

**THE EFFECT OF MOTIVATION AND COMPENSATION TOWARD JOB SATISFACTION IN  
PT. SIG ASIA BITUNG**

PENGARUH MOTIVASI DAN KOMPENSASI TERHADAP KEPUASAN KERJA PADA  
PT. SIG ASIA BITUNG

by:

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**Abstract:** *Employees are important assets to reach organizational goals and employee job satisfaction is very important. To attain job satisfaction, employee must be motivated in doing their jobs first. Lack of motivation can also lead to high job turnover in the company and will increase the cost of training and hiring new employees. Besides motivation, job satisfaction of employees is also influenced by compensation. The objective of this research is to know the significant effect of motivation and compensation on job satisfaction simultaneously, partially. This research uses quantitative method and the Multiple Regression Analysis. The population observed is the employees of PT. SIG Asia with 30 respondents as the sample size and simple random as sampling method was used. The result of this research is there is significant effect of motivation and compensation on job satisfaction partially and simultaneously. The management of this company is expected to keep paying attention to motivation and compensation that could encourage employees to increase their performance.*

**Keywords:** *job satisfaction, motivation and compensation.*

**Abstrak:** *Karyawan merupakan aset penting untuk mencapai tujuan organisasi dan kepuasan kerja dari para karyawan sangatlah penting. Untuk mendapatkan kepuasan kerja, karyawan harus termotivasi dalam melakukan pekerjaan mereka. Kurangnya motivasi juga dapat meningkatkan pergantian kerja dalam sebuah perusahaan dan juga pastinya meningkatkan biaya pelatihan dan perekrutan karyawan baru. Selain motivasi, kepuasan kerja dari karyawan juga dipengaruhi oleh kompensasi. Tujuan penelitian ini untuk mengetahui pengaruh dari motivasi dan kompensasi pada kepuasan kerja baik secara bersama, pengaruh dari motivasi pada kepuasan kerja secara parsial, dan pengaruh dari kompensasi pada kepuasan kerja secara parsial. Penelitian ini menggunakan metode asosiatif dan analisa melalui regresi berganda. Populasi adalah pegawai dari PT. SIG Asia dengan 30 responden sebagai ukuran sampel dan simple random sebagai metode penarikan sampel. Hasil penelitian ini, dapat disimpulkan bahwa terdapat hubungan yang signifikan dari Motivasi dan Kompensasi pada Kepuasan Kerja secara bersama maupun parsial. Manajemen perusahaan diharapkan dapat tetap memberikan perhatian pada motivasi dan kompensasi sehingga dapat mendorong para pegawai untuk meningkatkan kinerja.*

**Kata kunci:** *kepuasan kerja, motivasi dan kompensasi*

## INTRODUCTION

### Research Background

Employee is one of the key factors for the organization success. No organization can be succeed without a certain level of commitment and effort from its employees. Organizations often attempt to satisfy its employees in order to gain their commitment and loyalty. However, it is not easy for the organizations to be successful in making their employees satisfied because people work for a wide variety of different reasons while, some want material success and others might want job challenges.

One thing that should be a major concern of companies is the job satisfaction of their employees, because sometimes, in their workplace, employees do not feel comfortable, are less appreciated, and cannot develop all the potential they have, which automatically make them not able to focus and fully concentrate on their job. Job dissatisfaction of employees towards work is very influential on the performance of the employees themselves. To avoid job dissatisfaction of employees, there are several factors to affect the job satisfaction of employees, such as getting a good motivation and having a satisfied in compensation

To get job satisfaction, employees must be motivated in doing their jobs first. Lack of motivation will lead to high job turnover in the company and will certainly increase the cost of training and hiring new employees. The motivation for employee is important because with strong motivation, the employee would feel comfortable with their job and will increase their loyalty. Moreover, by having good motivation, the employees would increase their work performance.

Besides motivation, job satisfaction of employees is also influenced by compensation. Normally, the employees expect to get compensation in accordance with their work. Sometimes, compensation is considered to not in accordance with workload and when employees find out that the compensation that they got does not match their performance, there could be a decline of job satisfaction which leads to the decline of employee job performance.

Compensation is expected to satisfy the employees. Compensation should be fair and equitable because employees tend to compare the amount of compensation based on the input they have given to the company, amount of compensation received by other employees with the same duties and positions and amount of compensation received by employee in similar companies.

### Research Objectives

The objectives of this research to identify the significant effect of:

1. Motivation on job satisfaction partially.
2. Compensation on job satisfaction partially.
3. Motivation and compensation on job satisfaction simultaneously.

## THEORITICAL FRAMEWORK

### Human Resources Management

Dessler (2011:30) defined human resources management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, healthy and safety, and fairness concerns. Human resource is an important asset in the company and by considering that workforce is increasingly diverse, there are more challenges to make sure that the employees keep delivering their performance. In its broadest sense human resources management can be used as a generic term to describe any approach to managing people; for example, Boxall & Purcell (2003:1) defined it as all those activities associated with the management of employment relationships in the firm. Human resources management is an important

part in a company. Human resources management is a part in organization to selecting, hiring, acquiring employee in order to make employees which to reach company goals.

### **Job Satisfaction**

Feinstein (2000) defined job satisfaction is an important element from organizational perspective, as it leads to higher organizational commitment of employees and high commitment leads to overall organizational success and development. According to Parvin & Kabir (2011), to satisfy employees, organization provides different facilities to employees like providing good working condition, providing fairness in job, and giving promotion and rewards to employees because those are the elements which contribute to employee satisfaction. Job satisfaction is the most important element in organization. Job satisfaction is a worker's attitude towards his/her job, based on the different characteristics of the job.

### **Compensation**

Employees receive compensation from a company in return for work performed. While most people think compensation and pay are the same, the fact is that compensation is much more than just the monetary rewards provided by an employer. According to Milkovitch et al (2008:5), compensation is all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship. Dessler (2009:286) stated that employee compensation refers to all forms of pay going to employees and arising from their employment. Compensation is the important thing for employees. Compensation is something that employee received as their feedback of their work, such as salary, reward, paid holiday, bonuses and incentives .

### **Motivation**

Hezberg's theory is one of the most famous theories for Work motivation. According to Yusoff, Kian, & Idris (2013), Herzberg's theory is the best theory of work motivations because it covers more factors compared to other work motivation theories. Hezberg divided work dimensions in two elements: a) Motivators and b) Hygiene factors.

#### **Motivating factors:**

1. Achievement: Employee success when they have done something significant
2. Recognition: Appreciation of employee's success
3. Work Itself: The attribute of the job itself. He further explained that a boring work will not be able to motivate employee but a challenging work will be able to motivate employee
4. Responsibility: The ability of the employee to make decision about his /her job.
5. Advancement: Real change of status that is being experienced by the employee.
6. Personal growth: Employee's evaluation about his chance to have more knowledge.

#### **Hygiene Factors:**

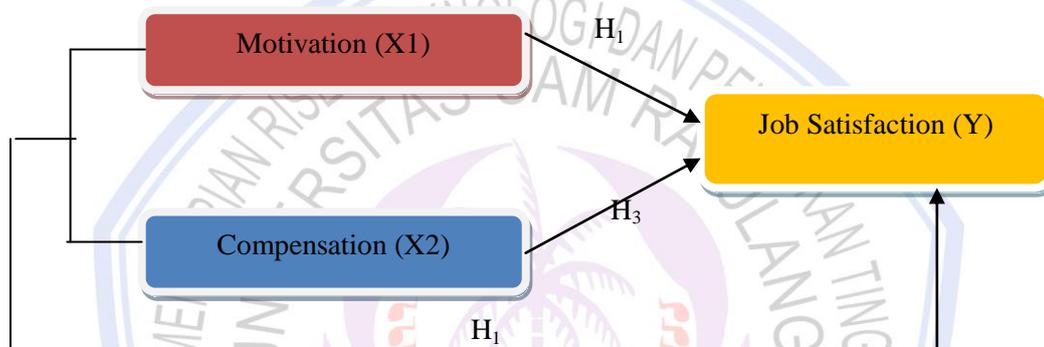
1. Company's Policy and Administration: Rules and protocols from the company to the employee
2. Salary: Employee's evaluation towards salary for the job they have done
3. Interpersonal relationship: The communication condition between the employee, with subordinates, peers, and supervisor
4. Working Condition: Physical condition of the job
5. Supervision: The ability or the management style of the supervisor
6. Job Security: The employee's evaluation about his chance to work in the company for the long term.
7. Personal life: Motivation that comes from employee's personal life.
8. Status: Motivation that comes from employee's status in the company.

Motivation is a process to energize employee to achieve the work goal through a specific path. Dissatisfied employee can be the product of less motivation in doing the job. Motivation is important to make employees comfortable with their job and increase their performance.

### Previous Researchers

Hussain & Bashir (2013) found the results of this research is most employees agreed with satisfaction with job, satisfaction with workload, recognition in job, opportunities for future advancement, profession growth and feelings about organization. Both intrinsic and extrinsic motivation factors are positively correlated with job satisfaction. Ghazanfaf, et al (2011) found this study add a new perspective on the basis of a new environmental settings to the existing evidence signifying that the work motivation in the organizations is influenced by the satisfaction of the employees with their compensation, which is offered by the organization. Ahmed, et al (2010) found that significant relationship exists between intrinsic motivational factors including recognition; work itself, opportunity for advancement, professional growth, responsibility, good feeling about organization and employee job satisfaction, whereas no significant relationship is found between hygiene (extrinsic) factors and employee job satisfaction.

### Conceptual Framework



**Figure 1. Conceptual Framework**

*Source: processed data (2015)*

### Research Hypothesis

H<sub>0</sub>: There is no significant effect of motivation and compensation on job satisfaction simultaneously.

H<sub>1</sub>: There is a significant effect of motivation and compensation on job satisfaction simultaneously.

H<sub>0</sub>: There is no significant effect of motivation on job satisfaction partially.

H<sub>2</sub>: There is a significant effect of motivation on job satisfaction partially.

H<sub>0</sub>: There is no significant effect of compensation on job satisfaction partially.

H<sub>3</sub>: There is a significant effect of compensation on job satisfaction partially.

## RESEARCH METHOD

### Types of Research

This research is a causal type of research in which, it will identify the effect of work motivation and compensation toward job satisfaction. According to Hair, et al. (2007:160) causal research tests whether or not one event causes another. This research use quantitative method. Quantitative data collection involves data gathering, numerical data using structured questionnaire or observation guides to collect primary data from individuals.

### Place and Time of Research

The research object is PT. SIG (ASIA), Bitung. The research is conducted in Bitung from May to June 2015.

## Population and Sample

Sekaran and Bougie (2009:262), population is the entire group of people, events, of things of interest that the researcher wishes to investigate. The population of this research is the permanent employees of PT. SIG ASIA, Bitung. The sampling design of this research is simple random. Hair et al (2007: 175) defined simple random sampling is a straightforward method of sampling that assigns each elements of the target population an equal probability of being selected. multivariate research (eg. multiple regression) sample size should be at least ten times larger than the number of variables being considered. In this research we have 3 variables which mean we need at least 30 correspondents from permanent employee to use in this research.

## Data Collection Method

1. The primary data that is use in this research is collected from questionnaire about the effect of work motivation and compensation toward job satisfaction.
2. Secondary data is Information from secondary sources not directly compiled by the analyst; may include published or unpublished work based on research that relies on primary sources of any material other than primary sources used to prepare a written work. Secondary data will be used in this research is collected from journal, books and internet.

## Data Analysis Method

### Validity and Reliability Test

Validity test used to determine whether a measuring tool that has been developed is really able to measure what should be measured. Validity test is used to test how accurate a measuring instrument to perform the function of its size. According to Malhotra and Peterson (2006:274) the validity of a scale may be defined as the extent to which differences in observed scale scores reflect true differences in what is being measured, rather than systematic or random. Reliability test aims to determine whether the data collection tool basically shows the level of precision, accuracy or consistency of the stability of the tool in revealing certain symptoms of a group of individuals, even if carried out at different times.

### Testing of Classical Assumption

#### Heteroscedasticity

Heteroscedasticity implies that the variance of the dependent variable is related to the value of one or more explanatory variable. According to Black (2007:554), heteroscedasticity is the condition that occurs when the error variances produced by a regression model are not constant. When this phenomenon is exists, the least square is not the most efficient procedure for estimating the coefficients of the regression model. Moreover, the usual procedure for deriving confidence interval and test hypothesis for these coefficients are no longer valid.

#### Multicollinearity

Sekaran and Boogie (2009:352) defined multicollinearity is a statistical phenomenon in which two or more independent variables in multiple regression models are highly correlated. To asses multicollinearity, researchers can use tolerance or VIF, which build in the regressing of each independent on all the others. Even when multicollinearity is exists, the important of other variables in the equation (variables which are not collinear with others) are not affected. The higher the intercorrelation of the independents, the higher the possibilities of the tolerance to approach to zero. As a rule of thumb if tolerance is less than 0.20, a problem with multicollinearity is indicated. If VIF is around 1-10 scales, there is no multicollinearity indicated.

#### Normality

Maholtra (2007:37) defined normality test aims to test the regression model whether the dependent variable with the independent variable has a normal distribution or not. According to Black (2007:200) normality test is used to determine whether a data set is well-modeled by a normal distribution or to compute how likely an underlying random variable is to be normally distributed.

### Multiple Regression Analysis Model

Malhotra & Peterson (2006:513) stated multiple regression involves a single dependent variable and two or more independent variables. To measure how far the influence of motivation and compensation for job satisfaction, the analysis used multiple linear regression analysis using SPSS 21.0 application can be formulated as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + e$$

where:

Y= Job satisfaction

$\alpha$ = Numbers Constants

$b_1$ = Regression coefficient of Work motivation

$b_2$ = Regression coefficient of compensation

$X_1$ = Work Motivation

$X_2$ = Compensation

e= Error

## RESULTS AND DISCUSSION

### Reliability test

The reliability test in this research uses Cronbach Alpha. A result of a reliability test generated by using SPSS statistical software. According to Sekaran (2003:161), the Cronbach Alpha which is less than 0.6 indicates unsatisfactory internal consistency or consider than the data is unreliable, 0.7 indicates that the data is acceptable, and 0.8 indicates good internal consistency or consider that the data is reliable.

**Table 1. Reliability Statistic**

Cronbach's Alpha	N of Items
.883	13

Source: data processed ( 2015)

Table 1, the Cronbach's Alpha has value of 0,883, and it is higher than the standard value of 0,6. Therefore, the research data in this research is reliable. According to Hair et al (2007:418) validity is the extent to which a construct measures what it is supposed to measure. The calculation is done in SPSS 21.0 while the validity coefficient of each variable is summarized as in Table 2.

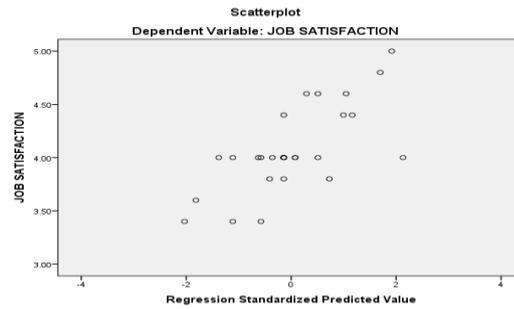
**Table 2. KMO and Bartlett's Test**

Item	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.595
Approx. Chi-Square	339.215
Bartlett's Test of Sphericity	Df
	136
	Sig.
	.000

Source: SPSS data processed (2015)

Table 2, the SPSS data shows that the KMO test value is 0,595 and it is above the standard 0.5, while the value of sig is 0,000. Therefore, the data in this research is valid.

**Classical Assumption**  
**Heteroscedasticity**



**Figure 2. Heterodasticity**  
*Source: SPSS data processed (2015)*

Figure 2 shows that the pattern of the dots is spreading above and below 0 (zero) and the Y axis. The pattern of the data of the dots is spreading and does not create a clear pattern. This result proves that the model is free from heteroscedasticity.

**Multicollinearity**

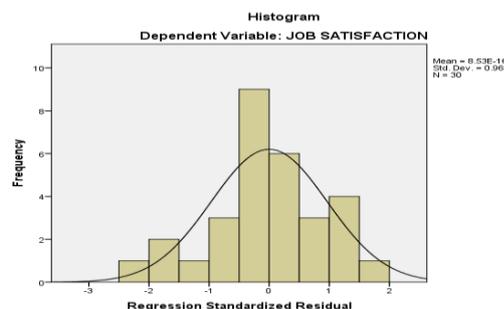
**Table 3. Multicollinearity**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	.939	.619		1.517	.141		
1 Motivation	.365	.168	.345	2.167	.039	.712	1.405
Compensation	.407	.138	.469	2.944	.007	.712	1.405

a. Dependent Variable: Job Satisfaction  
*Source: SPSS data processed (2015)*

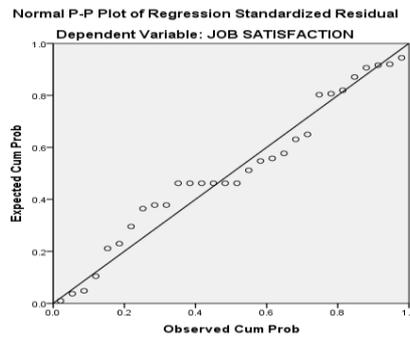
Table 3 shows that the tolerance of motivation and compensation are 0.712. The VIF value of motivation and compensation are 1.405. All the values of tolerance in independent variables are more than 0.20 and all the values of VIF are less than 10. This test proves that this model is free from multicollinearity.

**Normality**



**Figure 3. Normality**  
*Source: SPSS data processed (2015)*

This histogram in figure 3 shows the results of normality, where existing plot approaching the existing lines in the histogram.



**Figure 4 Normal P Plot**  
 Source: SPSS data processed (2015)

Figure 4 shows the shape of histogram approximately follows the normal shape of a normal curve, the dots that spreading in horizontal line is because the sample size only 30. And figure 4 shows that the data represented by the dots are spreading near the diagonal line and following the diagonal line. This test proves that the model is qualified for normality test.

**Hypothesis Testing**

**F-Test**

**Table 4. F-test**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.269	2	1.135	14.200	.000 <sup>b</sup>
	Residual	2.157	27	.080		
	Total	4.427	29			

- a. Dependent Variable: Job Satisfaction
  - b. Predictors: (Constant), Compensation, Motivation
- Source: SPSS data processed (2015)

Table 4 shows the value of  $F_{count}$  is 14.200.  $F_{count} = 14.200 > F_{table} = 3.35$  with significant value 0.00. Therefore,  $H_0$  is rejected and  $H_1$  is accepted which means that there is a significant effect of motivation and compensation on job satisfaction simultaneously.

**T-test**

**Table 5. T-test**

Model		Unstandardized		Standardized	T	Sig.
		Coefficients				
		B	Std. Error	Beta		
1	(Constant)	.939	.619		1.517	.141
	Motivation	.365	.168	.345	2.167	.039
	Compensation	.407	.138	.469	2.944	.007

- a. Dependent Variable: Job Satisfaction
- Source: SPSS data processed, 2015

From the previous calculation, the interpretations are as follows:

1.  $T_{count}$  for Motivation ( $X_1$ ) is 2.167 while the  $T_{table}$  is 2.05 or in other words,  $T_{count} > T_{table} = 2.167 > 2.05$ . Therefore,  $H_0$  is rejected and  $H_1$  is accepted. It means that there is a significant effect of Motivation on job satisfaction partially.
2.  $T_{count}$  for Compensation ( $X_2$ )  $T_{count} = 2.944$  and  $T_{table} = 2.05$  which  $T_{count} > T_{table} = 2.944 > 2.05$ . Therefore,  $H_0$  is rejected and  $H_1$  is accepted it means that compensation has significant effect to job satisfaction partially.

## Discussion

The data analysis in Table 4, the F-test results show that there is a linear relationship in multiple regression equation model or, in other words, there is significant effect of independent variables on job satisfaction simultaneously. The result of T-test, shows that there is significant effect of motivation on job satisfaction partially. It means that supervision, relationship with co-worker, and also the working condition influence the employee job satisfaction. This result is supported by previous research conducted by Ahmed et al (2010) who concluded that significant relationship exists between intrinsic motivational factors including recognition; work itself, opportunity for advancement, professional growth, responsibility, good feeling about organization and employee job satisfaction. The result of this study stated that work itself tend to become the motivational factor rather than influencing the job satisfaction. This results show that work itself, job security, supervisor, team work have positive relationship with job satisfaction.

T-Test results show that, in compensation,  $T_{count}$  is bigger than  $T_{table}$ . So, it can be concluded that there is a significant effect of compensation on job satisfaction partially. Based on the data result, it can be concluded that there is significant effect of compensation on job satisfaction. Compensation in this research is measured by the salary received every month, paid for holiday and bonuses that are provided by the company. This result is supported by Ghazanfar et al (2011) who stated that compensation is one of factors that influence the satisfaction of their employees. This research shows that, it is not only motivation which has significant effect on job satisfaction but good compensation from the company also has that kind of effect.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion

The conclusion of this research can be seen as follows:

1. T-Test result, there is a significant effect of motivation on job satisfaction in PT. SIG ASIA Bitung partially. It is also found that there is a significant effect of compensation on job satisfaction partially.
2. F-test result,  $F_{count}$  of 14.200 is bigger than  $F_{table}$  of 3.35 which means that  $H_1$  is accepted and, there is a significant effect of motivation and compensation on Job Satisfaction simultaneously.
3. As the result of this research, good working condition, good relationship with co-workers and good supervision are concluded to have effect on employees to be more motivated in doing their job while compensation obtained from companies such as salary and paid for holiday are able to give satisfaction to their employees.

### Recommendations

The recommendations of this research are as follows:

1. The compensation is received by employees as the feedback on their work. Fair and good compensation for each employee will add more enthusiasm to work for employees themselves. Since the compensation has a great influence on job satisfaction of the employees, it is better for PT. SIG ASIA Bitung to keep paying attention to the provision of compensation to employees to be fairly and equitably, so it could increase employees and company performance.
2. The motivation could encourage employees to feel comfortable in working and become loyal to the company and therefore, the company is expected to pay attention to the work motivation of employees, through good relations between employees and supervisor, relations among employees, and the ability of employees to complete their job.

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