

Effect Of Compensation On Employee Performance Through Spirit of Work As a Variabel Of Mediation Case Study in Employees Of Education Institution

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Abstract

This study analyzes compensation and its effect on employee performance, where morale is used as a mediating variable. This research uses a case study method for employees of educational institutions in Purwokerto. Respondents from this study were 74 employees from management level to staff level. This study uses data analysis techniques namely PLS (Partial Least Square) analysis using Smart PLS 3.0. The results showed that compensation has a significant positive effect on morale, morale has a significant positive effect on employee performance, compensation has no significant effect on employee performance, and compensation has a significant effect on employee performance through morale.

Keywords: *compensation, employee performance, and spirit of work.*

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1. INTRODUCTION

Today competition between the educational organization, in this case, the university demanding that each university can provide quality service to the large scale community. Universities are required to work optimally to bring hope for high-quality educational services that are easily accessible by the public. To improve the quality of the learning process and progress within the university organization supported by the presence of employees who work professionally. In other words, employees must not only increase their knowledge but also have good performance in their university organization.

Employees as human resources are the most important factors among other factors of production in the organization because human resources plan, implement, and control every activity of the organization to achieve goals. Workers or employees cannot and should not be equated with factory equipment or machines because workers are people who have diverse personalities that can affect employee performance. The fact is often found that

in conditions of work requirements have been met, employee performance is still felt to be too low. Even always looking for reasons that low employee performance due to limited resources owned by the company or employee dissatisfaction.

[1] Spirit of work is the ability of a group of people to collaborate actively and consistently in pursuing common goals. One indication of work morale is the ability or willingness of each individual or group of people to cooperate actively and with discipline and full responsibility accompanied by volunteerism and willingness to achieve organizational goals. The working spirit is the desire and sincerity of someone to do well and be disciplined to achieve maximum work performance [2]

Many factors affect morale including compensation and performance. Compensation is any form provided by the company to employees for the sacrifice of the employee concerned. This employee sacrifice takes the form of performance services, costs, and the effort that is spent to achieve certain goals set by the company [3]. At an

organization, compensation is a very important role because compensation is a form of cost that must be incurred by the company in the hope that the company will get rewards in the form of work performance from employees [4]

[5] Stated compensation is a network of various sub-processes to provide compensation to employees for the implementation of work and motivate employees to achieve the desired level of achievement. To retain good employees, compensation programs need to be made, so that potential employees will feel valued and are willing to stay in the company [6].

Research on workforce factors in the industry has been carried out by several researchers. [7] from the results of his research, that the compensation variable has a significant effect on the spirit of work. Spirit of work can be influenced by performance [2]. From the result of his research, the variable spirit of work has a significant effect on performance.

This study aims to develop from previous research, where researchers have conducted the first study in 2018 with the title Does Procedural Justice and Distributive Justice Can Mediate Job Satisfaction in Organizational Commitment. The second study in 2019 with the title Does Job Satisfaction Can Mediate the Leadership Style and Organizational Commitment. Case Study at Universitas Muhammadiyah Purwokerto. In this study, researchers chose the compensation variable because it always had a significant effect on industrial companies.

The researcher chose the compensation variable because it always had a significant effect on industrial companies and added a work of spirit as a mediating variable. This study interested in conducting research using the compensation and spirit of work variables as mediating variables because they are still rarely studied by educational organizations. Therefore we chose work of spirit as a mediating variable to better know the occurs in an educational organization.

Based on the description that has been stated in the objectives and objective research, the hypothesis proposed is:

H1 : Compensation has a positive effect on the work of the spirit

H2 : The Work of spirit has a positive effect on performance

H3 : Compensation has a positive effect on performance

H4 : The Work of Spirit can mediate the effect of compensation performance

2. METHOD

The approach used in this research is the quantitative approach. This study uses a survey method and uses a self-report questionnaire given to respondents, namely employees in educational institutions in Purwokerto. Respondents in this study were 74 employees from management level to staff level. This study uses data analysis, namely Partial Least Square (PLS) analysis.

Compensation

Someone who has collaborated in a company/organization is often referred to as human resources. The company/organization should give rights to the members of the company/organization in the form of compensation or compensation. Everything that an employee receives from that company is called compensation.

Compensation according to [8] "Compensation is the overall arrangement of providing compensation for employees and managers in the form of both financial and goods and services received by each employee".

Employee Performance

Performance is a function of motivation and ability to complete tasks or work. A person should have a certain degree of willingness and ability. A person's willingness and skills are not effective enough to do something without a clear understanding of what is done and how to do it. Performance is a real behavior that is displayed by everyone as a work achievement generated by employees by their roles and institutions. Employee performance is the work of quality and quantity achieved by an employee in carrying out their duties by the responsibilities given to him [9]

The Work of Spirit

Work of spirit is the mental attitude of an individual or group that shows enthusiasm to carry out his work so that it encourages to be able to work together and be able to complete tasks on time with a sense of responsibility towards the work assigned to him.

[10] states that the work of the spirit is the desire and sincerity of someone to do well and be disciplined to achieve maximum work performance [1], a Work of spirit is the ability of a group of people to work together actively and consistently in pursuing shared goals.

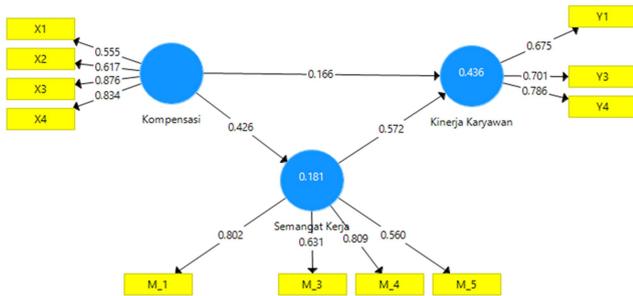
3. RESULT

Partial Least Square Analysis

Based on calculation with Smart PLS 3.0 software the following values are obtained:

a. Convergence Test Validity

In the convergence test validity of indicators that have values, less than 0,500 must be excluded from the model because they are considered to be unreliable and insignificant. After that, a re-estimation of the model is performed. The result obtained from this study are all indicators of variables that have a value of more than 0.500 can be used to be used as a measurement tool.



b. Discriminant Validity Test

Discriminant validity refers to the degree of discrepancy between attributes that should not be measured by the measuring instrument and theoretical concepts about the variable. Discriminant validity can be said to be achieved if the AVE value is graters than 0.500.

Table 1. Discriminant Validity Test

Variable	AVE
Employee Performance	0,522
Compensation	0,538
Spirit of work	0,503

c. Composite Reliability Test

A composite reliability test is performed to test the reliability of the research variables. The composite reliability test results can be seen in Table 2.

Table 2. Composite Reliability Test

	Composite Reliability
Employee Performance	0.765
Compensation	0.818
Spirit of work	0.798

The reliability composite test is said to be reliable if the composite reliability value is graters than 0.700. Based on the data in Table 3, it can be seen that composite reliability values of employee

performance, compensation, and spirit of work are greater than 0.700. That means the variables of employee performance, compensation of spirit of work are declared reliable.

d. Structural Model Analysis

The structural model analysis is done by evaluating the results of estimated path coefficient parameters and their level of significance. The test results for the significance of the path coefficient of each variable can be seen in Table 3 an indirect effect in Table 4.

Table 3. Parameter Coefficient and Statistical Values among Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Compensation-> Employee Performance	0,166	0,176	0,107	1,551	0,122
Compensation-> Spirit of work	0,426	0,452	0,155	2,755	0,006
Spirit of work -> Employee Performance	0,572	0,572	0,134	4,276	0,000

Table 4. Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Compensation -> Spirit of work -> Employee Performance	0,244	0,261	0,107	2,277	0,023

4. RESULT

The results of this study aim to determine whether or not there is a partial effect of compensation on employee performance through work morale as a mediating variable.

The significance level of 95% ($\alpha = 0.05$) was used in testing the hypothesis of this study. Based on the results of this research analysis, it was concluded that compensation has a significant positive effect on morale and the first hypothesis states that compensation has a significant positive effect on morale, accepted. The result is a factor loading value at 0.426 which means that 42.6% of morale can be explained by compensation.

The results of the analysis of this study also showed that morale has a significant positive effect on employee performance and the second hypothesis states that morale has a significant positive effect on

employee performance, accepted. The result is a factor loading value of 0.572 which means that 57.2% of employee performance can be explained by work morale.

Based on the results of the analysis of this study, it can be seen that compensation has no significant effect on employee performance, and the third hypothesis stating that compensation has a significant effect on employee performance is not supported.

Based on the results of the analysis of this study is seen Specific Indirect Effect obtained P-Value than smaller than 0.005. It showed that the compensation variable has a significant effect on employee performance through the spirit of work. And the fourth hypothesis states that compensation has a significant effect on employee performance through the spirit of work, was supported.

5. CONCLUSION

Based on the analysis result described, it can be concluded that compensation has a significant positive effect on the work of spirit at the Education Institution. In other words, compensation affects the work of the spirit. Work of Spirit has a significant positive effect on employee performance at Education Institution, in other words, that's mean work of spirit affect employee performance. Compensation has no significant effect on employee performance at Education Institution. This study also provides results that work of the spirit can be a mediating variable of compensation for employee performance. This can explain that compensation can increase the work of spirit and affect employee performance at work.

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