

The Effect of Compensation and Motivation on Employee Performance at PT. Telkom in Ternate City

Nadira Irwan¹⁾; Abdullah W. Jabid²⁾; Ruslan A. Kamis³⁾

¹⁾nadirairwan24@gmail.com, Khairun University, Indonesia*

²⁾abdullah.jabid@unkhair.ac.id, Khairun University, Indonesia

³⁾ruslan.kamis@unkhair.ac.id, Khairun University, Indonesia

^{*)} Corresponding Author

Received: 2024-10-09

Reviewed: 2024-10-24

Accepted: 2024-10-30

Published: 2024-10-30

ABSTRACT

Objective: This study aims to examine the effect of compensation and work motivation on employee performance at PT. Telkom, Ternate City. The research employs a quantitative approach to analyze the relationship between the independent variables (compensation and motivation) and the dependent variable (employee performance).

Methodology: The research was conducted at PT. Telkom Ternate City branch, with the population comprising 151 employees. A census sampling technique was used, meaning that all employees were included in the study to ensure a comprehensive dataset. Primary data was gathered through questionnaires completed by the employees. Data analysis involved descriptive statistics, inferential statistics (including normality, multicollinearity, autocorrelation, and heteroscedasticity tests), multiple linear regression analysis, and hypothesis testing (F-test and t-test).

Findings: The results of the study indicated that both compensation ($t = 9.719$, $sig. = 0.000$) and motivation ($t = 3.162$, $sig. = 0.002$) have a significant impact on employee performance at PT. Telkom, Ternate City, supporting the research hypothesis.

Conclusion: This study underscores the significant influence of both compensation and work motivation on employee performance at PT. Telkom, Ternate City. The findings reveal that these factors contribute significantly to improving employee performance. To further enhance employee performance, PT. Telkom Ternate City should consider optimizing its compensation structure and motivation programs, which can lead to higher job satisfaction and organizational productivity.

Keyword : Compensation, Motivation, and Employee Performance.

INTRODUCTION

Human resources (HR) play a crucial role in achieving organizational goals. High-quality HR will lead to improved organizational performance, while low-quality HR can hinder the achievement of those goals. Panggabean (2018) stated that HR management involves the processes of planning, organizing, leadership, and controlling various activities related to job analysis, procurement, development, compensation, and promotion. Therefore, effective and efficient HR management is very influential in achieving optimal organizational performance. In the context of employee performance, two main factors that affect it are compensation and work motivation. Compensation, which includes salary and other benefits, serves as a form of reward for the services provided by employees to the company (Fernos & Wipi, 2023). Direct compensation, such as salary, transportation allowances, and

overtime pay, as well as indirect compensation, such as job promotions and insurance, are significant factors in enhancing employee motivation and performance. In addition to compensation, work motivation also plays a very important role in improving employee performance. High motivation tends to increase performance because employees who are highly motivated are more committed and deliver better performance compared to those with low motivation (Hidayat, 2021). Motivation can be influenced by various factors, one of which is recognition or appreciation from superiors. Recognition given by superiors can significantly enhance employee motivation (Fauzan, 2022). Additionally, the alignment between the salary or wage received and the expectations of employees is also an important factor that can improve their work performance.

This research expands and deepens existing findings from previous studies, such as the research by Santi & Widodo (2021), Dahlia & Fadli (2022), and Fernos & Wipi (2023), which showed a significant effect of compensation and motivation on employee performance. The main difference lies in the research object, where this study focuses on companies in a specific region (eastern Indonesia) and the telecommunications sector, which faces different performance challenges compared to other sectors such as banking or manufacturing that have been studied previously. Furthermore, other studies show that compensation and motivation significantly affect employee performance at PT. Telekomunikasi Indonesia (Ardini & Pradana, 2021). Employee performance in this context includes discipline, reliability, skills, and self-confidence in carrying out tasks. Supporting this, Aditya & Wahyuni (2023) explained that work facilities, motivation, and compensation positively and significantly influence employee performance at PT Telkom Akses Surabaya Wilayah Kebalen. This means that to achieve optimal performance, companies need to pay attention to and improve the quality of work facilities, motivation, and compensation provided to employees.

This study offers novelty by focusing on the influence of compensation and motivation on employee performance at PT. Telkom Kota Ternate. Amid technological advancements and the increasing complexity of telecommunications service needs, the company faces challenges in maintaining employee performance quality. Therefore, this research is important to examine how compensation and motivation factors can influence performance improvement in a regional telecommunications company. Practically, the results of this research can provide recommendations for PT. Telkom Kota Ternate in designing compensation policies and motivation programs that align with employee expectations, thereby enhancing their performance. Theoretically, this research will enrich the literature on the effect of compensation and motivation on employee performance in the telecommunications sector, especially in eastern Indonesia, which is still under-researched. This study is expected to serve as a reference for companies with similar characteristics in managing their HR to improve overall organizational performance. Thus, this study aims to analyze the effect of compensation and motivation on employee performance at PT. Telkom Kota Ternate and contribute to improving HR management policies to support more optimal and efficient services.

LITERATURE REVIEW

Employee Performance

According to Kasmir (2006), employee performance is the work results and work behavior that have been achieved in completing tasks and responsibilities within a certain period. This means that performance involves a standard of achievement that must be met, so those

who meet the set standards are considered to have good performance, while those who do not meet the standards are categorized as having poor performance. The indicators of employee performance consist of work quality, productivity, job knowledge, reliability, attendance, independence, work quantity, work reliability, and work attitude.

Employee performance reflects the productivity of the company, which in turn will affect the company's objectives. The quality and quantity of work achieved by an employee in carrying out their duties in accordance with the responsibilities given to them. Performance is a reflection of their abilities and skills in a specific job, which will impact the rewards from the company (Mangkunegara, 2017). Employee performance is the outcome achieved by employees in performing their work, which includes measurable behavior or tangible results from the tasks carried out (Robbins & Judge, 2018). Employee performance is not only seen from the output produced, but also involves the quality and effectiveness of the work applied in completing the tasks. Robbins emphasizes that performance is influenced by various factors, including individual abilities, motivation, available resources, and a supportive work environment. Employee performance is also related to the achievement of company goals and can contribute to increased organizational productivity.

Compensation

Motivation is the psychological process that drives people to do something. In motivating subordinates, a manager faces two factors that influence people in their work: willingness and ability. Willingness can be addressed through motivation, while ability can be addressed by providing training. Thus, it can be concluded that human performance is influenced by motivation and ability. According to Afandi (2018), compensation is all forms of income, in the form of money, goods, directly or indirectly, that employees receive as a reward for services rendered to the company.

The rewards paid to employees can include money, goods, direct or indirect benefits such as uniforms, lunch, insurance, transportation facilities, housing facilities, and others. Compensation is a responsibility for companies that employ employees. However, companies provide compensation to their employees with several goals (Bangun, 2012). Employees certainly have expectations that the compensation they receive should be proportional to the sacrifices they have made for the company. Non-financial compensation is also equally important for employees, as it impacts career development (Simamora, 2006).

Motivation

Motivation is the driving force behind employee behavior. The formation of achievement motivation is highly complex, as complex as human personality development. Factors influencing employee work motivation, according to Priansa (2018), include family and culture, self-concept, recognition and achievement, and environmental conditions. Having motivation will encourage employees to actively complete various tasks according to their responsibilities. A motivated employee will have job satisfaction and high performance, as well as a strong desire to succeed (DeCenzo et al., 2010). Motivation is a process used to explain individual behavior in achieving specific goals (Robbins & Judge, 2018). Motivation is related to how individuals strive to meet their needs and how they are influenced by external factors, such as rewards or recognition, as well as internal factors such as the need for achievement and personal growth. Robbins states that motivation can be seen as the driving force that causes a person to act in certain ways to achieve desired goals or

outcomes (Robbins & Judge, 2018). According to Maslow, as cited by Robbins & Judge (2018), employee work motivation is influenced by the fulfillment of the hierarchy of needs that an individual has. Employees first need physiological needs such as a sufficient salary to meet their living needs and supportive work facilities. After that, they need security needs, which include job stability and social protection in a safe work environment. Next, social needs arise, where employees seek good relationships with coworkers, a sense of acceptance, and support from superiors and the team. The need for recognition follows, where employees desire recognition for their contributions through rewards and opportunities for growth. Lastly, self-actualization needs drive employees to reach their full potential through job challenges that provide opportunities for innovation, creativity, and personal development. These needs, which are fulfilled sequentially, can enhance overall employee work motivation.

Research Framework and Hypotheses

The Relationship Between Compensation and Employee Performance

Compensation, both in direct forms (salary and allowances) and indirect forms (facilities and other welfare), has long been a widely discussed topic in human resource management and organizational psychology literature (Lestari et al., 2020; Dharmanegara et al., 2021; Alhamad et al., 2022). Research indicates that compensation plays an essential role in motivating employees, increasing job satisfaction, and improving overall employee performance (Lestari et al., 2020). Fair and adequate compensation is closely linked to high job satisfaction, which in turn directly influences employee performance (Dharmanegara et al., 2021). Moreover, compensation also plays a role in enhancing intrinsic motivation and employee engagement, which are crucial factors in achieving optimal performance (Alhamad et al., 2022). Based on these findings, the hypothesis that can be proposed is: **H1**: Compensation can positively contribute to Employee Performance.

The Relationship Between Work Motivation and Employee Performance

Work motivation is one of the primary factors influencing employee performance, and many studies have shown a positive relationship between the two (Chien et al., 2020; Jamal Ali & Anwar, 2021; Rachmanda & Mulyani, 2024). Research by Chien et al. (2020) shows that work motivation has a significant impact on employee performance in the hospitality sector, with motivational variables including factors such as financial motivation, external self-concept, and goal internalization that can enhance performance. Similarly, Rachmanda & Mulyani (2024) found that work motivation significantly influences job satisfaction, which in turn contributes to improved performance at PT. Telkom Indonesia. Research by Riyanto et al. (2021) and Kuswati (2020) found that work motivation positively affects employee performance, while job satisfaction does not have a direct effect. Employee engagement plays a mediating role between motivation, job satisfaction, and employee performance. These findings highlight the importance of increasing motivation to drive employee engagement, which can ultimately improve their performance, which is relevant for PT. Telkom in managing employee performance.

Furthermore, research by Jamal Ali & Anwar (2021) indicates that motivation also plays a role in improving productivity and work quality, which are important components of performance. Research by Putra et al. (2022) conducted at PT. Telkom Akses Padang also shows that although there is no direct effect between motivation and job satisfaction, motivation has a positive contribution to employee performance. Similar findings were found in a study by As'ad Ajmal (2021), which emphasized that motivation, simultaneously with

other variables, positively influences employee performance at PT. Telkom Makassar. Based on these findings, the hypothesis that can be proposed is:

H1: Motivation can positively contribute to Employee Performance.

The relationships between the variables discussed above can be illustrated in the diagram below:

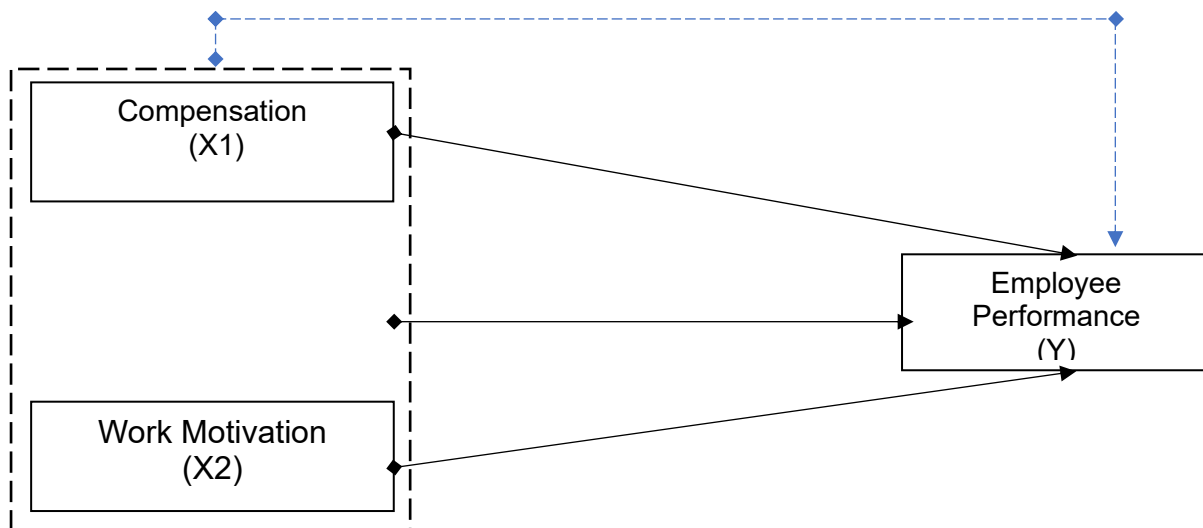


Figure 1. Research Framework

RESEARCH METHODOLOGY

Measurement Development

Employee Performance (Y): Employee performance refers to the work results produced by individuals in carrying out assigned tasks and responsibilities, measured both in terms of quality and quantity (Mangkunegara, 2017). Performance reflects the employee's contribution to organizational goals, influenced by various factors such as motivation, competence, discipline, and responsibility (Rokim & Tentama, 2020). Discipline is the dominant aspect reflecting the employee performance variable, with key indicators including work quality, quantity, punctuality, effectiveness, and independence.

Compensation (X3): Compensation is an important factor influencing employee performance, both in financial forms (salary, bonuses, allowances) and non-financial forms (recognition, facilities) received by employees. According to Ramli et al. (2020), fair and adequate compensation is closely related to increased motivation, job satisfaction, and employee performance. In this study, compensation is measured by indicators such as fixed salary, bonuses, health benefits, and rewards provided by the company.

Motivation (X2): Motivation is the internal drive that influences employees to work with enthusiasm and achieve the goals set (Fanisa Mulia Rachmanda, 2024). Intrinsic motivation, originating from within the individual, plays a vital role in determining employee enthusiasm and performance (Dubayová & Haficová, 2023). In this study, motivation is measured by indicators such as the need for achievement, affiliation, and power. All these indicators focus on goal achievement and personal development within the work context. The scale used in this study is the Likert scale with weights from 1 to 5, where 1 means strongly disagree, 2 means disagree, 3 means somewhat agree, 4 means agree, and 5 means strongly agree.

Analysis Method

This study uses a survey design with a quantitative approach to examine the relationship between compensation, work motivation, and employee performance at PT. Telkom Limited, Ternate Branch. The survey design is carried out by collecting data through structured questionnaires distributed to all employees in the research sample. The quantitative approach focuses on objective measurement and statistical analysis of the collected data, aiming to determine the extent to which compensation and work motivation affect employee performance. To analyze the influence between these variables, multiple linear regression is used with SPSS software. The analysis model applied is multiple linear regression with the formula $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$, where Y is employee performance as the dependent variable, and X_1 and X_2 are compensation and work motivation as independent variables.

Before conducting the regression analysis, the study first performs prerequisite tests such as validity and reliability tests, linearity test, multicollinearity test, and heteroscedasticity test to ensure the data meet the assumptions required for regression analysis. Hypothesis testing is performed using the t-statistic test to measure the significance of individual regression coefficients and the F-test to assess the overall model significance. The population of this study consists of all employees of PT. Telkom Tbk, Ternate Branch, total 151 individuals, and the sampling technique used is saturated sampling, where the entire population is used as the sample. The data source used is primary data obtained through questionnaires filled out by respondents, with the aim of obtaining the necessary information for this research.

RESEARCH RESULTS AND DISCUSSION

Respondent Description

Based on Table 1. Demographic Description of the Respondents, the majority of respondents are female, totaling 125 individuals (82.78%), while males comprise only 26 individuals (17.22%). This dominance of females is likely due to the nature of jobs that are more relevant to women, such as those in the service sector, education, or jobs with higher flexibility, which attract more female workers. In terms of age, the 25-30 years age group dominates with 71 individuals (47.02%), followed by the under-25 age group with 46 individuals (30.46%). The 31-40 years age group consists of 28 individuals (18.54%), and the 41-50 years age group has 6 individuals (3.97%). The dominance of the 25-30 years age group reflects that the workforce is in the early productive age, where they are actively seeking job opportunities and building careers. The significant number of individuals in the under-25 age group also indicates the potential for workforce regeneration from the younger generation.

Table 1. Demographic Description of the Respondents

No.	Characteristic	Number	Percentage
Gender			
1	Female	125	82,78
2	Male	26	17,22
	Total	151	100

No.	Characteristic	Number	Percentage
Employee Age			
1	< 25 Years	46	30,46
2	25-30 Years	71	47,02
3	31-40 Years	28	18,54
4	41-50 Years	6	3,97
	Total	151	100
Education			
1	Junior High School	129	85,43
2	Senior High School	22	14,57
	Total	151	100
Employment Tenure			
1	0-5 Years	13	8,61
2	6-10 Years	81	53,64
3	11-15 Years	7	4,64
4	16-20 Years	44	29,14
5	> 20 Years	6	3,97
	Total	151	100

In terms of education level, the majority of respondents have a junior high school education, with 129 people (85.43%), while the remaining 22 people (14.57%) have a high school education. None of the respondents have an education level above high school. This can be explained by the type of work that does not require a higher level of education, such as manual or technical jobs that rely more on practical skills than formal education.

In terms of length of service, the majority of respondents have 6-10 years of service, with 81 people (53.64%), followed by respondents with 16-20 years of service, totaling 44 people (29.14%). Respondents with less than 5 years of service numbered 13 people (8.61%), 11-15 years of service had 7 people (4.64%), and more than 20 years of service had only 6 people (3.97%). The dominance of 6-10 years of service indicates that most respondents have gained enough experience to understand their roles in the workplace but are still in the development stage of their careers. The significant number of workers with 16-20 years of service also indicates the presence of senior workers who play an important role in organizational stability. Overall, the respondent characteristics show a predominance of young women in the early productive age, with a junior high school education and significant work experience. This pattern makes sense given the nature of the work and the workforce needs in sectors that likely do not require high formal education but prioritize productive-age workers with practical skills and moderate work experience.

Validity and Reliability Test of Instruments

The validity and reliability tests are essential in this research, as referenced in the table above, because both ensure the quality of the measurement instruments used in the study. The validity test aims to ensure that each indicator used truly measures the intended

variables, such as the Employee Performance (Y), Compensation (X1), and Motivation (X2) variables.

Table 2. Validity and Reliability Test

Variable	Indicators	r calculate	r table (0,05)	Validity Assessment	Alpha Cronbach	Reliability Assessment
Employee Performance (Y)	Y.1	0,650**	0,361	Valid	0,825	Reliable
	Y.2	0,720**	0,361	Valid		
	Y.3	0,810**	0,361	Valid		
	Y.4	0,700**	0,361	Valid		
	Y.5	0,670**	0,361	Valid		
Compensation (X1)	X1.1	0,590**	0,361	Valid	0,715	Reliable
	X1.2	0,640**	0,361	Valid		
	X1.3	0,720**	0,361	Valid		
	X1.4	0,760**	0,361	Valid		
Motivation (X2)	X2.1	0,670**	0,361	Valid	0,69	Reliable
	X2.2	0,750**	0,361	Valid		
	X2.3	0,800**	0,361	Valid		

To ensure the quality of the data used in this study, validity and reliability tests were conducted on the measurement instruments. The validity test was performed by measuring the correlation between the indicator scores and the total score of the variables. Based on the validity test results, all indicators on the Employee Performance (Y), Compensation (X1), and Motivation (X2) variables showed a calculated r-value greater than the table r-value (0.361) at a significance level of 0.05, meaning all indicators were declared valid. This indicates that each indicator can measure the intended concept well. The ability of each indicator to align with the concept it is meant to measure is crucial in producing meaningful and consistent results.

Furthermore, to measure the internal consistency of the instruments, reliability tests were conducted using Cronbach's Alpha. The results of the reliability test showed that the Cronbach's Alpha value for the Employee Performance (Y) variable was 0.825, for Compensation (X1) was 0.715, and for Motivation (X2) was 0.690. All of these values are greater than the threshold value of 0.6, indicating that the instruments used in this study have good reliability. Thus, it can be concluded that the measurement instruments in this study have high validity and reliability, ensuring that the measurement results can be trusted and aligned with the research objectives.

Classical Assumption Test

The purpose of the classical assumption test is to ensure that the regression model used meets the basic assumptions necessary for the regression analysis results to be reliable. Several assumptions need to be tested, including normality, multicollinearity, and heteroscedasticity. Below is the explanation of the normality test, multicollinearity test, and an explanation of the heteroscedasticity test.

Normality, Multicollinearity Test, and Heteroscedasticity

The following are the results of the normality test using the One-Sample Kolmogorov-mirnov Test:

Table 3. One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual
N	151
Normal Parameters^{a, b}	
Mean	0,000
Std. Deviation	1,21836149
Most Extreme Differences	
Absolute	0,05
Positive	0,021
Negative	-0,05
Test Statistic	0,05
Asymp. Sig. (2-tailed)	0,200 ^{c, d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

The results of the normality test using the One-Sample Kolmogorov-Smirnov Test indicate that the normality assumption is met. From the test results table, the sample size used was 151 data points, with a mean residual value of 0.000 and a standard deviation of 1.21836149, indicating that the residuals are distributed around the mean value of 0. The largest difference between the residual distribution and the normal distribution is 0.050, with a positive difference of 0.021 and a negative difference of -0.050. The obtained test statistic value is 0.050. The test results show an Asymp. Sig. (2-tailed) value of 0.200, which is greater than 0.05. Since the p-value is greater than 0.05, we fail to reject the null hypothesis, which states that the residuals are normally distributed. Therefore, it can be concluded that the normality assumption in this regression model is satisfied, meaning the residuals follow a normal distribution and support the validity of the regression analysis.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Description
Compensation	0.977	1.023	No multicollinearity detected
Motivation	0.977	1.023	No multicollinearity detected

The results of the multicollinearity test in Table 4 show that the Tolerance value for both the Compensation and Motivation variables is 0.977, while the Variance Inflation Factor (VIF) for these variables is 1.023. A Tolerance value greater than 0.1 and a VIF value less than 10 indicate that there is no significant multicollinearity between these independent variables. In other words, the two variables do not have a very high correlation with each other, meaning that the regression model is free from multicollinearity issues. Therefore, this test result suggests that the assumption of no multicollinearity in this regression model is met.

Statistical Hypothesis Testing Based on the statistical test results (Table 5), it can be concluded that the Compensation and Motivation variables have a significant effect on employee performance. The regression coefficient for Compensation is 0.449, indicating that for every 1 unit increase in Compensation, employee performance will increase by 0.449 units. The t-statistic value of 9.719 with a significance value of 0.000 (less than 0.05) indicates that the effect of Compensation on Performance is statistically significant.

Table 5. IBM SPSS Output Test of Statistics

Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	0,296	1,647		0,18	0,858
X1	0,449	0,046	0,605	9,719	0,000
X2	0,119	0,038	0,197	3,162	0,002

Additionally, Motivation also has a significant effect on Performance, with a regression coefficient of 0.119. This means that for every 1 unit increase in Motivation, employee performance will increase by 0.119 units. The t-statistic value of 3.162 and a significance value of 0.002 (less than 0.05) indicate that the effect of Motivation on Performance is also significant. Overall, the R Square value of 0.591 shows that 59.1% of the variability in employee performance can be explained by these two variables, while the remaining 40.9% is explained by other factors not included in the model. This confirms that Compensation and Motivation, together, make a significant contribution to improving employee performance.

Tabel 6. Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,663 ^a	0,44	0,433	1,227

a. Predictors: (Constant), X₁, X₂.

b. Dependent Variable: Y

Furthermore, the above Table 6 shows the results of the regression analysis that identifies the relationship between the motivation and compensation variables with employee performance. The R value of 0.663 indicates a relatively strong relationship between the independent variables (motivation and compensation) and the dependent variable (employee performance). The R² value of 0.440 indicates that 44% of the variability in employee performance can be explained by motivation and compensation, while the remaining 56% is influenced by other factors not explained in this model. The Adjusted R Square value of 0.433 suggests that the model remains effective in explaining the data, even after accounting for the number of variables used. The Std. Error of the Estimate of 1.227 reflects the accuracy of the model in predicting employee performance, with a relatively low error rate. Overall, the results of this analysis show that motivation and compensation make

a significant contribution to explaining employee performance, even though other factors are not yet included in the model.

Discussion

The Effect of Compensation on Employee Performance

Based on the statistical analysis results, compensation has a significant effect on employee performance. The regression coefficient of 0.449 indicates that for every increase of one unit in compensation, employee performance will improve by 0.449 units. The obtained statistical significance (t value = 9.719, p = 0.000) strengthens this finding, affirming that compensation is an important factor in driving performance. In the literature, fair and adequate compensation not only provides financial motivation but also creates high job satisfaction (Lestari et al., 2020). Employees who feel valued through adequate compensation are more motivated to achieve their work targets. This finding is also consistent with the study by Dharmanegara et al. (2021), which states that compensation contributes directly to increased productivity and work quality. Therefore, a company's investment in competitive compensation can be an effective strategy to enhance employee performance.

The findings from Dharmanegara et al. (2021) that compensation contributes directly to productivity and work quality are relevant to employee performance at PT. Telkom Kota Ternate. Based on the average performance score of 4.37, which falls in the "good" category, this achievement indicates that performance indicators such as work quality, quantity, timeliness, effectiveness, and independence have been optimally met. Competitive compensation, such as fixed salaries, bonuses, health benefits, and rewards, provides financial and emotional motivation for employees to perform better. Furthermore, employees' achievement motivation, affiliation needs, and power motivation drive the achievement of high-quality, quantitative, and effective work targets. This performance achievement indicates that the combination of adequate compensation and strong motivation has a real impact on supporting high productivity and good work outcomes at PT. Telkom Kota Ternate.

The Effect of Work Motivation on Employee Performance

The analysis results also show that work motivation has a significant effect on employee performance. The regression coefficient of 0.119 indicates that every increase of one unit in work motivation will improve employee performance by 0.119 units. The t value of 3.162 with p = 0.00 indicates a statistically significant relationship between work motivation and performance. Literature supports this finding, where work motivation is often associated with productivity and job satisfaction. Studies by Chien et al. (2020) and Jamal Ali & Anwar (2021) show that work motivation not only directly affects performance but also enhances employee engagement. In certain sectors, such as PT. Telkom Indonesia (Rachmanda & Mulyani, 2024), motivation has proven to be a significant driver for job satisfaction and better work outcomes.

Strong work motivation at PT. Telkom Kota Ternate, with an average motivation score of 4.21 (good category), indicates that factors such as achievement, affiliation, and power needs significantly contribute to improving employee performance. This is reflected in performance indicators such as work quality, quantity, timeliness, effectiveness, and independence, which have been optimally achieved with an average performance score of 4.37 (good category). However, the 12% of respondents who disagreed with affiliation needs suggests that some employees may feel less emotionally or socially connected in their work

environment. Nonetheless, high achievement and power needs still drive employees to meet work targets and demonstrate effective performance. Therefore, strengthening affiliation aspects, such as through team work programs or company social activities, can further optimize motivation and support sustained good performance at PT. Telkom Kota Ternate.

The Simultaneous Effect of Compensation and Motivation on Employee Performance

With an R^2 value of 0.591, this regression model shows that 59.1% of the variability in employee performance can be explained by compensation and motivation. The remaining 40.9% reflects the influence of other factors not included in the model. This result emphasizes the importance of the simultaneous role of both variables in enhancing employee performance. From a managerial perspective, this result implies that companies need to manage both compensation and motivation simultaneously to create a productive work environment. Adequate compensation can form the basis for job satisfaction, while effective motivation ensures that employees remain engaged and motivated to achieve organizational goals.

Conclusion

This study emphasizes the importance of compensation and work motivation in influencing employee performance at PT. Telkom Kota Ternate. Compensation, which includes fixed salary, bonuses, health benefits, and rewards, has been proven to significantly contribute to achieving performance indicators, such as work quality, quantity, timeliness, effectiveness, and independence. Likewise, work motivation, particularly in the aspects of achievement and power needs, has a positive impact on employee performance, despite a small proportion of employees (12%) feeling that their affiliation needs have not been fully met. With an average performance score of 4.37 and motivation score of 4.21, these findings suggest that the management of both variables is categorized as good and contributes to the successful achievement of employee performance.

This study has limitations, including the sample scope that only involves one location, PT. Telkom Kota Ternate, which may limit the generalizability of the results. The cross-sectional research design used also does not allow for observing the dynamics of the relationships between variables over the long term. Moreover, other factors that may influence employee performance, such as organizational culture and external environment, have not been measured in this study.

Suggestions

For future research, it is recommended that researchers use a mixed methods approach that combines quantitative and qualitative approaches to provide deeper insights into the relationship between compensation, motivation, and employee performance. This approach can reveal personal and psychological factors that are not visible through quantitative analysis alone. The study can also focus on analyzing demographic differences, such as age, work experience, or education level, that may influence employees' perceptions of compensation and motivation.

From a practical perspective, PT. Telkom Kota Ternate is advised to optimize a transparent performance evaluation system based on key performance indicators (KPIs) so that employees understand the relationship between compensation, motivation, and target achievement. In addition, the company could introduce self-development training programs to enhance achievement and power needs, as well as improve the rewards program to

encourage greater engagement. These steps are expected to not only improve employee performance but also create a more productive and collaborative work culture.

REFERENCE

- Aditya, A. D., & Wahyuni, D. U. (2023). The Influence of Work Facilities, Motivation, and Compensation on Employee Performance at PT Telkom Akses Surabaya, Kebalen Region. *Jurnal Ilmu Dan Riset Manajemen*, 12(1–15).
- Afandi, P. (2018). *Human Resource Management (Theory, Concepts, and Indicators)*. Riau: Zanafa Publishing.
- Alhamad, A., Alshurideh, M., Alomari, K., Al Kurdi, B., Alzoubi, H., Hamouche, S., & Al Hawary, S. (2022). The effect of electronic human resources management on organizational health of telecommunications companies in Jordan. *International Journal of Data and Network Science*, 6(2), 429–438. <https://doi.org/10.5267/j.ijdns.2021.12.011>
- Ardini, T. S., & Pradana, M. (2021). The Effect of Compensation and Motivation on Employee Performance at PT. Telekomunikasi Indonesia Manado Branch. *Journal of Management & Business*, 4(2), 16–35. <https://journal.stieamkop.ac.id/index.php/seiko/article/view/2157>
- As'ad Ajmal. (2021). The Effect of Competence, Work Motivation, and Work Environment on Employee Performance. *YUME: Journal of Management*, 4(1), 191–200. <https://doi.org/10.37531/yume.vxix.344>
- Bangun, W. (2012). *Human Resource Management*. Publisher: Erlangga, Jakarta.
- Chien, G. C. L., Mao, I., Nergui, E., & Chang, W. (2020). The effect of work motivation on employee performance: Empirical evidence from 4-star hotels in Mongolia. *Journal of Human Resources in Hospitality and Tourism*, 19(4), 473–495. <https://doi.org/10.1080/15332845.2020.1763766>
- Dahlia, M., & Fadli, R. (2022). The Effect of Compensation and Motivation on Employee Performance at PT Fyc Megasolusi in South Tangerang. *Jesya (Jurnal Ekonomi & Ekonomi Syariah)*, 5(1), 667–679. <https://doi.org/10.36778/jesya.v5i1.623>
- DeCenzo, D. A., Robbins, S. P., & Verhulst, S. L. (2010). *Fundamentals of Human Resource Management Tenth Edition*. John Wiley & Sons, Inc. United States of America.
- Dharmanegara, I. B. A., Sulistyan, R. B., & Agustina, I. (2021). How Well Public Service Motivation and Job Satisfaction Enhance the Effect of Compensation on Job Performance. *Wiga: Jurnal Penelitian Ilmu Ekonomi*, 11(2), 181–192. <https://doi.org/https://doi.org/10.30741/wiga.v11i2.853>
- Dubayová, T., & Haficová, H. (2023). Intrinsic and Extrinsic Motivation to Learn as Factors of Resilience in Students' Pedagogical Disciplines - Pilot Study. *Central European Journal of Educational Research*, 5(1), 17–23. <https://doi.org/10.37441/cejer/2023/5/1/12298>
- Fauzan, A. (2022). The Effect of Compensation on Employee Performance Mediated by Job Satisfaction and Work Motivation in Manufacturing Companies. *Jurnal Ilmiah MEA*, 6(2), 1860–1880.
- Fernos, J., & Wipi, I. (2023). The Effect of Compensation and Motivation on Employee Performance at the Regional Revenue Agency (Bapenda) of Padang City. *Jurnal Valuasi: Jurnal Ilmiah Ilmu Manajemen Dan Kewirausahaan*, 3(2), 647–661.
- Hidayat, A. (2021). The Effect of Motivation, Communication, and Work Environment on Employee Performance at PT. Samudera Indonesia Tbk. *E-Jurnal Ilmu Manajemen (JIMMU)*, 6(1), 165–177.

- Jamal Ali, B., & Anwar, G. (2021). An Empirical Study of Employees' Motivation and Its Influence on Job Satisfaction. *International Journal of Engineering, Business and Management*, 5(2), 21–30. <https://doi.org/10.22161/ijebm.5.2.3>
- Kasmir. (2006). *Banking Management*. Jakarta: Kencana Predana Media Group.
- Kuswati, Y. (2020). The Effect of Motivation on Employee Performance. *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 3(2), 995–1002. <https://doi.org/10.33258/birci.v3i2.928>
- Lestari, F., Haryono, S., & RDA, M. K. P. (2020). The Effect of Direct Compensation and Indirect Compensation on Job Performance with Job Satisfaction as an Intervening Variable in the Performance of Temporary Staff at UMY. *International Journal of Business Marketing and Management (IJBMM)*, 5(3), 1–10.
- Mangkunegara. (2017). *Human Resource Management for Companies*. 14th Edition. PT Remaja Rosdakarya.
- Panggabean, M. S. (2018). *Human Resource Management*. Bogor: Ghalia Indonesia.
- Priansa, D. J. (2018). *Planning & Development of Human Resources*. Bandung: Alfabeta.
- Putra, A. C., Sutarjo, A., & Sunreni. (2022). The Effect of Job Satisfaction, Work Environment, and Motivation on Work Performance at PT. Telkom Akses Padang. *Matua*, 4(1), 65–78.
- Rachmanda, F. M., & Mulyani, A. S. (2024). The Effect of Work Environment and Work Motivation on Job Satisfaction at PT Telkom Indonesia Witel Bogor. *Jurnal Manajemen Dan Ekonomi Kreatif*, 2(4), 106–116.
- Ramli, A. H., Edward, J., & Milton, A. (2020). Compensation, Job Satisfaction Affects Employee Performance in Healthcare. *Australian Business & Psychology Review*, October.
- Riyanto, S., Endri, E., & Herlisha, N. (2021). Effect of Work Motivation and Job Satisfaction on Employee Performance: Mediating Role of Employee Engagement. *Problems and Perspectives in Management*, 19(3), 162–174. [https://doi.org/10.21511/ppm.19\(3\).2021.14](https://doi.org/10.21511/ppm.19(3).2021.14)
- Robbins, S. P., & Judge, T. A. (2018). *Organizational Behavior, Twelfth Edition*. Salemba Empat, Jakarta.
- Rokim, M., & Tentama, F. (2020). The Employee's Performance: A Study of Construct Validity and Reliability. *American Academic Scientific Research Journal for Engineering, Technology, and Sciences*, 72(1), 90–100. https://asrjetsjournal.org/index.php/American_Scientific_Journal/article/view/6183
- Santi, V. E., & Widodo, S. (2021). The Effect of Compensation and Work Motivation on Employee Performance at PT. Tiki Jalur Nugraha Ekakurir, Jakarta. *Jurnal Ilmiah Manajemen Surya Pasca Scientia*, 10(2), 1–9. <https://doi.org/10.35968/jimspc.v10i2.782>
- Simamora, H. (2006). *Human Resource Management*. Yogyakarta: Sekolah Tinggi Ilmu Ekonomi YKPN.