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## **The Effect of Work Motivation and Indirect Compensation on Employee Performance (Study on Employees at an Educational Institution in The City of Bandung)**

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### **ABSTRACT**

*Researchers conducted a study on the effect of motivation and indirect compensation on employee performance in an educational institution in Bandung. Moreover, this research analyzes the factor that has the most dominant influence between work motivation and indirect compensation on employee performance in one of the educational institutions in the city of Bandung. As many as 86 employees are the object of this study using a questionnaire. Based on research using path analysis, motivation, and indirect compensation variables in one of the educational institutions in the city of Bandung are declared valid. The conclusions and considerations related to the research results are paying attention to work motivation and indirect compensation to improve employee performance. The results of the study show that work motivation (X1) has a significant effect on employee performance (Y). Furthermore, indirect compensation (X2) significantly influences employee performance (Y). Therefore, work motivation (X1) and indirect compensation (X2) have a significant effect on employee performance (Y).*

*To increase the motivation of administrative personnel in an educational institution in the city of Bandung, the leader should increase the firmness of attitude in making decisions, providing direction, guidance, instructions, and evaluation regarding the implementation of tasks and work to increase motivation. In addition, leaders must also be able to appreciate the results of the work of their subordinates because appreciation will make subordinates happy and more enthusiastic about working. Because by being appreciated, subordinates will also feel appreciated and acknowledge the importance of their existence for their leaders and the school. To increase the compensation of administrative personnel at an educational institution in the city of Bandung, the Leader should increase their compensation. To improve the performance of administrative staff at an educational institution in the city of Bandung, the agency should place more emphasis on administrative staff to pay full attention to the rules that the agency has implemented.*

*Keywords: work motivation, indirect compensation, employee performance.*

## INTRODUCTION

Education has a critical role in the development of Indonesian human beings. Therefore, education is critical for various sciences because quality education can increase a nation's intelligence. (Buevich et al., 2020; H. Wang et al., 2022) Education is essential to the national development process, contributing to increased economic growth. Education also invests in developing human resources, increasing skills, and supporting human endeavors in wading through life. (Bansal et al., 2021) The purpose of education based on Pancasila aims to increase piety to God Almighty, intelligence, skills, enhancing character, and strengthening personality so that they can build themselves and are jointly responsible for nation-building.

Administration is a decision-making process. In every organization, whether a large or small institution or organization, conditions can change, personnel shifts, conflicts arise, mistakes that need to be corrected, and unexpected things arise. Facing such developments or problems requires quick and precise decision-making. In addition, make the right decisions so that the wheels of the institution or organization and its administration can run smoothly. Therefore, leaders must be agile in deciding when, where, how, and who should do it. Several things affect performance, according to Aguinis (2019) states that performance results from a person's work in carrying out their duties. This depends on skill, experience, sincerity, and accuracy regarding time, quality, and individual motivation. Performance is also the result of a person's success in carrying out their duties during a specific period.

Schools should pay special attention to administrative staff to provide protection and create a sense of security, peace, and prosperity. The government is one of the power holders in a country that regulates various matters, including managing human resources. Performance is a significant factor, so it is okay if the core of administrative staff management is how to manage administrative personnel to produce optimal performance. (Zulfikar & Rahman, 2019) Good performance can complete the job effectively and efficiently. (Chien et al., 2020)

The initial data shows that the performance of administrative staff at an educational institution in Bandung is based on the amount of work, quality of work, punctuality, attendance, and ability to work together. The results show that from 2018-2019 several sections had an increase in performance, namely the head of administrative staff and treasurer/finance. However, there was also a decrease and work, as examples of other administrative staff (an administrative division of school guards and CS). The dimensions of employee performance in this study are the dimensions including number of jobs, quality of work, punctuality, presence and cooperation ability. According to Aguinis (2019) and Suryadana & Sidharta (2019), factors that influence performance achievement regarding ability suggest that motivation occurs from the attitude of an employee in dealing with the work situation.

Within the organization, performance influences employee motivation. Interactions or activities that occur are between people who behave differently. Therefore, this motivation

is a vital subject for a Leader or Principal because a Leader or Principal must work professionally and through other people. Aguinis (2019) suggests the importance of a particular study of motivation because of the link in which performance results from the ability of employee motivation (Performance = ability x motivation). Thus, this research will get a clear picture of employee performance and motivation. If motivation lowers enthusiasm for work, Administrative Staff make the best contribution to their work, so if motivation is low, morale will decrease and lead to the quality of the performance of School Administrative Personnel. In contrast, motivation is an encouragement for School Administrative Personnel to achieve a goal.

The continuity of school operations also depends on the work motivation of school administrative staff. Motivation is related to the direction of individual behaviour, which is related to a person's behaviour if there are several alternatives, the strength of the behaviour. (Deci et al., 2017) Moreover, encourage someone to act or behave in specific ways to fulfil personal goals or needs at work. (Manik & Sidharta, 2017; Perkins, 2018) Likewise, every work or activity of school administrative personnel has a motivation. For example, he expects income or salary, personal satisfaction from the results of his work, increased status, and appreciation from fellow school administrative staff, his superiors, and others.

Based on the researchers' initial observations, there is still much administrative staff in one of the educational institutions in Bandung who have permits or are late throughout the year. However, the events found by researchers in the field show a need for more motivation for administrative workers in one of the educational institutions in Bandung City to achieve quality work. The decline in work motivation in an educational institution in the city of Bandung is due to several factors, namely physiological needs, security needs, social needs, recognition needs, and self-actualization needs.

This study's work motivation of physiological needs including physiological needs, the need for security, the need for social relations, the need for recognition and the need for self-actualization. (Ryan & Deci, 2020) Another factor that hinders the performance of administrative staff in an educational institution in Bandung is the compensation factor. Compensation is a phenomenon that affects the performance of administrative personnel. Compensation is significant for administrative personnel. This condition is an additional income that they get from the results of their business achievements. (Faraz et al., 2021)

Compensation management is a significant activity in satisfying administrative staff with their work. Appropriate compensation will determine whether Administrative Personnel will remain at work or leave their place of work. (Kuvaas et al., 2017) Compensation is one of the implementations of the HRM function so that administrative personnel can work optimally to produce optimal performance and provide individual awards in exchange for carrying out organizational tasks. (P. Wang et al., 2018)

From the pre-survey results, several issues that have attracted attention are related to compensation and will impact employee performance in an educational institution in Bandung. This condition is undoubtedly the basis for researchers to choose administrative staff in an educational institution in Bandung to make various efforts, one of which is by providing compensation. Compensation management is a significant activity in satisfying administrative staff in their work. Proper compensation management can assist the

organization in achieving its goals and obtaining, maintaining, and retaining superior and productive workers. Suryadana & Sidharta (2019), state that compensation is the real reward given to employees in return for their services or contributions to the organization. The dimensions of compensation in this study are the including: direct compensation and indirect compensation.

Based on the phenomena that occur in one of the educational institutions in the city of Bandung. So, the performance that has not been optimal in one of the educational institutions in Bandung is suspected of motivation that has not been optimal and compensation that has not been optimal. In this regard, the authors intend to examine further the performance variables of administrative personnel, motivation, and compensation. The research formulation the Influence of work motivation and indirect compensation on the performance of administrative personnel in an educational institution in the city of Bandung.

## **METHOD**

The research method is a scientific way to obtain data with specific purposes and uses. The method in this research is a quantitative method using descriptive and verification research. The descriptive research method is research to determine the value of the independent variable, either one variable or more, without comparing it with other variables studied and analyzed to produce conclusions. Whereas verification research, is a study aimed at testing theory and trying to produce a scientific method, namely the status of a hypothesis in the form of a conclusion.

To answer the research objectives, the researchers used a survey approach with a sample of 86 administrative staff at educational institutions in the city of Bandung. For the measurement of the motivational variable, the instrument adopts the self-determination theory (Deci et al., 2017), while the indirect compensation variable uses the salary and rewards indicator (Manzoor et al., 2021; Perkins, 2018), while the measurement performance using performance refers to Aguinis (2019).

They are testing the validity and reliability of the author to find out the validity of a research instrument and the consistency of the results of the instrument used criteria for validity testing using items correlation  $< 0.3$  and Cronbach alpha 0.7. (Hair et al., 2019) After determining the validity and consistency of the research instrument, the data will be analyzed using path analysis.

## **RESULTS AND DISCUSSION**

From the results of employee perceptions with the characteristics of the respondents, based on gender, the majority of the gender are male. For categories based on age, namely with the age of 31-40. Based on formal education, namely with the last education S1. Based on the position, namely lower staff, and based on years of service, namely with a working period of 11-15 years.

The validity test is the equation of the researcher's data with the data obtained directly that occurs in research subjects. A reliability test is a test to ascertain whether the research questionnaire used to collect variable research data is reliable. The questionnaire is said to be reliable if the questionnaire If the measurement is repeated, will get the same results.

**Table 1. Validity and Reliability Test**

| X1             |            | X2   |            | Y    |            |
|----------------|------------|------|------------|------|------------|
| Item           | Corelation | Item | Corelation | Item | Corelation |
| 1              | .838       | 1    | .774       | 1    | .804       |
| 2              | .634       | 2    | .872       | 2    | .844       |
| 3              | .792       | 3    | .798       | 3    | .630       |
| 4              | .762       | 4    | .866       | 4    | .731       |
| 5              | .766       | 5    | .715       | 5    | .769       |
| 6              | .825       | 6    | .877       | 6    | .801       |
| 7              | .841       | 7    | .651       | 7    | .855       |
| 8              | .746       | 8    | .569       | 8    | .825       |
| 9              | .844       | 9    | .845       | 9    | .819       |
| 10             | .712       | 10   | .867       | 10   | .822       |
| 11             | .774       | 11   | .844       | 11   | .869       |
| 12             | .795       | 12   | .770       | 12   | .825       |
| 13             | .816       | 13   | .889       | 13   | .768       |
| 14             | .784       | 14   | .706       | 14   | .747       |
| 15             | .799       | 15   | .817       | 15   | .792       |
| Cronbach Alpha |            |      |            |      |            |
| X1             | .963       |      |            |      |            |
| X2             | .965       |      |            |      |            |
| Y              | .966       |      |            |      |            |

Based on table 1, the variables of work motivation, indirect compensation, and employee performance consist of 15 statement items with a correlation value above 0.300 (valid). For the reliability test, the Cronbach alpha value was above 0.700 (valid).

Based on the results of the path analysis calculation shows:

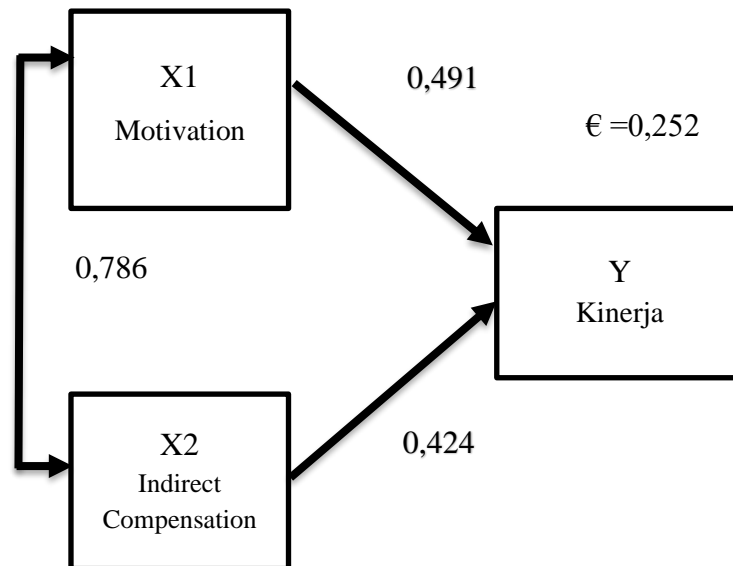


Figure 1. Path Analysis

Figure 1. shows the influence between variables as follows: The correlation coefficient of Work Motivation (X1) and Indirect Compensation (X2) variables is 0.786 or 78.6%. The path coefficient of the Work Motivation variable (X1) on the Employee Performance variable (Y) is 0.491 or 49.1%. The variable path coefficient of Indirect Compensation (X2) on Employee Performance (Y) is 0.424 or 42.4%. The coefficient of determination is 0.748 or 74.8%. Epsilon or residual influence from other independent variables that affect employee performance (Y) but not in the study is 0.252 or 25.2%.

The statistical analysis reveals a robust positive association between Work Motivation (X1) and Indirect Compensation (X2), as evidenced by the correlation coefficient of 0.786 (or 78.6%). This finding implies a positive correlation between the level of work motivation and the amount of indirect compensation received.

The Work Motivation variable (X1) has a path coefficient of 0.491 (or 49.1%) on Employee Performance (Y), indicating a moderately positive impact. As mentioned earlier, the statement implies that a positive correlation exists between heightened work motivation and a modest upsurge in the output of employees.

The path coefficient 0.424, representing 42.4% for indirect compensation (X2) on employee performance (Y), denotes a moderately positive impact. The findings indicate a positive correlation between a rise in indirect remuneration and a moderate upsurge in the workforce's productivity.

The coefficient of determination, which is 0.748 or 74.8%, suggests that the combined effect of work motivation (X1) and indirect compensation (X2) can account for roughly 74.8% of the variability in employee performance (Y). Stated differently, the combination of these two variables can explain a substantial proportion of the variance witnessed in employees' job performance.

The residual influence, also known as epsilon, denotes the proportion of the variability observed in the dependent variable of employee performance (Y) that remains unaccounted for by the independent variables considered in the investigation. The residual impact in this instance is 0.252, equivalent to 25.2%. The previous observation implies the existence of additional independent variables that were not considered in the research, which may account for 25.2% of the variance in employee performance.

The requirements of management and organization, as stated by (Deci et al., 2017) Deci et al. (2017), providing support can fulfil the fundamental psychological needs of employees, leading to a rise in their self-directed work motivation and a decline in their externally regulated work motivation. This, in turn, can enhance the well-being and performance of employees, ultimately contributing to the effectiveness of the organisation. (Yang et al., 2021) Managers and organisations can provide employees with support for their needs by offering them a range of work tasks and redesigning their work based on their interests. (Taba, 2018) Additionally, involving employees in decision-making processes can enhance their sense of autonomy. This approach aims at maximizing support for employees' need for autonomy. Providing constructive performance feedback and offering relevant training and education can effectively enhance the support for the need for competence. (Zulfikar & Rahman, 2019) To optimize the fulfilment of employees' need for relatedness, establish warm and empathetic connections with employees. (Machmud & Sidharta, 2021)

The findings suggest a robust and favourable correlation between work motivation and indirect compensation. In addition, both variables exhibit a moderate positive impact on the performance of employees. Nonetheless, a considerable proportion of the fluctuation in employee performance remains unaccounted for by the variables incorporated in the investigation, indicating the existence of additional influential factors.

## **CONCLUSION**

To increase the motivation of administrative personnel in an educational institution in the city of Bandung, the Leader should increase the firmness of attitude in making decisions, providing direction, guidance, instructions, and evaluation regarding the implementation of tasks and work to increase motivation. In addition, leaders must also be able to appreciate the results of the work of their subordinates because appreciation will make subordinates happy and more enthusiastic about working. To increase the compensation for administrative Staff in an educational institution in Bandung, the leadership should increase their compensation. For example, class increases on time, and leaders must also provide rights and obligations according to their positions. To improve the performance of

administrative staff in an educational institution in Bandung, it is better to emphasize administrative personnel paying full attention to existing regulations.

It is imperative to acknowledge certain constraints that could impact the elucidation of the findings delineated in the analysis. First, the outcomes are predicated on correlation and path coefficients, which signify variables' associations but do not establish causation. It is imperative to acknowledge that unaccounted variables or factors may impact the observed associations within the study. The analysis needs more details about the sample size and participant selection methodology. The limited generalizability of the findings may arise if the sample size is small or does not represent the target population. Finally, the analysis recognizes the existence of residual influence (epsilon) that denotes the effect of additional independent variables that were not incorporated in the study. Unquantifiable variables could significantly impact employee performance, altering the associations between work motivation, indirect compensation, and employee performance.

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