

# The Effect Of Compensation And Job Satisfaction On Employee Performance At Pdam Tirta Mangkaluku Palopo City

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## Abstrak

The purpose of this research is to find out and explain whether compensation and job satisfaction influence employee performance at PDAM Tirta Mangkaluku, Palopo City. This type of research uses quantitative methods. Data was obtained through distributing questionnaires to a sample of 76 employees using the sampling technique formulated by Slovin. Processed using SPSS with multiple linear analysis. Based on the research results, the variables compensation and job satisfaction partially influence employee performance at PDAM Tirta Mangkaluku, Palopo City. Simultaneously, the variables of compensation and job satisfaction influence employee performance at PDAMm Tirta Mangkaluku, Palopo City. Based on the results of the coefficient of determination of 0.491 (49.1 percent), this means that the influence of the compensation variable and job satisfaction simultaneously on the performance variable is 49.1 percent. while the remaining 50.9 percent is explained by other factors not explained in this study.

Keywords: Compensation; Job Satisfaction; Employee Performance

## 1. Introduction

Regional drinking water companies, also known as PDAMs, are companies that work in the field of distributing drinking water to the community. Every business, both government and private, needs human resources to obtain optimal results according to targets. Because people have extraordinary talent, energy and creativity, people as workers or employees are a very important asset for a company to achieve its goals. Many things can affect employee performance in a company, including low motivation, bad work environment, unfair compensation. This research focuses more on compensation and job satisfaction.

PDAM Tirta Mangkuluku Palopo City is a regionally owned business that provides clean water services. The Tirta Mangkaluku PDAM Company, Palopo City, has the aim of "making a profit" and is required to provide the best possible service. It is clear that the principle of relating to others and meeting the needs of others is found in the word "serve". It is clear that the decline in a company's competitiveness is one of the determining factors in improving existing performance and providing better service. PDAM Tirta Mankluk Palopo City is committed to improving the performance of its employees. As performance improves, each employee has more time to complete assigned tasks (Syam et al., 2023).

Employee performance at PDAM is very important because it can affect the quality of service provided to customers. Therefore, it is important to pay attention to the influence of compensation and job satisfaction on employee performance at PDAM in order to improve the services provided to customers. Good employee work is characterized by the employee's ability to complete tasks on time and be able to achieve every target set by the Company, as stated by Mangkunegara (2009, p.9) that employee performance is the result of the quality and quantity of work achieved by an employee in carry out their duties in accordance with the

responsibilities assigned to them. The importance of environmentally responsible methods for positively influencing the distribution of green economic transformation [1]

One of the motivations for employees to work is compensation. Employees are not only dedicated to the organization; they invest their knowledge, skills, energy, time, and effort to achieve organizational goals. They want to be appreciated for their work performance and productivity. Compensation is cash, directly or indirectly, received by an employee as compensation for his or her services to the company.

Apart from that, to improve employee performance and increase work morale, employees need to feel satisfied with the work they do. This situation allows the company to achieve its desired goals. Moreover, job satisfaction itself will be able to provide an increase in employee performance not only on one side but on the employee as a whole. As this statement has been supported by [2] That employee satisfaction at work is a very important element in relation to determining the success of a company.

Human resources are people who provide energy, thought, talent, creativity and effort to an organization. Every company tries to hire people who can help run the business and achieve its goals. Performance is the result of an employee's work during a certain period compared to various possibilities, such as target standards, targets or criteria that have been determined and mutually agreed upon in advance to achieve the company's previous targets. Failure occurs when employees do not do what they are required to do [3].

Compensation describes what employees at various levels do in the workplace and what standards apply at each level. It also identifies the knowledge and skills each employee needs to carry out their duties and responsibilities effectively, achieve professional quality standards, and perform well. Improve employee performance with employee training tailored to your company's needs and goals [4].

Complacency means a company cannot progress and develop without depending on the environment. In other words, the environment can have a positive or negative impact on a company. Therefore, employee satisfaction in a company should not be ignored. Job satisfaction is a person's feeling of support or disapproval of one's job and working conditions.

The problems at PDAM Tirta Mangkaluku are related to the granting of bonuses which are often delayed and not given on time, as well as the bonuses given being inappropriate so that employee performance decreases. In this regard, researchers are interested in examining more deeply whether the delay in granting bonuses at PDAM has a significant effect on employee performance .

The aim of this research is to determine compensation and job satisfaction on employee performance at PAM Tirta Mangkaluku Palopo City.

## 2. Methodology

### Types of research

The type of research used is quantitative. This research was designed using compensation variables and job satisfaction variables as independent variables and employee performance as the dependent variable. The research design used is a questionnaire method, where this method is a research method used to obtain facts and data regarding compensation and job satisfaction on employee performance to look for more actual and systematic data.

### Location and time of research

The research was carried out at PAM Tirta Mangkaluku, Palopo City, which is located at Jl. Pongsimpin No. 14, Murante District, Mungkajang District, Palopo City, South Sulawesi Province. This research will be carried out starting in December 2023.

### Data Types and Sources

The type of data used is quantitative and in this research the data needed is primary data. Primary data is data that is directly obtained from the first data source at the research location or research object. In this research, primary data was obtained from the results of filling out a questionnaire by employees of PDAM Tirta Mangkaluku, Palopo City.

### Population and Sample

The population in this study was 318 employees of PDAM Tirta Mangkaluku, Palopo City. Sampling was carried out with the consideration that the existing population was very large, so it was impossible to research the entire existing population. Sampling technique is a sampling technique to determine the sample that will be used in the research. In this study the author used the sampling technique formulated by Slovin.

$$n = \frac{N}{1 + Ne^2}$$

Information:

n = number of samples

N = total population

e = percentage of allowance for sampling error accuracy that can be tolerated, e = 0.1 (10%).

$$n = \frac{N}{1 + Ne^2} \quad n = \frac{318}{1 + 3,18} \quad n = \frac{318}{4,18} \quad n = 76.0$$

So the sample used in this research was 76 employees of PDAM Tirta Mangkaluku, Palopo City.

### Data collection technique

Data collection in this research used a tool in the form of a questionnaire. According to Sugivono, (2014, 192) a questionnaire is a data collection technique that is carried out by giving a set of written statements to respondents to answer (Nuraina, 2017).

### 3. Result and Discussion

#### 3.1 Result

Validity and Reliability Test Based on the results of validity tests for compensation, work satisfaction and employee performance.

Table 1. Validity Test Results

variable	items	R Count	R Table	Information
Compensation (X1)	X1.1	0.512	0.2257	Valid
	X1.2	0.479	0.2257	Valid
	X1.3	0.391	0.2257	Valid
	X1.4	0.541	0.2257	Valid
	X1.5	0.572	0.2257	Valid
	X1.6	0.431	0.2257	Valid
	X1.7	0.496	0.2257	Valid
	X1.8	0.477	0.2257	Valid
Job Satisfaction (X2)	X2.1	0.585	0.2257	Valid
	X2.2	0.548	0.2257	Valid
	X2.3	0.530	0.2257	Valid
	X2.4	0.651	0.2257	Valid
	X2.5	0.555	0.2257	Valid
	X2.6	0.644	0.2257	Valid
	X2.7	0.614	0.2257	Valid
	X2.8	0.519	0.2257	Valid
Employee Performance (Y)	Y1	0.578	0.2257	Valid
	Y2	0.718	0.2257	Valid
	Y3	0.653	0.2257	Valid
	Y4	0.569	0.2257	Valid
	Y5	0.594	0.2257	Valid
	Y6	0.593	0.2257	Valid
	Y7	0.583	0.2257	Valid
	Y8	0.644	0.2257	Valid

Source: Processed using SPSS (2024)

Based on the output results using statistical testing tools, it shows the validity testing values for both r count and r table. The table has noticed that the compensation variable, the variable regarding job satisfaction is greater than the r table value of 0.2257. In this way, all statements on the variables are declared valid.

Table 2. Reliability Test Results

variable	Cronbach alpha	information
Compensation (x1)	0.753	Reliable
Job satisfaction (x2)	0.719	Reliable
Employee performance (y)	0.765	Reliable

Source: Processed using SPSS (2024)

Based on the information from table 2, it shows that the value of Cronbach's alpha shows a value of 0.753. Then the job satisfaction variables have a Cronbach's alpha value of 0.719, then the employee performance variable itself has a Cronbach's alpha value of 0.765. Based on the research that has been carried out and the results show that both the Cronbach's alpha value of the work compensation variable provided by the company (PDAM Tirta Mangkaluku), the job satisfaction of PDAM Tirta Mangkaluku company employees and

employee performance with a value of  $> 0.60$ . So according to these values, the research variables can be declared reliable

The results of the analysis obtained information for the coefficient of determination (Adjusted R Square) value which is presented in table 3.

Table.3 R Square Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710a	.504	.491	2,499

Source: Processed using SPSS (2024)

Based on the information in table 3, it is known that the Adjusted R Square value is 0.491 (49.1%), this means that the influence of the compensation variable and job satisfaction simultaneously on the performance variable is 49.1%. Meanwhile, the remaining 50.9% is explained by other factors not explained in this study.

### Multiple Linear Regression Analysis

The results of multiple linear regression analysis for the influence of loyalty and organizational commitment on employee performance are presented in table 4.

$$Y = a + b_1X_1 + b_2X_2$$

Note: Y = employee performance

a= constant

b1b2 = regression direction coefficient

x1 = work motivation

x2 = organizational culture

e = disturbing factors outside the model

Table 4. Multiple linear regression analysis test

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	.730	3,904		.187	.852
X1	.533	.090	.507	5,950	.000
X2	.460	.101	.387	4,541	.000

Source: Processed using SPSS (2024)

Based on table 4, a regression equation can be prepared, namely:

$$Y = 0.730 + 0.533 + 0.460$$

From the equation above, it can be interpreted as follows:

- a) The value of  $a = 0.730$ , which means that if the value of the compensation and job satisfaction variables does not increase, then employee performance will remain at 0.730.
- b) The value of  $b_1 = 0.533$ , which means that if the value of the compensation variable increases, it will be followed by an increase in the value of the employee performance variable by 0.533, assuming the face-to-face job satisfaction variable.
- c) The  $b_2$  value = 0.460, which means that if the value of the job satisfaction variable increases, it will be followed by an increase in the value of the employee performance variable by 0.460, assuming the compensation variable remains constant.

Judging from the values  $(b_1) = 0.533$  and  $(b_2) = 0.460$ , this means that if the values of the compensation and job satisfaction variables both increase, this will be followed by an increase in the value of the employee performance variable by 993.

### Partial Test (T Test)

The t test aims to determine whether the independent variables have a partial effect on employee performance.

Table 5. Partial Test Results

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized		Standardized		
		Coefficients		Coefficients		
	B	Std. Error	Beta			
1	(Constant)	,730	3,904		,187	,852
	Compensation	,533	,090	,507	5,950	,000
	Satisfaction	,460	.101	,387	4,541	,000

a. Dependent Variable: Performance

Source: Processed using SPSS (2024)

- 1) Based on the results of research data processing, the t count of 5,950 is greater than the t table of 1,993, so the conclusion is that the Compensation variable (X1) has a significant positive influence on Employee Performance.
- 2) Based on the results of research data processing, the t count of 4,541 is greater than the t table of 1,993, so the conclusion is that the Job Satisfaction variable (X2) has a significant positive influence on employee performance.

### Simultaneous Test (F Test)

The Simultaneous Significance Test (F Test) is used to determine the level of significance of the influence of the independent variables together (simultaneously) on the dependent variable.

Table 6. Simultaneous Test Results

Model		ANOVA <sup>a</sup>				Sig.
		Sum of Squares	df	Mean Square	F	
1	Regression	464,088	2	232,044	37,160	,000b

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Residual	455,847	73	6,244
Total	919.934	75	

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a. Dependent Variable: Performance

b. Predictors: (Constant), Compensation, Satisfaction

Source: Processed using SPSS (2024)

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In table 6, a significance value (Sig.) is obtained of 0.000 or smaller than 0.05 ( $\alpha$ ) or in other words calculated  $F (37.160) > F \text{ table } (3.12)$ , so the decision to test this hypothesis is to reject  $H_0$  and accept  $H_a$ . Thus, it can be stated that the variables Compensation ( $X_1$ ), Performance Satisfaction ( $X_2$ ), together have a positive effect on Employee Performance ( $Y$ ).

### 3.2 Discussion

#### 1. The Effect of Compensation on Employee Performance

The influence of compensation on employee performance at PDAM Tirta Mangkaluku, Palopo City, obtained a calculated  $t$  value of 5,950 which is greater than the  $T$  table of 1,993 and a  $t$  test significance value of 0.000 which is smaller than the value of  $\alpha$  (0.05). This shows that compensation has a significant and influential effect on the performance of PDAM Tirta Mangkaluku Palopo City employees.

The results of this research are in line with previous research conducted by Yang (Theodore & Lilyana, 2017) states that compensation has a positive and significant influence on employee performance. Other research that is in line with this research is research conducted by (Andriyani & Nawawi, 2022) which states that compensation has a positive and significant influence on employee performance. The results of this research are also strengthened by research results (Hendro, 2018) states that compensation has a significant positive influence on employee performance. The higher the compensation, the greater the employee's work motivation in achieving higher performance. Good compensation must minimize complaints or dissatisfaction arising from employees. If employees know that the compensation they receive is not the same as other employees with the same workload, the employee will experience jealousy, which has the potential to disrupt the employee's performance. So the better the company provides compensation that is appropriate to the employee's workload, the resulting employee performance will also increase.

#### 2. The Influence of Job Satisfaction on Employee Performance

The influence of compensation on employee performance at PDAM Tirta Mangkaluku, Palopo City, obtained a calculated  $t$  value of 4,541 which is greater than the  $T$  table of 1,993 and a  $t$  test significance value of 0.000 which is smaller than the value of  $\alpha$  (0.05). This shows that satisfaction has a significant and influential effect on the performance of PDAM Tirta Mangkaluku Palopo City employees.

The results of this research are in line with previous research conducted by (Suhendar Dadan A, 2021) which states that satisfaction has a positive and significant influence on employee performance. Other research that is in line with this research is research conducted by (Sutrisno et al., 2022) which states that satisfaction has a positive and significant influence on employee performance. The results of this research are strengthened by the results of research conducted by (Rahmat & Mahdi, 2015) which states that job satisfaction has a positive and significant effect on employee performance. Job satisfaction theory which

explains the importance of conformity between the work results obtained (awards) and perceptions regarding the availability of results. The more you get, the more satisfied the employee will be, if you get less results, the employee will be less satisfied, so the more satisfied an employee is with his company, the higher the employee's performance will be.

### 3. The influence of compensation and job satisfaction on employee performance

Based on the simultaneous results, it shows that compensation variables and performance satisfaction have a significant effect on employee performance simultaneously. The research results from the F test show that the calculated F value (13.160) is greater than the F table (3.12) and the significant value of 0.000 is smaller than a (0.05). This shows that the variables of compensation and performance satisfaction simultaneously have a positive and significant effect on employee performance at PDAM Tirta Mangkaluku, Palopo City.

The results of this research are in line with the results of previous research conducted by (Parsidi, 2021) which states that compensation and job satisfaction simultaneously have a positive and significant influence on employee performance. The results of this research are strengthened by the results of research conducted by (Theodore & Lilyana, 2017) which also states that simultaneously compensation and job satisfaction have a positive and significant influence on employee performance. The higher the compensation, the greater the employee's work motivation in achieving higher performance. Good compensation must minimize complaints or dissatisfaction arising from employees. On the other hand, job satisfaction theory explains the importance of conformity between the work results obtained (awards) and perceptions regarding the availability of results. So that good compensation and high employee satisfaction with their work will improve the employee's performance.

## 4. Conclusion

Based on the results of the data analysis carried out in this research, the researchers reached the following conclusions:

- 1) Compensation has a significant effect on employee performance at PDAM Tirta Mangkaluku, Palopo City.
- 2) Satisfaction has a significant effect on employee performance at PDAM Tirta Mangkaluku, Palopo City.
- 3) Compensation and job satisfaction simultaneously have a significant effect on employee performance at PDAM Tirta Mangkaluku, Palopo City.

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