COMPENSATION AND EMPLOYEE PERFORMANCE AT BUKIT RAYA SEKAWAN MINING COMPANY

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ABSTRACT

This study examines the influence of compensation on employee performance at Bukit Raya Sekawan Mining Company using a quantitative associative approach. The research involved a population of 45 employees, selected through a census technique. Data were collected using structured questionnaires and analyzed using simple linear regression. The results show that compensation has a significant positive effect on employee performance, with a determination coefficient of 20.8%. This indicates that compensation explains a portion of the variation in performance, while other unmeasured factors also contribute. The study provides empirical evidence from the mining industry in Indonesia, an area that has received limited academic attention. It offers practical insights into the importance of compensation in enhancing employee performance, especially in resource-based sectors undergoing post Covid-19 economic recovery. The findings suggest the need for further research on additional variables such as leadership, motivation, work environment, and workload to develop a more comprehensive understanding of performance determinants in the extractive industry.

Keywords: compensation; employee performance; mining company.

ABSTRAK

Penelitian ini mengkaji pengaruh kompensasi terhadap kinerja karyawan di Bukit Raya Sekawan Mining Company dengan menggunakan pendekatan kuantitatif asosiatif. Penelitian ini melibatkan populasi sebanyak 45 karyawan yang dipilih dengan teknik sensus. Data dikumpulkan melalui kuesioner terstruktur dan dianalisis menggunakan regresi linear sederhana. Hasil penelitian menunjukkan bahwa kompensasi memiliki pengaruh positif yang signifikan terhadap kinerja karyawan, dengan koefisien determinasi sebesar 20,8%. Hal ini menunjukkan bahwa kompensasi menjelaskan sebagian variasi dalam kinerja, sementara faktor lain yang tidak terukur juga turut memengaruhi. Penelitian ini memberikan bukti empiris dari industri pertambangan di Indonesia, yang masih terbatas dalam literatur akademik. Temuan ini memberikan wawasan praktis tentang pentingnya kompensasi dalam meningkatkan kinerja karyawan, terutama di sektor yang bergantung pada sumber daya alam dan sedang mengalami pemulihan ekonomi pasca Covid-19. Hasil penelitian ini juga menyarankan perlunya penelitian lanjutan untuk mengkaji variabel lain seperti kepemimpinan, motivasi, lingkungan kerja, dan beban kerja guna membangun pemahaman yang lebih komprehensif mengenai faktor-faktor yang memengaruhi kinerja di industri ekstraktif.

Kata Kunci: kompensasi; kinerja karyawan; perusahaan pertambangan.

INTRODUCTION

According to Winanto & Hanantijo (2023), the extractive industry is one of the sectors that contributes significantly to state revenue every year, making it one of the most important resources for Indonesia. The revenue generated from these commodities played a significant role in supporting national fiscal recovery, particularly in response to the decline in state revenues resulting from the global economic downturn induced by Covid-19. Aidar & Ferdian (2023) added, in the extractive industry, state revenue reached IDR 124.4 trillion in 2021. This amount includes taxes, exit duties, and non-tax state revenue. This statement is supported by the Directorate General of EBTKE (2023) which states that currently there are many mining business permits and special mining business licenses operating in Indonesia as well as 60 mining companies holding coal mining concession work agreements. In addition, the Directorate General of EBTKE (2023) explained that extractive industries are often associated with environmental damage due to their operations, therefore, currently the Ministry of Energy and Mineral Resources is trying to create various innovations to reduce these impacts. The Directorate General of EBTKE (2023) added, to obtain innovations to reduce destructive impacts on the environment and provide optimal benefits to the community, one of them must be supported by good quality human resources, so that in the long run, extractive industry innovations can support sustainable development.

Research by Haryanto, Rismayadi, & Pertiwi (2023) states that the success of an entity is determined by the human resources in it, because human resources are the main driver of an entity. In this case, employees as human resources also determine the quality of Bukit Raya Sekawan Mining Company (Indriyani, Lestari, & Rasal, 2019). Anggrainy, Darsono, & Putra (2018) stated that an entity needs to provide appropriate remuneration to all employees, in addition to being a form of entity responsibility, providing appropriate remuneration also makes employees feel valued, recognized, and needed. That is, the provision of appropriate remuneration will make employees give their best efforts to achieve the goals of the entity voluntarily (Anggrainy, Darsono, & Putra, 2018). According to Huzaemah (2021), to improve employee performance, entities also need profit or income from their operations. If the operations of the entity run well, it generates profit or income that can be used to provide various aspects that can improve employee performance, including work wages, work benefits, provision of work facilities, and work bonuses (Adrianto, 2021). Wages, employment allowance, job title, and facilities are also part of the compensation that can be given by companies, institutions, or organizations to employees (Rona & Syam, 2022; Sugiono, Darmadi, & Efendi, 2021). Conversely, the operations of the entity are not running well, so profits and revenues in a company will also be inadequate and have an impact on employees, one of which is termination of employment (Agustina & Adriani, 2022).

Although existing studies have highlighted the substantial contribution of the extractive industry to national revenue and emphasized the importance of human resources in supporting the industry's long-term sustainability (Winanto & Hanantijo, 2023; Aidar & Ferdian, 2023; Directorate General of EBTKE, 2023), most of the literature has predominantly focused on macroeconomic and environmental perspectives. There remains a limited understanding of how organizational factors, such as compensation and human resource management, directly influence employee performance and retention within extractive industry enterprises. Furthermore, while several studies conducted by Anggrainy, Darsono, & Putra (2018), Huzaemah (2021), and Adrianto

(2021) have discussed the importance of fair remuneration and operational profit in enhancing employee motivation and performance, empirical investigations on how compensation structures specifically affect workforce outcomes in mining companies remain scarce. This gap is particularly relevant given operational challenges faced by companies in post-Covid-19 economic recovery period, which not only demand innovation but also require a stable and motivated workforce. Therefore, this study aims to explore the role of compensation in improving employee performance in the context of extractive industry, with a focus on Bukit Raya Sekawan Mining Company as a case study.

The statement is supported by a preliminary study conducted by researchers on 25 employees at Bukit Raya Sekawan Mining Company related to compensation and employee performance which are variables in this study. The likert scale used in preliminary studies in research is the provision of categories of answers that are quantified and given scores into numbers such as very appropriate (5), appropriate (4), normal (3), not appropriate (2), and very inappropriate (1). The following is a table that presents the results of a preliminary study of 25 employees at Bukit Raya Sekawan Mining Company.

Table 1. Compensation and Employee Performance Preliminary Study

Variable	Dimension	Answer Score									
		5		4		3		2		1	
		F	%	F	%	F	%	F	%	F	%
Compensation	Financial compensatio	3	12%	8	32%	13	52%	1	4%	0	0%
	Non-financial	2	8%	4	16%	17	68%	2	8%	0	0%
Employee performance	Target achievement	10	40%	11	44%	4	16%	0	0%	0	0%
	Quality of	9	36	15	60	1	4%	0	0	0	0
	Productivity	8	32	13	52	4	16	0	0	0	0
	Competence	6	24	17	68	2	8%	0	0	0	0

Source: Preliminary study processed, 2024

The results of a preliminary study of 25 employees at Bukit Raya Sekawan Mining Company shows that compensation is an aspect that has not achieved optimal results. This can be seen from most employees in preliminary studies who stated that they were not satisfied with the compensation provided by Bukit Raya Sekawan Mining Company. Then, the aspect of employee performance at Bukit Raya Sekawan Mining Company shows quite optimal results, but still needs improvement. This can be seen from most employees in preliminary studies who say that they are quite satisfied with the performance produced at work. Based on the results of the preliminary study, overall, researchers want to see the effect of compensation on employee performance at Bukit Raya Sekawan Mining Company as a whole. In addition, the formulation of the problem in this study is how the compensation and its effect on employee performance at Bukit Raya Sekawan Mining Company.

METHOD

This study employed a quantitative associative approach using linear regression analysis to examine the relationship between variables. The research involved

45 employees of Bukit Raya Sekawan Mining Company, selected using a census technique, meaning the entire population was included as research respondents. This method was applied because the total number of employees at the company is fewer than 100, which justifies the use of a census in small populations (Creswell, 2020).

A likert scale was utilized to assign scores to respondents' answers, categorized as very appropriate, appropriate, neutral, inappropriate, and very inappropriate. The primary data sources included observations, questionnaires, research notes, and field documentation. In addition, profile of Bukit Raya Sekawan Mining Company were used as secondary data.

The researchers set the calculation formula for the determination coefficient test based on Creswell (2020) as follows.

$$kd = r^2 \times 100\%$$

Information:
kd = Coefficient of determination
r = Value of Pearson coefficient of determination

RESULT AND DISCUSSION

An Overview of Bukit Raya Sekawan Mining Company

Bukit Raya Sekawan Mining Company has a total of 45 employees. Based on the profile of Bukit Raya Sekawan Mining Company, the company has 16 types of operational activities, namely geotechnical and hydrology assessment, evaluator prospecting, data analysis and reporting, laboratory analysis, geophysical drilling exploration, logging, geoelectric survey, geodetic services, geographic information system, geotechnical and geo-hydro, mine feasibility study, mine design, mine plan short term and long term, mobile system monitoring for slope stability, Automatic weather station and sump water level monitoring, as well as environmental real time system monitoring.

Respondent's Profile

Respondent's profile is needed to find out the background of respondents who can support in clarifying research data. The profile of the subjects in this study includes age and level of education presented in the following figure.
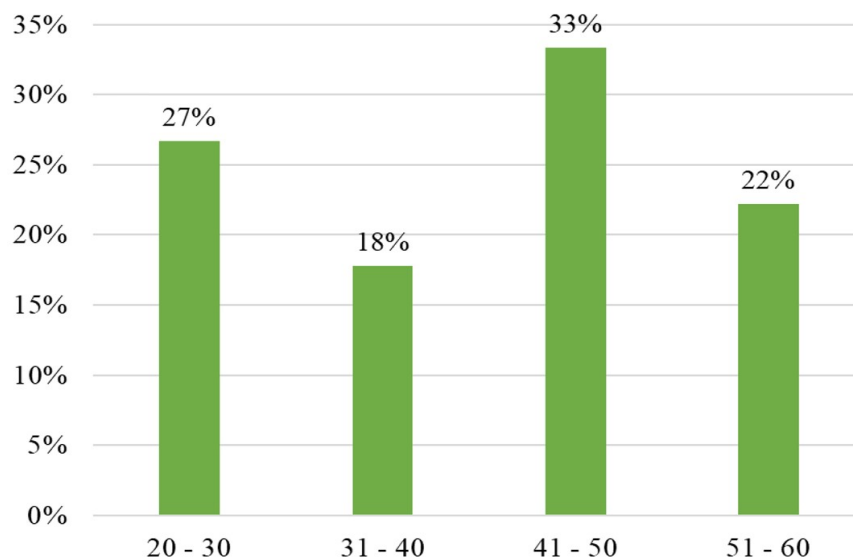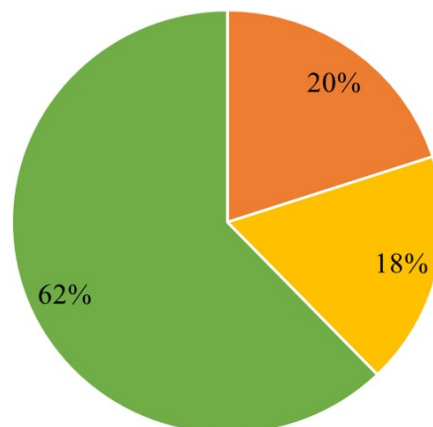

Source: Primary data processed, 2024

Figure 1. Respondent's Profile by Age

Based on the data listed in figure 1, it can be seen that human resources in the age range of 20 - 30 years have a percentage of 27%. This number is quite significant and shows the presence of a productive young generation in Bukit Raya Sekawan Mining Company. This young generation is often considered an important source of innovation and creativity in the business world. The percentage of human resources in the age range of 31 - 40 years is 18%, which is a relatively low percentage. This age range is a productive period where the employee has experience and knowledge that is mature enough. However, the presence of a low percentage may indicate a tendency for Bukit Raya Sekawan Mining Company to recruit more young employees or there is a high turnover rate in this age range. The percentage of human resources in the age range of 41 - 50 years is 33% as well as the highest percentage in Bukit Raya Sekawan Mining Company. This percentage indicates the presence of older age groups in Bukit Raya Sekawan Mining Company. This age group has a wider and stable work experience. The existence of these employees can also provide stability

and consistency in the work produced. The age range of 51 - 60 years has a percentage of 22%. The presence of this age group shows continuity in Bukit Raya Sekawan Mining Company, where there are employees who have worked at Bukit Raya Sekawan Mining Company for a long time. This age group can also provide added value through the knowledge and experience possessed.

Overall, the data shows variations in the age distribution of human resources in Bukit Raya Sekawan Mining Company. The presence of employees from various age ranges can provide benefits for Bukit Raya Sekawan Mining Company, such as a combination of innovation and experience that can increase the productivity and performance of Bukit Raya Sekawan Mining Company as a whole. However, it is important to maintain a balance between age to avoid knowledge gaps and generations that can develop. Thus, Bukit Raya Sekawan Mining Company must have policies that support the development of human resources both at a young and old age, and create an inclusive work climate for all employees.

Source: Primary data processed, 2024

Figure 2. Respondent's Profile by Education Level

Based on the data listed in figure 2, there are three categories of education levels of 45 employees of Bukit Raya Sekawan Mining Company, namely high school / equivalent, diploma / equivalent, and bachelor / equivalent. The percentage of high school / equivalent is 20%. This shows that some employees of Bukit Raya Sekawan Mining Company has a lower educational background, which may affect the employee's ability to deal with the demands of a more complex job. Then, the percentage of diploma / equivalent education is 18%. This percentage shows that a small number of employees of Bukit Raya Sekawan Mining Company can indicate an increase in awareness and accessibility of higher education. The percentage of bachelor / equivalent is 62%. This figure shows that the majority of Bukit Raya Sekawan Mining Company has a fairly high level of education and many have taken higher education to improve work qualifications.

The data in figure 2 can also be a reference for Bukit Raya Sekawan Mining Company to adopt the right employee development program. For example, companies can provide advanced training to employees with high school education to improve skills and prepare those employees for more complex tasks. Meanwhile, Bukit Raya Sekawan Mining Company can utilize and develop human resources with bachelor / equivalent education to lead and support strategic initiatives of Bukit Raya Sekawan Mining Company. This data also provides insight into the human capital rejuvenation cycle. With the majority of human resources having bachelor / equivalent, Bukit Raya Sekawan Mining Company needs to consider the recruitment and development of young professionals with higher education qualifications to ensure the sustainability of Bukit Raya Sekawan Mining Company in long term.

Normality Test

To find out if both independent and dependent variables have normal distributions, one may use the results of the normality test. The data can be defined to have a normal distribution if the value of the probability exceeds than 0.05 (Creswell, 2020). The following table displays the results of the normality test which was conducted utilizing IBM SPSS 26 Windows 10 output in this research.

Table 2. Normality Test Result

One Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		45
Normal parameters	Mean	34,000
	Standard deviation	4,838
Most extreme differences	Absolute	0,112
	Positive	0,112
	Negative	-0,112
Test statistic		0,112
Asymp. Sig. (2-tailed)		0,195

Source: Primary data processed, 2024

Asymmetric significant (2-tailed) was determined with a p-value of 0.195 > 0.05, based to table 1's normality results. As such, data from independent as well as dependent variables fall into the normal distribution category.

Compensation at Bukit Raya Sekawan Mining Company

In this subchapter, an explanation of the results of research conducted through observation with the help of observation guidelines and questionnaires given to 45 employees at Bukit Raya Sekawan Mining Company who were the subjects of the research was presented. The data obtained from observation guidelines and questionnaires are then interpreted descriptively to answer and find out the identification of research problems that have been previously described, so that this study can describe the distribution of research subject's answers about compensation variables. Here is table 3 which presents a descriptive analysis of employee compensation variables at Bukit Raya Sekawan Mining Company.
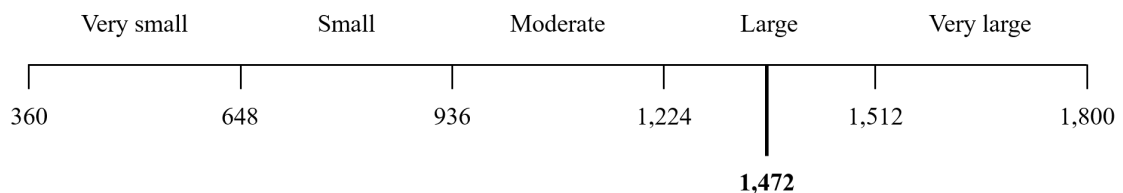
Table 3. Descriptive Analysis of Compensation

Category	Score	Frequency	Number of Scores
Very appropriate	5	123	615
Appropriate	4	159	636
Normal	3	65	195
Inappropriate	2	13	26
Very inappropriate	1	0	0
Total			**1,472**

Source: Primary data processed, 2024

Based on table 3, it is known that the total score on compensation at Bukit Raya Sekawan Mining Company is **1,472**. In order to make it easier to describe the results of descriptive analysis, researchers set very appropriate categories equivalent to very large, appropriate to large, normal equivalent to moderate, inappropriate equivalent to small, and very inappropriate equivalent to very small. Then, the researcher described those results with the following continuum.

Very small	Small	Moderate	Large	Very large

360   648   936   1,224   1,512   1,800

1,472

Source: Primary data processed, 2024

Figure 3. Continuum of Descriptive Analysis of Compensation

From the results of the questionnaire shows that the majority of employees at Bukit Raya Sekawan Mining Company considers that the compensation system applied is in accordance with the employment contract and employee needs, this can be seen from the position of the descriptive analysis line which is in a large

class interval in the continuum line in figure 3 which is equivalent to the good category. This suggests that Bukit Raya Sekawan Mining Company has generally provided compensation perceived as adequate by its employees, as indicated by the quantitative data. Based on the descriptive analysis in table 3, total score for compensation was 1,472 out of a possible maximum of 1,800, resulting in an average score of 4.09. This average falls within the "appropriate" category, reflecting a positive employee perception regarding the compensation they receive.

In addition, there are also some employees who feel that the compensation given is still in the normal category which is equivalent to the sufficient category. It is possible that there are differences in perception between Bukit Raya Sekawan Mining Company and employees regarding appropriate compensation standards. However, there are also a small number of employees who feel that the compensation given is not in accordance with the equivalent of the poor category. This can be a concern for human resource management at Bukit Raya Sekawan Mining Company. Further evaluation of compensation policies is needed in order to meet employee expectations.

The results of research on compensation variables descriptively show that the majority of employees at Bukit Raya Sekawan Mining Company feels that the compensation system applied is in accordance with the employment contract and employee needs. This can be interpreted as an indication that Bukit Raya Sekawan Mining Company has succeeded in providing adequate compensation to employees. The importance of human resource management in this context is to ensure that the compensation provided is in accordance with the standards expected by employees. Although the majority of employees feel that the compensation given is good, there are some employees who feel

that the compensation given is still in the normal or sufficient category.

Differences in perception between Bukit Raya Sekawan Mining Company and employees regarding appropriate compensation standards is a concern for human resource management. In this case, it is necessary to conduct further evaluation of the existing compensation policy. This evaluation may involve gathering input from employees on their expectations of the compensation system, as well as assessing whether the compensation system is appropriate for industry conditions and the company's environment. This is important in human resource management because adequate compensation can increase employee satisfaction and motivation, thus positively impacting their performance. If compensation does not match employee expectations, this can lead to dissatisfaction, reluctance to contribute more, and potentially even increase employee turnover. Through the analysis of research results, Bukit Raya Sekawan Mining Company can identify aspects of compensation that need to be improved.

In addition, Bukit Raya Sekawan Mining Company also needs to maintain good communication with employees regarding compensation policies. By conducting effective communication, Bukit Raya Sekawan Mining Company can explain the reasons behind certain compensation policies and reduce potential employee dissatisfaction. Overall, the results of research on employee compensation at Bukit Raya Sekawan Mining Company provides important insights for human resource management. By understanding employee perceptions regarding compensation, Bukit Raya Sekawan Mining Company can make changes and improvements needed to ensure employee satisfaction and support the performance of Bukit Raya Sekawan Mining Company as a whole. Therefore, human resource management at Bukit Raya Sekawan Mining Company needs to

evaluate the existing compensation policy and ensure that the compensation standards provided are in accordance with employee expectations. This evaluation may involve reviewing the level of compensation, collecting input from employees, and comparing with compensation provided by similar companies.

The discussion is in accordance with the presentation of Rona & Syam (2022), Sugiono, Darmadi, & Efendi (2021), Gee, Manao, & Gohae (2021), Hidayat, Halim, & Suharja (2021), Kurniawan (2022), Sugiono, Darmadi, & Efendi (2021), Yuhera (2022), Asniwati (2022), Febrianti & Hendratmoko (2022), Rukmini (2017), Silalahi (2022), Prawira (2020), Mujanah (2020), Apostasy (2022), Rasnawati, Hakim, Lukman, & Azikin (2022), Widodo & Yandi (2022), and Winata (2022), which states that compensation is remuneration in the form of money, benefits, goods, and promotions given to employees in return and needs to be calculated in balance with the work done. In this case, compensation has a complex concept, because the calculation includes various bases such as feasibility, logic, rational, and emotional from the employee's point of view. Compensation is given with the aim of increasing the efficiency and effectiveness of achieving the objectives of Bukit Raya Sekawan Mining Company and provide incentives or motivation to employees to further improve their performance. Therefore, when appropriate and fair compensation is given, employees will be happy and feel valued, so that employees voluntarily optimize their competence to achieve the goals of Bukit Raya Sekawan Mining Company.

Employee Performance at Bukit Raya Sekawan Mining Company

In this subchapter, an explanation of the results of research conducted through observation with the help of observation guidelines and questionnaires given to 45 employees at Bukit Raya Sekawan Mining Company who were the subjects of the research was presented. The data obtained from observation guidelines and questionnaires are then interpreted descriptively to answer and find out the identification of research problems that have been previously described, so that this study can describe the distribution of research subject's answers about employee performance variables. Here is table 4 which presents a descriptive analysis of employee performance variables at Bukit Raya Sekawan Mining Company.

Table 4. Descriptive Analysis of Employee Performance

Category	Score	Frequency	Number of Scores
Very appropriate	5	229	1,145
Appropriate	4	366	1,464
Normal	3	75	225
Inappropriate	2	5	10
Very inappropriate	1	0	0
Total			**2,844**

Source: Primary data processed, 2024

Based on table 4, it is known that the total score on employee performance at Bukit Raya Sekawan Mining Company is **2,844**. In order to make it easier to describe the results of descriptive analysis, researchers set very appropriate categories

equivalent to very large, appropriate to large, normal equivalent to moderate, inappropriate equivalent to small, and very inappropriate equivalent to very small. Then, the researcher described those results with the following continuum.

Very small	Small	Moderate	Large	Very large
675	1,215	1,755	2,295	2,836	3,375

2,844

Source: Primary data processed, 2024

Figure 4. Continuum of Descriptive Analysis of Employee Performance

The descriptive analysis of employee performance at Bukit Raya Sekawan Mining Company, as presented in Table 4, shows a total score of 2,844 out of a maximum possible score of 3,850, resulting in an average score of 4.0. This score falls within the "appropriate" to "very appropriate" category, indicating a generally positive perception among employees regarding their own performance. A majority of respondents selected "very appropriate" and "appropriate", representing 79.3% of total responses. This suggests that most employees view their performance as meeting or exceeding organizational expectations. Meanwhile, a smaller proportion of respondents selected "normal" and "inappropriate", which may indicate the presence of certain aspects of performance that require further improvement. The low frequency of negative responses (only 0.17% in the "inappropriate" category and none in the "very inappropriate" category) supports the conclusion that employee performance at the company is perceived as generally good and aligned with organizational needs.

The results of research on employee performance variables descriptively show that the majority of respondents feel that employee performance at Bukit Raya Sekawan Mining Company is enough to suit the needs of employees. This can be interpreted as a sign that human resource management in the company is successful in managing employee performance. The importance of employee performance in accordance with company needs is one of the main aspects of human resource management. Achieving good performance can provide significant benefits to the company, such as increased productivity and operational efficiency.

However, there are a small percentage of respondents who give normal category responses that are equivalent to the sufficient category and not in accordance with the equivalent of the less good category. This indication shows that there are aspects of employee performance that need to be improved to achieve a higher level of satisfaction. In the context of human resource management, this shows the potential for improvement in terms of human resource management and development. In making improvements to employee performance, human resource management needs to conduct further analysis on what aspects need to be improved. This can be done by paying attention to responses from respondents who give normal, sufficient, and inappropriate assessments.

The results of this study also provide an overview of the success of Bukit Raya Sekawan Mining Company in managing and developing employees. The majority results show that Bukit Raya Sekawan Mining Company has succeeded in

selecting, training, and motivating employees so that they can work well. However, evaluation and improvement are needed in the process of recruitment, training, and employee performance appraisal. In addition, Bukit Raya Sekawan Mining Company also needs to consider career development strategies and incentives that can increase employee motivation and performance. The results of research on employee performance at Bukit Raya Sekawan Mining Company can also provide information about the achievement of human resource management in the company. In this case, the majority of respondents felt that employee performance was in accordance with needs, but there was still room for improvement.

Important for Bukit Raya Sekawan Mining Company to continuously monitor and improve human resource management in order to achieve competitive advantage through optimal employee performance. The results of this study are a guide for the human resource management of Bukit Raya Sekawan Mining Company to take corrective actions and develop more specific human resources in accordance with the company's needs. In addition, it is also important for human resource management to retain the majority of employees who feel that their performance is good. This can be done by rewarding employees who have achieved good performance, as well as improving communication and good working relationships between management and employees.

The discussion is in accordance with the presentations of Basirun, Mahmud, Syahnur, & Prihatinet (2022), Soden,

Fernandes, Niha, Perseveranda, & Adrianuset (2023), Sudargini (2021), Hafid, Azis, Arwaty, & Sudirman (2022), and Marniati & Rauf (2022), which states that employee performance includes all work results and contributions shown by an employee in carrying out their duties and responsibilities. Employee performance can be measured based on target achievement, work quality, productivity, and competence possessed. Ability to achieve good work results and meet the expectations of Bukit Raya Sekawan Mining Company is an important factor in determining the performance of an employee. As a result of good performance, employees can make a meaningful contribution to Bukit Raya Sekawan Mining Company and achieve its personal and professional goals. Share Bukit Raya Sekawan Mining Company, employee performance can also be used as a reference in improving and developing policies, programs, and strategies to increase productivity and work effectiveness. Thus, employee performance becomes important in the formulation of human resource development policies as well as employee coaching and career development.

The Effect of Compensation on Employee Performance at Bukit Raya Sekawan Mining Company

In this subchapter, the results of the correlation coefficient are displayed which is an analysis of the effect of compensation on employee performance at Bukit Raya Sekawan Mining Company. Here is table 5 that presents the results of correlation coefficient based on IBM SPSS 26 output Windows 10.

Table 5. Correlation Coefficient Results

Correlations		Compensation	Employee Performance
Compensation	Pearson correlation	1	.456**
	Sig. (2-tailed)		0,002
	N	45	45
Employee Performance	Pearson correlation	.456**	1
	Sig. (2-tailed)	0,002	
	N	45	45

Source: Primary data processed, 2024

Table 5 shows the calculation results using the Pearson correlation which produces the value of the relationship between compensation and employee performance at Bukit Raya Sekawan Mining Company amounted to **0.456**. The number is included in the calculation based on the following coefficient determination formula.

$$kd = r^2 \times 100\%$$
$$= (0{,}456)^2 \times 100$$
$$= \mathbf{20{,}8}$$

Based on the calculation of coefficient determination formula, a figure of **20.8** is obtained, indicating that the relationship between compensation and employee performance at Bukit Raya Sekawan Mining Company has a weak category, in other words, compensation contributes to the performance of employees at Bukit Raya Sekawan Mining Company by **20.8%**.

Based on the results, there is a strong relationship between compensation and employee performance at Bukit Raya Sekawan Mining Company. This shows that the compensation given to employees of Bukit Raya Sekawan Mining Company has an influence on their performance. An influence of **20.8%** shows that compensation plays an important role in motivating employees to achieve good performance. By providing appropriate and adequate compensation, employees feel appreciated and motivated to perform their duties better. Good compensation includes salaries, benefits, bonuses, incentives, and other perks. If the compensation given to employees is inadequate, they may lose motivation and optimal work performance. When the compensation provided is adequate, employees of Bukit Raya Sekawan Mining Company will feel valued and motivated to work better. This can increase productivity and work efficiency, as well as the quality of service they provide.

In order to improve employee performance, Bukit Raya Sekawan Mining Company needs to ensure that the compensation given is in accordance with the contribution made by employees. Fair and transparent compensation improvements can also motivate employees to work harder and improve the quality of their performance. In addition, Bukit Raya Sekawan Mining Company also needs to pay attention to other aspects that can affect employee performance, such as skill development and improving a pleasant work environment. The combination of these factors will have a greater impact on overall employee performance.

The discussion is in accordance with the presentation of Gee, Manao, & Gohae (2021), Hidayat, Halim, & Suharja (2021),

Kurniawan (2022), Sugiono, Darmadi, & Efendi (2021), Yuhera (2022), Asniwati (2022), Febrianti & Hendratmoko (2022), Rukmini (2017), Silalahi (2022), Prawira (2020), Mujanah (2020), Apostasy (2022), Rasnawati, Hakim, Lukman, & Azikin (2022), Widodo & Yandi (2022), Winata (2022), Basirun, Mahmud, Syahnur, & Prihatinet (2022), Soden, Fernandes, Niha, Perseveranda, & Adrianuset (2023), Sudargini (2021), Hafid, Azis, Arwaty, & Sudirman (2022), and Marniati & Rauf (2022), which states that compensation is remuneration in the form of money, benefits, goods, and promotions given to employees in return and needs to be calculated in balance with the work done. In this case, compensation has a complex concept, because the calculation includes various bases such as feasibility, logic, rational, and emotional from the employee's point of view. Compensation is given with the aim of increasing the efficiency and effectiveness of achieving the objectives of Bukit Raya Sekawan Mining Company and provide incentives or motivation to employees to further improve their performance. Therefore, when appropriate and fair compensation is given, employees will be happy and feel valued, so that employees voluntarily optimize their competence to achieve the goals of Bukit Raya Sekawan Mining Company.

CONCLUSION

The majority of employees at Bukit Raya Sekawan Mining Company are satisfied with the compensation system provided and believe that the compensation aligns with their employment contracts and personal needs. This is supported by the descriptive analysis results, which show an average compensation score of 4.09. These findings indicate that the company has generally succeeded in providing adequate compensation to its employees. However, there are also some employees who still feel that the compensation given is still in the sufficient category. In addition, it can also

be seen that fixed benefits for employees, such as health benefits, still require optimal improvement. This perception is a concern for human resource management, so an evaluation of compensation policies needs to be carried out, especially fixed benefits for employees. Furthermore, there is a fairly strong relationship between compensation and employee performance at Bukit Raya Sekawan Mining Company. The compensation provided has an influence on employee motivation and work performance. Good compensation, such as salaries, benefits, bonuses, incentives, and other facilities, increases productivity, work efficiency, and the quality of service provided by employees.

Bukit Raya Sekawan Mining Company needs to ensure that the fixed benefits provided to employees are fair and commensurate with the duties and responsibilities they carry, especially health benefits. Re-evaluate the benefits system periodically to match job developments and applicable industry standards. As for Bukit Raya Sekawan Mining Company needs to consider factors such as education level, experience, work performance, and employee performance in determining the amount of fixed benefits. This assessment can be done through an objective and transparent performance evaluation process. However, the most important thing in determining the amount of fixed allowances is Bukit Raya Sekawan Mining Company needs to pay attention to financial conditions and alignment with other development programs. Do not let the provision of fixed benefits disrupt the company's financial stability or ignore long-term interests.

Although compensation was found to influence employee performance at Bukit Raya Sekawan Mining Company by 20.8%, the findings also suggest that approximately 79.2% of performance outcomes are influenced by other factors not examined in this study. This highlights the need for future research to explore additional

variables such as personality traits, leadership styles, social dynamics in the workplace, employee motivation, and workload distribution. The present study contributes to the literature by quantitatively validating the relationship between compensation and employee performance within the context of Indonesia's extractive industry (an area that remains underexplored). As such, this research offers a contextualized understanding of compensation's role in performance outcomes, and it provides a foundation for developing more comprehensive human resource strategies in the sector.

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