International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-8, Issue-3, 2024 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

THE INFLUENCE OF COMPENSATION AND MOTIVATION ON EMPLOYEE PERFORMANCE AT THE ISLAMIC EDUCATION FOUNDATION (IEF) SIRNAMISKIN ISLAMIC BOARDING SCHOOL

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Abstract: This research emphasizes the vital role of teachers within the education system, specifically at the Islamic Education Foundation (IEF) Sirnamiskin Islamic Boarding School, and explores how compensation and motivation influence their performance. The study aims to evaluate compensation, motivation, and employee performance, along with the effects of compensation and motivation on performance. Compensation and motivation are the independent variables, while employee performance is the dependent variable. Utilizing a quantitative research approach with Stratified Random Sampling and Partial Least Square Modelling (PLS-SEM) for analysis, the study investigates the relationships among these variables. The results indicate that both compensation and motivation are rated positively, and employee performance is also satisfactory. These results indicate that both compensation and motivation substantially influence employee performance. Hence, assessing and improving compensation and motivation at IEF Islamic Boarding School Sirnamiskin is essential for further enhancing teacher performance.

Keywords: *Compensation, Motivation, Employee Performance*

Submitted: 2024-08-09; Revised: 2024-09-17; Accepted: 2024-09-23

1. Introduction

The Islamic Education Foundation (IEF) Islamic Boarding School Sirnamiskin is facing challenges with employee performance, which is crucial for the school's educational effectiveness. These challenges are evident from the summary results of the employee performance evaluations conducted annually to assess individual staff contributions. However, the current literature does not adequately address the specific issues at hand, and the research lacks clarity in distinguishing between gap analysis and the underlying problems.
evaluation standards over the past three years:

Table 1. Employee Performance Evaluation Standards Over the Last Three Years.

Employee Performance Evaluation Scores	2020	2021	2022
91-100	0%	7,14%	9,09%
81-90	57,50%	52,30%	54,55%
71-80	42,50%	40,48%	36,36%
61-70	0%	0%	0%
≤60	0%	0%	0%
Total	100%	100%	100%

Source: IEF Islamic Boarding School Sirnamiskin (2023)

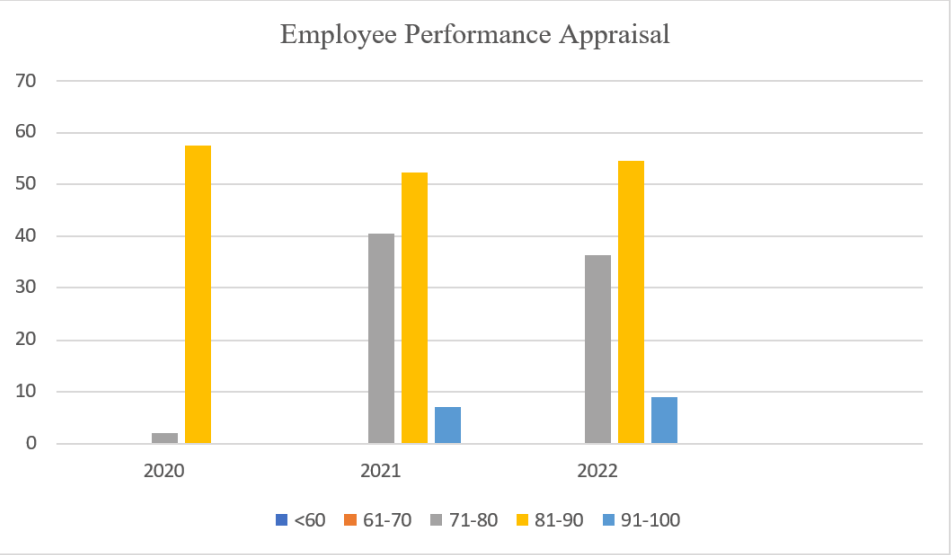

Figure 1. Employee Performance Evaluation Score
Source: IEF Islamic Boarding School Sirnamiskin (2023)

Based on Table 1. above, it is evident that the number of employees whose performance falls under the 'excellent' criteria increased from 7.14% in 2021 to 9.09% in 2022. Furthermore, in the 'good' criteria, employee performance evaluations experienced fluctuations each year, with a decrease of 4.2% from 2020 to 2021 and an increase of 2.25% from 2021 to 2022. Then, in the 'sufficient' criteria, there was a decrease from year to year, initially at 42.50% in 2020 and eventually at 36.36% in 2022. This presentation shows fluctuations in employee performance evaluations at IEF Ponpes Sirnamiskin, and this can be described as an inconsistency in employee performance.

Some of the compensations provided by the school includes a salary, an annual bonus of Rp 350,000 for high-performing employees, a holiday allowance (THR) of Rp 200,000, and an annual recreation if funds are available. The salary given to employees is the sum of hourly wages plus a position allowance. Based on data obtained by the researcher from the Foundation, the hourly wages range from Rp 5,500/hour to Rp 8,000/hour. The amount of hourly wage given also depends on the length of service of an employee. The highest position allowance given is Rp 550,000 for the principal and vice-principal, and the lowest is Rp 150,000 for class teachers. The smallest total salary received by employees at IEF Islamic Boarding School Sirnamiskin is Rp 88,000, and the largest is Rp 1,100,000. It is known that the minimum wage (UMK) for Bandung City in 2023 is Rp 4,048,462 (Burhanudin, 2023). In comparison, even the highest salary received by employees at IEF Islamic Boarding School Sirnamiskin is still far below the minimum wage for Bandung City.

To determine the level of employee motivation at the Islamic Education Foundation (IEF) Islamic Boarding School Sirnamiskin, the researcher used employee absenteeism data. Motivated employees have a low absenteeism rate. They are motivated to come to work, contribute, and achieve goals (Aprilia, 2023). Below is a summary table of employee absenteeism from 2020 to 2022:

Table 2. Summary of Employee Absenteeism from 2020-2022

Year	Absenteeism Percentage
2020	5,40%
2021	4,81%
2022	6,86%

Source: IEF Islamic Boarding School Sirnamiskin (2023)

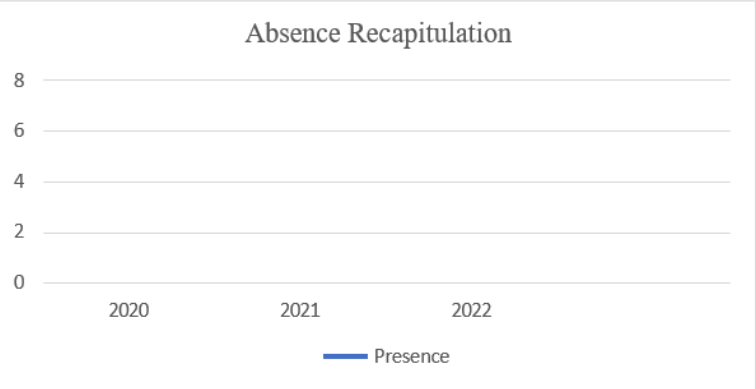

Figure 2. Recapitulation of Figure Absences
Source: IEF Islamic Boarding School Sirnamiskin (2023)

Based on Table 2. above, it is evident that the number of employee absences from 2020 to 2022 varied each year. The absenteeism rate in 2020 was 5.40%, then decreased in 2021 to 4.81%, and experienced the highest increase in the last three years, reaching 6.86%. This proves that employee attendance at the school cannot yet be considered satisfactory.

Thus, motivation and compensation are factors that influence teacher performance. Motivation and compensation are crucial for a teacher to effectively convey knowledge andskills to their students. Compensation is given as a form of appreciation for the effort in performing a task or job (Windasari & Yahya, 2019).

2. Literature Review

2.2. Compentation

According to Kasmir (2016:233), compensation is what a company provides to its employees, both in financial and non-financial types. Compensation, in principle, is the result of the sale of employee labor to the company (Hamali, 2016:79-80). Compensation is the reward given by an entity to a party that has contributed to the entity's operational processes (Kristanti, et al.,2023:155). This means that compensation is a reward for the contributions employees have implemented within the company in achieving a goal. Compensation can be in the form of financial rewards or non-financial. For the company, compensation is a liability that must be paid, while for employees, compensation is a right that must be received. The amount of compensation should be fair and equitable according to the effort expended by the employee.

2.3. Motivation

Motivation is the force within an individual (Hamali, 2016:133). Motivation is the drive that induces actions in the form of attitudes and behaviors arising from psychological processes

(Sumardjo & Priansa, 2018:140). Motivation refers to the process that describes the ability to provide encouragement, direct, and sustain a person's efforts in achieving desired goals (Robbins & Judge, 2015). Motivation is an internal force within an individual that drives them to reach specific objectives. This drive can influence performance outcomes depending on the conditions being faced.

2.4. Employee Performance

Performance is the outcome of an individual's work and behavior over a specific period (Kasmir, 2016:182). Performance pertains to the outcomes of one's work related to organizational strategic goals, customer satisfaction, and contributions to the economy (Hamali, 2016:98). Performance is something that can be observed and is concretely performed by an individual, including the actions and behaviors necessary to achieve organizational goals (Sedarmayanti, 2017:285-286). Therefore, performance refers to an employee's actions and behavior in completing their tasks and responsibilities. The outcomes of the work must meet the established standards.

Conceptual Framework

The conceptual framework is created by the researcher to facilitate the reader's understanding of the concepts within this research. Below provides a summary of the research framework.

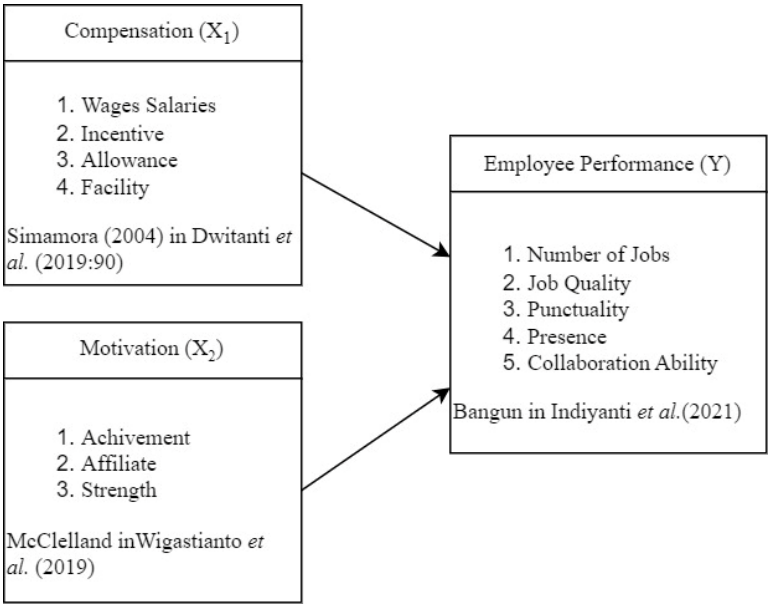

Figure 3. Conceptual Framework
Source: Data Processing (2023)

Research Hyphotesis

a. H1: Compensation has a major impact on employee performance at the Islamic Education Foundation of Islamic Boarding School
b. H2: Motivation has a major impact on employee performance at the Islamic Education Foundation of Islamic Boarding School Sirnamiskin.

3. Research Method

This study is a quantitative research. Descriptive research is conducted to provide a detailed description of a phenomenon or phenomenon. This study is conducted cross-sectionally, meaning it is conducted at a specific point in time. No further research will be conducted at another time for comparison (Kusumastuti, et al., 2020:4).

The research location is The Islamic Education Foundation (IEF) Sirnamiskin Islamic Boarding School. According to Sugiyono (2019:61), population refers to a defined group of objects or subjects with specific attributes and quantities, as determined by the researcher, for the purpose of study and drawing conclusions. This study uses a population of 110 people, comprising all employees consisting of educators and educational staff at YPI Pondok Pesantren Sirnamiskin. The sampling method applied in this study is nonprobability sampling. According to Sugiyono (2019:63-67), nonprobability sampling is a sampling method where not all members of the population have an equal opportunity to be selected for the sample. The technique used is saturated sampling or total sampling. Therefore, the sample used in this study is all employees consisting of educators and educational staff at the Islamic Education Foundation (YPI) Pondok Pesantren Sirnamiskin, totaling 110 people.

Data collection is conducted to obtain the information needed to achieve the research objectives (Bahri, 2018:85-93). In this study, the researcher conducted interviews to collect information with Mrs. Diah Wulandari as the Deputy Principal for Curriculum at Madrasah Aliyah Sirnamiskin and Mr. Agus Firmansyah as the Deputy Principal for Curriculum at Madrasah Tsanawiyah Sirnamiskin. These interviews were used by the researcher to understand the phenomena occurring at YPI Pondok Pesantren Sirnamiskin and to obtain data related to these phenomena. Additionally, a questionnaire was used as the primary data source for analysis, designed to facilitate the analysis of responses from the participants. The questionnaire includes personal data showing the characteristics of the respondents and a list of 39 statements covering employee motivation, compensation, and performance.

According to Bahri (2018:81-82), based on the source of collection or method of acquisition, data is classified into two categories, primary data and secondary data. Primary data is information collected directly from the original source, without the involvement of intermediaries. This data collection is conducted directly by the researcher to answer the research questions. There are three methods for collecting primary data: interviews, questionnaires, and observations. Interviews and questionnaires are also known as survey methods. Secondary data is information gathered indirectly through intermediaries. This data comes from existing sources or data collected by others. Typically, this data consists of company records, both published and unpublished, and is collected using documentation techniques.

4. Results and Discussion

Verificative Analysis

This verificative analysis includes the development of a structural equation model, which will then be assessed using the PLS-SEM method. Hair et al. (2019) state that the PLS-SEM method allows for the estimation of complex models that include numerous constructs, indicator variables, and structural paths, without requiring assumptions about data distribution. The PLS-SEM model applied in this study is shown below.

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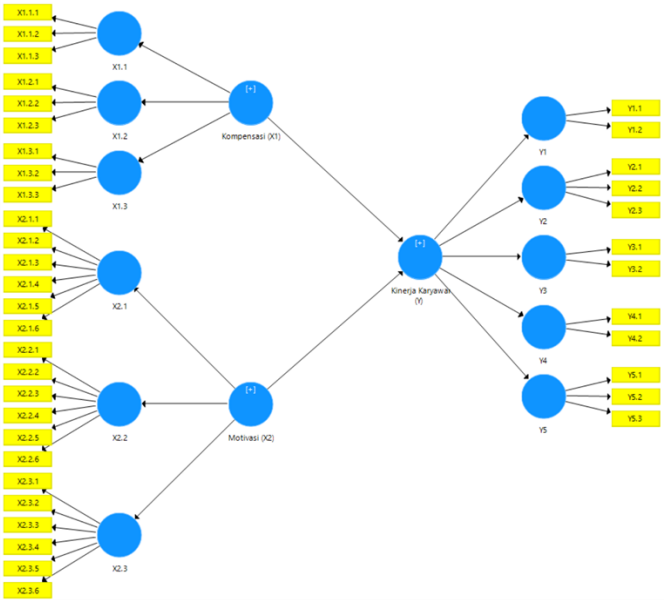

Figure 4. PLS-SEM Conceptual Model Diagram

The estimation process of the model above is performed using the SmartPLS 3.0 software application. Below are the results of the PLS-SEM testing

Outer Model Test (Measurement Model)

Convergent Validity

The initial phase involves assessing the criteria for convergent validity, which examines construct validity. An indicator is considered to have strong validity if its loading factor is greater than 0.70. However, for models still in the development stage, a loading factor of 0.60 may be acceptable (Ghozali, 2014, p. 39). The initial output according to the estimation results obtained from the SmartPLS 3.0 software is as follows.

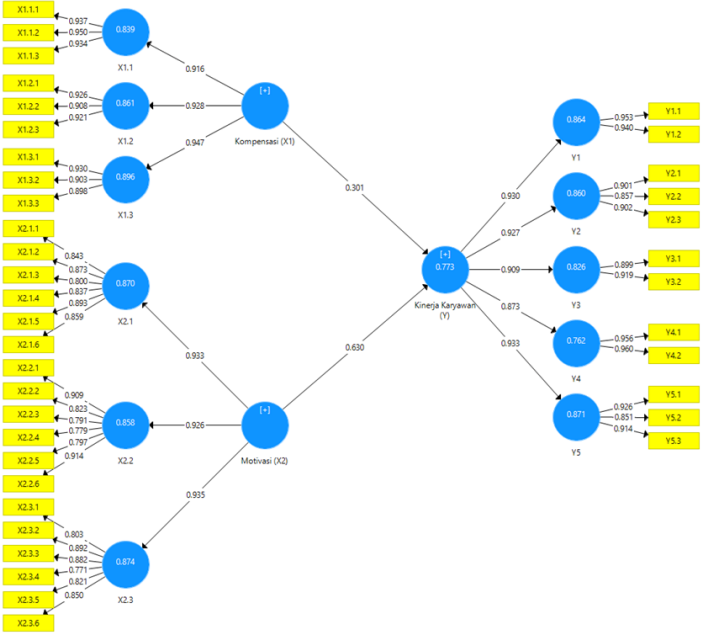

Figure 5. Diagram of Loading Factor Values Outer Evaluation

Source: Data Processing (2023)

The test results revealed that all the manifest (observed) variables have loading factor values exceeding 0.70. As a result, the SEM-PLS model is considered to have strong construct validity. The table below presents the detailed loading factor values for the model.

Table 3. Loading Factor

Indicator	Loading Factor	R critics	Criterion (Loading Factor ≥ 0,7)
X1.1.1 <- X1.1	0,937	0,7	Valid
X1.1.2 <- X1.1	0,950	0,6	Valid
X1.1.3 <- X1.1	0,934	0,6	Valid
X1.2.1 <- X1.2	0,926	0,6	Valid
X1.2.2 <- X1.2	0,908	0,6	Valid
X1.2.3 <- X1.2	0,921	0,6	Valid
X1.3.1 <- X1.3	0,930	0,6	Valid
X1.3.2 <- X1.3	0,903	0,6	Valid
X1.3.3 <- X1.3	0,898	0,6	Valid
X2.1.1 <- X2.1	0,843	0,6	Valid
X2.1.2 <- X2.1	0,873	0,6	Valid
X2.1.3 <- X2.1	0,800	0,6	Valid
X2.1.4 <- X2.1	0,837	0,6	Valid
X2.1.5 <- X2.1	0,893	0,6	Valid
X2.1.6 <- X2.1	0,859	0,6	Valid
X2.2.1 <- X2.2	0,909	0,6	Valid
X2.2.2 <- X2.2	0,823	0,6	Valid
X2.2.3 <- X2.2	0,791	0,6	Valid
X2.2.4 <- X2.2	0,779	0,6	Valid
X2.2.5 <- X2.2	0,797	0,6	Valid
X2.2.6 <- X2.2	0,914	0,6	Valid
X2.3.1 <- X2.3	0,803	0,6	Valid
X2.3.2 <- X2.3	0,892	0,6	Valid
X2.3.3 <- X2.3	0,882	0,6	Valid
X2.3.4 <- X2.3	0,771	0,6	Valid
X2.3.5 <- X2.3	0,821	0,6	Valid
X2.3.6 <- X2.3	0,850	0,6	Valid
Y1.1 <- Y1	0,953	0,6	Valid
Y1.2 <- Y1	0,940	0,6	Valid

Y2.1 <- Y2	0,901	0,6	Valid
Y2.2 <- Y2	0,857	0,6	Valid
Y2.3 <- Y2	0,902	0,6	Valid
Y3.1 <- Y3	0,899	0,6	Valid
Y3.2 <- Y3	0,919	0,6	Valid
Y4.1 <- Y4	0,956	0,6	Valid
Y4.2 <- Y4	0,960	0,6	Valid
Y5.1 <- Y5	0,926	0,6	Valid
Y5.2 <- Y5	0,851	0,6	Valid
Y5.3 <- Y5	0,914	0,6	Valid

Source: Data Processing (2024)

Table 3 presents the loading factor values for each construct related to each variable. The table indicates that all loading factors are above 0.7, demonstrating that each construct in the study has strong validity.

Next, the average variance extracted (AVE) will be examined to further validate the results of convergent validity. According to the criterion by Hair et al. (2019), constructs are deemed valid if the AVE value is greater than 0.5. The results of the average variance extracted test, as determined by, are provided below the PLS 3.0 program:

Table 4. Average Variance Extracted Value

Latent	Average Variance Extracted (AVE)	R critics	Criterion (AVE ≥ 0,5)
X1.1	0,884	0,5	Valid
X1.2	0,843	0,5	Valid
X1.3	0,829	0,5	Valid
X2.1	0,725	0,5	Valid
X2.2	0,701	0,5	Valid
X2.3	0,702	0,5	Valid
Y1	0,895	0,5	Valid
Y2	0,787	0,5	Valid
Y3	0,826	0,5	Valid
Y4	0,918	0,5	Valid
Y5	0,805	0,5	Valid
Compensation (X1)	0,736	0,5	Valid
Motivation (X2)	0,614	0,5	Valid
Employee Performance (Y)	0,703	0,5	Valid

Source: Data Processing (2024)

Table 4 assesses convergent validity through the average variance extracted (AVE) values. The results show that all latent variables have AVE values above 0.5, indicating that the indicators

forming the latent constructs demonstrate strong convergent validity according to the AVE values.

Discriminant Validity Test

This testing process is conducted to evaluate how well a construct is distinguished from other constructs. Discriminant validity is evaluated using the Fornell-Larcker Criterion, which involves comparing the correlations between variables or constructs with the square root of the Average Variance Extracted (√AVE). A construct is considered to have strong AVE values if the square root of the AVE for each latent variable surpasses its correlations with other latent variables. The following table presents the Fornell-Larcker Criterion:

Table 5. Fornell Larcker Criterion

	X1.1	X1.2	X1.3	X2.1	X2.2	X2.3	Y1	Y2	Y3	Y4	Y5
X1.1	**0,940**										
X1.2	0,751	**0,918**									
X1.3	0,803	0,841	**0,910**								
X2.1	0,643	0,758	0,752	**0,851**							
X2.2	0,457	0,601	0,617	0,793	**0,837**						
X2.3	0,631	0,709	0,688	0,806	0,804	**0,838**					
Y1	0,631	0,670	0,683	0,794	0,728	0,808	**0,946**				
Y2	0,641	0,679	0,714	0,779	0,693	0,758	0,847	**0,887**			
Y3	0,694	0,659	0,732	0,782	0,666	0,773	0,836	0,878	**0,909**		
Y4	0,586	0,688	0,648	0,657	0,553	0,695	0,729	0,732	0,688	**0,958**	
Y5	0,564	0,701	0,643	0,777	0,680	0,762	0,845	0,771	0,778	0,853	**0,897**

Source: Data Processing (2024)

The results of the discriminant validity test using the Fornell-Larcker criterion indicate that the square root of the AVE (√AVE) for each construct is higher than its correlations with other constructs. Additionally, discriminant validity can be assessed through cross-loading analysis, which compares the correlations of indicators with their respective constructs against their correlations with other constructs. For discriminant validity to be considered valid, the correlation coefficients of indicators with their respective constructs should be higher than their correlations with other constructs. Below are the results of the cross-loading analysis from the research data:

Table 6. Cross Loading Discriminant Validity Test Values

	X1.1	X1.2	X1.3	X2.1	X2.2	X2.3	Y1	Y2	Y3	Y4	Y5
X1.1.1	**0,937**	0,693	0,744	0,694	0,490	0,671	0,634	0,627	0,674	0,527	0,544
X1.1.2	**0,950**	0,694	0,719	0,505	0,339	0,537	0,508	0,540	0,589	0,519	0,459
X1.1.3	**0,934**	0,729	0,799	0,614	0,459	0,572	0,636	0,638	0,692	0,605	0,586
X1.2.1	0,644	**0,926**	0,753	0,671	0,500	0,605	0,627	0,640	0,599	0,635	0,647
X1.2.2	0,718	**0,908**	0,748	0,718	0,599	0,706	0,619	0,609	0,617	0,600	0,646
X1.2.3	0,704	**0,921**	0,813	0,699	0,556	0,641	0,601	0,621	0,599	0,658	0,637
X1.3.1	0,711	0,750	**0,930**	0,679	0,551	0,591	0,599	0,628	0,659	0,571	0,579
X1.3.2	0,682	0,797	**0,903**	0,675	0,581	0,613	0,594	0,608	0,641	0,576	0,591

X1.3.3	0,797	0,749	**0,898**	0,700	0,552	0,675	0,672	0,711	0,699	0,622	0,585
X2.1.1	0,547	0,586	0,578	**0,843**	0,637	0,703	0,647	0,692	0,640	0,644	0,674
X2.1.2	0,550	0,682	0,632	**0,873**	0,676	0,664	0,701	0,709	0,700	0,556	0,677
X2.1.3	0,572	0,583	0,614	**0,800**	0,595	0,653	0,673	0,623	0,712	0,479	0,588
X2.1.4	0,523	0,664	0,610	**0,837**	0,664	0,681	0,614	0,613	0,593	0,506	0,632
X2.1.5	0,523	0,670	0,692	**0,893**	0,780	0,756	0,762	0,733	0,735	0,616	0,764
X2.1.6	0,577	0,685	0,712	**0,859**	0,684	0,656	0,652	0,604	0,616	0,546	0,623
X2.2.1	0,247	0,455	0,456	0,680	**0,909**	0,669	0,627	0,582	0,586	0,451	0,610
X2.2.2	0,330	0,466	0,454	0,583	**0,823**	0,586	0,539	0,493	0,486	0,419	0,533
X2.2.3	0,536	0,662	0,672	0,768	**0,791**	0,797	0,740	0,733	0,717	0,648	0,694
X2.2.4	0,420	0,481	0,499	0,643	**0,779**	0,620	0,536	0,526	0,473	0,412	0,487
X2.2.5	0,375	0,444	0,471	0,585	**0,797**	0,596	0,528	0,487	0,439	0,318	0,462
X2.2.6	0,377	0,493	0,525	0,698	**0,914**	0,737	0,657	0,625	0,604	0,491	0,599
X2.3.1	0,646	0,641	0,598	0,648	0,599	**0,803**	0,692	0,657	0,680	0,656	0,593
X2.3.2	0,438	0,584	0,521	0,733	0,743	**0,892**	0,693	0,604	0,629	0,584	0,716
X2.3.3	0,553	0,635	0,622	0,762	0,682	**0,882**	0,717	0,694	0,708	0,596	0,731
X2.3.4	0,481	0,537	0,507	0,577	0,681	**0,771**	0,558	0,588	0,514	0,458	0,458
X2.3.5	0,443	0,618	0,591	0,645	0,633	**0,821**	0,655	0,608	0,629	0,595	0,681
X2.3.6	0,621	0,551	0,624	0,672	0,697	**0,850**	0,739	0,660	0,719	0,605	0,633
Y1.1	0,596	0,669	0,654	0,783	0,726	0,789	**0,953**	0,849	0,816	0,759	0,863
Y1.2	0,599	0,596	0,638	0,717	0,648	0,738	**0,940**	0,748	0,763	0,612	0,729
Y2.1	0,523	0,561	0,568	0,601	0,527	0,573	0,707	**0,901**	0,785	0,573	0,648
Y2.2	0,629	0,582	0,673	0,710	0,609	0,693	0,744	**0,857**	0,793	0,589	0,602
Y2.3	0,555	0,658	0,657	0,757	0,699	0,746	0,799	**0,902**	0,761	0,773	0,789
Y3.1	0,598	0,556	0,688	0,641	0,520	0,632	0,739	0,735	**0,899**	0,546	0,677
Y3.2	0,661	0,638	0,646	0,775	0,682	0,766	0,779	0,855	**0,919**	0,698	0,735
Y4.1	0,532	0,610	0,576	0,591	0,485	0,651	0,682	0,698	0,647	**0,956**	0,759
Y4.2	0,590	0,705	0,665	0,666	0,572	0,681	0,714	0,706	0,672	**0,960**	0,873
Y5.1	0,596	0,704	0,662	0,740	0,647	0,731	0,814	0,747	0,747	0,811	**0,926**
Y5.2	0,477	0,563	0,512	0,619	0,567	0,645	0,712	0,617	0,651	0,736	**0,851**
Y5.3	0,440	0,614	0,549	0,728	0,614	0,674	0,746	0,706	0,693	0,748	**0,914**

Source: Data Processing (2024)

Table 6 illustrates that all indicators have stronger correlations with their respective constructs than with other constructs. Therefore, it can be concluded that the research model demonstrates strong discriminant validity based on the cross-loading test.

Reliability Test

Cronbach's Alpha and Composite Reliability are utilized to assess the reliability of constructs. A construct is considered reliable if its Cronbach's Alpha and Composite Reliability values exceed 0.70 (Hair et al., 2017). However, values above 0.60 can still be regarded as reliable. The results of the reliability test, obtained using Smart PLS 3.0 software, are presented below.

Table 7. Cronbach's Alpha and Composite Reliability Values

Latent Variable	Cronbach's Alpha	Composite Reliability
X1. 1	0,934	0,958
X1. 2	0,907	0,942
X1. 3	0,897	0,936
X2. 1	0,924	0,940
X2. 2	0,914	0,933
X2. 3	0,914	0,934
Y 1	0,883	0,945
Y 2	0,865	0,917
Y 3	0,790	0,905
Y 4	0,911	0,957
Y5	0,879	0,925
Compentation (X1)	0,955	0,962
Motivation (X2)	0,963	0,966
Employee Performance (Y)	0,961	0,966

Source: Data Processing (2024)

According to Table **7.** the latent constructs have Cronbach's alpha values exceeding 0.7, demonstrating their strong reliability. Additionally, all latent constructs have composite reliability values exceeding 0.70. These results indicate that the model demonstrates good reliability according to both Cronbach's Alpha and composite reliability values.

Structural Model Testing (Inner Model) R Square

Next, based on the testing results with SmartPLS 3, the obtained R Square values are as follows.

Table 8. R-Square

	R Square	Relationship
Employee Performance (Y)	0,773	Strong

Source: Data Processing (2024)

Chin (1998), as cited in Yamin and Kurniawan (2011, p. 21), suggests that an R-Square value of 0.67 represents a strong model, 0.33 indicates a moderate model, and 0.19 signifies a weak model. As shown in Table 4.37, the R-Square value for the employee performance variable is 0.773, indicating that compensation and motivation account for 77.3% of the influence on employee performance, with the remaining 22.7% being influenced by other factors not covered in this study.

f-Square

Next, the f-Square values are examined. An f Square value of 0.02 indicates a small effect size, 0.15 represents a medium effect size, and 0.35 signifies a large effect size (Cohen, 1988, as cited in Yamin and Kurniawan, 2011, p. 21). The f Square results obtained using SmartPLS 3 are as follows.

Table 9. f-Square

Variable	Size Effect	Rating
Compensation (X1)	0,172	Moderate
Motivation (X2)	0,755	Big

Source: Data Processing (2024)

Q^2 Predictive Relevance

The Q-square test assesses how well the model's predicted values align with its parameter estimates. A Q-square value greater than 0 indicates that the model has predictive relevance, while a value below 0 suggests limited predictive relevance (Cohen, 1988, as cited in Yamin and Kurniawan, 2011, p. 21). The Q-square value, calculated using the R2 values from the table above, is as follows:

Table 10. Q^2 Predictive Relevance

	SSO	SSE	Q^2 (=1-SSE/SSO)
Compensation (X1)	990,000	990,000	
Motivation (X2)	1980,000	1980,000	
Employee Performance (Y)	1320,000	622,346	**0,529**

Source: Data Processing (2024)

The calculations indicate that the Q-square value is above 0, demonstrating that the observed values have been accurately reconstructed and that the model possesses predictive relevance. This means that the structural model explains 52.9% of the observed measurements of the endogenous latent variables, while the remaining 47.1% is attributed to model error.

Goodness of Fit (GoF)

This index is used to assess both the measurement and structural models, offering a straightforward measure of the model's overall predictive capability. A GoF value of 0.10 is regarded as small, 0.25 as medium, and 0.36 as large. The GoF index is determined by calculating the square root of the average communality index and the average R-square values, as detailed below:

$$GoF = \text{Avrg}\sqrt{\text{AVE} \times \text{Avrg } R^2}$$
$$= 0{,}783\sqrt{\times\ 0{,}846}$$
$$= 0{,}814$$

The calculations above show a GoF value of 0.814, indicating that it falls within the high (large) category.

Hypothesis Testing

In this study, hypothesis testing is conducted by analyzing path coefficient values, t-values, and p-values. To evaluate significance and prediction, the path coefficient values and t-values should be examined (Kock, N., 2016). According to Kock (2016), p-values are also used to assess prediction and significance. The t-table values are presented in the following table:

Table 11. T-table Values

	Two-tailed
t-table	1,96

According to Kock, N. (2016), with a 95% confidence level (alpha 5%), one-tailed, the t-table values are as follows:

1. If the t-statistic value ≥ 1.96 (used for direct effects), then H0 is rejected and H1 is accepted.
2. If the t-statistic value < 1.96 (used for direct effects), then H0 is accepted and H1 is rejected

The significance of the relationship between the variables is indicated by the values on the arrows connecting one variable to the target variable.

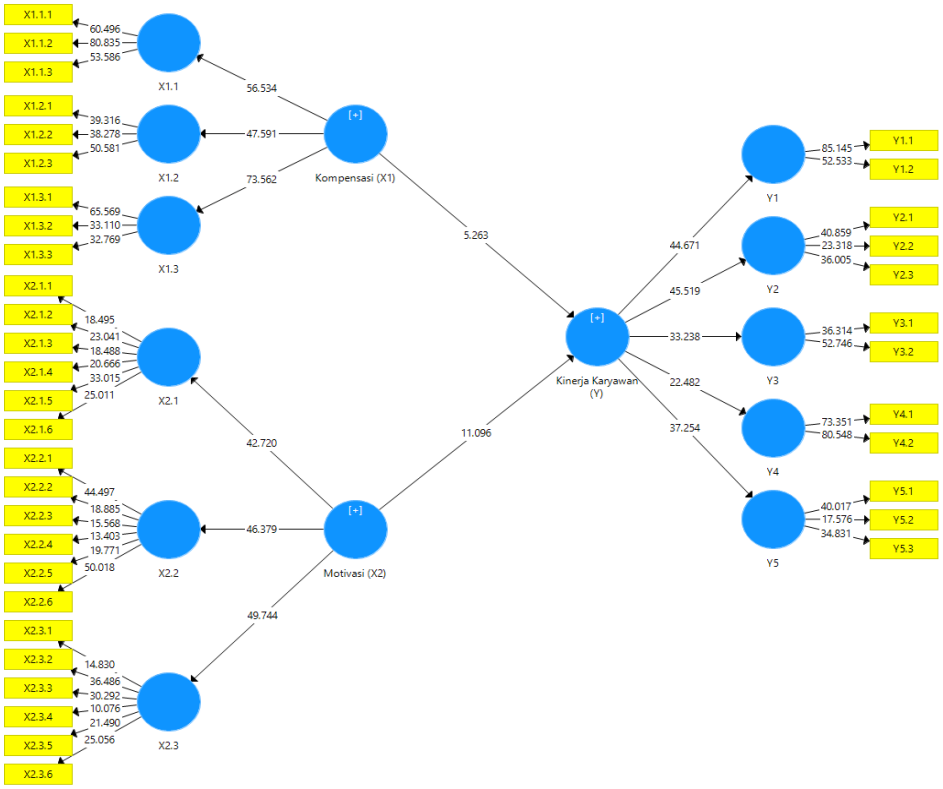

Figure 6. Significance Values (t-statistics)
Source: Data processing output using SmartPLS (2024)

The first hypothesis of this research proposes: "Compensation significantly impacts employee performance at the Sirnamiskin Islamic Education Foundation."
The Original Sample (O) value obtained is 0.301, suggesting a positive effect of compensation on employee performance. In other words, improved compensation leads to better employee performance. This impact is significant, as indicated by a t-statistic value of 5.263, which is greater than the t-table value (5.263 > 1.96), and a p-value of 0.000, which is below the 5% alpha level (0.05). Therefore, H1.1 is accepted, **meaning that compensation has a significant effect on employee performance at the Sirnamiskin Islamic Education Foundation.**

The second research hypothesis suggests: "Motivation has a significant impact on employee performance at the Sirnamiskin Islamic Education Foundation." The Original Sample

(O) value of 0.630 indicates a positive effect of motivation on employee performance, meaning that higher motivation leads to improved performance. This effect is significant, as demonstrated by a t- statistic value of 11.096, which surpasses the t-table value (11.096 > 1.96), and a p-value of 0.000, which is below the 5% alpha level (0.05). Therefore, H1.2 is accepted, meaning that **motivation has a significant effect on employee performance at the Sirnamiskin Islamic Education Foundation**

5. Conclusion

In summary, the comprehensive analysis and calculations presented in this study highlight that the Sirnamiskin Foundation excels in several key areas related to employee management. The evaluation reveals that both compensation and motivation are robust, reflecting positively in employee performance, which also ranks highly. Notably, the data underscores the critical role that both compensation and motivation play in enhancing employee performance. This alignment suggests that the Foundation's effective strategies in these domains are contributing to a productive and motivated workforce. Moving forward, it will be essential for the Sirnamiskin Foundation to continue leveraging these strengths while exploring further improvements to sustain and enhance overall organizational success. To enhance the overall efficacy of the Sirnamiskin Foundation's employee management practices, a multifaceted approach is essential. For compensation, it is crucial to develop detailed job descriptions, align salaries with regional benchmarks and legal standards, and offer additional benefits and facilities that support productivity. Motivation can be significantly improved by setting clear and attainable targets, acknowledging achievements, providing constructive feedback, and fostering a respectful and supportive work environment. Lastly, optimizing employee performance requires well-structured work plans, regular feedback, and effective communication. By implementing these recommendations, the Sirnamiskin Foundation can further bolster its strengths in compensation, motivation, and performance, thereby fostering a more productive and engaged workforce.

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