

The Effect of Compensation And Intrinsic Motivation on The Performance of Employees With Job Morale as a Mediation Variable (Study on Cooperatives in Pejaten)

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Abstract—This study aims to determine and explain the effect of compensation and intrinsic motivation on morale, to find out and explain the effect of compensation, intrinsic motivation, and morale on employee performance at Cooperatives in Pejaten Village, and to know and explain the role of work spirit in mediating the effects of compensation and intrinsic motivation on employee performance at the Cooperative in Pejaten Village. The population in this study were all employees who worked at the Cooperative in Pejaten Village, as many as 50 employees. The sampling technique used is a saturated sample (census) where the entire population is used as a sample of research, amounting to 50 people. The data used were primary data obtained from questionnaires to determine respondents' perceptions of the variables under study and secondary data obtained from documents and other information available at the Cooperative in Pejaten Village. The research hypothesis testing uses Partial Least Square (PLS) applications. The results showed that: (1) compensation has a significant positive effect on employee morale (2) intrinsic motivation has a positive and insignificant effect on employee morale (3) compensation has a positive and significant effect on employee performance (4) intrinsic motivation has a positive effect and not significant to employee performance (5) work morale has a negative and significant effect on employee performance, (6) work morale is not a mediation between compensation to employee performance (7) work morale is not a mediation between intra-motivation to employee performance.

Keywords: compensation; intrinsic motivation; job morale and employee performance

How to cite;

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I. INTRODUCTION

A rapid development of business organization and competition makes every organization have to face challenges that demand qualified human resources. The quality of human resources is characterized by human resources that are creative, have high ability and willingness. Human resources are dynamic and have the ability to continue to develop. Consequently, it is necessary to get the organization attention. This is supported by the opinion of Hasibunan (Samudra et al., 2014) which states that humans always play an active role in every activity of the organization. A best program made by the company will be difficult to run without active role of the company employees.

Employee performance leads to an effort to achieve better work performance (Robbins, 2009). A success of a job is largely determined by the performance of its employees. One of the factors that influence employee performance is employee job morale. It is an attitude of individual or group to the entire work environment and maximum cooperation in accordance with the best interests of the company (Gorda, 2007). The increasing of employee working enthusiasm will make job faster accomplished, damage will be reduced as well as attendance will be minimized and the possibility of transfer of employees will be minimized.

Compensation is one of factors that also affects employee performance (Felinda & Nugraheni, 2016). One of the main goals of someone working in an organization is compensation. Compensation is all income in the form of money or goods, both directly and indirectly, which is received by employees for services provided to companies (Hasibuan, 2014).

In addition to compensation and employee job morale, intrinsic motivation also has an influence on employee performance (Prahiawan & Simbolon, 2014). Motivation to pursue achievement is a desire that someone possess to encourage that person to try to reach a standard. It can be obtained by comparing with other person achievements, but also with early achievements (Mc Clelland, 1987).

Cooperatives as one of the financial institutions is a business organization or business entity that is formed and operated by a person or organization for the benefit of the welfare of members with the principles of the people's economic movement based on family principles. The phenomenon that occurs in Cooperatives in Pejaten is not achieving the target and the realization. of the remaining operating results (SHU) that have been determined by the Cooperative. Therefore, there are indications that the performance of employees in the Cooperative has not been maximized. Based on the phenomenon that occurs in the Cooperative in Pejaten Village and the results of previous research, it can be concluded that employee performance is influenced by job morale, compensation, and intrinsic motivation.

II. RESEARCH CONCEPT

The research concept is a logical relationship from the theoretical foundation and empirical study described in the previous section. According to (Mangkunegara, 2002) the notion of performance is the work result both in quality and quantity that is achieved by someone in completing tasks in accordance with the responsibilities. The performance of an employee is influenced by several factors such as job morale, intrinsic motivation, and compensation (Yahyo, et al, 2013).

One of the factors that influence employee performance is job morale (Sangki, et al, 2014). The spirit of work is the ability of a group of people to work diligently and consequently in pursuing a common goal. According to (Kandhakumar & Balasingh, 2016), and (Riyanto, et al., 2017), job morale has a positive and significant influence on employee performance. This shows that the better job morale given by employees to the company, the more it will improve employee performance.

Other than job morale, employee performance is also influenced by compensation (Yahyo, et al., 2013). Compensation is something that is received by employees as exchange of their service contributions to the company (Mangkuprawira, 2011). Compensation has a positive and significant influence on employee performance (Meutia, et al. 2016). In addition to performance, compensation also has a relationship with employee job morale. This is in line with the results of research conducted by (Nurjannah, et al, 2013) and (Danti, et al, 2014) which states that compensation has a strong and significant influence on employee job morale.

Another important factor that can affect employee performance is intrinsic motivation (Rahmah, et al, 2013). Motivation to achieve is a desire that exists in someone who encourages the person to try to achieve a standard (Mc Clelland, 1987). Research conducted by (Prahawan & Simbolon, 2014) and (Munyu, 2017) found a significant influence between intrinsic motivation for employee performance. In addition to employee performance, according to research (Yahyo's, et al, 2013) motivation also influences employee job morale.

Based on this explanation, in this study the research variables were compensation (X₁), intrinsic motivation (X₂), employee job morale (Y₁), and employee performance (Y₂). Based on the framework described previously, then a concept is created to explain the relationship between variables in this study.

Identification Of Variables

In this study, the exogenous variables are compensation and intrinsic motivation, while endogenous variables are spirit/enthusiasm and employee performance. The compensation variable is denoted by X₁, intrinsic motivation is denoted by X₂, work morale is denoted by Y₁, and employee performance is denoted by Y₂.

Definition Of Operational Variables

Compensation (X₁)

Compensation (X₁) is all income in the form of money or goods, both directly

and indirectly, which is received by employees in return for services provided to Cooperatives (Hasibuan, 2014). The following are compensation indicators according to (Hasibuan, 2014):

Salary

Wages

Incentives

Insurance

Facilities

Intrinsic Motivation (X₂)

Intrinsic motivation (X₂) is a desire that exists in someone that encourages him/her to achieve a goal or measure of excellence (Mc. Clelland, 1987). Indicators of intrinsic motivation according to (Mc. Clelland, 1987) include:

Motivation for achievement

Motivation to rule

Motivation to be affiliated

Job morale (Y₁)

Job morale (Y₁) is the mental attitude of employees who are able to create a working atmosphere that encourages them to work together, work harder and better so as to minimize mistakes and accomplish timely tasks (Taufiq, 2006) Employee moral indicators (Y₁) according to (Heidjarachman, 2009), namely:

Attendance

Harmonious

Cooperation

Satisfaction

Discipline

Employee Performance (Y₂)

Performance (Y₂) is the result of work both in quality and quantity achieved by employees in carrying out their duties in accordance with the responsibilities given by (Mangkunegara, 2002). Employee performance indicators according to Robbins in (Handayani, 2017), namely:

Quality

Quantity

Punctuality

Effectiveness

Independence

Research Hypotheses

H1: Compensation has a positive and significant influence on job morale.

H2: Intrinsic motivation has a positive and significant effect on job morale.

H3: Compensation has a positive and significant influence on employee performance.

H4: Intrinsic motivation has a positive and significant effect on employee performance.

H5: The spirit of work has a positive and significant effect on employee performance.

H6: The spirit of work mediates the effect of compensation on employee performance

H7: The spirit of work mediates the influence of intrinsic motivation on employee performance

III. METHOD

This study was conducted to examine the correlational relationships of compensation, intrinsic motivation, moral and employee performance by using data collected from the Cooperative environment in Pejaten. The design of this study is quantitative, because it uses numerical data as research data analyzed to reach conclusions. This research was conducted at the Cooperative in Pejaten Village with the scope of covering compensation, intrinsic motivation, spirit/enthusiasm and employee performance. The data used consists of two types, namely primary data generated through the distribution of questionnaires and secondary data obtained from Cooperatives in Pejaten Village. The population in this study were 50 employees at the Cooperative in Pejaten Village. The method used to determine the sample is census or saturated sample, which means that all populations are used as sample members.

The research is explanatory research, which aims to explain causality between variables observed in research. In analyzing the influence of exogenous variables with endogenous variables in this study, the Partial Least Square (PLS) statistical method was used. The expected results in this study are a positive and significant influence between the variables.

IV. RESULT AND DISCUSSION

The Effect of Compensation on Cooperative Employee's Job morale in Pejaten Village

The results of data analysis revealed that compensation has a positive and significant influence on employee's job morale. The results of the analysis defined that the greater the compensation given by the Cooperative to the employee, the significant the employee's job morale is increased.

In this study, the compensation provided by the Cooperative was proper. It can be seen from the assumption of employees who feel that the salary they receive is in accordance with the employee's minimum wage (UMK). In addition, the overtime wages they receive are also appropriate. The Cooperative also provides incentives to several employees. Facilities are provided by Cooperatives to support the employee's work, such as computers. The computers are very adequate and functioned properly.

The results of this study are in line with research (Nurjannah's, et al, 2013; Rose, 2013; Danti, et al, 2014) which showed that compensation has a positive and significant effect on employee's job morale/enthusiasm.

The effect of Intrinsic Motivation on Cooperative Employee's Job morale in Pejaten Village.

The results of data analysis reveals that intrinsic motivation has a positive and insignificant influence on employee job morale. The results of the analysis defined that the better the intrinsic motivation that exists in the employee, the more employee's job morale would be increased, but the relationship between the two is not significant.

In this study the intrinsic motivation of the employee is good. This can be seen from the fact on the working field. The employees are motivated to work diligently so that the results of their work performance were praise and appreciated by the leaders. In addition, some employees are also working hard so they could be role models for other colleagues in a Cooperative environment. However on the discussion of the indicator of the needs, it would affiliate by the employees that gave less score. The employees argue that the relationship between fellow workers and leaders were not harmonious, and the employees also recognize that they are not actively involved in important Cooperative activities. In addition, the opportunity to occupy a strategic position in a Cooperative is also minimal.

The results of this study are not in line with the research conducted by (Utamajaya & Sriathi, 2015) and (Omollo, 2015) which stated that motivation has a positive and significant effect on employee's job morale.

The Effect of Compensation on Cooperative Employee's Performance in Pejaten Village

The results of data analysis revealed that compensation has a positive and significant effect on employee's performance. The results of the analysis defined that the greater the compensation given by the Cooperative to the employee, the significant the improvement of the performance of employees in the Cooperative.

In this study, the compensation provided by the Cooperative was appropriate. It can be seen from the assumption of employees who argued that the salary they receive is in accordance with the employee's minimum wage (UMK). In addition, the overtime wages they receive are also appropriate. The Cooperative also provides incentives to several employees. Facilities provided by Cooperatives to the employees to support their work such as computers are also very adequate and could functioned properly.

The results of this study are also in line with the results of the research conducted by (Handayani, 2017) and (Syahreza, et al., 2017) which revealed a significant positive relationship between compensation and employee performance.

The Effect of Intrinsic Motivation on Cooperative Employee's Performance in Pejaten Village

The results of data analysis revealed that intrinsic motivation has a positive and not significant effect on employee's performance. The results of this analysis define that the better the intrinsic motivation that exists in the employee, the higher the performance of the employee, but the relationship between the two is not significant.

In this study the intrinsic motivation of the employee is good. This can be seen from the fact obtained in the working field that revealed that employees are motivated to work diligently so that the results of their work performance could be praised and appreciated by the leader. In addition, some employees are also working hard so they could be role models for other colleagues in the Cooperative environment. The insignificance of the influence of intrinsic motivation on employee performance can be due to the respondents surveyed as many as 60 percent who has been working for more than 5 years as they already know how the agreement and working system applied by the Cooperative in Pejaten Village.

The results of this study are not in line with the research conducted by (Munyua, 2017) and (Lee & Hidayat, 2018) which states that intrinsic motivation has a dominant influence on employee performance variables in the company.

The Effect of Work Spirit on Cooperatives Employee's Performance in Pejaten Village

The results of data analysis revealed that the Cooperative job morale of the

Cooperative employees in Pejaten Village had a negative and significant effect on employee performance. From the results of the analysis of the data it is known that the lower the employee job morale, the more improvement the performance of the employee.

In this study there is one indicator that has a value below the average variable of job morale that is the indicator of harmonious cooperation. This is because the collaboration between partners is not good. In addition to these problems, a sense of solidarity among employees is also lacking. Even though it has a low answer value and makes employee job morale decreased, it does not necessarily lead job morale to have a positive influence on performance. Poor collaboration between employees and the absence of a mutual assistance system at work makes employees become more focused on their respective jobs so that employee performance would be increased. In addition, these problems would lead the employees to try to maintain a proper work to prove to other colleagues that they could do the work without any assistance from other parties.

The negative influence between job morale and employee's performance could also be caused by 52 percent of respondents surveyed having more than 37 years of age, at which it is the ages they have no more enthusiasm in working, but still have good performance. Other things that could also be seen from the tenure of the respondents that as many as 60 percent of employees has been working for more than 5 years as they already acknowledge the SOP and their job well. Therefore, even though they have low job morale, they still have good performance because they already know clearly what must be done.

The results of this study are not in line with the research conducted by (Kandhakumar & Balasingh, 2016) and (Sangki, et al, 2014) which stated that job morale has a positive and significant effect on employee performance.

Job morale Mediates the Effect of Compensation on Employee's Performance at Cooperatives in Pejaten Village

According to criteria (Hair et. al, 2010), job morale is not a mediation on the influence of compensation on employee's performance. This is because the direct relationship between compensation and employee performance is significant, while the indirect relationship between compensation towards job morale is not significant.

This is not in line with the research conducted by (Saharuddin & Sulaiman, 2016) which revealed that the job morale significantly mediates the relationship between compensation and work productivity of the employees.

Job morale Mediates the Effect of Intrinsic Motivation on Employee's Performance at Cooperatives in Pejaten Village

According to criteria (Hair et. al., 2010), job morale is not a mediation on the

influence between intrinsic motivation on employee performance. This is because the direct relationship between intrinsic motivation and employee performance is significant, while the indirect relationship between intrinsic motivation on job morale is not significant.

The results of this study are not in line with the research conducted by (Utamajaya & Sriathi, 2015) and (Omollo, 2015) which revealed that motivation significantly influences the employee spirit. But it is in line with (Munyua's, 2017) research and (Lee & Hidayat, 2018) which stated that intrinsic motivation has a dominant influence on employee's performance in the company.

Research Implication

This study discusses the relationship between compensation, intrinsic motivation, and spirit/enthusiasm towards employee's performance. The results provided descriptions and information about compensation that has a positive and significant impact on employee enthusiasm and performance, especially those fact investigated from Cooperatives in Pejaten Village. Compensation must remain a concern in Cooperatives as with good compensation, employee spirit and performance could increase. The results of this study also provide an overview and information about intrinsic motivation that has a positive and not significant impact on employee performance. Intrinsic motivation could improve employee's enthusiasm and performance but the relationship between the two is not significant at the Cooperatives in Pejaten Village. Other research results also provide information that job morale has a negative and significant impact on employee's performance. Low enthusiasm could improve employee's performance. In addition, spirit/enthusiasm in this case is not a mediation between compensation and intrinsic motivation on employee's performance because the direct relationship between compensation and intrinsic motivation on employee performance is significant, while indirect relationships are not significant. This defined that job morale is not able to explain the effect of compensation and intrinsic motivation on employee's performance at Cooperatives in Pejaten Village.

V. CONCLUSION

Based on the description and results of the study, some conclusions can be stated as follows: Compensation has a positive and significant effect on morale at the Cooperative in Pejaten Village. Which means that the greater the compensation given by Cooperatives in Pejaten Village to employees, the higher the enthusiasm of the employees.

Intrinsic motivation has a positive and insignificant effect on employee's enthusiasm at the Cooperative in Pejaten Village. Which means that the better the intrinsic motivation in the Cooperative employees in Pejaten Village, the more employee's enthusiasm will increase, but the relationship between the two is not significant.

Compensation has a positive and significant effect on employee performance at Cooperatives in Pejaten Village. Which means that the greater the compensation given by the Cooperative in Pejaten to employees, the significant the improvement of employee's performance.

Intrinsic motivation has a positive and not significant effect on employee's performance at the Cooperative in Pejaten Village. Which means that the better the intrinsic motivation that exists in employees, the higher the performance of employees, but the relationship between the two is not significant.

The job morale has a negative and significant effect on employee's performance at the Cooperatives in Pejaten Village. Which means that the lower the enthusiasm of the Cooperatives employees in Pejaten Village, the higher the employee's performance.

The Role of Job morale in Mediating the Effects of Compensation on Employee's Performance The spirit of working is not a mediation between compensation for the performance of employees at the Cooperatives in Pejaten. Which means that the effect of compensation on performance cannot be conveyed properly by spirit/enthusiasm.

The Role of Job morale in Mediating the Effects of Compensation on Employee's Performance The spirit of work is not a mediation between intrinsic motivation towards employee's performance at Cooperatives in Pejaten Village. Which means that the influence of intrinsic motivation on performance is not able to be delivered properly by spirit/enthusiasm.

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