

Influence of Job Satisfaction and Compensation on Employee Performance: A Study of the Agricultural Training Center in Lampung

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ABSTRACT

This study investigates the impact of job satisfaction and compensation on employee performance at the Agricultural Training Center in Lampung. Through a comprehensive analysis using multiple linear regression and reliability tests, the research identifies job satisfaction as a key driver of enhanced employee performance. The findings reveal that job satisfaction significantly positively affects performance, indicating that improvements in work conditions, recognition, and career development are crucial. Compensation also has a positive impact on performance but is less influential compared to job satisfaction. Both factors together contribute significantly to performance, suggesting that organizations should adopt strategies addressing both job satisfaction and compensation to optimize employee outcomes. Future research is recommended to explore additional variables influencing performance and to investigate the long-term effects of job satisfaction and compensation, as well as to delve deeper into specific aspects of these factors to further enhance performance in public sector institutions.

Keywords: Job Satisfaction; Compensation; Employee Performance; Agricultural Training Center; Public Sector Institutions

Introduction

Employee performance plays a critical role in shaping the overall success of any organization, especially in the public sector (Asif & Rathore, 2021; Borst et al., 2020; Prashina Mohangi & Nyika, 2023). The Agricultural Training Center in Lampung, as part of the Ministry of Agriculture, holds a strategic position in developing human resources through functional and technical training. However, challenges have emerged within this organization related to job satisfaction and compensation, both of which significantly impact employee performance. According to (Agubosim et al., 2023; Anggraini et al., 2019; Nalim et al., 2020), performance is the result of both qualitative and quantitative achievements of an employee based on the responsibilities assigned to them. Similarly, (Abimayu et al., 2023; Saadouli & Al-Khanbashi, 2021; Zakaria et al., 2020) emphasize that organizational performance influences all aspects of an organization, including its vision, strategy, and day-to-day operations.

At the Agricultural Training Center, performance issues such as tardiness and inefficient work hours have been linked to a lack of adequate tools and insufficient job satisfaction. Employee absenteeism is also a concern, with some employees accumulating more than eight hours of absence over a year (Cervantes, 2019; Dewi et al., 2023; Jafari et al., 2023). Additionally, compensation, including performance bonuses, appears to have uneven motivational effects, contributing to inconsistencies in employee performance (Maango, 2023; Nath et al., 2022). While some employees respond positively to performance incentives, others show little improvement (Rosalia et al., 2020; Suratman & Syahputro, 2020).

This study aims to explore whether job satisfaction and compensation influence employee performance at the Agricultural Training Center in Lampung, both individually and simultaneously. By identifying the relationship between these factors and performance, this research seeks to provide insights into how employee satisfaction and motivation can be improved to optimize organizational outcomes. The study fills a gap in existing literature, particularly in public sector training institutions, where the role of job satisfaction and compensation in performance has not been fully explored.

Methodology

This study uses a quantitative research method to examine the relationship between job satisfaction (X1), compensation (X2), and employee performance (Y) at the Agricultural Training Center in Lampung. The research is based on a positivist philosophy, as outlined by (Azikin & Muhammad Yusuf, 2021), and aims to test hypotheses through the use of statistical analysis. The population for this study includes 56 employees at the center, and data were collected via questionnaires distributed to these employees. The questionnaire focuses on the variables of job satisfaction and compensation, with operational definitions and indicators clearly outlined.

The job satisfaction variable (X1) is defined by (Ali et al., 2023; Paclejan, 2023) and includes indicators such as satisfaction with the job itself, promotion opportunities, supervision, and relationships with colleagues. Compensation (X2) refers to both direct (salary) and indirect (bonuses and benefits) forms of payment, as defined by (Adeoye et al., 2016). Employee performance (Y), as defined by (Priyono & Suheriyatmono, 2016), includes both work targets and behavior. The analysis uses quantitative statistical techniques to assess the relationship between these variables and to test the research hypotheses. The validity and reliability of the research instruments are ensured through proper methodological rigor, allowing readers to critically evaluate the study's findings.

Result and Discussion

a. Result

Validity Testing:

- Job Satisfaction (X1): All 10 items were found valid with validity coefficients ranging from 0.624 to 0.844, all significant at the 0.05 level.
- Compensation (X2): All 8 items were valid, with coefficients ranging from 0.602 to 0.952, and all significant at the 0.05 level.
- Employee Performance (Y): All 10 items were valid with coefficients ranging from 0.607 to 0.912, significant at the 0.05 level.

Reliability Testing:

- Job Satisfaction (X1): Cronbach's Alpha = 0.897, indicating high reliability (above the 0.70 threshold).
- Compensation (X2): Cronbach's Alpha = 0.922, indicating high reliability.
- Employee Performance (Y)**: Cronbach's Alpha = 0.875, indicating high reliability.

Multiple Linear Regression Analysis

- Regression Equation:
[$Y = 12.141 + 0.460X1 + 0.329X2 + e$]

- Job Satisfaction (X1): Coefficient = 0.460
- Compensation (X2): Coefficient = 0.329
- Coefficient of Determination (R^2):
- $R^2 = 0.568$, indicating that 56.8% of the variance in employee performance is explained by job satisfaction and compensation.

- F-Test:
 - $F = 34.896$, $p < 0.05$, indicating that the regression model is statistically significant.

- t-Test:
 - Job Satisfaction (X1): $t = 4.727$, $p < 0.05$
 - Compensation (X2): $t = 3.623$, $p < 0.05$

b. Discussion

The results reveal that both job satisfaction and compensation significantly enhance employee performance at the Agricultural Training Center in Lampung, corroborating findings from previous studies (Agubosim et al., 2023; Anggraini et al., 2019; Nalim et al., 2020). The analysis indicates that job satisfaction has a notable positive effect, with a coefficient of 0.460. This suggests that as job satisfaction increases, employee performance improves significantly (Sudirman et al., 2023). This finding is consistent with the work of (Saadouli & Al-Khanbashi, 2021; Zakaria et al., 2020), who emphasize job satisfaction as a critical factor in improving performance in public sector organizations.

Compensation also positively influences employee performance, with a coefficient of 0.329, although its effect is less pronounced than that of job satisfaction. This outcome supports the view presented by (Cervantes, 2019; Dewi et al., 2023) that compensation, while important, may not exert as strong an influence on performance as intrinsic factors like job satisfaction. The results align with studies by (Maango, 2023; Nath et al., 2022), who acknowledge the varying effects of compensation on performance, indicating that while some employees respond positively to compensation, others may not experience a significant boost in performance.

The combined effect of job satisfaction and compensation, as indicated by the R^2 value of 0.568, demonstrates that these variables collectively account for a substantial portion of the variance in employee performance. This reinforces the importance of integrating both factors into performance management strategies, as noted by (Rosalia et al., 2020). The significant F-test result further confirms that the regression model effectively captures the relationship between job satisfaction, compensation, and employee performance (Habiburahman et al., 2019; Raras et al., 2024).

Additionally, the t-test results affirm that both job satisfaction and compensation have a significant individual impact on employee performance. These findings support the hypotheses derived from literature (Suratman & Syahputro, 2020) that improvements in job satisfaction or compensation are likely to enhance performance outcomes. This suggests that focusing on improving job satisfaction while also addressing compensation could lead to significant performance gains.

Overall, this study provides valuable insights into the factors influencing employee performance at the Agricultural Training Center in Lampung. It highlights the importance of prioritizing job satisfaction alongside compensation to optimize performance. Future research could explore additional factors such as work environment, leadership, and motivation to provide a more comprehensive understanding of employee performance dynamics in public sector institutions.

Conclusion

This study offers valuable insights into the factors affecting employee performance at the Agricultural Training Center in Lampung. The findings reveal that job satisfaction plays a crucial role in enhancing employee performance. Specifically, job satisfaction has a significant positive effect, suggesting that improving work conditions, recognition, and career development opportunities can substantially boost performance outcomes. In contrast, while compensation also positively influences performance, its impact is less pronounced compared to job satisfaction. This highlights the importance of not only providing adequate and fair compensation but also ensuring that efforts are made to enhance overall job satisfaction. Moreover, the combined effect of job satisfaction and compensation on employee performance underscores the need for a balanced approach in performance management. Organizations should integrate strategies that address both factors to maximize employee performance. For future research, it would be beneficial to explore additional variables that might impact employee performance and to examine the long-term effects of job satisfaction and compensation. Additionally, a more detailed investigation into specific elements of job satisfaction and compensation could offer deeper insights into optimizing performance within similar public sector institutions.

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