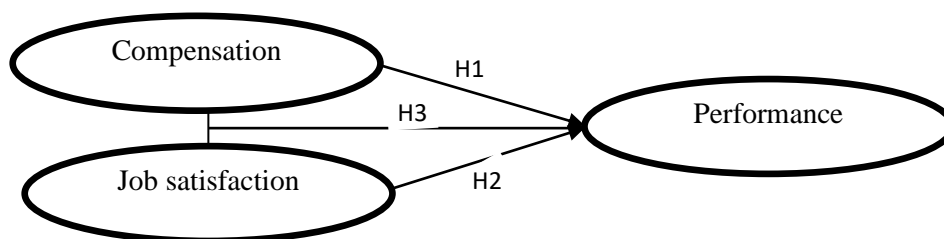

Figure 1. Research Model

H1: Compensation has a positive and significant effect on employee performance at the Makassar City Ministry of Religion Office.

H2: Job satisfaction has a positive and significant effect on employee performance at the Makassar City Ministry of Religion Office.

H3: Compensation and job satisfaction simultaneously have a positive and significant effect on employee performance at the Makassar City Ministry of Religion Office

RESEARCH METHOD

This research was conducted in Makassar by visiting the object of research at the Office of the Ministry of Religion of Makassar City. The population of this study is all permanent employees of the Makassar City Ministry of Religion, as many as 108 employees. In this study, sampling uses a saturated sample with the census system. The type of data used is quantitative data. At the same time, the data source is primary data. Data collection techniques used in this study were through interviews, observation, and the distribution of questionnaires. Descriptive Analysis Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without the intention of making conclusions that apply to the public. Inferential analysis is a statistical technique used to analyze sample data, and the results are applied to the population. Researchers in inferential analysis use the following method: Multiple linear regression analysis is used by researchers if the researcher intends to predict how the condition (up and down) of the dependent variable will be if the independent variable as a predictor factor is manipulated (value increases) (Sugiyono, 2010). In knowing the effect of compensation and job satisfaction on employee performance, multiple linear regression analysis techniques are used, as quoted in Sugiyono (2010).

RESULTS AND DISCUSSION

A validity test is carried out to test data validation which is a measure that shows the level of reliability or validity of the measuring instrument. Validation of the data in a study was carried out with item analysis techniques, namely by collaborating the score of each statement item with the total score for each variable. An indicator is said to be valid if the person correlation value (r = > 0.30) and the level of significance (α = < 0.05). To find out whether or not the statements used in this study are valid. Table 1 shows that all indicators of each variable have a correlation value of >0.30 and significant <0.05, so it can be said that all indicators of motivation used in this study have good and significant validity.

Table 1. Validity Test Results

Indicator	R-Count	R table	Info
Compensation			
Wages	0,543	0,30	Valid
Facility	0,786	0,30	Valid
Allowance	0,903	0,30	Valid
Job satisfaction			
The work itself	0,909	0,30	Valid
Wages	0,753	0,30	Valid
Promotion opportunity	0,342	0,30	Valid
supervisor	0,767	0,30	Valid
Work colleague	0,843	0,30	Valid
Employee Performance			
work colleague	0,885	0,30	Valid
Quality	0,910	0,30	Valid
Independence	0,904	0,30	Valid

Initiative	0,885	0,30	Valid
Adaptability	0,910	0,30	Valid
Cooperation	0,441	0,30	Valid

Furthermore, a reliability test was carried out to measure the reliability of an instrument used to predict; in this study, the standard coefficient of Alpha Cronbach = > 0.60 was used. Reliability testing in this study can be seen in table 2.

Table 2. Reliability Test Results

Variabel Penelitian	Cronbach's Alpha	Minimum Limit Cronbach's Alpha	Info
Compensation (X1)	0.910	0.60	Realible
Job satisfaction (X2)	0.843	0.60	Realible
Employee Performance (Y)	0.935	0.60	Realible

Table 3 shows that the compensation variable has a Cronbach's alpha value of 0.910 > 0.60, the job satisfaction variable has a Cronbach's alpha value of 0.843 > 0.60 and the performance variable has a Cronbach's alpha value of 0.935 > 0.60. So from this explanation, it can be concluded that the three variables in this study which consist of statements, meet the reliability standards.

The standard test aims to determine whether the data used are typically distributed, which can be done using Kolmogorov-Smirnov (KS) analysis. If the significance value of the KS test > 0.05, it means that the data is usually distributed. The basis for decision making in the multicollinearity test is looking at the Tolerance Value and Variance Inflation Factor (VIF). Where that if VIF < 10 or tolerance value > 0.10, then there is no multicollinearity.

Table 3. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Compensation	.469	2.132
	Job satisfaction	.469	2.132

Table 4. Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20,164	15,221		1,325	,191
	Compensation	-,040	,040	-,206	-,996	,324
	Job satisfaction	,032	,055	,119	,574	,568

Based on result 3, the compensation variable has a tolerance value of 0.469 > 0.10 and a VIF value of 2.132 < 10.00, while for a job satisfaction variable with a tolerance value of 0.469 > 0.10 and a VIF value of 2.132 < 10.00. So it can be concluded that the linear regression model does not occur multicollinearity. The purpose of the heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. A good regression model is a homoscedasticity. If the coefficient of beta parameter > 0.05, then there is no heteroscedasticity problem.

Table 4 shows that the significant value in the heteroscedasticity test for the compensation variable is 0.324 > 0.05, for the job satisfaction variable 0.568 > 0.05. It can be concluded that the regression model in this study does not occur heteroscedasticity. The regression equation results show the independent variable (independent) direction, namely compensation and job satisfaction, on the dependent variable (dependent), namely performance. The basis for decision making in this test is T-

count > Table = 2,010, obtained from the TINV formula in excel and sig > 0.05, Ho is rejected, and Ha is accepted then the hypothesis is accepted ". The results of the t-test can be seen in table 5.

Table 5. Multiple Linear Regression Results
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	50,963	27,084		1,882	,066		
Compensation	,345	,072	,448	4,806	,000	,469	2,132
Job satisfaction	,539	,098	,514	5,521	,000	,469	2,132

Based on the results in table 5, the multiple linear regression equation can be formulated as follows:

$$Y = 50.963 + 0.345X1 + 0.539X2$$

The regression equation results show the direction of the independent variable (independent), namely reward and punishment, on the dependent variable (dependent), namely performance. The regression equation shows that the constant value (a=140.831) means that the performance value will remain constant at 140,831 if the reward and punishment value shows the number 0. The X1 coefficient value (0.242) means that the reward has a positive effect on employee performance of 0.242, meaning that If rewards are applied, it can result in better employee performance. The X2 coefficient of value (0.433) means that punishment has a positive effect on the performance of 0.433. If punishment is still applied, it will maintain employee performance for the better and vice versa.

Table 6. Partial Test Results (t-test)
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	50,963	27,084		1,882	,066		
Kompensasi	,345	,072	,448	4,806	,000	,469	2,132
Kepuasan Kerja	,539	,098	,514	5,521	,000	,469	2,132

The basis for decision making in this F test is F-count > F-table = 3.184 obtained from the FINV formula in excel, then the model is accepted". The results of the F test can be seen in table 6.

Table 6. F-Test Results
ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	83086,160	2	41543,080	98,355	,000[b]
Residual	20696,609	49	422,380		
Total	103782,769	51			

The results of the F-test statistical calculation in table 6 show the F-count value of 24,821; after that, it is compared with the F-table value of 22663,941 with a significance (0.05). So it can be concluded that F-count> F-table (24,821> 22663,941 with a significant 0.000 < 0.05), meaning that the independent variables reward and punishment simultaneously have a significant effect on performance. The decision-making data in this F test is F-count > F-table = 3.225684, which is obtained from the FINV formula in excel, then the model is accepted.

CONCLUSIONS AND SUGGESTIONS

This study indicates that compensation has a positive and significant effect on employee performance at the Makassar City Ministry of Religion Office. Job satisfaction has a positive and significant effect on employee performance at the Makassar City Ministry of Religion Office. Compensation and job satisfaction have a positive and significant influence on employee performance at the Makassar City Ministry of Religion Office.

The research and discussion results suggest that employees at the Makassar City Ministry of Religion Office can understand the ministry's policies and work optimally because the compensation provided by the ministry is by applicable regulations. For the continued progress of science, especially regarding human resources, it is hoped that further researchers will be able to raise other variables besides compensation and job satisfaction so that many factors will be known to improve performance.

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