



## **EFFECT COMPENSATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE AT PT. CIREBON NOBLE POWER ARTERIA MINE PRODUCTION PART**

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### **ABSTRACT**

HR has a major contribution when determining the development of a company. The method used in this research is a quantitative method to understand the impact of compensation and job satisfaction on staff performance at PT. Cirebon noble power artery. The population of this research is the permanent staff of PT. Arteria Daya Mulia Cirebon, with a total of 55 employees, analyzed the data using multiple linear regression. The results of the research show that partial compensation has a good and significant impact on staff performance. Job satisfaction has a good and significant impact on staff performance. Meanwhile, compensation and job satisfaction have a good and significant impact on staff performance, which is shown using the calculated F value  $> F_{table}$  which is  $176,727 > 3,18$  and significant 0.000. The ability of compensation variables and job satisfaction variables in expressing staff performance is 86.7%, the remaining 1.33% is influenced by factors that have not been studied. With this multiple linear regression equation  $Y = 2506 0.130 0.854$ .

**Keywords:** *compensation; job satisfaction; employee performance.*

### **ABSTRAK**

SDM mempunyai kontribusi yang utama ketika menentukan perkembangan suatu perusahaan. Metode yang digunakan di riset ini ialah metode kuantitatif guna memahami dampak kompensasi serta kepuasan kerja kepada kinerja staff pada PT. Arteria Daya mulia Cirebon. Populasi riset ini ialah staff tetap PT. Arteria Daya Mulia Cirebon, dengan total 55 karyawan, menganalisis data memakai regresi linier berganda. Hasil riset menunjukkan jika parsial kompensasi berdampak baik serta signifikan kepada kinerja staff. Kepuasan kerja berdampak baik serta signifikan kepada kinerja staff. Sedangkan kompensasi serta kepuasan kerja berdampak baik, signifikan kepada kinerja staff yang diperlihatkan memakai nilai F hitung  $> F_{tabel}$  yakni  $176.727 > 3,18$  serta signifikan 0,000. Kemampuan variabel kompensasi dan variabel kepuasan kerja dalam mengemukakan kinerja staff sejumlah 86,7%, sisanya sejumlah 1,33% dipengaruhi oleh faktor-faktor yang belum diteliti. Dengan persamaan regresi linier berganda ini  $Y = 2506 0,130 0,854$ .

**Kata Kunci:** *kompensasi; kepuasan kerja; kinerja karyawan.*

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### **PRELIMINARY**

The current era of globalization is the growth of science and technology, which is increasingly bringing new changes in

people's lives more quickly. These changes are forcing all organizations and businesses to optimize their management functions to survive in the economy. HR has a very important contribution in the organization

because staff is the main motor of a business scheme and determines the smooth running of activities in the organization.

PT. Arteria Daya Mulia Cirebon or better known as PT. Arida is one of the big companies in Cirebon. This company is engaged in the manufacture of nets, yarn, *multifilament*, rope, fishing line and other fishing equipment. Production results from PT. Arteria Daya Mulia Cirebon has been exported to foreign countries such as Vietnam, Singapore, Thailand, Japan and several other countries, because this company is a private company. which is quite gigantic, so this company has a large number of staff.

Employee performance can be observed from the quality and quantity based on the responsibilities given. According to (Busro, 2018) Performance is a result that can be achieved individually and collectively by employees in an organization. all companies expect all their employees to have excellent work quality so that it is easier for the company to achieve the company's desired goals, this is carried out so that the company can cooperate with other companies in maintaining the company's quality.

(Wibowo, 2022) explained that there are several things that greatly affect employee performance that need to be considered in advancing the company, one of which is the provision of compensation. Compensation is remuneration for the company or organization in the form of salaries for staff, in line with what has been given to the company. There are two types of compensation, namely direct and indirect compensation. Direct compensation is all kinds of rewards in the form of money such as salaries, commissions, bonuses, and incentives while indirect compensation is compensation given to staff but not directly in the form of money such as pension programs, insurance, work facilities and various forms of leave.

The importance of compensation given to provide morale to employees, if the

compensation given is good enough then the performance will get better and increase because the staff feels that they are valued and cared for by the company.

Another factor that can improve employee performance apart from compensation is job satisfaction. (Toni & Siagian, 2021) the level of job satisfaction is a combination of the level of aspirations / needs with a lot obtained from the company, job satisfaction will be obtained if the staff feels that the aspirations and level of compensation or needs are equivalent to those obtained from their work.

Job satisfaction has a very important contribution to carry out company activities. Job satisfaction has an impact on staff performance because with job satisfaction that is harmonious and pleasant and suitable, it will be able to provide encouragement for staff so that their performance is more enthusiastic, so that with pleasant job satisfaction the staff can perform better.

The correlation of compensation to job satisfaction to spur staff performance is by giving compensation, this is in line with the argument (M. Fizardian Arismunandar, 2019) which concludes that compensation has a significant impact on performance, which is aspired to by the emergence of sufficient compensation to have an effect. / impact of job satisfaction. can increase employee morale. As in research (Suwandi & Mandahuri, 2020) if job satisfaction has an impact on staff performance, employees who are happy with their work will improve their performance by providing the best service and doing the best work. From the results. Observations that researchers have made, the purpose of this research is to understand the impact of compensation and job satisfaction on the performance of employees of PT. Arida.

## RESEARCH METHOD

This research intends to understand whether there is an impact between many research variables, this research uses the

quantitative paradigm method. The quantitative approach method is carried out at PT. Arteria Daya Mulia Cirebon which operates in the production business. The research was carried out for 6 months, starting from February to July 2022, which in this research included research planning activities, research preparation carried out in the first month, then continued with research and reporting. The independent variable in this research is compensation (X1) job satisfaction (X2) while the dependent variable (Y) in this research is staff performance. The scale used to measure compensation and job satisfaction on staff performance is to use a *Likert Scale*.

The population used in this research is the staff of PT. Arteria Daya Mulia Cirebon with a total of 171 employees. However, PT. Arteria Daya Mulia Mine Production Division has 55 permanent employees and 116 contract employees, so the researchers used only 55 permanent employees as the population in this study. Sampling using saturated sampling technique so that the sample in the research amounted to 55 employees from primary and secondary data.

The research is processed by testing the hypothesis of the temporary answer to the formulation of the research problem, because the answers given are only in accordance with the theory that is in line and not based on economic truth. carried out using t-test and F-test.

From the problems that arise as well as the theoretical basis that appears and in order to facilitate the course of research, the researchers have outlined the conceptual framework as follows:

The research hypotheses are:

H1: It is suspected that there is an impact between Compensation (X1) to performance PT. Arida Cirebon.

H2: It is suspected that there is an impact between Job satisfaction (X2) to staff performance of PT. Arida Cirebon.

H3: It is suspected that there is an impact between Compensation and job satisfaction to staff performance of PT. Arida Cirebon.

From this hypothesis, the research method used is descriptive quantitative analysis by conducting direct field research observations, so that researchers obtain primary/secondary data to be processed using descriptive statistical data with the distribution of questionnaires exclusively face-to-face with respondents.

After distributing the questionnaires and getting the data, the researchers managed it with the help of *SPSS 25.0 Statistics*. While the questionnaire uses validity and reliability tests to test the results of the data using the classical assumption test including normality test, multicollinearity test, and hypothesis testing using t test and f test. the multiple regression formula is

$$Y = a + b_1.x_1 + b_2.x_2$$

Y = performance quality

a = Constant

b<sub>1</sub>,b<sub>2</sub> = coefficient

x<sub>1</sub> = compensation

x<sub>2</sub> = job satisfaction

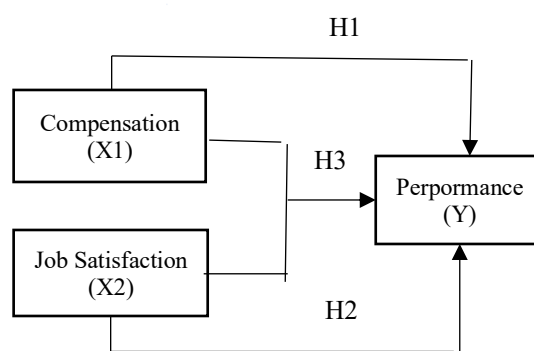


Image 1. Framework

Research on the variables of salary, bonus and job satisfaction to the work performance of PT. Arteria Daya Mulia Cirebon will check the validity and reliability of the data and examine the analysis criteria, namely multiple regression analysis using descriptive statistics, the researcher distributes a questionnaire table for 55 respondents and

answers each variable, namely compensation, employee satisfaction and performance.

## RESULT AND DISCUSSION

### Validity and Reliability Test

In research on compensation and job satisfaction, PT. Arteria Daya Mulia Cirebon validity testing was carried out by using the person validity relationship/validity test for each variable with the *product moment method*, namely giving the value for each item associated with the total value.

The validity instrument is used to determine whether or not a statement in the questionnaire is valid and is a measuring tool that is able to reveal whether or not the variables under study are valid. By using the number of respondents as many as 55 people, the researcher got the value of  $r_{table}$  using the formula  $df = N - 2 = 55 - 2 = 53$ , then  $r_{table}$  for a significant level of  $0.05 = 0.265$ . Question items are said to be valid if  $r_{count} > r_{table}$ .

Table 1. Validity Test Results

Variable	Rcount	Rtable	Information
Compensation	0.552	0.265	Valid
Job satisfaction	0.550	0.265	Valid
Employee performance	0.525	0.265	Valid

Source: Processed data (2022)

The reliability test is a test of the reliability of the research instrument (questionnaire), in order to understand the emergence of the consistency of the measuring instrument in its use. In other words, the measuring instrument has consistent results if it is used many times at different times. As well as validity testing, so that research instruments must also be tested for reliability. A construct/variable is said to be reliable if it has *Cronbach's alpha value*  $> 0.70$ .

Table 2. Reliability Test Results

	Cronbach's Alpha	Information
Compensation	0.700	Reliable
Job satisfaction	0.703	Reliable
Employee performance	0.716	Reliable

Source: Data processed (2022)

After that, a classical assumption test will be carried out including a normality test, (Sugiyono, 2019) intends to conduct a test, namely whether in a regression model the independent and dependent variables both have a normal distribution or not. The data used in this research is the distribution of normal / near normal data. This test can be carried out using the Kolmogorov-Smirnov test which is described by processing SPSS 25.0 as follows:

Table 3. Normality test

One-ample Kolmogorov-Smirnov Test		
	Unstandardized residual	
N	55	
Normal Parameters ab	.0000000	
	Std. Deviation	1.41925238
Most Extreme Difference	Absolute	.143
	Positive	.143
	negative	-.108
Test Statistics		.143
asympt. Sig. (2-tailed)		.007

Source: Processed data (2022)

Research on compensation variables and job satisfaction. To the staff performance there is a value from the Kolmogorov-Smirnov test, the *Asymp Sig* value is significant  $0.007$  where  $0.007 > 0.05$ . In this case the meaning  $H_0$  is accepted then the meaning is. all variables are normally distributed.

Allows the data to continue to the next test, namely the multicollinearity test. This test is designed to test whether the regression model has detected the emergence of a relationship between variables. independent. If there is a correlation, then there is a problem with multico. A good regression model does not have a relationship between independent variables.

The stipulation that applies in this test is that if the Variance Inflation Factors (VIF) value is  $> 10$  and the Tolerance value is  $< 0.10$ , then there is multicollinearity, while if the VIF value is  $< 10$  and the Tolerance value is  $< 0.10$ , there is no multicollinearity. The following multiconarity test:

Table 4. Multicollinearity Test

	Tolerance	VIF
Compensation	.454	2,203
Job satisfaction	.454	2,203

Source Processed data (2022)

It is observed that the tolerance value for the compensation and job satisfaction variables is 0.454 where the value is  $> 0.10$  and the VIF value is  $2.203 < 10$ . For this reason, it can be concluded that if the regression model does not have multiconerence, it means that there are independent variables that are mutually correlated.. The next test is multiple regression analysis.

Table 5. Multiple Linear Regression Results

	B	Std. Error
(Constant)	2,506	1,469
Compensation	,130	,093
Job satisfaction	,854	,074

Source: Processed data (2022)

Based on the table above, it can be seen the regression equation:

$$Y = a + b1. x1 + b2.x2$$

$$Y = 2.506 + 0.130 + 0.854$$

The value of the constant a is 2,506. This shows that when compensation and job satisfaction variables are 0 so that staff performance is 2.506

The value of the compensation variable regression coefficient is 0.130. Shows if the compensation variable has a good impact on staff performance, which means that every 1 unit increase after the compensation variable affects a total of 0.130 (assuming that other variables are not examined in this research). The better the compensation given, the more staff performance will increase.

The regression coefficient value of the job satisfaction variable is 0.854. Shows if the job satisfaction variable has a good impact on. staff performance, which means that every 1 unit increase after the job satisfaction variable will have an effect of 0.854 (assuming other variables are not examined in this research). The better the employee job satisfaction. Furthermore, the coefficient of determination is as follows:

Table 6. Coefficient of Determination

Model	RR	Adjusted R Square	Estimate
1	.934 <sup>a</sup>	.872	867 1,446

Source: Processed data (2022)

The value of Adjusted R Square is 0.867 indicating a correlation between variables. The amount of the Adjusted R Square number is 0.867. This figure shows the magnitude of the impact of job satisfaction compensation simultaneously on staff performance is 86.7 %. While the remaining 1.33 % is influenced by other factors not examined.

Table 7. Test Effect of X1, X2 on Y

	t	Sig.
Compensation	7,895	,000
Job satisfaction	18,575	,000

Source: Processed data (2022)

It can be observed if the  $t_{\text{count}}$  value of the compensation variable is 7.895 while the  $t_{\text{table}}$  value at degrees of freedom (df) =  $55-2 = 53$  and the significant level  $\alpha = 0.05 = 1.674$ , so it can be concluded that  $t_{\text{count}} > t_{\text{table}}$  is  $7.895 > 1,674$  so that  $H_0$  is accepted and  $H_a$  is rejected. In addition, the p-value (sig.t)  $0.000 < 0.05$ , meaning that it is significant to staff performance. Job satisfaction  $18,575 > 1,674$  then  $H_0$  rejected and  $H_a$  accepted.

In addition, the p-value (sig.t)  $0.000 < 0.05$  has a significant meaning. So it can be concluded that compensation and job satisfaction partially have a good and significant impact on staff performance.

Table 8. F Test Effect of X1 and X2

	Collinearity Statistics	
	F	Sig.
Regression	176,727	,000

Source: Processed data (2022)

According to the table, there is an  $F_{\text{table}}$  value of 176.727 and a significant 0.000 then compared to the  $F_{\text{table}}$  which is calculated at the degree of freedom of the numerator (df) of  $< 0.05$  which means  $0.000 < 0.5$  and  $F_{\text{arithmetic}} > F_{\text{table}}$  or  $176.727 > 3.18$  significant. So it can be concluded if there is a significant impact between compensation (X1) and job satisfaction (X2) with simultaneous staff performance (Y).

### Relationship Impact of Compensation on Staff Performance

From the results of research using *SPSS 25.0 for windows*, the second hypothesis is about the impact of compensation on staff performance, the  $t_{\text{count}}$  value is 7.895 while the  $t_{\text{table}}$  is 1.674 with a significant level of 0.000 with a degree of freedom (df) =  $55-2 = 53$  at the significant 0.05 (two-tailed test). So the value of  $t_{\text{count}} > t_{\text{table}}$  or  $7.895 > 1.674$  and has a significant level of  $0.000 < 0.05$  so  $H_0$  is accepted and  $H_a$  is rejected. This shows that the compensation variable has a

positive and significant impact on the performance of the staff of PT. Cirebon Noble Power Arteries.

The results of this research are in line with previous research regarding the effect of compensation on staff performance according to (M. Fizardian Arismunandar, 2019) which concluded that compensation has a significant impact on staff performance by explaining  $t_{\text{count}} > t_{\text{table}}$  i.e.  $7,210 > 1,672$  is in the rejection zone  $H_0$  so  $H_a$  is accepted. In line with the results of the study (Garaika, 2020) as evidenced by the t statistic value is  $2.220 > 1.96$ . It is hoped that the emergence of adequate compensation will have an effect / impact on the results of staff performance.

### The Relationship of the Impact of Job Satisfaction on Staff Performance

From the results of testing the t-test hypothesis assisted by the calculation of the *IBM SPSS Statistics 25.0 program*, the  $t_{\text{count}}$  value is 18,575 with a degree of freedom (df) =  $55-2 = 53$  at a significant level of 0.05, which is 1.674, then  $H_0$  is rejected and  $H_a$  is accepted. It is hereby explained that job satisfaction has a good and significant impact on the performance of the staff in the mining production section of PT. Cirebon Noble Power Arteries. So it is proven that the value of  $t_{\text{count}} > t_{\text{table}}$  or  $18,575 > 1,674$  and the value of sig  $< 0.00$  or  $0.000 < 0.05$ .

This is because if job satisfaction is a very important element if the performance of staff carries out company activities properly emergence of good job satisfaction so that staff feel satisfied and comfortable which results in staff performance will increase.

The research results are similar to the results of previous research on the impact of job satisfaction performance staff according to (Harahap & Tirtayasa, 2020) explaining  $t_{\text{count}} > t_{\text{table}}$  i.e.  $4.297 > 1.695$  is in the acceptance zone  $H_a$  is accepted and  $H_0$  is rejected, and according to (Purba, Deni Candra & Loindong, 2019) The results of the calculation of multiple regression

analysis are known if the satisfaction variable The work coefficient obtained is 0.298 where this result shows that the direction of the correlation between job satisfaction and staff performance is positive, this means that job satisfaction has a significant partial impact on staff performance.

### **Impact of Compensation and Job Satisfaction on Staff Performance**

From the value of Adjusted R Square ( $R^2$ ), the magnitude of the effect of compensation and job satisfaction simultaneously is 0.867 / 86.7 %. The remaining 1.33 % is influenced by other factors not examined. As previously described where compensation and job satisfaction each have an impact on the performance of staff in the mine production section of PT. Cirebon Noble Power Arteries. Likewise, when both of them were tested the effect resulted in the effect of staff performance.

Results are in line with previous research according to (Ardalia Theodore and Besti Lilyana, 2017) the F test obtained a value for  $F_{\text{calculated}}$  of 24,950 while  $F_{\text{table}}$  of 3.30, according to (Widyanti Rahmi, Basuki, 2021) giving a good effect of 0.715 The results show if the amount is 71.5%. staff performance is influenced by the variable. compensation and job satisfaction, large. the contribution of the impact of compensation to performance through job satisfaction is 0.285 / a total of 28.5%.

If there is an impact between Compensation (X1) and Job Satisfaction (X2) on staff performance. So it can be concluded that compensation and job satisfaction together or simultaneously have an impact on staff performance at PT Arteria Daya Mulia Cirebon's mine production. If the compensation given to the staff is good so that the staff then gets job satisfaction which can improve employee work performance.

## **CONCLUSION**

Based on the description of the research above about compensation and job satisfaction to staff performance. The researcher concludes that partial compensation has been proven to have a good and significant impact on the performance of staff at PT. Arteria Power Noble. Cirebon. This means that if the compensation given is good, the level of staff performance in the company increases. This is proven based on the t test analysis which shows that  $t_{\text{count}} > t_{\text{table}}$ .

job satisfaction has been proven to have a good and significant impact on staff performance at PT. Cirebon Noble Power Arteries. This means that if employees are satisfied with the provision of compensation so that it has an impact on the better the level of staff performance. This is evidenced by the  $t_{\text{table}}$  through real evidence of hypothesis testing.

Compensation for job satisfaction simultaneously has a good and significant impact on performance staff at PT. Cirebon Noble Power Arteries. This means that if the compensation given to the staff is good, it will create job satisfaction for the staff which has an impact on increasing employee performance, which will be higher. This is evidenced by  $t_{\text{count}} > t_{\text{table}}$  through real evidence using hypothesis testing

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