

Determinants of Job Satisfaction Affecting Employee Performance

(A Study on the Influence of Compensation and Motivation on Job Satisfaction and Its Implications on Employee Performance at PT. PLN (Persero) UP3 Customer Service Unit Cimahi City)

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ABSTRACT

This study investigates the determinants of job satisfaction and their impact on employee performance, focusing specifically on the influence of compensation and motivation on job satisfaction and the subsequent implications on employee performance at PT. PLN (Persero) UP3 Customer Service Unit Cimahi City.

A descriptive research design with a survey approach was employed, involving 53 employee respondents. Data was collected using structured questionnaires to gather factual information on the variables of compensation, motivation, job satisfaction, and performance.

Descriptive statistics were used to summarize the data, while correlation and path analysis techniques were applied to examine the direct and indirect relationships among the variables. Path coefficients and determination values were calculated to interpret the strength and direction of these relationships.

The findings indicate that average scores for job satisfaction and employee performance are categorized as very high, while compensation and motivation are categorized as good. Compensation showed a moderate positive correlation with motivation ($r = 0.467$, $p < 0.01$). Path analysis revealed that both compensation and motivation have significant direct positive effects on job satisfaction, which in turn has a strong direct positive impact on employee performance ($R^2 = 0.714$). The model suggests that compensation and motivation indirectly influence performance through job satisfaction, underscoring the vital role of job satisfaction as a mediating variable. This conceptual model provides a valuable framework for management to develop effective human resource policies to improve employee satisfaction and organizational productivity sustainably.



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1. INTRODUCTION

PT. PLN Persero, as a state-owned enterprise (SOE) with a strategic mandate in the national electricity provision, holds a vital role in supporting national development and improving the quality of life of the broader society. The performance of employees, who constitute the primary human resource within this institution, is a crucial determinant of the effectiveness of services rendered to customers. In this context, employee job satisfaction becomes a key element highly influenced by the compensation system and the level of motivation implemented by the company's management. Compensation, which encompasses financial remuneration such as salaries, allowances, incentives, and non-financial rewards, is a fundamental factor affecting employees' perceptions of fairness and welfare. The distributive justice theory by Adams (1963) asserts that a balance between employee inputs and outputs results in job satisfaction that can enhance employee loyalty and commitment to the organization. Furthermore, normative aspects embodied in the Indonesian Labor Law Number 13 Year 2003 require fair treatment in providing adequate compensation as a form of respect for workers' rights, where non-compliance may cause dissatisfaction and industrial conflicts negatively impacting organizational performance.

In addition to compensation, motivation holds a strategically significant position in shaping employee satisfaction and productivity. Internal and external motivation function as primary drivers in elevating work enthusiasm and productive performance orientation. Based on Herzberg's two-factor theory (1966), motivator factors such as recognition, career development opportunities, challenging responsibilities, and possibilities for innovation significantly affect job satisfaction and employee commitment. The implementation of continuous training programs, performance-based reward systems, and the creation of a conducive work environment at PT. PLN Persero Customer Service Unit Cimahi City are important instruments to sustainably enhance employee motivation. Nonetheless, the real challenge lies in how management optimizes motivational strategies responsive to employee needs dynamics and organizational and technological changes. Modern human resource management concepts demand a holistic and adaptive approach in managing motivation to maintain superior performance in an increasingly competitive era.

The implication of job satisfaction derived from compensation and motivation on employee performance has multidimensional impacts, encompassing individual, organizational, and social aspects. Maslow's hierarchy of needs theory (1943) emphasizes that fulfilling basic to self-actualization needs stimulates employees to achieve optimal performance contributing to organizational goals. Empirically, employees experiencing high job satisfaction demonstrate significant levels of loyalty, dedication, and

productivity, which directly positively affect the quality of public service and the reputation of PT. PLN as a national electricity service provider. Normatively and in terms of good corporate governance (GCG), PT. PLN holds moral and legal responsibilities to ensure employee welfare as an integral part of transparent, accountable, and sustainable governance. Therefore, managing compensation and motivation is not merely an administrative function but a strategic human resource investment essential for supporting the effective and efficient attainment of PT. PLN Persero Customer Service Unit Cimahi City's vision and mission.

1. LITERATURE REVIEW

Feelings of injustice among employees can lead to negative consequences for achieving the institution's goals. This is fundamentally caused by a gap between the employees' expectations and the reality they experience within the institution. Bernardin (1993:22) outlines factors influencing expectations, reality, satisfaction, and dissatisfaction regarding compensation. generally the factors influencing employee satisfaction or dissatisfaction with compensation from the institution are: (1) the workload handled by the employee, (2) the workload handled by employees at the same level in other institutions, (3) job characteristics, (4) non-financial outcomes, (5) income previously earned by the employee, (6) income earned by employees at the same level in other institutions, and (7) income received at the current institution. Employee dissatisfaction with their income and benefits can cause various impacts. Possible consequences of dissatisfaction with compensation are described.

Dissatisfaction with salary at the workplace results in decreased performance, strikes, many complaints, seeking other institutions that can offer higher pay (indicated by absenteeism and employee turnover). Meanwhile, dissatisfaction with compensation leads to low job interest (indicated by turnover, job dissatisfaction, and absenteeism).

Hence, adequate compensation provision aimed at fulfilling employee needs is intended to achieve job satisfaction with the goal of improving employee performance.

Based on research by McClelland, Edward Murray, Miller, and Gordon W., as cited in Anwar Prabu Mangkunegara (2005:104), it was concluded that there is a positive relationship between employee job satisfaction and motivation to achieve. This means employees who experience high job satisfaction tend to have high motivation to achieve, which in turn improves their performance. Conversely, those with low job satisfaction will have low motivation to achieve, resulting in decreased performance

In many views by companies and HR experts, compensation is considered one of the most important and critical aspects in HR management. Why is that? Because compensation is a key driver that motivates employees to work better. In their books, Noe et al. (2003:458), Milkovich and Newman (2002:2), Mathis and Jackson (2000:118), Klaat (1985:458), and Edwin B. Flippo (1984:281) state that compensation is a factor that drives employee job satisfaction, which is related to motivation and ultimately affects performance.

Employees are social beings who represent the main asset of every company. They are planners, executors, and controllers who actively contribute to achieving company goals. Employees have thoughts, feelings, and desires that influence their attitudes toward their work. These attitudes determine work achievement, dedication, and love toward their assigned tasks.

Job satisfaction is a significant element in organizations because it affects work behaviors such as laziness, diligence, productivity, among others, that relate to important behavior types in organizations. Employee job satisfaction must be optimally created to improve morale, dedication, love, and discipline of employees.

To complete tasks according to their positions, employees are expected to give their best for the company. Employees who work well are expected to improve overall company performance, ultimately leading to collective welfare.

According to Istijanto (2005:181), employees with high dedication prioritize their tasks and often sacrifice personal time to complete them. Such employees usually no longer view work as a burden but as a responsibility. These employees have very positive feelings toward their work, feel comfortable working, and are generally satisfied with their jobs.

On the other hand, there are employees who feel bored with their work, uncomfortable, dislike, or disappointed with their jobs. These employees generally view work as a coercion or burden and are unsatisfied with their jobs.

According to Brayfield and Rothe, cited in Istijanto (2005:181), job satisfaction is the level of positive feelings employees have toward the job offered by the company they work for. In other words, this positive feeling encourages employees to work earnestly to achieve higher performance.

2. METHODS

This study aims to describe and interpret the influence of compensation and motivation on job satisfaction, as well as the impact of job satisfaction on employee performance at PT. PLN Persero Customer Service Unit Cimahi City. Employing a descriptive research method with a survey approach, data and factual information were collected from 53 employee respondents to analyze the relationships among the variables under investigation. According to Moh. Nazir (2003), descriptive surveys emphasize systematically and accurately capturing the facts of existing conditions, allowing the research findings to reflect the actual state of the investigated phenomena.

Path analysis is utilized in this study to demonstrate the magnitude of direct and indirect effects between compensation, motivation, job satisfaction, and employee performance. Compensation and motivation are considered determinant factors influencing the level of job satisfaction, which in turn affects employee performance in carrying out their tasks. Through a systematic approach and empirical data, this research attempts to prove the dynamics of these variable relationships within the organizational context of PT. PLN Persero and their implications on employee effectiveness.

Therefore, this study contributes significantly to understanding the role of compensation and motivation as primary factors in enhancing job satisfaction, which positively influences employee performance. The results are expected to serve as a foundation for PT. PLN Persero management to formulate more effective and responsive human resource policies that address employee needs, ultimately improving productivity and sustainable customer service.

3. RESULTS AND DISCUSSION

The results of this study reveal important insights into the dynamics between compensation, motivation, job satisfaction, and employee performance. Descriptive statistics indicate that the average scores of all variables fall into good to very good categories, with job satisfaction and employee performance scoring the highest average values. Specifically, compensation recorded a mean score of 3.94 (categorized as "good"), motivation scored 4.20, job satisfaction 4.23, and employee performance 4.24, both categorized as "very good." These findings suggest that employees at PT. PLN Persero perceive their compensation and motivation levels positively, which translates into high job satisfaction and strong performance outcomes.

Tabel 1.
Statistic Description

Variabel	Responden	Rata-rata
Compensation	53	3,940
Motivation	53	4,198
Job Satisfaction	53	4,227
Employee Performance	53	4,236
Valid N (listwise)	53	

Source : Data processed by SPSS

Correlational analyses establish significant positive relationships among the examined variables. The bivariate correlation between compensation and motivation is moderately strong ($r = 0.467$, $p < 0.01$), indicating that as compensation improves, motivation tends to increase correspondingly. This relationship aligns with established motivational theories such as Herzberg's Two-Factor Theory, which posits that compensation (hygiene factor) and motivators collectively influence employees' motivation and satisfaction levels. The significant interrelationship also underscores the necessity of providing adequate compensation as a fundamental element that fosters motivation among employees.

Tabel 2.
Correlations

		Compensation (X ₁)	Motivation (X ₂)
Compensation (X ₁)	Pearson Correlation	1	0,467
	Sig. (2-tailed)		.000
	N	53	53
Motivation (X ₂)	Pearson Correlation	0,467	1
	Sig. (2-tailed)	.000	
	N	53	53

Source : Data processed by SPSS

The pathway analysis further elucidates the causal relationships among variables in this organizational context. Compensation and motivation jointly influence job satisfaction with path coefficients of 0.432 and 0.519, respectively, indicating that motivation exerts a slightly stronger impact on job satisfaction than compensation. These results resonate with Maslow's Hierarchy of Needs and expectancy theory, which assert that individuals' intrinsic motivation and extrinsic rewards collectively shape job satisfaction. Additionally, the analysis confirms that job satisfaction has a substantial and positive direct effect on employee performance (path coefficient 0.844), reinforcing the notion that satisfied employees are more likely to perform effectively. The coefficient of determination values (R^2) of 0.665 for the

relationship between compensation/motivation and job satisfaction, and 0.714 for the relationship between job satisfaction and performance, signify that these models explain a substantial proportion of the variance in job satisfaction and employee performance, respectively.

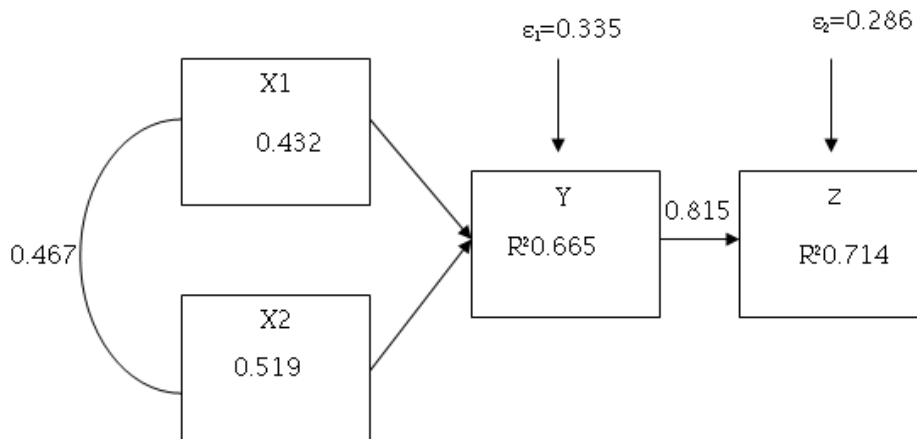


Figure 1. Path Diagram

The findings reinforce the practical implication that organizations like PT. PLN Persero should prioritize both fair and competitive compensation packages alongside strategies to enhance intrinsic motivation through recognition, career development, and supportive work environments. This holistic approach benefits employees by addressing their diverse needs and fosters a culture conducive to high satisfaction and performance levels. Moreover, the moderate to strong correlations and significant path coefficients evidence that efforts aimed solely at increasing compensation, without attention to motivational factors, might not yield optimal improvements in job satisfaction or performance.

Beyond theoretical contributions, the study's empirical data provide actionable insights into human resource management policies and practices. For instance, the relatively low variation in compensation scores compared to motivation and performance variables suggests a potential uniformity in pay scales but highlights the need for differentiated motivational interventions. These could include programs fostering goal setting, participative decision-making, or tailored rewards systems that align closely with individual employee aspirations and organizational objectives.

Importantly, this study adds to the growing body of literature emphasizing a multi-faceted approach to employee satisfaction and performance management. Integrating compensation management with motivational enhancement aligns well with strategic human resource management principles, which view employees as key assets whose wellbeing and engagement directly influence organizational effectiveness and competitive

advantage. As such, the outcomes suggest that PT. PLN Persero and similar organizations should continuously evaluate and adapt their reward systems not only to remain competitive within the labor market but to sustain an internal environment where motivation and satisfaction flourish.

Another noteworthy contribution of this research is the use of path analysis as a methodological tool, which enables a more granular understanding of complex interactions among the variables than classical correlation or regression analyses. By distinguishing between direct and indirect effects, this approach captures the nuanced ways in which compensation and motivation impact performance via job satisfaction. This nuanced insight is essential for designing interventions that are both targeted and efficient, maximizing resource allocation toward impactful organizational practices.

4. CONCLUSION

In conclusion, the study robustly demonstrates that compensation and motivation significantly influence job satisfaction, which in turn positively affects employee performance at PT. PLN Persero. These findings highlight the importance of developing comprehensive human resource strategies that intertwine financial remuneration with motivational initiatives to enhance employee wellbeing and productivity. Future research might explore additional mediating or moderating variables such as organizational culture or leadership styles, expanding understanding of the factors that drive sustained employee engagement and performance excellence.

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