



## The Effect of Compensation and Motivation on Employee Performance at PT Melbe Tata Boga (Reddog) Surabaya City

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### ARTICLE INFO

*Keywords:* Compensation, Motivation, Employee Performance

*Received :* 09, August

*Revised :* 13, September

*Accepted:* 16, October

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### ABSTRACT

The aim of the research to investigate how motivation and pay affect PT employee effectiveness. Melbe Tata Catering (Reddog) Singapore City. The participants in this study are all PT staff. Melbe Tata Catering (Reddog) Surabaya City. Determination of the sampling in this study using saturated sampling technique and There are 43 responders in the samples that were used. Information utilized is primary data and data collection is done by distributing questionnaires to employees of PT. Melbe Tata Catering (Reddog) Surabaya City. Then PLS, or partial least squares, is the analysis method employed. Research findings have shown that The motivation and performance of PT personnel are impacted by pay. Melbe Tata Catering (Reddog) Surabaya City.

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## **INTRODUCTION**

In today's increasingly advanced era, the role of human resources is needed in the success and progress of an organization or company. An organization or company can be said to be successful or not in maintaining the existence of the company's progress starting from how to manage its human resources, especially in improving employee work performance. Employees are the most important element in determining the progress of an organization or company. To achieve organizational goals, employees are needed by the requirements of the organization and must also be able to carry out the tasks that have been determined. Every organization or company will always try to improve the performance of its employees in the hope that the goals of the organization or company can be achieved. A Employee performance must be increased by the organization having knowledgeable and highly competent staff as well as making an attempt to handle management as effectively as possible. The success or failure of a company will usually be known from management of the company's human resources.

PT Melbe Tata Boga (Reddog) is a multi-faceted F&B group of companies providing various products and services that always revolve around technology and food. Reddog is a company that opens franchises, in the city of Surabaya itself there are 4 branches located in various malls namely Galaxy Mall, Royal Plaza, Pakuwon City Mall, and Tunjungan Plaza Mall.

In 2021 sales of PT. Melbe Tata Boga (Reddog) has succeeded in achieving and exceeding the targets set by company management but in 2022 sales of PT. Melbe Tata Boga (Reddog) experienced a decline indicating that employee performance was still not optimal due to sales achievement that did not meet the target set by the company's management. With proven sales in 2022, it shows that employee performance is not optimal because it is indicated by several factors, one of which is compensation.

Researchers found that there was a phenomenon where sales targets were not achieved, one of which was a lack of morale encouragement from superiors so employees were less enthusiastic. According to Robbins (Irviani & Fauzi, 2018), An individual's willingness to use their abilities in the form of knowledge or skills depends on their level of motivation. Royal Plaza, Pakuwon City Mall, and Tunjungan Plaza Mall. in achieving predetermined goals. As well as the phenomenon that occurs regarding compensation is that employees have done overtime work and enter every day according to the schedule set by the company but the company does not provide good compensation to employees. From this, researchers found phenomena that occur that cause employee performance to decrease.

In addition to compensation, work motivation is also one that influences employee performance. According to the results of the interviews that the researchers conducted, there was a phenomenon that occurred regarding motivation within the company, namely the movement of the number of employees who were late and did not come to work for various reasons or permits each month. Thus it can be concluded that the level of employee motivation at PT. Melbe Tata Boga (Reddog) is still low.

Based on the description of the background and phenomena that occur at PT. Melbe Tata Boga (Reddog) Surabaya City, Employee performance at PT is impacted by motivation and salary, according to topic of the researcher's interest. Melbe Tata Catering (Reddog) Surabaya City.

## **THEORETICAL REVIEW**

### ***Compensation***

Compensation is the rights that must be given by the company to employees as a reward or compensation after they carry out their obligations. According to Manthi (2018), Employee remuneration, which encompasses all types of incentives intended at encouraging workers to pursue higher levels of productivity, is a crucial part of the employment relationship. Every employee looks for a pay structure that is equitable and appropriate for their level of education, training, and experience. Enny (2019) compensation can be defined as a form of reciprocal service provided to employees as a form of appreciation for their contribution and work to the organization. The compensation indicators according to Hasibuan (2020) are salaries, incentives, bonuses and allowances.

### ***Motivation***

A person's level of effort, level of persistence, and direction of conduct within an organization are all influenced by their level of work motivation, which is a psychological drive. According to McClelland which is translated by Suwanto (2020: 161) " a collection of internal and external circumstances that prompts someone to begin acting in a particular way, direction, intensity, or time frame. As for motivational indicators according to Syahyuti in Indriyani Darusman and Zidny Ilman Nafi (2020) namely, encouragement to achieve goals, enthusiasm for work, initiative, creativity and a sense of responsibility.

### ***Employee performance***

Performance is the outcome of work that strongly relates to the strategic goals of the business, customer happiness, and economic contribution. Performance thus revolves around executing the task and getting the results from the job. Wibowo said that performance is about what is done and how it is done. 2018). Performance (performance) can be interpreted as achievements, results, or abilities achieved or shown in the implementation of work, obligations, or tasks. Berdenin, Kane and Johnson Performance is defined as the result of an organization's efforts to achieve its strategic goals, customer happiness, and its contribution to the economic growth of society. According to Muhammad Affandi's research (2018), employee performance indicators are work quality, responsibility, initiative, and timeliness.

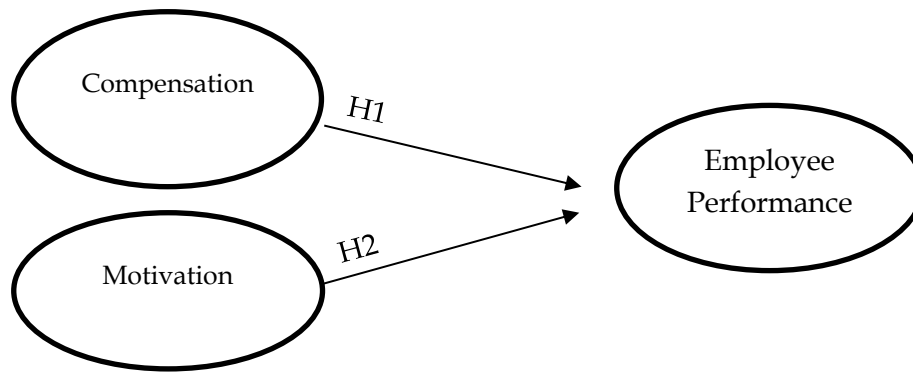


Figure 1. Conceptual Framework

## METHODOLOGY

Quantitative research is what this study falls under. The variables chosen by the researchers include the Employee performance (Y), which is dependent, and compensation (X1) and motivation (X2), which are independent variables. In this investigation, the data collection method is by distributing questionnaires to employees of PT. Melbe Tata Catering (Reddog) Surabaya City. This study has 43 respondents as a sample. In this research, the analysis technique is in the form of a partial least square (PLS) model. PLS is a method for constructing predictable models when there are redundant factors in indicators.

## RESULTS

The questionnaire used as a data collection method contains questions for each indicator of the Compensation (X1), Motivation (X2), and Employee Performance (Y) were the study's three main factors. The questionnaire was distributed to 43 respondents. The Partial Least Square (PLS) measurement model uses exogenous variables that reflect its indicators, namely employee performance (Y), employee motivation (X2), and compensation (X1) which are loaded by looking at factor sizes because all indicators in this model use reflection, so The table used is the output outer loading.

Table 1. Outer Loading (Mean, STDEV, T-Values)

	Factor loading (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )
X1.1 <- Compensation	0.255265	0.269096	0.222937	0.222937	1.145009
X1.2 <- Compensation	-0.518010	-0.439458	0.232057	0.232057	2.232255
X1.3 <- Compensation	0.135512	0.124680	0.145079	0.145079	0.934060
X1.4 <- Compensation	0.925844	0.848337	0.252457	0.252457	3.667342
X2.1 <- Motivasi	0.299479	0.027601	0.369726	0.369726	0.810003
X2.2 <- Motivation	-0.769154	-0.025179	0.733731	0.733731	1.048279
X2.3 <- Motivation	0.403686	0.124238	0.446820	0.446820	0.903465
Y1 <- Employee performance	0.473986	0.442977	0.223896	0.223896	2.116991
Y2 <- Employee performance	0.207755	0.233831	0.262922	0.262922	0.790177
Y3 <- Employee performance	0.959739	0.891068	0.254417	0.254417	3.772303

Source : Data Processing

If the factor loading exceeds 0, the T-statistic value exceeds 1.96, and the value of the variable in relation to the indicator is greater than 0.5, it is possible to establish whether an indicator's validity is sufficient. When the The factor loading and T-statistic score are both more than 1.96. or correlation between indicators and variables, is greater than 0.5, both validity and significance are said to be satisfied.

All reflected indicators on the Compensation and Motivation variables are according to the the exterior loading table given above. The variables for employee performance are displayed in addition to All indicators' estimation findings meet convergent validity or good validity because the factor loading (original sample) is larger than 0.50 and/or significant (T-Statistic value is greater than Z value = 0, 05 (5%) = 1.96). The average extracted variance value

(AVE)), which is a measure of The measurement model shown below illustrates how much indicator variance A latent variable may persist. Greater than 0.5 convergent AVE values imply that latent variables have sufficient validity. For each construct (variable), the Average variance extracted (AVE) value can be used to identify reflective indicators. If the AVE of any construct is more than 0.5, a good model is necessary.

Table 2. Average Variance Extracted (AVE)

	AVE
Compensation	0.302261
Motivation	0.281416
Employee Performance	0.396308

Source: Data Processing

Both the factor loading and the T-statistic score exceed 1.96. the AVE test are 0.302261 for the compensation variable, 0.281416 for motivation, and 0.396308 for employee performance. Since the values for these three variables are less than 0.5, it may be concluded that the study's variables' validity is generally poor. Construction dependability is measured using the composite reliability rating. If According to the composite dependability, the indicator is accurate at measuring the hidden variables value is higher than 0.70.

Table 3. Composite Reliability

	Integral Reliability
Compensation	0.186011
Motivation	0.002016
Employee Performance	0.598033

Source: Data Processing Result

The Employee Performance variable is 0.598033, the Motivation variable is 0.002016, and the Compensation variable is 0. according to the results of the Composite Reliability test.186011. All three of these variables have Composite Reliability values below 0.70, indicating that they are less trustworthy than the other variables in this study. Next, a model accuracy test or fit model is carried out by looking at the R-Square value. R-Square testing if it has a value of 0.750 so that it can be seen that the model is strong, a value of 0.500 is known to be a moderate model, and if the value is 0.250 the model is weak.

Table 4. R Square

	R Square
Compensation	
Motivation	
Employee performance	0.261127

Source: Data Processing Result

It is evident from R<sup>2</sup>'s value is zero in the table above.261127. It is possible to infer that the model may account for employee performance, a phenomenon that is affected by a number of independent factors, including salary and a variance in motivation of 26.11 percent. While the remaining 73.89% is explained by additional factors not included in this research (apart from compensation, motivation).

Furthermore, for testing The following table's results for the inner model's coefficients and T-statistic values demonstrate the hypothesis.

**Table 5. Path Coefficient (Mean, STDEV, T-Values)**

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )
Compensation -> Employee Performance	0.269676	0.296141	0.077990	0.077990	3.457822
Motivation -> Employee Performance	0.366528	0.026810	0.369434	0.369434	0.992134

Source : Data Processing Result

It is clear from the table above that the theory suggesting that compensation has Significant, a positive outcome results from An appropriate influence on employee performance is one Having a T-statistic value 3.457822 higher than  $Z = 0.05 (5\%) = 1.96$  and a path coefficient of 0.269676. According to research, employee motivation has a favorable effect on performance. However, because the path coefficient for this relationship is 0.366528 and the T-statistic is lesser than the Z value of  $0.05 (5\%) = 1.96$ , it is not statistically significant.

The results of this study The PLS measurement model can be used to describe the data as follows.

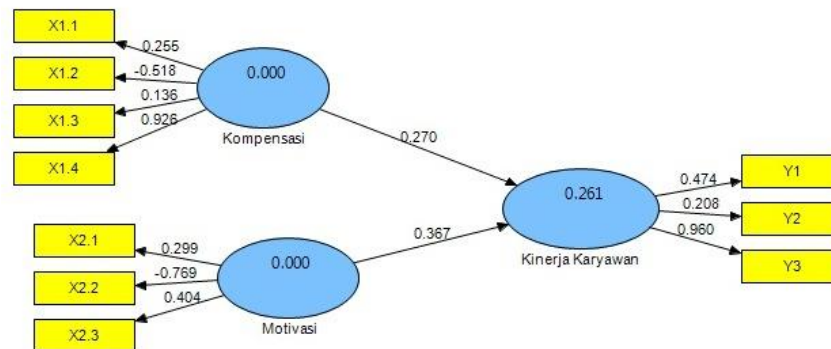


Figure 1. PLS Model Test Results

Source : Output Smart PLS

## DISCUSSION

### *Effect of compensation (X1) on employee performance*

According to the research's findings, employee performance at PT is positively impacted by compensation, which supports the theory that it does. Melbe Tata Boga (Reddog). In this case, based on Indicator with the highest percentage among the outcomes of the descriptive analysis of the compensation variable is an allowance, which explains the form of appreciation given by PT. Melbe Tata Boga (Reddog) can encourage employees to be more enthusiastic about improving their performance.

This study is consistent with that of research that has been Rifky Oktafianto and Auffa Izzuddin (2021), the results obtained from this research indicate that there is a positive and significant influence between compensation on employee performance and the highest factor loading, namely benefits. Additionally, this study is consistent with research carried out by Dodi Prasada and Lily Setyawati (2021) the results obtained from this research, Compensation is well acknowledged to have a substantial impact on employee performance and the highest loading factor is bonus. Based on these results, compensation affects a worker's performance.

### *Effect of Motivation (X2) on employee performance*

The outcomes of the experiments that have been performed demonstrate that motivation has no significant effect on employee performance at PT. Melbe Tata Boga (Reddog). Motivation does not have a big impact on how well employees perform. This occurs as a result of the lack of accountability displayed by the results of data processing which shows that responsibility is the biggest factor in motivating employees, so it depends on the attitude of

employees of PT. Melbe Tata Boga (Reddog) respectively to serve consumers as expected.

This research is by Isnaini Diana Putri's research (2018) with The study's findings indicate that motivation has little of an impact. on employee performance, this is not in line with the research of Fransisca Marseille (2020) with the results of motivation having a significant positive effect on employee performance, the results of this study also contradict Dodi Prasada and Lily Setyawati (2021) with the results of motivation having a noticeable enhancement in worker performance.

## **CONCLUSIONS**

Considering the results of data processing utilizing PLS analysis to look at remuneration and employee motivation's effects on performance at PT Melbe Tata Boga (Reddog) Surabaya City means that Compensation can contribute to employee performance at PT. Melbe Tata Boga (Reddog). The higher the company pays attention to the satisfaction level of compensation given to employees, it can have an effect on improving employees' performance PT. Melbe Tata Boga (Reddog). Motivation contributes less to employee performance at PT. Melbe Tata Boga. This means that even though employees have been given sufficient motivation, the attitude of the employees themselves who do not do a good job cannot influence the performance results of employees at PT. Melbe Tata Boga (Reddog).

## **FURTHER STUDY**

In this study there are limitations that can be used as an evaluation for future researchers:

1. Future research can add other variables that were not studied in this study, especially in employee performance appraisals.
2. Existing theories can be added so that the research results are broad.
3. Adding the research period can be longer.

## **ACKNOWLEDGMENT**

The author would like to thank my lecturer, Ibu Kustini for guiding me in writing this journal.

I would also like to thank my big family, best friends, and the people who help for providing moral and material support during the writing process of this journal.

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