



The Effect of Job Satisfaction and Compensation on Employee Performance

Agus Sarwiko¹, Mira Agustina²

^{1,2}Balai Pelatihan Pertanian Lampung

Email: agus.sarwiko30@gmail.com

Abstract

The study aimed to investigate the impact of job satisfaction and work compensation on employee performance. It utilized quantitative methods, employing hypothesis testing techniques with data collected via questionnaires distributed to all 56 employees of the training center. Results from the F test and t test revealed significant findings. The F test demonstrated a calculated F value (34.896) surpassing the F table value (3.17), with a significance value (0.000) below 0.05. Thus, rejecting H₀ and accepting H_a, indicating that both job satisfaction and work compensation, when tested together, influence employee performance. Regarding the t test, job satisfaction variables showed a significant effect on employee performance ($0.000 < 0.050$, t value of $4.727 > t$ table), rejecting H₀ and accepting the hypothesis. Similarly, work compensation variables demonstrated a significant effect on employee performance ($0.001 < 0.050$, t value of $3.623 > t$ table), rejecting H₀ and accepting the hypothesis.

Keywords: Job Satisfaction, Compensation, Employee Performance.

Introduction

Lampung Agricultural Training Centre operates under the Ministry of Agriculture as a Technical Implementation Unit under the Agricultural Extension and Human Resource Development Agency. The Ministry of Agriculture plays an important role in developing agricultural expertise through specialized training for agricultural and non-agricultural personnel (Abidin, 2021). Recognizing the importance of the agricultural sector, it is imperative to support it with human resources who are skilled and proficient in management and organizational development (Barusman & Habiburrahman, 2022). Human resource functions span from administration to strategic management, in line with the evolving needs of organizations (Farida *et al.*, 2018). As organizational demands increase, so does the responsibility of the human resources department in fostering and empowering employees to fulfill their duties effectively (Johennesse & Chou, 2017). Therefore,

human resource activities are evolving from the administrative realm to the managerial and strategic realm to meet the growing demands (Govender *et al.*, 2018).

Performance includes work performance and work achievement, which reflect the quality and quantity of work achieved by employees in fulfilling their responsibilities (Purnomo & Sujarwo, 2016). According to Ibrahim *et al.*, (2017) performance is the result of employee tasks in terms of quality and quantity achieved. Organizational performance has a significant influence on all aspects of the organization, affecting the vision, strategy, and tactics of daily operations (Kabetu & Iravo, 2018). Leaders must understand internal and external dynamics, capitalize on opportunities, overcome obstacles, and guide the organization towards long-term sustainable growth and success (Fernandez & Rainey, 2017). Individual and organizational performance is influenced by many factors, such as job satisfaction and compensation, which have a major influence on employee performance (Ali & Anwar, 2021). When employees consider job satisfaction and compensation received satisfactory, they will show higher motivation, engagement, and productivity (Oktaviannur & Pratama, 2016). Conversely, reduced job satisfaction and inadequate compensation can lead to decreased performance, decreased morale, and increased employee turnover rates (Malik & Verawati, 2015). Therefore, organizations should give priority to fostering job satisfaction and ensuring fair compensation to maximize employee performance (Megawaty *et al.*, 2022).

This research focuses on various performance factors, with job satisfaction as a key aspect. At Lampung Agricultural Training Centre, the impact of job satisfaction on employee performance can be seen in the absenteeism rate. However, a common problem at the center is inadequate equipment, which adversely affects employee satisfaction. Tardiness among employees further exacerbates this condition, with cumulative tardiness exceeding eight hours of work each year. In addition, some employees extend their working hours beyond the official working hours, disregarding the prescribed break time, thereby reducing the quality of their work output.

In addition, another important factor is employee compensation. Compensation levels significantly impact job satisfaction, work motivation, and work outcomes (Ekhsan *et al.*, 2019). In addition to salary, employees at the

Lampung Agricultural Training Centre receive performance allowances that aim to improve employee performance. However, not all employees are equally motivated by this performance allowance, which consequently can affect employee performance. After considering these observations, additional research will be undertaken to assess the impact of job satisfaction on employee performance at the Lampung Agricultural Training Center, to evaluate the influence of employee compensation on performance, and to investigate the combined effects of job satisfaction and compensation on employee performance at the Lampung Agricultural Training Center.

Literature Review

a. Job Satisfaction

Job satisfaction indicates the level of satisfaction and fulfillment a person gets from their job (Berliana *et al.*, 2018). As stated by Specchia *et al.*, (2021), job satisfaction has the potential to drive superior performance outcomes that benefit individuals and organizations. Loan (2020), highlights several factors that shape job satisfaction, including job characteristics, interpersonal relationships, growth opportunities, work-life balance, and compensation. When employees find satisfaction in their job roles, they are more likely to demonstrate motivation, engagement, and dedication (Vorina *et al.*, 2017). Job satisfaction significantly impacts the well-being, productivity, and retention of employees in an organization. According to Saputra & Mahaputra (2022), leadership style, organizational loyalty, and commitment also play an important role in influencing job satisfaction in human resource management.

According to Meithiana (2017), there are five indicators of job satisfaction: (1) Satisfaction with the job itself, where employees find satisfaction in tasks that match their interests and assigned responsibilities; (2) Satisfaction with pay, which relies on fair compensation compared to workload and equality with colleagues; (3) Opportunities for promotion, symbolising recognition of employee performance and contributing to job satisfaction; (4) Satisfaction with supervision, which is characterised by supportive superiors who provide guidance, assistance, and effective communication; (5) Satisfaction with co-workers, which emphasises the importance

of harmonious, friendly, and supportive relationships among co-workers in fostering a conducive work environment and enhancing job satisfaction.

b. Compensation

Compensation is the financial and non-financial rewards given to employees in recognition of their contributions, and includes components such as salaries, bonuses, allowances, and facilities (Baqi & Indradewa, 2021). Compensation serves as a very important tool to attract and retain qualified individuals, motivate employees to excel, and ensure the financial stability of employees (Uwimpuhwe *et al.*, 2018). Yusuf et al., (2022) emphasized the importance of fair and competitive compensation in improving employee satisfaction, engagement, and overall performance. Rahman (2020) outlines that compensation consists of a framework of policies, strategies, principles, structures, and procedures designed to provide and maintain appropriate levels of pay, benefits, and other forms of remuneration. Reddy (2020) underlines compensation as a cornerstone of human resource management, which is closely related to the formulation and implementation of strategic policies.

Fredriksz (2017) suggests compensation indicators consisting of: (1) Wages and Salaries, with wages typically associated with hourly rates of pay and salaries typically associated with weekly, monthly, or annual rates of pay; (2) Incentives, which denote additional compensation beyond the regular salary or wage provided by the organization; (3) Benefits, exemplified by health and life insurance, company-paid holidays, pension schemes, and other work-related allowances; (4) Amenities, including facilities such as organization vehicles, club memberships, designated parking spaces, or access to company aircraft provided to employees.

c. Employee Performance

Employee performance includes the level of productivity, effectiveness, and achievement demonstrated by an individual in an organizational (Jyoti & Rani, 2017). According to Paaïs & Pattiruhu (2020), employee performance includes factors such as quality and quantity of work, achievement of goals, adherence to company policies, and overall contribution to organizational goals. Sugiarti et al., (2021) outline that employee performance is influenced by various factors, including job satisfaction, compensation, skills, motivation, work environment, and leadership. Organizations aim to optimize employee performance through strategies such as

performance management, training, feedback, recognition, and fostering a positive work culture, as stated by (Asbari *et al.*, 2021). Murphy (2020) emphasizes the role of organizational performance evaluation in assessing employees' work and identifying barriers to job performance.

The performance appraisal of civil servants (PNS) refers to the guidelines outlined in Presidential Regulation No. 46 of 2011 on Civil Servant Work Performance Appraisal. This evaluation consists of two main components, namely employee work objectives and work behavior. Employee work objectives include quantity, quality, timeliness, and cost. While work behavior includes commitment, service orientation, integrity, discipline, cooperation, and leadership.

Research Framework

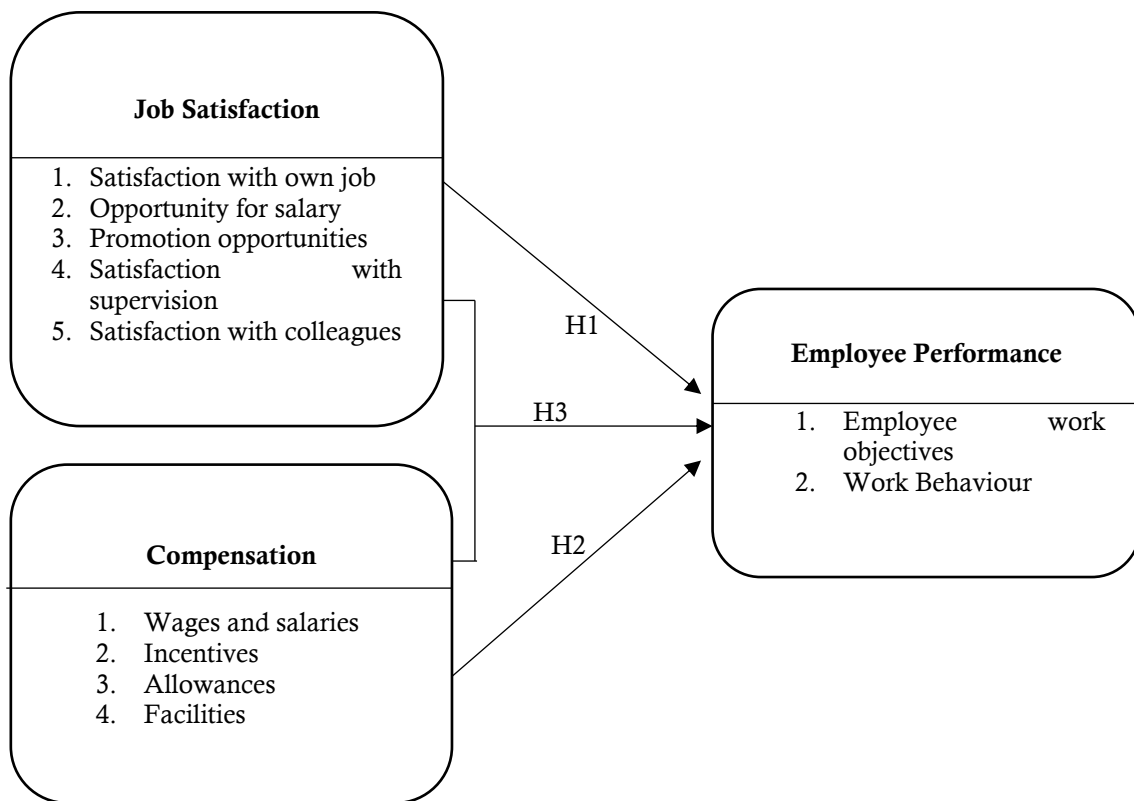


Figure 1. Framework

Hypothesis

Based on the formulation of the problem that has been determined, the hypothesis formulation in this study is as follows:

1. There is an effect of job satisfaction on employee performance at the Lampung Agricultural Training Centre.
2. There is an effect of compensation on employee performance at the Lampung Agricultural Training Centre.
3. There is an effect of job satisfaction and compensation on employee performance at the Lampung Agricultural Training Centre.

Research Methodology

The research method that will be used in this research is quantitative research, which explains the relationship between three variables, namely the independent variable (X1), (X2) and the dependent variable (Y) and the truth using hypothesis testing. Quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used for research on certain populations or samples, data collection using research instruments, and stochastic quantitative data analysis with the aim of testing predetermined hypotheses (Barusman, 2019). The population in this study were all civil servants at the Lampung Agricultural Training Centre, totaling 56 employees. Because the population in this study was less than 100, the sample size in this study was all employees of the Lampung Agricultural Training Centre, totaling 56 employees. The data collection technique used in this study was to use a questionnaire. The operational definition of research variables is described in table 1 below:

Table 1. Operational Variables

Variable	Operational Definition	Indicator	Item
Job Satisfaction	Job Satisfaction is a part of life satisfaction that relates to the general feelings and attitudes of a worker towards his job.	1. Satisfaction with the job itself	1-2
		2. Opportunity for salary	3-4
		3. Promotional opportunities	
		4. Satisfaction with supervision	5-6 7-8
		5. Satisfaction with co-workers	9-10
Compensation	Compensation is all forms of payment given to employees in the form of direct (in the form of money) or indirect (in the form of allowances and incentives) payments.	1. Wages and salaries	1-2
		2. Incentives	
		3. Allowances	3-4
		4. Facilities	5-6 7-8

Performance	Performance is the quality and quantity of work achieved by an employee, a department, or an organization in carrying out its duties and targets in accordance with its responsibilities in a certain assessment period. to him within a certain assessment period.	1. Work Objectives	1-5
		2. Work Behaviour	6-10

Source: Data processed, 2024

Result And Discussion

Validity Test

The validity of the statement instrument is confirmed when the r-count value exceeds the r-table value, and the significance value falls below 0.05 for 15 respondents, with degrees of freedom $DF-2 = 13$, resulting in a value of 0.5140.

Table 2. Job Satisfaction Validity Test Results

Statement	r-count	Significance	r-table	Description
X1_P1	0.789	0,000	0.514	Valid
X1_P2	0.664	0.007	0.514	Valid
X1_P3	0.660	0.007	0.514	Valid
X1_P4	0.691	0.004	0.514	Valid
X1_P5	0.806	0,000	0.514	Valid
X1_P6	0.624	0.013	0.514	Valid
X1_P7	0.844	0,000	0.514	Valid
X1_P8	0.740	0.002	0.514	Valid
X1_P9	0.778	0.001	0.514	Valid
X1_P10	0.726	0.002	0.514	Valid

Source: Data processed, 2024

According to table 2, all r-count values for job satisfaction surpass the r-table value of 0.514, with significance values below 0.05. Consequently, all statement items pertaining to the job satisfaction variable are deemed valid.

Table 3. Compensation Validity Test Results

Statement	r-count	Significance	r-table	Description
X2_P1	0.891	0,000	0.514	Valid

X2_P2	0.907	0,000	0.514	Valid
X2_P3	0.686	0.005	0.514	Valid
X2_P4	0.602	0.018	0.514	Valid
X2_P5	0.832	0,000	0.514	Valid
X2_P6	0.746	0.001	0.514	Valid
X2_P7	0.952	0,000	0.514	Valid
X2_P8	0.842	0,000	0.514	Valid

Source: Data processed, 2024

Based on table 3, it can be seen that the r-count value on compensation is all greater than the r-table value of 0.514 and the significance value is less than 0.05, thus all statement items on the compensation variable are declared valid.

Table 4. Employee Performance Validity Test Results

Statement	r-count	Significance	r-table	Description
Y_P1	0.669	0.006	0.514	Valid
Y_P2	0.765	0.001	0.514	Valid
Y_P3	0.692	0.004	0.514	Valid
Y_P4	0.662	0.007	0.514	Valid
Y_P5	0.878	0,000	0.514	Valid
Y_P6	0.607	0.016	0.514	Valid
Y_P7	0.912	0,000	0.514	Valid
Y_P8	0.628	0.012	0.514	Valid
Y_P9	0.616	0.014	0.514	Valid
Y_P10	0.639	0,010	0.514	Valid

Source: Data processed, 2024

Based on table 4, it can be seen that the r-count value on employee performance is all greater than the r-table value of 0.514 and the significance value is less than 0.05, thus all statement items on the employee performance variable are declared valid.

Reliability Test

Reliability measurement involves a single-shot assessment, followed by comparison with other questions or analysis using the SPSS computer program

through the Cronbach Alpha (α) statistical test. A construct or variable is considered reliable if it yields an α value exceeding 0.70.

Table 5. Reliability Test Results

Variable	N	Cronbach's Alpha	Description
Job Satisfaction	10	0.897	Reliable
Compensation	8	0.922	Reliable
Employee Performance	10	0.875	Reliable

Source: Data processed, 2024

Based on the test results in table 5, it is known that the three research variables are reliable because the Cronbach's Alpha value is more than 0.70.

Multiple Linear Regression

Table 6. Multiple Linear Regression Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.141	3.411		3.560	.001
	Job Satisfaction (X1)	.460	.097	.492	4.727	.000
	Compensation (X2)	.329	.091	.377	3.623	.001

a. Dependent Variable: Employee Performance

Source: Data processed, 2024

Based on table 6, it can be interpreted as follows:

$$Y = a + bx_1 + bx_2 + e$$

$$Y = 12,141 + 0,460x_1 + 0,329x_2 + e$$

If the constant (12.141) in this equation is positive, it indicates that when the job satisfaction and compensation variables are either zero or maintain a constant value, the employee performance variable will have a value of 12.141.

The regression coefficient for the job satisfaction variable stands at 0.460. This implies that a one-unit increase in job satisfaction will correspond to a 0.460-unit increase in employee performance. Since the coefficient is positive, it signifies a positive relationship between job satisfaction and employee performance. In other words, as job satisfaction increases, so does employee performance. Consequently,

higher job satisfaction values are associated with higher employee performance values, while lower job satisfaction values are linked to lower employee performance values.

The regression coefficient for the compensation variable is 0.329, indicating that a one-unit increase in compensation corresponds to a 0.329-unit increase in employee performance. Since the coefficient is positive, it suggests a unidirectional relationship between compensation and employee performance. In other words, as compensation increases, employee performance also increases. Thus, higher compensation values are associated with higher employee performance values, while lower compensation values are linked to lower employee performance values.

From the provided information, we can conclude that the regression coefficient value of the job satisfaction variable surpasses that of the compensation variable. This indicates that the job satisfaction variable makes a greater or dominant contribution compared to compensation in enhancing employee performance at the Lampung Agricultural Training Center.

Determination Coefficient Test

Table 7. Results of the Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754 ^a	.568	.552	2.38761

a. Predictors: (Constant), Compensation, Job Satisfaction
Source: Data processed, 2024

Referring to table 7, we observe that the R-squared value is 0.568, equivalent to 56.8%. This value illustrates the collective impact of job satisfaction and compensation variables on employee performance, with the remaining 43.2% being influenced by other variables beyond the scope of this study.

F test

**Table 8. F Test Results
ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	397.864	2	198.932	34.896	.000 ^b
	Residual	302.136	53	5.701		

Total 700.000 55

a. Dependent Variable: Employee Performance

b. Predicators: (Constant), Compensation, Job satisfaction

Source: Data processed, 2024

Referring to table 8, it's evident that the calculated F value exceeds the F table value ($34.896 > 3.17$), with a significance value of $0.000 < 0.05$. Consequently, H_0 is rejected, and H_a is accepted, indicating that when tested together or simultaneously, the job satisfaction and compensation variables significantly impact the employee performance variable.

t-Test

Table 9. t-Test results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	12.141	3.411		3.560	.001
Kepuasan Kerja (X1)	.460	.097	.492	4.727	.000
Kompensasi (X2)	.329	.091	.377	3.623	.001

a. Dependent Variable: Employee Performance

Source: Data processed, 2024

According to Table 9, the impact of job satisfaction variables on employee performance variables is significant ($0.000 < 0.050$), with a t value of 4.727 exceeding the t table value (2.00575). Consequently, H_0 is rejected, and the hypothesis is accepted, indicating a discernible effect of job satisfaction variables on employee performance variables. Similarly, the effect of the compensation variable on employee performance is noteworthy ($0.001 < 0.050$), with a t value of 3.623 surpassing the t table value (2.00575). Hence, H_0 is rejected, and the hypothesis is accepted, signifying an effect of the compensation variable on employee performance.

Conclusion and Implication

Conclusion

Based on the results of research and discussion, it can be concluded that job satisfaction partially has a positive and significant effect on employee performance at the Lampung Agricultural Training Centre. Compensation partially has a positive

and significant effect on employee performance at the Lampung Agricultural Training Centre. Job satisfaction and compensation simultaneously have a positive and significant effect on employee performance at the Lampung Agricultural Training Centre.

Implication

The implication of this study is that job satisfaction at the Lampung Agricultural Training Centre should be improved, especially for statements that superiors help provide solutions if employees are having work problems. In addition, employee compensation at the Lampung Agricultural Training Centre should be improved even more, especially in the statement that incentives can provide work enthusiasm.

Bibliography

- Abidin, M. Z. (2021). Pemulihan ekonomi nasional pada masa pandemi covid-19: Analisis produktivitas tenaga kerja sektor pertanian. *Indonesian Treasury Review: Jurnal Perbendaharaan, Keuangan Negara Dan Kebijakan Publik*, 6(2), 117–138.
- Ali, B. J., & Anwar, G. (2021). An Empirical Study of Employees' Motivation and its Influence Job Satisfaction. *International Journal of Engineering, Business and Management*, 5(2), 21–30.
- Asbari, M., Hidayat, D. D., & Purwanto, A. (2021). Managing employee performance: From leadership to readiness for change. *International Journal of Social and Management Studies*, 2(1), 74–85.
- Baqi, F. A., & Indradewa, R. (2021). The Effect of Compensation on Job Satisfaction of Permanent Employees and Contract Employees. *American International Journal of Business Management (AIJBM)*, 4(08), 144–151.
- Barusman, A. R. P., & Habiburrahman, H. (2022). The role of supply chain management and competitive advantage on the performance of Indonesian SMEs. *Uncertain Supply Chain Management*, 10(2), 409–416.
- Berliana, M., Siregar, N., & Gustian, H. D. (2018). The model of job satisfaction and employee performance. *International Review of Management and Marketing*, 8(6), 41.
- Farida, I., Purnomo, A., & Nuzir, F. A. (2018). Development model of public open space in Bandar Lampung City's regional government. *Journal Opcion*, 34, 879–895.

- Fernandez, S., & Rainey, H. G. (2017). Managing successful organizational change in the public sector. In *Debating public administration* (pp. 7–26). Routledge.
- Govender, L. N., Perumal, R., & Perumal, S. (2018). Knowledge management as a strategic tool for human resource management at higher education institutions. *South African Journal of Information Management*, 20(1), 1–10.
- Ibrahim, R., Boerhannoeddin, A., & Bakare, K. K. (2017). The effect of soft skills and training methodology on employee performance. *European Journal of Training and Development*, 41(4), 388–406.
- Johennesse, L.-A. C., & Chou, T.-K. (2017). Employee Perceptions of Talent Management Effectiveness on Retention. *Global Business & Management Research*, 9(3).
- Jyoti, J., & Rani, A. (2017). High performance work system and organisational performance: role of knowledge management. *Personnel Review*, 46(8), 1770–1795.
- Kabetu, D. G., & Iravo, M. A. (2018). Influence of strategic leadership on performance of international humanitarian organizations in Kenya. *International Academic Journal of Innovation, Leadership and Entrepreneurship*, 2(2), 113–135.
- Loan, L. (2020). The influence of organizational commitment on employees' job performance: The mediating role of job satisfaction. *Management Science Letters*, 10(14), 3307–3312.
- Malik, M., & Verawati, N. (2015). Compensation Policy Implementation Of Fuel Oil, In The District Konawe, Southeast Sulawesi Province (Study on Implementation of Direct Cash Assistance). *International Multidisciplinary Conference on Social Sciences (IMCoSS)*, 1, 21.
- Megawaty, M., Hamdat, A., & Aida, N. (2022). Examining linkage leadership style, employee commitment, work motivation, work climate on satisfaction and performance. *Golden Ratio of Human Resource Management*, 2(1), 1–14.
- Meithiana, I. (2017). *Kepuasan kerja dan kinerja karyawan tinjauan dari dimensi iklim organisasi, kreativitas individu, dan karakteristik pekerjaan*. Indomedia Pustaka.
- Murphy, K. R. (2020). Performance evaluation will not die, but it should. *Human Resource Management Journal*, 30(1), 13–31.
- Oktaviannur, M., & Pratama, A. (2016). *Influence of Work Motivation and Work Discipline on the Performance of Employees in Regional General Hospital in the District Demang Sepulau Raya Central Lampung*. 51–57.

- Paais, M., & Pattiruhu, J. R. (2020). Effect of motivation, leadership, and organizational culture on satisfaction and employee performance. *The Journal of Asian Finance, Economics and Business*, 7(8), 577–588.
- Purnomo, A., & Sujarwo, E. (2016). Pengaruh Budaya Organisasi Dan Disiplin Pegawai Terhadap Kinerja Pegawai Di Kepolisian Daerah Lampung. *Jurnal. Ubl. Ac. Id.*
- Rahman, Z. (2020). Impact of Islamic work ethics, competencies, compensation, work culture on job satisfaction and employee performance: the case of four star hotels. *European Journal of Business and Management Research*, 5(1), 1–8.
- Reddy, V. S. (2020). Impact of compensation on employee performance. *IOSR Journal of Humanities And Social Science*, 25(9), 17–22.
- Saputra, F., & Mahaputra, M. R. (2022). Effect of job satisfaction, employee loyalty and employee commitment on leadership style (human resource literature study). *Dinasti International Journal of Management Science*, 3(4), 762–772.
- Specchia, M. L., Cozzolino, M. R., Carini, E., Di Pilla, A., Galletti, C., Ricciardi, W., & Damiani, G. (2021). Leadership styles and nurses' job satisfaction. Results of a systematic review. *International Journal of Environmental Research and Public Health*, 18(4), 1552.
- Sugiarti, E., Finatariyani, E., & Rahman, Y. T. (2021). Earning cultural values as a strategic step to improve employee performance. *Scientific Journal of Reflection: Economic, Accounting, Management and Business*, 4(1), 221–230.
- Uwimpuhwe, D., Mushabe, D., & Bally, K. S. (2018). The influence of compensation system on employee attraction and retention. *International Journal of Advanced Academic Research*, 4(11), 91.
- Vorina, A., Simonič, M., & Vlasova, M. (2017). An analysis of the relationship between job satisfaction and employee engagement. *Economic Themes*, 55(2), 243–262.
- Yusuf, M., Haryono, A., Hafid, H., Salim, N. A., & Efendi, M. (2022). Analysis Of Competence, Leadership Style, And Compensation In The Bandung City Pasar Bermartabat. *Jurnal Darma Agung*, 30(1), 522–524.