

The Effect of Compensation and Job Satisfaction On Increasing Productivity of Asuransi Jasindo Head Office Employees Mediated by Motivation Variable

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Abstract:- The purpose of this study is to find out and explain the role of compensation and job satisfaction on increasing employee productivity at Jasindo Insurance head office mediating by motivational variables. The research method uses a quantitative approach and the population in this study are all employees of Jasindo Insurance head office, amounting to 378 people. Sample selection was done by simple random sampling technique (Slovin 10% error tolerance) so that 80 respondents were selected. Data collection techniques using interviews and questionnaire instruments. The questionnaire survey instrument was delivered randomly to employees of the Jasindo Insurance head office. Data were analyzed using structural equation models (SEM) with Smart PLS software program version 3.2.8. This study reveals that compensation does not have a significant effect on employee productivity, but job satisfaction has a significant positive effect on employee productivity. Compensation and job satisfaction simultaneously have a positive and significant effect on employee productivity. Besides that, the motivation variable mediates compensation and job satisfaction on employee productivity.

Keywords:- Compensation, Job Satisfaction, Motivation and Employee Productivity.

I. INTRODUCTION

PT. Asuransi Jasa Indonesia (Persero) or commonly referred to as Asuransi Jasindo, is a state-owned enterprise (BUMN) that is engaged in general insurance business which is 100% owned by the government.

Asuransi Jasindo has a variety of products that are grouped into 9 business lines, namely Freight Insurance (Marine Cargo), Property (Property), Aviation, Engineering (Engineering), Ship Frame (Marine Hull), Motorized Vehicles, Various (Casualty), Financial Insurance, and Oil & Gas and all derivatives of these products.

Based on annual report, Asuransi Jasindo Insurance's employee productivity level in 2015 was 5,232 million rupiah per person. Then in 2016 amounted to 5,103 million rupiah per person and the productivity level of Asuransi Jasindo employees in 2017 is 437 million rupiah per person. From these data, it can be seen that the productivity

level of Asuransi Jasindo employees in 2017 decreased significantly compared to previous years. This is not in line with the expectations of the shareholders.

According to Hasibuan (2012) work productivity is a comparison that is owned either by individuals or teams within the organization. Whereas according to Wibowo (2010) productivity is the relationship between output or organizational results with the necessary input. So work productivity is high if the results obtained are greater than the resources used.

The pre-survey results shows that factors which affect work productivity of Asuransi Jasindo employees are work motivation (14%), compensation (18%), and employee job satisfaction (16%).

Based on the description of the problem above, the author is interested in raising the title "The Effect of Compensation and Job Satisfaction on Increasing Productivity of Asuransi Jasindo Head Offices Employees Mediated by Motivation Variable".

The purpose of this research are to understand and explain: (1) The significant effect of compensation on motivation of Asuransi Jasindo head office employees; (2) The significant effect of job satisfaction on motivation of Asuransi Jasindo head office employees; (3) The significant effect of compensation on productivity of Asuransi Jasindo head office employees; (4) The significant effect of job satisfaction on productivity of Asuransi Jasindo head office employees; (5) The significant effect of motivation on productivity of Asuransi Jasindo head office employees; (6) The significant effect of compensation and job satisfaction simultaneously on the motivation of Asuransi Jasindo head office employees; (7) The significant effect of compensation, job satisfaction, and motivation simultaneously on the productivity of Asuransi Jasindo head office employees; (8) The significance of motivation in mediating the effect of compensation and job satisfaction on the productivity of Asuransi Jasindo head office employees.

II. LITERATURE REVIEW

The literature review is a summary of the theories found from the reading sources (literature) relating to the theme that the author analyzed in this study.

Compensation is a term related to financial rewards received by people through their employment relationship with an organization. According to Rivai and Sagala (2009), compensation is something that is received by employees as a substitute for the contribution or service they provide to the company. Compensation can help companies to obtain and maintain employees well. With adequate compensation, employee morale can increase and employees become loyal to the company. Conversely, without adequate compensation, the employee's morale can decrease and it is very possible to leave the company.

Dessler (2015) divides compensation into two components, which are: (1) Direct financial payments in the form of wages, salaries, incentives/benefits, commissions and bonuses; (2) Indirect payment is a form of benefits such as insurance or vacation on company or organization funds. This allowance is given in the welfare package which is given to all employees based on their membership in the company.

Job satisfaction is the level of pleasure someone feels for his role or work in an organization or company. In other words, the level of satisfaction of individuals that they get the proper compensation from the organization or company where they work. Understanding that states job satisfaction according to Edy Sutrisno (2010) is an employee's attitude towards work related to work situations, cooperation between employees, rewards received in work, and matters relating to physical and psychological factors. According to Noe et. al. (1997) in Bangun (2012), it is stated that job satisfaction as a pleasurable feeling that result from the perception that one's job fulfillment of one's important job values. According to Mathis and Jackson (2013), job satisfaction dimensions are: (1) The work itself (aspects of duty and work); (2) Salary aspect; (3) Recognition (aspects of relationships with coworkers); (4) Supervisor relationship with employees; (5) Promotion (opportunity to progress).

Motivation is the desire of someone to do something due to encouragement from themselves and from the outside. Wibowo (2010) suggests that motivation is an impulse to a series of processes of human behavior on achieving goals. A.A. Prabu Mangkunegara (2009) argues that motivation is a condition that moves employees to be able to achieve the goals of their motives.

Motivation dimension according to Abraham Maslow (1943) in Marihotua Effendi Hariandja (2009) are: (1) Physiological needs or physiological needs, namely basic needs such as the need to get food, drink, air, rest and

shelter; (2) Safety needs or security needs, it is the need for security that covers all needs for a safe and protected environment, both physically and emotionally, and free from threats including an orderly environment and freedom from acts of violence, crime, disease and natural disasters; (3) Affection need or love needs or belonging needs, it is the need to be liked, a sense of belonging, affection and love; (4) Esteem needs or self-esteem needs or the need to get an award; (5) Self-actualization needs or self-development needs or self-actualization.

Productivity is a comparison between the results obtained with the sacrifices that have been given. The sacrifice is not only in the form of labor but also other production factors such as capital and knowledge or expertise. According to Sedarmayanti (2009), productivity contains the notion of mental attitude that always has the view that the quality of life today must be better than yesterday, and tomorrow is better than today. Productive mental attitudes involve motivating, discipline, creative, innovative, dynamic, professional, and spiritless.

According to Sedarmayanti (2009), there are six factors that determine employee productivity, which are: (1) Work attitude, such as: Willingness to work in shifts (shift work), can accept additional tasks and work in a team; (2) The level of skills determined by education and training in management and skills in industrial engineering; (3) The relationship between labor and organizational leadership that is reflected in the joint effort between the leadership of the organization and the workforce to increase productivity through a circle of quality control (quality control circles); (4) Productivity management, that is efficient management of resources and work systems to achieve increased productivity; (5) Labor efficiency, such as labor planning and additional tasks; (6) Entrepreneurship which is reflected in risk taking, creativity in trying, and in the right path in trying.

A. Theoretical Framework

Some research show that direct compensation has significant effect on productivity (Dewi, 2014). Pratama et. al. (2016) also state that there is a significant positive effect of financial compensation on employee work productivity. Malonda (2013) state that simultaneously and partially, job satisfaction and motivation have a positive effect on work productivity. Sagita Sukma Haryani, Djamhur Hamid, dan Heru Susilo (2015) state that financial and non-financial compensation affects work motivation. Thara Afifah and Mochammad Al Musadieq (2017) also state that job satisfaction has a significant effect on work motivation. Danang Agil Wicaksono (2013) reveal that there is a positive and significant effect between motivation on employee work productivity.

Based on the those previous research, the theoretical framework of this research is provided in figure 1.

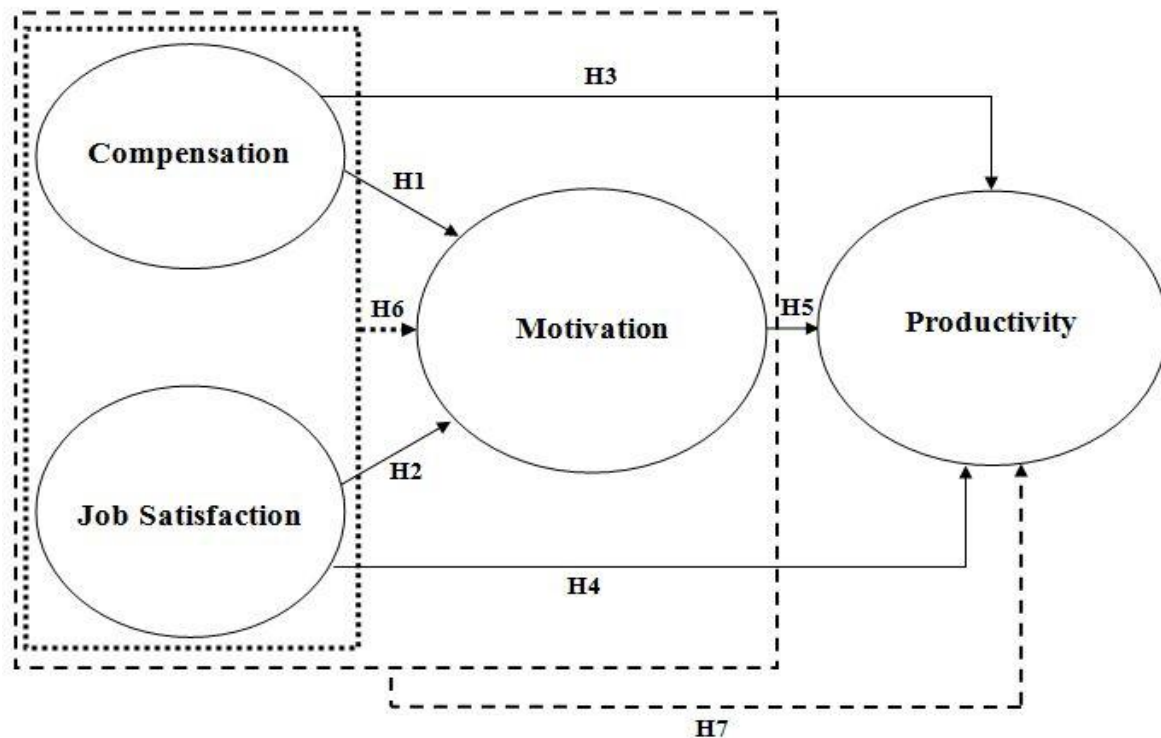


Fig 1:- Theoretical Framework of this Research

B. Hypothesis

The hypothesis of this research are as follows:

- Hypothesis 1: Compensation has a significant effect on motivation of Asuransi Jasindo head office employees.
- Hypothesis 2: Job satisfaction has a significant effect on motivation of Asuransi Jasindo head office employees.
- Hypothesis 3: Compensation has a significant effect on productivity of Asuransi Jasindo head office employees.
- Hypothesis 4: Job satisfaction has a significant effect on productivity of Asuransi Jasindo head office employees.
- Hypothesis 5: Motivation has a significant effect on productivity of Asuransi Jasindo head office employees.
- Hypothesis 6: Compensation and job satisfaction simultaneously have a significant effect on motivation of Asuransi Jasindo head office employees.
- Hypothesis 7: Compensation, job satisfaction, and motivation simultaneously have a significant effect on productivity of Asuransi Jasindo head office employees.

- Hypothesis 8: Motivation mediates compensation and job satisfaction effect on productivity of Asuransi Jasindo head office employees.

III. RESEARCH METHODOLOGY

The type of research is quantitative research using primary data from survey results. This study was designed with the aim to be able to understand, explain and analyze the correlation between independent variables on the dependent variable. Independent variables are variables that influence or are the cause of changes in the dependent variable (Sugiyono, 2017). In this study, the independent variables are variables of compensation (X1) and job satisfaction (X2). Dependent variables are variables that are influenced or which are the result of independent variables (Sugiyono, 2017). In this study, the dependent variables are motivation (Y1) and productivity (Y2).

Variable	Dimension	Indicator	No. Item
Compensation (X1)	Direct financial payment	Salary	1
		Allowance	2
		Bonus	3
	Indirect payment	Holiday allowance	4
		Accident insurance	5
		Health insurance	6
		Pension plan	7
Job satisfaction (X2)	Job itself (aspects of duty and work)	Fun/proud work	8
		Facilities & technology that support work	9
		Workplace comfort	10
	Salary	Relevance of salary with work	11
		Rewards and incentives according to work performance	12
	Recognition (aspects of relationships with coworkers)	Cooperative coworkers	13
		Social needs to interact with coworkers	14
	Supervisor relationship with employees (aspects of boss relations)	Tasks from superiors	15
		Decision making	16
		Response of superiors	17
	Promotion (opportunity to progress)	Mutation opportunity	18
		Promotion opportunity	19
Motivation (Y1)	Physiological needs	Salary	20
		Allowance	21
		Bonus	22
		Residence	23
	Security needs	Sustainability of the company	24
		Work environment security	25
		Health insurance	26
		Pension plan	27
	Needs to be liked (social)	The attitude of the leader or superior	28
		Support of colleagues and subordinates	29
	Self-esteem needs (awards)	Corporate appreciation	30
		Trust of superior	31
		Authority and responsibility	32
	Self development needs/self actualization	Promotion	33
		Education or training	34
		Mutation	35
Produktivitas (Y2)	Work attitude	Willingness to work in shifts (shift work)	36
		Willingness to accept additional tasks	37
		Willingness to work in a team	38
	Level of skills	Education level	39
		Job mastery	40
	Relationship between labor and organization leaders	Cooperation between company leaders and workers	41
		Quality control of company leader	42
	Productivity management	Efficient use of resources	43
		Efficient work system	44
	Labor efficiency	Appropriate number of workers	45
		Completion of assignments on time	46
	Entrepreneurship	Courage to take risks	47
		Creativity in trying	48
		Being on the right track in trying	49

Table 1:- Variable, Dimension, Indicator, and Items Number of Research

➤ *Population and Sample*

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics set by the author to be studied and then conclusions drawn (Sugiyono, 2017). The population in this study were all employees of Jasindo Insurance who served in the head office with 378 people. Sample is part of the number and characteristics possessed by the population (Sugiyono, 2014). Based on Slovin formula with 10% allowance, the minimum number of samples in this study is 80 samples.

➤ *Analysis Method*

This study uses data analysis techniques using SmartPLS version 3.2.8 software that is run on computer media. PLS (Partial Least Square) is a structural equation analysis (Structural Equation Modeling) or abbreviated as SEM based on variants which can simultaneously test measurement models while testing structural models.

IV. RESULT AND DISCUSSION

The test used in this study is measurement model/outer model test and structural model/inner model test.

A. Outer Model Test

Convergent validity evaluation of individual examination item reliability can be seen from the value of standardized loading factors. Standardized loading factors illustrate the magnitude of the correlation between each measurement item (indicator) and its construct. The value of the loading factor used in this study is > 0.6 so that if the value of the loading factor < 0.6 in the results of the calculation of the measurement model (outer model) then the indicator will be removed from the model.

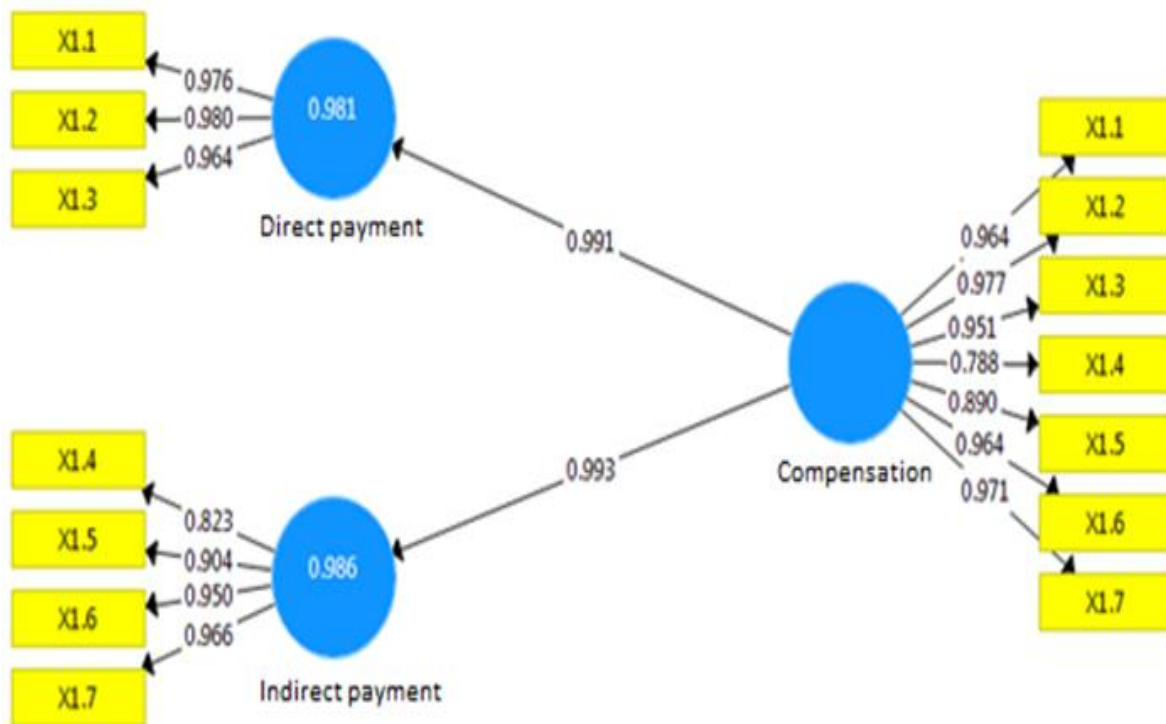


Fig 2:- Outer Model of Compensation Variable

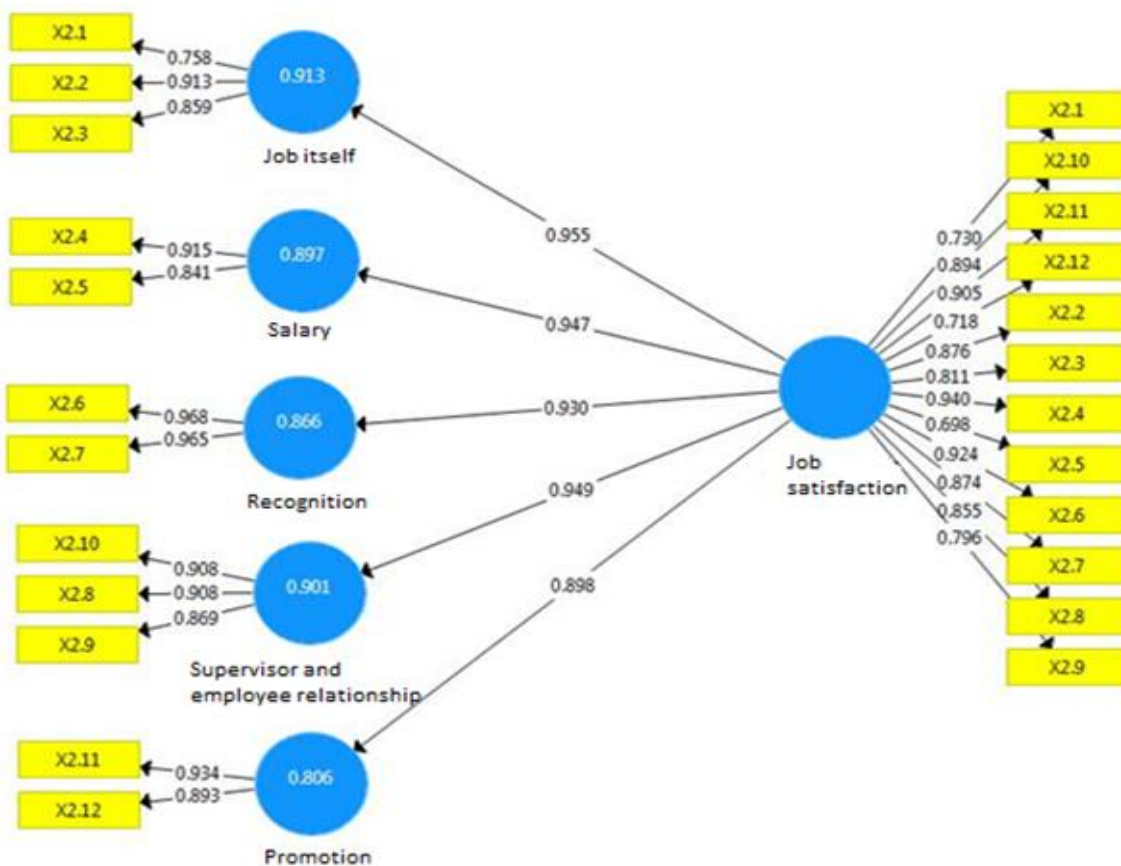


Fig 3:- Outer Model of Job Satisfaction Variable

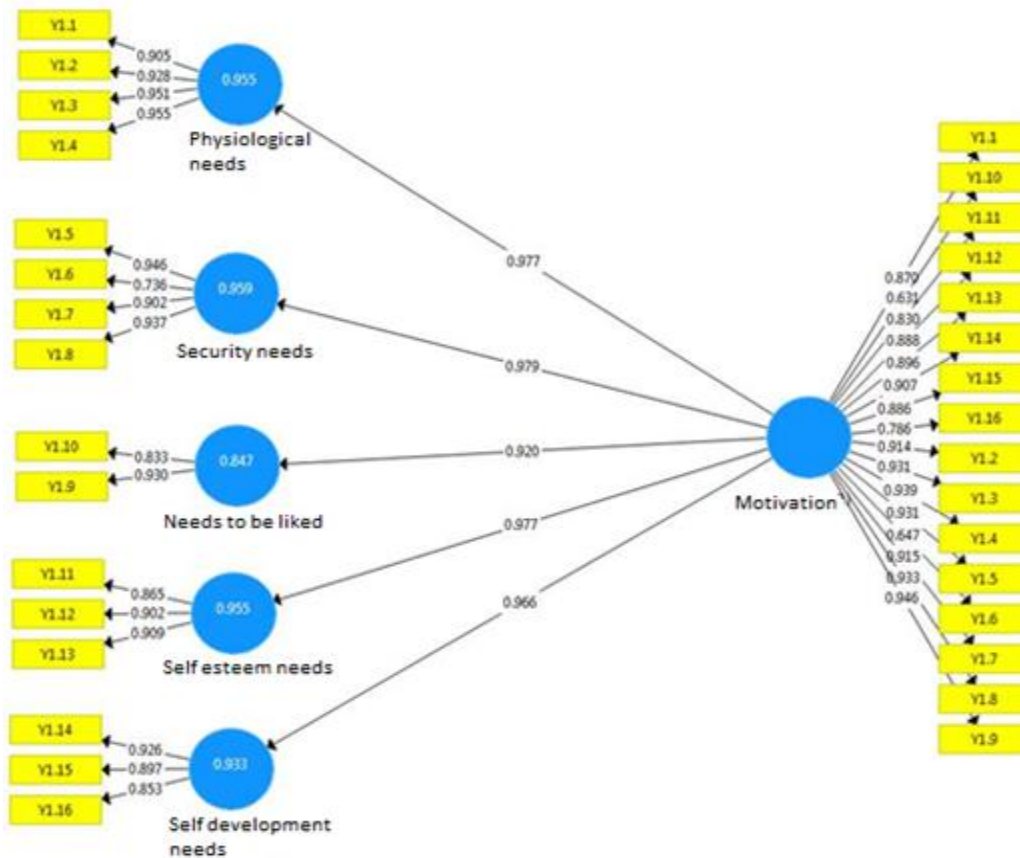


Fig 4:- Outer Model of Motivation Variable

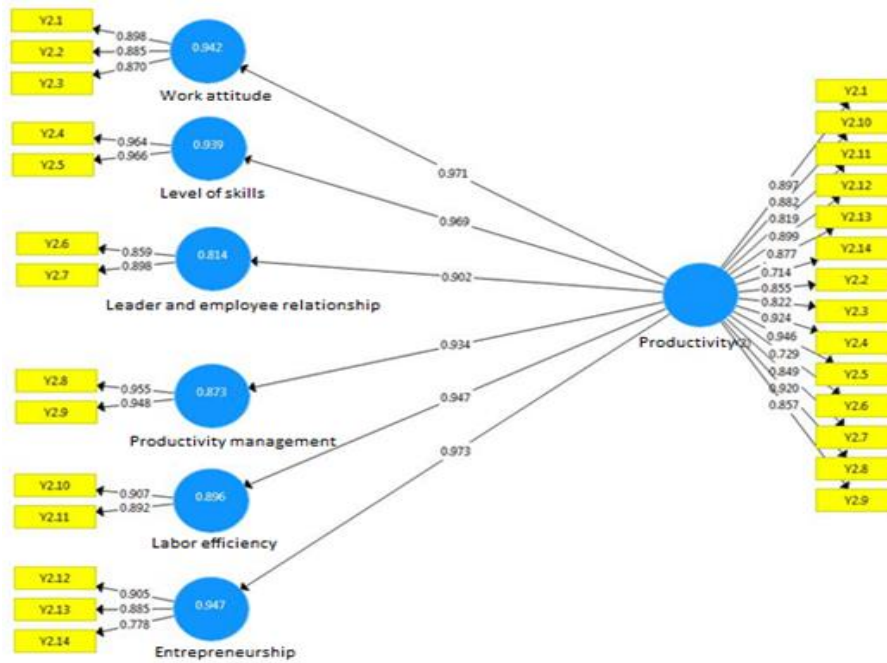


Fig 5:- Outer Model of Productivity Variable

Based on the results of data processing with SmartPLS version 3.2.8 in figure 2 until figure 5 above, it can be seen that the indicators of the compensation variable

each have a value of loading factor > 0.6. This shows that all variable indicators are valid and are still used in the model or not excluded from the model.

Variable	Cronbach's Coefficient Alpha	Composite Reliability (CR)
Compensation	0,974	0,979
Job Satisfaction	0,961	0,966
Motivation	0,978	0,980
Productivity	0,972	0,975

Table 2:- The Value of Cronbach's Coefficient Alpha Dan Composite Reliability (CR)

Table 2 shows that the Cronbach's Coefficient Alpha value for the compensation variable is 0.974, job satisfaction is 0.961, motivation is 0.978, and productivity is 0.972. Thus, it can be seen that the Cronbach's Coefficient Alpha value for all variables is > 0.8.

be seen that the Composite Reliability (CR) value for all variables is > 0.8. Based on this, it can be concluded that all variables used in the study are very reliable.

B. Inner Model Test

Based on the result of data processing using SmartPLS 3.2.8 bootstrapping in figure 6 and 7 below, the impact between constructs/variables can be seen from the path coefficient and the TStatistic value.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	T Table	P Values
Compensation (X1) => Motivation (Y1)	0,197	0,202	0,080	2,467	1,664	0,014
Compensation (X1) => Productivity (Y2)	0,021	0,024	0,067	0,313	1,664	0,754
Job Satisfaction (X2) => Motivation (Y1)	0,709	0,706	0,072	9,845	1,664	0,000
Job Satisfaction (X2) => Productivity (Y2)	0,507	0,504	0,106	4,790	1,664	0,000
Motivation (Y1) => Productivity (Y2)	0,425	0,423	0,102	4,181	1,664	0,000

Table 3:- Path Coefficient Test Result

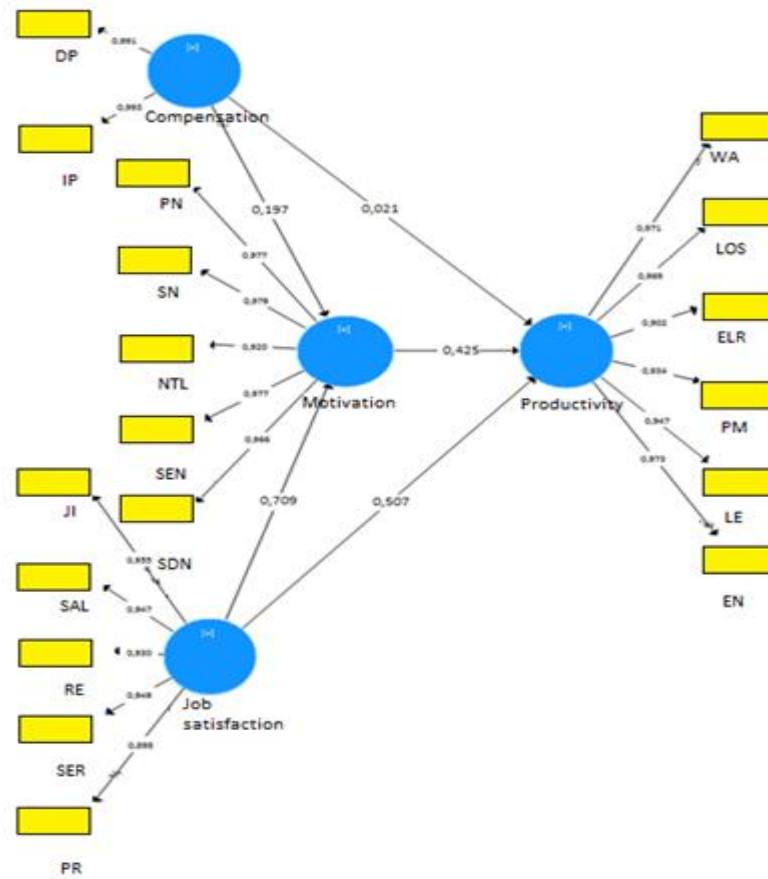


Fig 6:- Inner Model of Path Coefficient Value

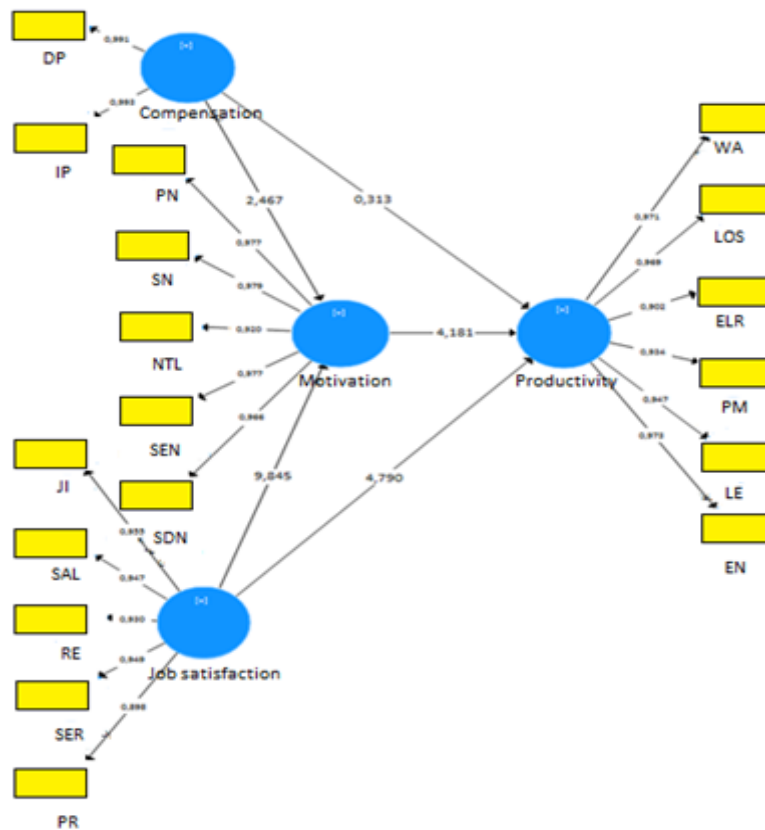


Fig 7:- Inner Model of T Statistic Value

The structural equation of this research is:

$$\text{Motivation (Y1)} = 0.197 \times 1 + 0.709 \times 2$$

$$\text{Productivity (Y2)} = 0.021 \times 3 + 0.507 \times 4 + 0.425 \times 5$$

The result of inner model test are as described below:

- The value of the path coefficient for compensation variables (X1) to the motivation variable (Y1) is 0.197, it indicates that there is positive effect of compensation on motivation. T-statistic value is about 2.467 > t-table which is 1.664 that indicates significant.
- The value of the path coefficient for job satisfaction variables (X2) to the motivation variable (Y1) is 0.709, it indicates that there is positive effect of job satisfaction on motivation. T-statistic value is about 9.845 > t-table which is 1.664 that indicates significant.
- The value of the path coefficient for compensation variables (X1) to the productivity variable (Y2) is 0.021, it indicates that there is no effect of compensation on productivity. T-statistic value is about 0.313 < t-table which is 1.664 that indicates insignificant.
- The value of the path coefficient for job satisfaction variables (X2) to the productivity variable (Y2) is 0.507, it indicates that there is positive effect of job satisfaction on productivity. T-statistic value is about 4.790 > t-table which is 1.664 that indicates significant.
- The value of the path coefficient for motivation variables (Y1) to the productivity variable (Y2) is 0.425, it indicates that there is positive effect of motivation on productivity. T-statistic value is about 4.181 > t-table which is 1.664 that indicates significant.

C. R² Evaluation and F Statistic

Evaluation of R² is based on calculations using SmartPLS version 3.2.8 algorithm which produces R² value of 0.709 for motivation variables and 0.817 for productivity variables. The R² value indicates that the level of determination of exogenous variables (compensation and job satisfaction) on the endogenous variable is quite high.

The simultaneous effect of compensation and job satisfaction variables on motivation variables can be done by calculating FStatistics using the following formula:

$$R^2 = 0.709$$

$$F \text{ Statistic} = \frac{\frac{R^2}{(k-1)}}{1-R^2/(n-k)}$$

$$F \text{ Statistic} = \frac{\frac{0.709}{(4-1)}}{1-0.709/(80-4)}$$

$$F \text{ Statistic} = 0.236 / 0.0038$$

$$F \text{ Statistic} = 61.72$$

The simultaneous effect of compensation, job satisfaction, and motivation variables on productivity variable can be done by calculating FStatistics using the following formula:

$$R^2 = 0.817$$

$$F \text{ Statistic} = \frac{\frac{R^2}{(k-1)}}{1-R^2/(n-k)}$$

$$F \text{ Statistic} = \frac{\frac{0.817}{(4-1)}}{1-0.817/(80-4)}$$

$$F \text{ Statistic} = 0.272 / 0.002408$$

$$F \text{ Statistic} = 113.10$$

	R ²	F Statistic	F Tabel	Alpha
(COM, JS) => M	0,709	61,72	2,49	0,05
(COM, JS, M) => P	0,817	113,10	2,49	0,05

Table 4:- R² Evaluation and F Statistic Result

The calculated F value for motivation variable is 61.72. F Table values at alpha 0.05 is 2.49. This means FStatistic >F Table. It indicates that compensation and job satisfaction simultaneously have a significant effect on motivation.

The calculated F value for productivity variable is 113.10. F Table values at alpha 0.05 is 2.49. This means FStatistic >F Table. It indicates that compensation, job satisfaction, and motivation simultaneously have a significant effect on productivity.

D. Indirect Effect Test

The indirect effect of compensation (X1) on productivity (Y2) is obtained from the path coefficient of direct effect of compensation (X1) on motivation (Y1)

multiplied by the path coefficient of direct effect of motivation (Y1) on productivity (Y2), which is 0.197 x 0.425 = 0.0837. The direct effect of compensation (X1) on productivity (Y2) is 0.000441. It indicates that indirect effect of compensation (X1) on productivity (Y2) > direct effect of compensation (X1) on productivity (Y2).

The indirect effect of job satisfaction (X2) on productivity (Y2) is obtained from the path coefficient of direct effect of job satisfaction (X2) on motivation (Y1) multiplied by the path coefficient of direct effect of motivation (Y1) on productivity (Y2), which is 0.709 x 0.425 = 0.301. The direct effect of job satisfaction (X2) on productivity (Y2) is 0.257. It indicates that indirect effect of job satisfaction (X2) on productivity (Y2) > direct effect of job satisfaction (X2) on productivity (Y2).

E. Correlation Analysis between Dimensions

Correlation analysis between dimensions aims to measure the level of the relationship between dimensions in variables (X) and dimensions in variables (Y1) and (Y2) and dimensions in variables (Y1) with dimensions in variables (Y2). In this study, the compensation variable (X1) consists of two dimensions, the job satisfaction variable (X2) consists of 5 dimensions, the motivation variable (Y1) consists of 5 dimensions, and the productivity variable (Y2) consists of 6 dimensions.

The correlation dimension between dimensions is intended to determine the variable dimensions of compensation (X1) and job satisfaction (X2) which has the highest correlation value with the dimensions of the motivation variable (Y1) and the productivity variable dimension (Y2). In addition, it is also to find out the dimensions of the motivation variable (Y1) which has the highest correlation value with the dimension of the productivity variable (Y2).

Variable	Dimensions	Motivation (Y1)					Productivity (Y2)						
		Y1.1	Y1.2	Y1.3	Y1.4	Y1.5	Y2.1	Y2.2	Y2.3	Y2.4	Y2.5	Y2.6	
Compensation (X1)	Direct Payment	X1.1	0,612	0,331	0,415	0,393	0,550	0,439	0,221	-0,286	0,295	-0,219	-0,072
	Indirect Payment	X1.2	-0,399	-0,101	-0,353	-0,219	-0,344	-0,335	-0,270	0,278	-0,229	0,160	0,062
Job Satisfaction (X2)	Job Itself	X2.1	0,194	0,146	0,197	0,186	0,076	-0,020	-0,018	0,404	-0,094	-0,008	0,313
	Salary	X2.2	0,034	0,213	-0,209	-0,188	0,026	0,182	0,190	0,375	0,119	0,187	0,212
	Recognition	X2.3	0,085	0,059	0,181	0,134	-0,002	-0,003	0,251	-0,212	0,180	-0,109	0,044
	Supervisor and Employee Relationship	X2.4	0,368	0,274	0,348	0,236	0,342	0,302	0,237	0,059	0,173	0,276	0,038
	Promotion	X2.5	0,052	0,023	0,270	0,353	0,249	0,009	-0,079	-0,153	0,176	-0,004	-0,055

Table 5:- Correlation between Dimensions of Compensation, Job Satisfaction, Motivation, and Productivity

Variable	Dimensions	Productivity (Y2)						
		Y2.1	Y2.2	Y2.3	Y2.4	Y2.5	Y2.6	
Motivation (Y1)	Physiological Needs	Y1.1	-0,197	-0,098	0,469	0,105	0,581	-0,286
	Security Needs	Y1.2	0,555	0,418	0,412	0,207	0,482	0,541
	Needs to be Liked	Y1.3	0,132	-0,025	-0,212	0,048	-0,028	0,019
	Self Esteem Needs	Y1.4	0,367	0,082	0,048	0,330	-0,140	0,167
	Self Development Needs	Y1.5	-0,453	0,008	-0,316	0,051	-0,279	-0,040

Table 6:- Correlation between Dimensions of Motivation and Productivity

The result of correlation analysis between dimensions are described below:

- In the correlation of compensation variable (X1) on the motivation variable (Y1), the highest dimension correlation is the dimension of direct financial payments to the dimensions of physiological needs, amounting to 0.612. While the lowest dimensional correlation in this variable is the indirect payment dimension to the dimensions of security needs, which is -0.101.
- In the correlation of compensation variable (X1) on the productivity variable (Y2), the highest dimension correlation is the dimension of the relationship of direct financial payments to the dimensions of work attitude, amounting to 0.439. While the lowest dimension correlation in this variable is the indirect payment dimension to the entrepreneurship dimension, which is 0.062.
- In the correlation of job satisfaction variable (X2) on motivation variables (Y1), the highest dimension correlation is the dimension of supervisory relations with employees to the dimensions of physiological

needs, amounting to 0.368. While the lowest dimensional correlation in this variable is the dimension of recognition of self-development needs, which is -0.002.

- In the correlation of job satisfaction variable (X2) on the productivity variable (Y2), the highest dimension correlation is the dimension of the work itself towards the dimensions of labor relations and organizational leadership, which is 0.404. While the lowest dimension correlation in this variable is the dimension of the work itself to the dimensions of labor efficiency, which is -0.008.
- In the correlation of motivation variable (Y1) on the productivity variable (Y2), the highest dimension correlation is the dimension of physiological needs towards the dimensions of labor efficiency, amounting to 0.581. While the lowest dimension correlation in this variable is the dimension of self-development needs towards the skill level, which is 0.008.

F. Discussion

The effect of each research variable when associated with the theory and results of previous research can be explained in the discussion of the results of the study with detail as follows:

➤ Hypothesis 1 - Effects of Compensation on Motivation

The P Value effect of the compensation variable (X1) on the motivation variable (Y1) is significant with P Value of 0.014, T Statistics of 2.467 and the original sample is positive. Since P Value obtained is significant, T Statistic > 1.664 and the original sample is positive, then H0 is rejected and H1 is accepted thus it is concluded that the compensation variable (X1) has a positive and significant effect on the motivation variable (Y1). Therefore the more appropriate compensation with employee responsibilities and contributions, the higher the work motivation of employees. This is in accordance with the research conducted by Sagita Sukma Haryani, Djamhur Hamid, and Heru Susilo (2015) and also in line with the research conducted by Aima, Muhammad Havidz and R.D. Pranaputra (2019) which shows the results that compensation provides a positive and significant effect on work motivation.

➤ Hypothesis 2 - Effect of Job Satisfaction on Motivation

The P Value effect of the influence of job satisfaction variable (X2) on the motivation variable (Y1) is significant with P Value of 0.000, T Statistik of 9.845 and the original sample is positive. Because of P Value obtained is significant, T statistic > 1.664 and the original sample is positive, H0 is rejected and H2 is accepted thus it is concluded that the job satisfaction variable (X2) has a positive and significant effect on the motivation variable (Y1). Thus the higher employee job satisfaction, the higher the motivation of his work. This is in accordance with research conducted by Thara Afifah, Mochammad Al Musadieq (2017) which shows that employee job satisfaction has a significant influence on employee motivation.

➤ Hypothesis 3 - Effect of Compensation on Productivity

The P Value effect of the compensation variable (X1) on the productivity variable (Y2) is not significant with a P Value of 0.754, T Statistics of 0.313 and the original sample is positive. Because of the P Value obtained is not significant, the T Statistic < 1.664 and the original sample are positive, H0 is accepted and H3 is rejected thus it is concluded that the compensation variable (X1) does not have a positive and significant effect on the productivity variable (Y2). This means that the increase in compensation to employees does not significantly influence the increase in employee productivity. This is due to the employee performance appraisal system that still applies the work unit performance appraisal and has not yet reached the individual performance appraisal system. So that employees who make a big contribution in a work unit will receive compensation or incentives as large as other employees who have less contribution in the work unit. This is in line with the research conducted by Enny Ariyanto and Gazali Rahman (2014) which shows that compensation

partially does not have a significant effect on employee work productivity.

➤ Hypothesis 4 - Effect of Job Satisfaction on Productivity

The P Value effect of job satisfaction variable (X2) on the productivity variable (Y2) is significant with P Value of 0,000, T Statistical of 4,790 and the original sample is positive. Since the P Value obtained is significant, T Statistic > 1.664 and the original sample is positive, H0 is rejected and H4 is accepted thus it is concluded that the job satisfaction variable (X2) has a positive and significant effect on the productivity variable (Y2). Therefore, the higher employee job satisfaction, the higher employee productivity will be. This is in line with the results of research conducted by Malonda (2013) which shows that job satisfaction has a positive effect on employee work productivity.

➤ Hypothesis 5 - Effect of Motivation on Productivity

The P Value effect of motivation variable (Y1) on the productivity variable (Y2) is significant with P Value of 0,000, T Statistics of 4,181 and the original sample is positive. Since P Value obtained is significant, T Statistic > 1.664 and the original sample is positive, H0 is rejected and H5 is accepted thus it is concluded that the motivation variable (Y1) has a positive and significant effect on the productivity variable (Y2). Therefore, the higher the motivation of the employee, the higher the productivity will be. This is in line with the results of research conducted by Danang Agil Wicaksono (2013) which shows that motivation has a positive and significant effect on employee work productivity.

➤ Hypothesis 6 - Simultaneous Effect of Compensation and Job Satisfaction on Motivation

The R² value of the motivation variable (Y1) is 0.709 with F Statistic of 61.72, since F Statistic > F Table (2.49) it can be concluded that the compensation variable (X1) and job satisfaction (X2) simultaneously have a significant effect on motivation variables (Y1). Thus, the higher the level of compensation and employee job satisfaction, the higher the motivation of employee will be.

➤ Hypothesis 7 - Simultaneous Effects of Compensation, Job Satisfaction, and Motivation on Productivity

The R² value of the productivity variable (Y2) is 0.817 with F Statistic of 113.10, since F Statistic > F Table (2.49) it can be concluded that the compensation (X1), job satisfaction (X2), and motivation (Y1) variable simultaneously have a significant effect on productivity variable (Y2). Thus, the higher the level of compensation, employee job satisfaction, and motivation, the higher the productivity of employee will be.

➤ Hypothesis 8 - Motivation Mediates the Effects of Compensation and Job Satisfaction on Productivity

The squared path coefficient value of the direct effect of compensation (X1) on productivity (Y2) is 0,000441 < path coefficient value of indirect compensation (X1) on productivity (Y2) in amount of 0.084. So, it can be concluded that the motivation variable (Y1) mediates in full

(full mediation) and significant the effect of compensation (X1) on productivity (Y2). Thus, the greater the motivation of employees, the greater the effect of compensation on employee productivity. These results are consistent with the research conducted by Sagita Sukma Haryani, Djamhur Hamid, and Heru Susilo (2015).

The squared path coefficient value of the direct effect of job satisfaction (X2) on productivity (Y2) is 0.257 < path coefficient value of indirect effect of job satisfaction (X2) on productivity (Y2) in amount of 0.301. So, it can be concluded that the motivation variable (Y1) mediates partially the effect of job satisfaction (X2) on productivity (Y2). Thus the greater the motivation of employees, it will increase the effect of employee job satisfaction on productivity.

This is in line with the real conditions where employees who have higher motivation will be more productive than other employees with the same salary and equal job satisfaction. The motivation of these employees is the hope of getting a promotion or career advancement and getting the opportunity to take part in an educational or training scholarship program from the company.

V. CONCLUSION AND RECOMMENDATION

Based on the results of the research and discussion in the previous chapters, some conclusions and recommendation can be drawn.

A. Conclusion

From previous analysis and discussion, it can be concluded:

- Compensation has a positive and significant effect on motivation with the dimensions of direct financial payment that have the most effect.
- Job satisfaction has a positive and significant effect on motivation with the dimensions of the supervisor's relationship with employees that have the most effect.
- Compensation does not have a significant effect on productivity.
- Job satisfaction has a positive and significant effect on productivity with the dimensions of the work itself that has the most effect.
- Motivation has a positive and significant effect on productivity with the dimensions of physiological needs that have the most effect.
- Compensation and job satisfaction simultaneously have a positive and significant effect on motivation.
- Compensation, job satisfaction, and motivation simultaneously have a positive and significant effect on productivity.
- Motivation mediates the effect of compensation and job satisfaction on productivity.

B. Recommendation

In order to increase employee motivation, management needs to restructure the composition of employee salaries to be more proportional between basic

salary and other benefits. So that employees will get better benefits when entering retirement. Management also needs to transform corporate culture to eliminate barriers between superiors and subordinates so that communication can run both ways well and smoothly. Management also needs to provide benefits in line with the authority and responsibility of employee work, giving appreciation in the form of incentives or promotions that are in accordance with employee contributions and achievements, providing opportunities for employees to attend education and training, and providing health insurance and guarantees adequate old age for employees.

The author hopes that further research can dig deeper into the variables that affect employee productivity. In addition, other variables can also be examined further which can mediate the effect of compensation and job satisfaction on productivity.

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