



The influence of motivation, work ability and work environment on employee performance moderated by compensation

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ABSTRACT

This study aims to analyze whether there is an influence between Motivation variables on employee performance, the influence between Work Ability variables on employee performance, the influence between Work Environment variables on employee performance, Compensation moderates the influence of Motivation variables on employee performance, Compensation moderates the influence of Work Ability variables on employee performance, the influence between Work Environment variables on employee performance. Using a quantitative approach with descriptive-verification analysis, this study involved 36 employees selected through proportional stratified random sampling and using Smart PLS. The results showed that there is a significant positive effect of motivation variables on employee performance, there is a significant positive effect of work environment variables on employee performance, there is a significant positive effect of work ability variables on employee performance, compensation significantly mediates the positive effect of motivation on employee performance, compensation significantly mediates the positive effect of work environment on employee performance, compensation significantly mediates the positive effect of work ability on employee performance.

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INTRODUCTION

Human resources are the most important resource of an organization, and must be considered carefully to achieve these goals. Human resources provide energy, talent, creativity, and effort to the organization (Larasati et al., 2024). Management and organizations cannot achieve their goals without qualified employees. When someone is successful in their job, they are considered capable. They are also not just lucky people. Nonetheless, the organization will also benefit. (Riansari & Rofianty, 2021) say that work performance is the result of effective and efficient work that can be accounted for in terms of quality and quantity.

In connection with the above, PT WOM Finance, Tbk Tasikmalaya Branch is a company engaged in financing motorcycles, motorcycle bills and car bills. PT WOM Finance, Tbk itself has changed its name several times. Originally it was PT Jakarta Tokyo Leasing which was established in 1982. In the same year the name changed to PT Fuji Semeru Leasing. Then in 1997 it changed to PT Wahana Ometraco Multiartha. Starting in 2000, the Company transformed into PT Wahana Ottomitra Multiartha, also known as 'WOM Finance'. Currently PT Wahana Ottomitra Multiartha is operating in 170 cities.

Based on the total average of 5674.33 the number of employees of National WOM Finance, Tbk in 5 divisions. Employee performance below the target is more with a presentation of 55.48%. Of the 5 Divisions that get above the KPI Target > 60% there is only in operation. Achievement above Target for Marketing, Collecton, Remedial, AMU & Credit Division is still <50%. Then after being compared to the performance of employees of PT WOM FINANCE, Tbk Tasikmlaya Branch, it turns out that the case is almost the same, namely employees with the acquisition of not reaching the target are still more or dominate, namely with the acquisition of 59.26%. So that there are still many processes that are not optimal. In addition, there is also data that shows that performance is still not optimal.

Shows that the performance level of PT WOM FINANCE, Tbk is not yet optimal. In doing work, PT WOM FINANCE, Tbk has decreased from 2021 to 2023. In 2021 the total realization of employee performance achieved was 87.09%. In 2022 the total performance realization achieved decreased by 0.73% to 86.36%. But in 2023 there was a decrease of 2.03%, so the total performance realization achieved was 85.06%. The impact of this gab and target with realization is that the data is not optimal and must be further researched.

There are several things that can affect the decline in employee performance at PT WOM Finance, Tbk Tasikmalaya Branch and from the results of interviews with employees it is known that the decline in work performance, among others, is caused by the compensation factor provided that is not in accordance with expectations because it does not consider the employee's tenure, the size of the responsibility for work, for example, the workload in the billing section and the operational section is given compensation that is not much different, of course things like this cause a decrease in work motivation which further causes low work performance. Next, work performance is also due to a lack of work ability, this is due to a lack of experience in the field of work he does. Of course this will affect professionalism, which will further lead to a decrease in the level of work performance.

In addition to the above, the decline in work performance is also influenced by the condition of the work environment, from a number of employees still feel disturbed due to the work atmosphere that is still not conducive, this can be seen by the frequent leaders who make subjective assessments of subordinates' work performance, if there are subordinates who are more capable of being considered as competitors and this often causes the lack of good communication between superiors and subordinates.

Based on this background description, the authors are interested in conducting research on improving employee performance through the integration of compensation, increasing work ability, and creating a conducive work environment, especially regarding direct compensation and indirect compensation, education and work experience, workplace, and treatment received. Therefore, the title of this research is "The influence of motivation, work ability and work environment on employee performance moderated by compensation".

RESEARCH METHOD

This research uses quantitative research with descriptive verification analysis. The sample was obtained using proportionate stratified random sampling technique as many as 36 employees. Data collection was carried out by distributing questionnaires to employees of PT WOM Finance BU

West Java. The form of the questionnaire made is a structured questionnaire, where the question material concerns motivation, work ability and work environment on employee performance moderated by compensation. To determine the factors that have a positive influence and influence of the independent variables on the dependent variable, this study uses Smart PLS analysis.

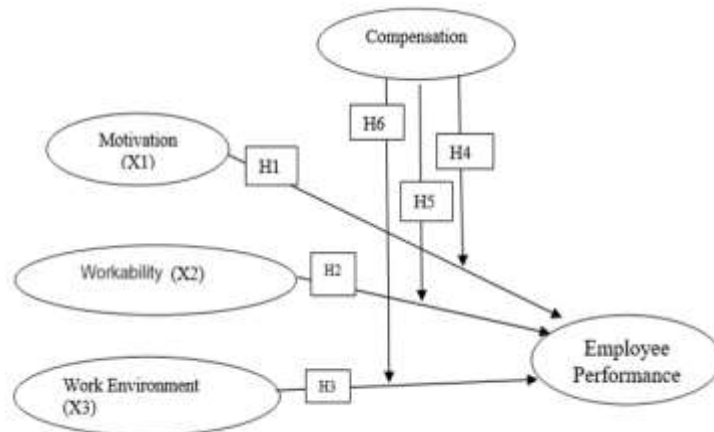


Figure 1. Research conceptual framework

Explanation of the Nature of Moderation

(1) The influence between Motivation variables on employee performance, (2) The influence between Work Ability variables on employee performance, (3) The influence between Work Environment variables on employee performance, (4) The influence between the Motivation variable on employee performance moderated by compensation, (5) The influence between the Environmental Ability variable on employee performance moderated by compensation, (6) The influence between Work Environment variables on employee performance moderated by compensation.

RESULTS AND DISCUSSIONS

Data analysis

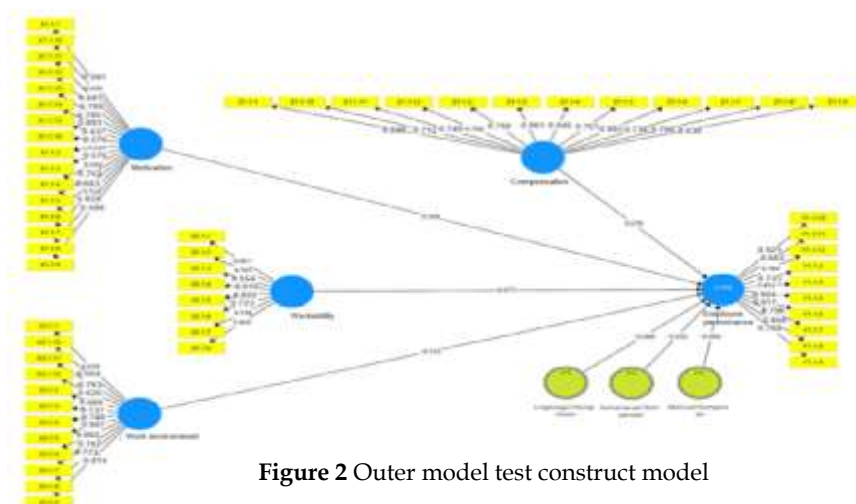


Figure 2 Outer model test construct model

Based on the figure above, the hypothesis testing value is obtained in the form of significance between constructs, namely the t-statistics and p-values that have been recapitulated.

Convergent validity

Table 1. AVE and communalities

Item	Loading Factor	Information
X1.1.1	0.591	Valid
X1.1.10	0.509	Valid
X1.1.11	0.687	Valid
X1.1.12	0.709	Valid
X1.1.13	0.785	Valid
X1.1.14	0.893	Valid
X1.1.15	0.837	Valid
X1.1.16	0.676	Valid
X1.1.2	0.544	Valid
X1.1.3	0.576	Valid
X1.1.4	0.509	Valid
X1.1.5	0.753	Valid
X1.1.6	0.603	Valid
X1.1.7	0.521	Valid
X1.1.8	0.834	Valid
X1.1.9	0.599	Valid
X2.1.1	0.861	Valid
X2.1.2	0.707	Valid
X2.1.3	0.554	Valid
X2.1.4	0.610	Valid
X2.1.5	0.855	Valid
X2.1.6	0.723	Valid
X2.1.7	0.556	Valid
X2.1.8	0.909	Valid
X3.1.1	0.608	Valid
X3.1.10	0.664	Valid
X3.1.11	0.703	Valid
X3.1.12	0.626	Valid
X3.1.2	0.606	Valid
X3.1.3	0.737	Valid
X3.1.4	0.748	Valid
X3.1.5	0.607	Valid
X3.1.6	0.802	Valid
X3.1.7	0.787	Valid
X3.1.8	0.723	Valid
X3.1.9	0.874	Valid
Y1.1.10	0.921	Valid
Y1.1.11	0.663	Valid
Y1.1.12	0.789	Valid
Y1.1.3	0.733	Valid
Y1.1.4	0.852	Valid
Y1.1.5	0.904	Valid
Y1.1.6	0.817	Valid
Y1.1.7	0.790	Valid
Y1.1.8	0.856	Valid
Y1.1.9	0.768	Valid
Z1.1.1	0.848	Valid
Z1.1.10	0.712	Valid
Z1.1.11	0.749	Valid
Z1.1.12	0.706	Valid
Z1.1.2	0.756	Valid
Z1.1.3	0.861	Valid
Z1.1.4	0.845	Valid
Z1.1.5	0.757	Valid
Z1.1.6	0.802	Valid

Z1.1.7	0.730	Valid
Z1.1.8	0.700	Valid
Z1.1.9	0.630	Valid

The convergent validity of the measurement model using reflective indicators is assessed based on the loading factor of the indicators that measure the construct. Based on the results of the loading factor above, it can be concluded that all constructs have good convergent validity.

Composite reliability and cronbach’s alpha

Table 2. Composite reliability and cronbach’s alpha

Variable	Composite Reliability	Average Variance Extracted (AVE)
Workability	0.851	0.598
Employee performance	0.860	0.754
Compensation	0.757	0.615
Work environment	1.000	1.000
Motivation	1.000	1.000

Based on the results of construct validity testing, it is obtained that the AVE scores of all variables have met the requirements, namely > 0.5, which means that all variables have good construct validity. Then the Composite reliability score of each variable is > 0.7. This shows that all variables in this study have good reliability.

Structural Model Testing (Inner Model)

Table 3. Structural model testing

	R Square	R Square Adjusted
Employee performance	0.745	0.681

Based on the table above, the R Square score is 0.745, which means that the effect of the independent and moderation variables on performance of 74.5% can be explained by variations in the independent variables. The rest is explained by other factors outside the regression model.

Path Coefficients (Mean, STDEV, t-Value)

Table 4. Path Coefficient Results

Hypothesis	Original Sample (O)	T Statistics (O/STDEV)	P Values	Information
Motivation -> Employee performance	0.149	3.335	0.013	Significant effect
Work environment -> Employee performance	0.026	2.286	0.005	Significant effect
Workability -> Employee performance	0.810	6.624	0.000	Significant effect

Based on the table above, it shows that the original sample motivation on employee performance is 0.149 with a P value of 0.013, then the work environment on employee performance original sample is 0.026 and P Value 0.005, then work ability on employee performance original sample is 0.810 and P Value 0.000. thus this hypothesis has a significant effect on all

Hypothesis Test Results of Indirect Influence

Table 5. Hypothesis test result of indirect influence

Hypothesis	Original Sample (O)	T Statistics (O/STDEV)	P Values	Information
Motivation*Compensation-> Employee performance	0.046	3.295	0.028	Significant effect
Work environment*Compensation -> Employee performance	0.111	2.725	0.049	Significant effect
Workability* Compensation -> Employee performance	0.043	2.206	0.037	Significant effect

It can be seen that the original value of H4 is 0.046 with a significance below 5% as indicated by the t-statistic value of 3.295 with (P value $3.295 < 0.05$), the original value of H5 is 0.111 with a significance below 5% as indicated by the t-statistic value 2.725 with (P value $0.049 > 0.05$), the original value of H6 is 0.043 with a significance below 5% as indicated by the t-statistic value of 2.206 with (P value $0.037 > 0.05$). Based on the regression results, it can be concluded that all hypotheses can be accepted.

Discussion

a. The first hypothesis: The effect of motivation on employee performance

This study shows the results that there is a positive influence between motivation variables on employee performance. This means that the increasing work motivation carried out by PT WOM Finance will be directly proportional and affect the performance of employees in using the services of PT WOM Finance Tasikmalaya.

b. The second hypothesis: The Effect of work environment on employee performance

This study shows the results that there is a positive influence between work environment variables on employee performance. This means that the increasing work environment carried out by PT WOM Finance Tasikmalaya is directly proportional to the increasing employee performance.

c. The third hypothesis: The Effect of Work Ability on Employee Performance

In the results of this study indicate the results that there is a positive and significant influence between work ability variables on employee performance. This means that if employees in this company have good work abilities and have good standards of knowledge and attitudes and skills possessed by these employees, then employee performance will increase. However, if employees in this company have low work abilities, and do not maximize their skills at work, employee performance will decrease.

d. Fourth hypothesis: The effect of compensation moderates the effect of motivation variables on employee performance

In the results of this study indicate the results that there is a positive and significant influence between motivation variables on employee performance moderating compensation. This means that the increasing motivation carried out by PT WOM Finance Tasikmalaya is directly proportional to the increase in employee performance moderating compensation. So it can be concluded that Work Motivation is one of the factors determining employee performance through compensation.

e. Five hypothesis: The effect of compensation moderates the effect of work ability variables on employee performance

In the results of this study indicate the results that there is a positive and significant influence between work ability variables on employee performance moderating compensation.

This means that the increasing work ability carried out by PT WOM Finance Tasikmalaya is directly proportional to the increasing performance of employees moderating compensation.

- f. Six hypothesis: The effect of compensation moderates the effect of motivation variables on employee performance

In the results of this study indicate the results that there is a positive and significant influence between work environment variables on employee performance moderating compensation. This means that the increasing work environment carried out by PT WOM Finance Tasikmalaya is directly proportional to the increasing performance of employees moderating compensation.

CONCLUSION

The conclusions from this study can be drawn as follows: There is a significant positive effect of motivation variables on employee performance. it shows that the original sample motivation on employee performance is 0.149 with a P value of 0.013. This means that if there is an increase in motivation, it will have an impact on increasing the performance of PT WOM Finance Tasikmalaya employees.

There is a significant positive effect of work environment variables on employee performance. then the work environment on employee performance original sample is 0.026 and P Value 0.005. This means that if there is an increase in the work environment, it will have an impact on increasing the performance of PT WOM Finance Tasikmalaya employees.

There is a significant positive effect of work ability variables on employee performance. then work ability on employee performance original sample is 0.810 and P Value 0.000. This means that if there is an increase in work ability, it will have an impact on increasing the performance of PT WOM Finance Tasikmalaya employees.

Compensation significantly mediates the positive effect of motivation on employee performance. that the original value of H4 is 0.046 with a significance below 5% as indicated by the t-statistic value of 3.295 with (P value $3.295 < 0.05$). This means that the correlation between the perception of motivation carried out by PT WOM Finance Tasikmalaya and the perception of employee performance is influenced by compensation at PT WOM Finance Tasikmalaya.

Compensation significantly mediates the positive influence of the work environment on employee performance. the original value of H5 is 0.111 with a significance below 5% as indicated by the t-statistic value 2.725 with (P value $0.049 > 0.05$). This means that the correlation between the perception of the work environment carried out by PT WOM Finance Tasikmalaya and the perception of employee performance is influenced by compensation at PT WOM Finance Tasikmalaya.

Compensation significantly mediates the positive effect of work ability on employee performance. The original value of H6 is 0.043 with a significance below 5% as indicated by the t-statistic value of 2.206 with (P value $0.037 > 0.05$). This means that the correlation between the perception of work ability carried out by PT WOM Finance Tasikmalaya and the perception of employee performance is influenced by compensation at PT WOM Finance Tasikmalaya.

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