

THE EFFECT OF MOTIVATION AND COMPENSATION ON EMPLOYEE PERFORMANCE AT CV. AIRLANGGA HUTAMA KONSULTAN

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Abstract

The purpose of the study was to analyze the influence of work motivation and compensation on employee performance both partially and simultaneously. The research uses a quantitative approach with an analytical descriptive design. The saturated sample involved 55 employees as respondents. Data was collected through Likert scale questionnaires and company documentation. The analysis technique used validity, reliability, classical assumption test, multiple linear regression, t test, F test, and determination coefficient with SPSS. The results showed that work motivation had a positive and significant effect on employee performance (sig. $0.027 < 0.05$), compensation had a positive and significant effect on employee performance (sig. $0.039 < 0.05$), and work motivation and compensation simultaneously had a significant effect on employee performance with an R^2 value of 0.865 or 86.5%. Companies need to design a fair and transparent compensation system and strengthen motivation programs through competency development and performance rewards to increase employee productivity.

Keywords: Employee Performance, Compensation, Human Resource Management, Work Motivation, Consulting Firm.

A. INTRODUCTION

The development of science, technology, and the economy in the era of globalization is progressing rapidly and encouraging organizations to improve their capacity and competitiveness. In this context, human resources occupy a strategic position as the main determinant that accelerates or hinders the achievement of an organization's targets and institutional orientation.

Without the support of professional, adaptive, and competent human resources, organizations will find it difficult to maintain their existence amid increasingly competitive competition.

In the service industry, particularly consulting services, the role of human resources is becoming increasingly vital because the quality of services provided is highly dependent on employee performance. Employee performance reflects the internal effectiveness of an organization and contributes directly to the company's reputation. Thus, organizations should engineer a conducive and supportive work ecosystem through the management of internal factors such as motivation and compensation.

Work motivation is an intrinsic or extrinsic impulse that initiates individual actions, supports persistence of effort, and directs behavior toward the achievement of predetermined goals. Robbins and Judge (2017) state that motivation is formed from intrinsic elements such as needs and self-satisfaction, as well as extrinsic elements such as rewards and work environment support. Meanwhile, Mangkunegara (2016) emphasizes that motivation has crucial significance in optimizing work effectiveness while improving the quality of task completion in a more precise and effective manner.

In addition to motivation, compensation is also a strategic element in human resource management. Compensation is not only financial, such as wages and incentives, but also non-financial, such as recognition, career development opportunities, and a conducive work environment (Rivai, 2015). Mondy and Noe (2018) explain that an equitable and competitive remuneration scheme can strengthen employee retention, commitment, and performance.

CV. Airlangga Utama Konsultan, as a multidisciplinary consulting services company, faces challenges in managing a diverse workforce, both in terms of employment status (permanent, project-based, contract, freelance, and interns) and educational background. Internal company data shows a downward trend in employee performance during the January–June 2025 period. The average performance score declined consistently from 85 in January to 68 in June 2025. This

decline was evident in the areas of productivity, discipline, work quality, innovation, and compliance with SOPs.

On the other hand, different compensation systems based on employment status and pre-survey motivation results show that most dimensions of motivation fall into the low to moderate category. This condition indicates a potential relationship between motivation, compensation, and declining employee performance. Based on this phenomenon, an empirical study is needed to analyze the effects of motivation and compensation on employee performance at CV. Airlangga Hutama Konsultan, so that a scientific basis can be obtained for formulating more effective HR management policies.

Literature Review

Work motivation can be characterized as the motivating factor that starts and guides individual behavior to achieve specific goals. In Herzberg's Two-Factor Theory, motivational determinants are divided into two spectrums: intrinsic motivators, such as achievement and recognition, and extrinsic hygiene factors, including remuneration and working conditions. High motivation implies increased work enthusiasm, persistence in completing tasks, and an overall improvement in employee performance quality. Earlier research suggests that worker productivity is greatly affected by work motivation (Muslimat, 2022; Pratiwi et al., 2025). However, several studies have also found that low intrinsic motivation can weaken the impact of remuneration regarding execution (Wandi et al., 2022).

Reimbursement encompasses all types of remuneration received by employees for their contributions to the organization. Armstrong and Taylor (2020) emphasize that compensation systems must consider internal fairness and external competitiveness in order to increase job satisfaction and commitment. Research by Dewi and Susila (2020) shows that appropriate compensation can increase productivity and work efficiency. However, an imbalance between workload and rewards can lead to dissatisfaction, which can result in decreased performance.

Staff execution reflects the work output accomplished by people in line with their mandate and responsibilities. Evaluation parameters typically include the quality of work, production volume, timeliness of completion, level of discipline, team collaboration, and consistency in adhering to established procedures.

Previous studies have generally been conducted in the manufacturing sector or formal institutions with homogeneous staffing structures. Studies on project-based service companies with diverse human resource compositions are still relatively limited, making this a relevant research gap for further study.

Research Objectives

This study aims to explore and empirically verify the determination of job inspiration on employee performance at CV. Airlangga Hutama Konsultan. In addition, this study also aims to examine the significance of rewards based on execution achievement in this organization. Furthermore, this study seeks to examine the simultaneous effects of work motivation and compensation on employee performance, so that empirical evidence can be obtained regarding the contribution of these two variables in accelerating the overall effectiveness and productivity of the organization.

Research Hypotheses

Based on previous theoretical studies and research, the hypotheses proposed in this study are:

H1: Work motivation has a significant effect on employee performance.

H2: Compensation has a significant effect on employee performance.

H3: Work motivation and compensation simultaneously have a significant effect on employee performance.

B. METHOD

1. Research Design

This study adopts a quantitative approach with an explanatory design focused on testing the determination of work motivation and compensation on employee performance. The selection of

this approach is based on the research objective, which is to examine the causal relationship between variables through statistical hypothesis verification. In constructing its analytical model, this study positions two independent variables, namely work motivation (X1) and compensation (X2), and one dependent variable, namely employee performance (Y), to identify the contribution of each determinant.

2. Population and Sample

The research population consisted of all 55 employees of CV. Airlangga Hutama Konsultan, comprising various employment statuses such as permanent employees, project employees, contract employees, freelancers, and interns. Considering the relatively limited size of the population, this study applied a saturated sampling technique (census), in which all elements of the population were included as respondents without exception.

3. Data Collection

The data in this study comes from two categories, namely primary data and secondary data. Primary data was collected through the distribution of questionnaires to respondents using a five-point Likert scale, representing a range of responses from strongly disagree (score 1) to strongly agree (score 5). The instrument was designed based on operational indicators for each construct, namely work motivation, compensation, and employee performance. Secondary data was obtained through a review of internal company documents, including performance reports and applicable remuneration system provisions, in order to strengthen the analytical basis and support the interpretation of research results.

4. Measurement of Variables

Work motivation is measured through indicators of responsibility, achievement, development opportunities, recognition, and job challenges. Compensation variables are operationalized through a number of indicators, including salary or wages, incentives, allowances, and work facilities received by employees. Meanwhile, employee performance is evaluated based on the dimensions of job quality, output volume, timeliness of task completion, and team

collaboration effectiveness. All constructs in this research are assessed utilizing a five -category Likert scale as an assessment instrument.

5. Data Analysis Technique

The data underwent analysis through multiple linear regression methods to assess the individual and collective impacts of employee motivation and remuneration on staff productivity. Prior to the hypothesis testing stage, the research tools were initially assessed for validity and reliability, along with traditional hypothesis examination to confirm the model's appropriateness. The hypothesis testing procedure involved a t-test to determine the individual effect of each independent variable, an F-test to evaluate the combined effect, and a coefficient of determination (R^2) to quantify the extent of variation in the dependent variable explained by the model.

C. RESULTS AND DISCUSSIONS

1. Results

CV. Airlangga Utama Konsultan is a diverse consulting company involved in building design, creation, real estate, and building legal services. The business was established on January 26, 2024, and is situated in Dolopo District, Madiun Regency, East Java. Operationally, the company offers services that encompass planning and design to oversight of construction projects for different client sectors. The organization's structure is adaptable, featuring a varied workforce made up of full-time, project-based, contract, freelance, and intern staff. This quality signifies a project-oriented system of work that demands flexible adaptation of management of human resources.

The respondents' characteristics were divided into two primary categories: job status and peak educational attainment.

Table 1. Respondent Characteristics

Karakteristik Responden	Kategori	Jumlah
Status Kepegawaian	Karyawan Tetap	12
	Karyawan Proyek	14
	Karyawan Kontrak	10
	<i>Freelance</i>	9
	Magang	10
Total		55
Pendidikan Terakhir	Sarjana (S1)	15
	Diploma	18
	Mahasiswa	10
	SLTA Sederajat	12
Total		55

Source: Primary Data Processed (2026)

The table indicates that the business primarily employs project-based workers. Most of the participants have vocational education backgrounds, which aligns using the technical aspects of employment in construction consulting.

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		55
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.16029830
Most Extreme Differences	Absolute	.192
	Positive	.192
	Negative	-.182
Test Statistic		.192
Asymp. Sig. (2-tailed)		.260 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data processed with SPSS (2026)

The Kolmogorov-Smirnov test for normality revealed a significance level of 0.260 (>0.05), suggesting that the data followed a normal distribution.

To detect possible multicollinearity, an assessment was performed by analyzing the Tolerance (TOL) and Variance Inflation Factor (VIF) values as indicators tools..

Table 3. Multicollinearity Test Results

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	17.462	2.518		6.936	.000		
	X1	-.024	.055	-.060	-.429	.027	.988	1.012
	X2	.024	.136	.025	.178	.039	.988	1.012

a. Dependent Variable: Y

a. *Dependent Variable: Y*

Source: Data processed with SPSS (2026)

The multicollinearity assessment reveals a acceptance level of 0.988 (>0.10) and a VIF of 1.012 (<10), suggesting that multicollinearity is absent.

The test for heteroscedasticity was performed to determine if there was variation in the residuals at every level of the independent variable within the regression model. In this research, detection was performed using the Glejser technique, which recedes the absolute magnitude of the residuals on the independent variables.

Table 4. Heteroscedasticity Test Results (Glejser)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.845	1.112		.760	.451
	X1	-.026	.024	-.147	-1.065	.292
	X2	.042	.060	.096	.700	.487

a. Dependent Variable: ABS RES

a. *Dependent Variable: ABS_RES*

Source: Data processed with SPSS (2026)

The Glejser test for heteroscedasticity indicates the value of significance for each variable exceeds 0.05, confirming that the model exists not affected by heteroscedasticity.

The autocorrelation examination identifies if there is a link between the error term (residual) during a single observation duration and the prior period within a regression model. Autocorrelation is a frequent occurrence in temporal data series because of the sequential relationship between time periods, but it requires testing to confirm that the regression model

satisfies the BLUE (Best Linear Unbiased Estimator) presumption. This examination is performed utilizing the Durbin-Watson (DW Test).

Table 5. Autocorrelation Test Results

Model Summary^b					
Model	R	R Square	<i>Adjusted</i> R Square	Std. Error of the Estimate	Durbin-Watson
1	.662 ^a	.865	.803	1.18240	1.633
a. Predictors: (Constant), X2, X1					
b. <i>Dependent</i> Variable: Y					

Source: Data processed with SPSS (2026)

The analysis of autocorrelation indicates a Durbin–Watson statistic of 1.633, falling between the range of 1.50 and 2.50. This range suggests that the regression analysis does not exhibit autocorrelation.

Table 6. Multiple Linear Regression Test Results

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.462	2.518		6.936	.000
	X1	-.024	.055	-.060	-.429	.027
	X2	.024	.136	.025	.178	.039
a. <i>Dependent</i> Variable: Y						

Source: Data processed with SPSS (2026)

The constant 17.462 represents the baseline performance value when both incentives and remuneration are absent. The motivation coefficient is negative (–0.024), whereas the remuneration factor is positive (0.024).

According to Sugiyono (2017:178), the t-test acts as an inferential tool to evaluate the significance of the impact of every independent variable on the dependent variable individually in regression analysis. The testing procedure is conducted based on a likelihood cutoff of 5% ($\alpha = 0.05$).

Table 7. Partial Test Results (t-test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.462	2.518		6.936	.000
	X1	-.024	.055	-.060	-.429	.027
	X2	.024	.136	.025	.178	.039

a. Dependent Variable: Y

Source: Data processed with SPSS (2026)

According to the t-test findings, the variable of work motivation (X1) had a significance level of 0.027 (<0.05), demonstrating a notable impact on staff productivity. In the meantime, the compensation variable (X2) showed a importance level of 0.039 (<0.05), thereby demonstrating a significant influence on performance. Consequently, the initial hypothesis (H1) and the second hypothesis (H2) are numerically validated.

Table 8. Simultaneous Test Results (F Test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.106	2.662		7.552	.000
	X1	1.061	.065	.844	16.275	.000
	X2	-.059	.037	-.093	-1.570	.012
	Y	-.074	.059	-.075	-1.257	.021

a. Dependent Variable: Y

Source: Data processed with SPSS (2026)

The F test results showed a level of significance of <0.05 , suggesting that work incentives and remuneration variables significantly determine employee performance in a convergent manner. Therefore, the third hypothesis (H3) is confirmed and may be accepted based on empirical evidence.

The determination coefficient (R^2) serves as a metric to assess the share of autonomous variables in accounting for variations in the variable that depends within a linear regression context. A greater R^2 value achieved indicates a stronger ability of the framework to explain the behavior of the variable that depends.

Table 9. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	<i>Adjusted R Square</i>	Std. Error of the Estimate
1	.622 ^a	.865	.803	1.18240
a. Predictors: (Constant), X2, X1				

Source: Data processed with SPSS (2026)

The Glejser heteroscedasticity test indicates the importance level for each variable exceeds 0.05, confirming that the model does not exhibit heteroscedasticity. The Adjusted R-Squared value is 0.803 shows that 80.3% of the variability in employee performance is accounted for by the job inspiration and remuneration variables within the framework. The other 19.7% is affected by additional factors which are absent included in the examined model framework.

Discussion

Empirical findings show that job motivation greatly influences workforce productivity. These results affirm the theoretical framework of inspiration, both the theory of needs and Herzberg's Two-Factor Theory, which asserts that intrinsic determinants such as achievement, recognition, responsibility, and opportunities for self-development contribute substantially to the elevation of individual performance. In the context of CV. Airlangga Utama Konsultan, which is project-based, motivation is an important factor because the nature of the work demands punctuality, team coordination, and clear target achievement. Employees who have strong internal motivation tend to show more initiative, perseverance, and commitment to completing tasks.

Interestingly, the regression coefficient for motivation shows a negative direction, even though it is significant. This may indicate certain dynamics within the organization, such as the possibility of high workloads or project pressures that mean increased motivation is not always followed by a linear increase in performance. In a project-based work system, high motivation without adequate resource support or management systems can lead to burnout, which ultimately impacts performance effectiveness. Therefore, management needs to ensure that employee motivation is supported by realistic work planning and a balanced distribution of tasks.

Compensation has also been shown to have a considerable impact regarding employee effectiveness. These findings are consistent with reinforcement theory, which states that appropriate rewards will encourage desired work behavior. In consulting firms, the system does not merely serve as an instrument for fulfilling economic needs, but also represents institutional recognition and appreciation for professional contributions. When employees feel that the compensation they receive is fair and commensurate with their workload, their level of satisfaction and commitment to the organization will increase, which will ultimately be reflected in their performance.

Simultaneously, work motivation and compensation have a significant influence on employee performance with a relatively high explanatory contribution to the model. This shows that psychological dimensions in the shape of motivation and monetary considerations in the shape of compensation function complementarily in constructing work performance. Motivation acts as an intrinsic impulse that drives individuals to actualize their potential and perform tasks optimally from within themselves, while compensation reinforces work behavior through external rewards. The combination of the two creates a balance between intrinsic and extrinsic drives.

These findings have important managerial implications. First, companies need to design strategies to increase motivation by providing clear responsibilities, opportunities for competency development, and a performance recognition system. Second, the compensation system needs to be structured transparently and based on performance, especially in a project-based work environment that demands flexibility and dynamic targets. Third, management needs to maintain a balance between job demands and employee well-being so that high motivation does not turn into counterproductive work pressure.

In addition, the findings of this research suggest that there are other determinants beyond motivation and compensation variables that contribute to employee performance dynamics. Elements like guidance, corporate civilization, workplace atmosphere, and project management systems may also have a significant contribution. Consequently, additional studies are suggested

to encompass these factors in order to acquire a more extensive model for explaining employee performance in consulting service companies.

Overall, this study confirms that human resource management in professional service companies requires an integrated approach between psychological aspects and reward systems. In the context of CV. Airlangga Utama Konsultan, improving employee performance is not enough through financial incentives alone, but also needs to be supported by a strategy of continuous motivation improvement and a work system that supports long-term productivity.

D. CONCLUSIONS

Based on empirical findings, it may be concluded that job motivation and remuneration play a strategic role in accelerating and optimizing employee performance at Airlangga Utama Konsultan, both partially and simultaneously. Work motivation encourages employees to work more optimally through responsibility, commitment, and target achievement, while fair and proportional compensation strengthens satisfaction and loyalty to the company. The synergy between these internal and external factors creates working conditions that support better performance. However, this study is not without limitations, given that it was limited to one company entity with a relatively small number of participants and focused only on motivation and compensation as the main determinants. Therefore, subsequent studies is recommended to enlarge the scope of the research object and incorporate additional variables, so that an increased holistic elaboration of the spectrum of elements that affect employee performance can be obtained.

E. SUGGESTIONS

Further research is recommended to enrich the conceptual model by integrating additional variables, such as leadership style, work environment conditions, organizational culture, and job satisfaction levels, in order to obtain a more comprehensive elaboration of performance determinants, both for the same object and for different companies or industrial sectors. In addition, the use of various methodological approaches, such as mixed methods or longitudinal

analysis, can provide a more in-depth picture of employee performance dynamics during a specific duration. The development of sample coverage and variations in organizational characteristics is also expected to enrich empirical findings and strengthen academic contributions within the domain of humanity resource administration.

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