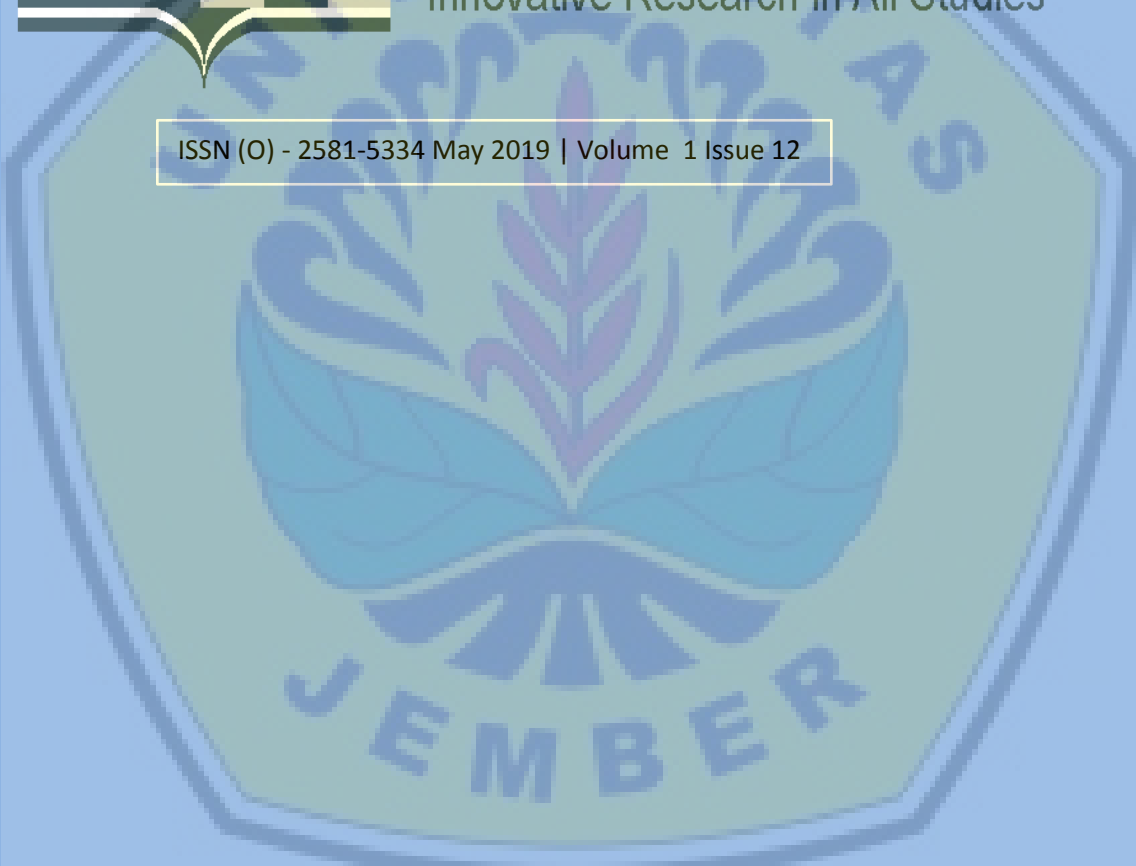


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THE EFFECT OF COMPENSATION ON EMPLOYEE PERFORMANCE WITH THE QUALITY OF WORK LIFE AS AN INTERVENING VARIABLE

Honey Desy Arristra¹, Sri Wahyu Lelly Hana Setyanti², Handriyono³

Faculty of Economics and Business, Universitas Jember, Jember, 68111, Indonesia



Abstract

The purpose of this study is to describe the effect of compensation on employee performance with quality of work life as an intervening variable. This type of research is a literature review. The results of this study indicate that compensation has a significant positive effect on the quality of work life, compensation has a significant positive effect on employee performance, and quality of work life has a significant positive effect on employee performance.

Keyword: Compensation, Employee Performance, and Quality of Work Life

1. INTRODUCTION

Human resources are an important factor in every activity in various fields, especially in organizational life. This human resource becomes an element that drives the company in achieving its vision and mission which is certainly expected to have competence in various functions of the company. Human resources that have good competence can be seen through the ability to carry out the tasks assigned by the company. To form employees who have expertise, companies need to be responsive in understanding what needs are needed by employees in the company (Sapitri, 2016).

Companies must strive so that employees want and are able to provide the best possible appreciation in order to maintain and improve employee performance. In this regard, the company is obliged to pay attention to the needs of employees both material and non-material. The strategy used by companies in improving employee performance with compensation. Compensation is the motivation and motivation of an employee to work. In addition, compensation given to employees affects the working conditions of the employee. The company must fulfill the basic needs of its employees both spiritually and physically, if all of the employee's needs are met, then there is a strong spirit or can raise employees to work. According to Hasibuan (2005: 118) compensation is all income in the form of money, goods directly or indirectly received by employees in return for services provided to companies. Given compensation, the company expects employee performance to increase. The more satisfied the employee with respect to compensation received, the more performance increases. Conversely, the more dissatisfied employees towards compensation received, the employee's performance will decrease and lead to employee absenteeism. The results of Arristra's study (2016) state that compensation has a positive effect on employee performance. Dhermawan's research (2012) states that compensation has a positive effect on employee performance. Fauzi's research (2014) states that compensation has a positive effect on employee

performance. Hidayah's research (2016) states that compensation has a positive effect on employee performance. Research by Marthadinata (2018) states that compensation has a positive effect on employee performance.

Employees need supporting facilities in carrying out work to improve performance. One form of performance improvement is marked by satisfaction with the factors of the application of quality work life. Cascio (2003:44), states that the concept of quality of work life reveals the importance of respect for humans in their work environment. Thus the important role of the quality of work is to change the work climate so that the organization technically brings a better quality of work life. This means that individuals have obtained a good quality of work life within the company, individuals will show a pattern of behavior whereby individuals will contribute fully that exceeds the role demands in their work environment. The results of Annisa's study (2018) state that the quality of work life has a positive effect on employee performance. Arifin's research (2012) states that the quality of work life has a positive effect on employee performance. Blanco's research (2018) states that the quality of work life has a positive effect on employee performance. Chandranshu's research (2012) states that the quality of work life has a positive effect on employee performance. Haryati's research (2016) states that the quality of work life has a positive effect on employee performance.

According to Hasibuan (2005: 94) performance is the result of work achieved by someone in carrying out the tasks assigned to him based on skills, experience, sincerity and time. Employee performance in the company is very important to note, because if the employee's performance is not good it will have an impact on the company and the company will not be able to compete with other companies. In a world characterized by global competition, especially in business and economic aspects, companies need high performance from all their employees. There are several strategies that affect the performance of employees, some of which are promotion and transfer given by the company to provide greater responsibility. Likewise, the compensation provided also affects performance because the amount of compensation reflects the value of their work.

2. CONCEPTUAL FRAMEWORK

The conceptual framework is structured to look for scientific answers to research problems that explain theoretically the relationships between the variables studied. The conceptual framework in this study illustrates the direct and indirect effects of variables. The independent variable is compensation (X), the quality of work life becomes an intervening variable (Z) on the dependent variable, which is employee performance (Y).

Conceptual Framework of Research

All tables should be numbered with Arabic numerals. Headings should be placed above tables, left justified. Leave one-line space between the heading and the table. Only horizontal lines should be used [12, 5] within a table, to distinguish the column headings from the body of the table, and immediately above and below the table. Tables must be embedded into the text and not supplied separately. Below is an example which authors may find useful.

All tables ought to be numbered with Segoe UI with font size 9. Headings ought to be put above tables, left defended. Abandon one-line space between the heading and the table. Just even lines ought to be utilized inside a table, to recognize the segment headings from the body of the table, and promptly above and beneath the table. Tables must be implanted into the content and not provided independently. The following is an illustration which creators may discover valuable. [3]

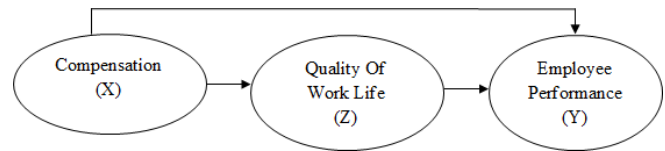
3. DISCUSSION

3.1. Effect of Compensation on the Quality of Work Life

According to Hasibuan (2005: 118) compensation is all income in the form of money, goods directly or indirectly received by employees in return for services provided to companies. Given compensation, the company expects employee performance to increase. The more satisfied the employee with respect to compensation received, the more performance increases. Conversely, the more dissatisfied employees towards compensation received, the employee's performance will decrease and lead to employee absenteeism.

3.2. Effect of Compensation on Employee Performance

Giving compensation in certain conditions can actually improve performance. According to Arep and Tanjung (2002: 198) that compensation cannot be separated from employee performance, what is meant is if the employee's performance is high then the expected compensation is also high. Kompensasi berpengaruh positif terhadap kinerja karyawan. Giving compensation in certain conditions can actually improve performance. According to Arep and Tanjung (2002: 198) that compensation cannot be separated from employee performance, what is meant is if the employee's performance is high then the expected compensation is also high. Dhermawan's research (2012) states that compensation has a positive effect on employee performance. Fauzi's research (2014) states that compensation has a positive effect on employee performance. Hidayah's research (2016) states that compensation has a positive effect on employee performance. Research by Marthadinata (2018) states that compensation has a positive effect on employee performance.



3.3. Effect of Quality of Work Life on Employee Performance

According to Cascio (2006: 271), the quality of work life is a form of respect for humans as labor by providing supporting facilities in the work environment. An important role of the quality of work is to change the work climate so that the organization technically and humanely leads to a better quality of work life. Providing a safe, comfortable work environment by the company can make employees feel at home in the company and this will encourage employees to work optimally. The results of Annisa's study (2018) state that the quality of work life has a positive effect on employee performance. Arifin's research (2012) states that the quality of work life has a positive effect on employee performance. Blanco's research (2018) states that the quality of work life has a positive effect on employee performance. Chandranshu's research (2012) states that the quality of work life has a positive effect on employee performance. Haryati's research (2016) states that the quality of work life has a positive effect on employee performance.

4. CONCLUSION

Compensation has a significant positive effect on the quality of work life, compensation has a significant positive effect on employee performance, and the quality of work life has a significant positive effect on employee performance.

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