



The Role of Work Motivation as Effect Intervening Variable of Intrinsic Reward, Supervision of Work and Satisfaction of Compensation on Employee Performance (A Study at Cooperatives in the City of Pekalongan)

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ABSTRACT

This study aims to examine the effect of intrinsic reward (IR), supervision of work (SW) and satisfaction of compensation (SC) on employee performance (EP). In addition, this study also aims to examine the effect of work motivation (WM) as an intervening variable. To test the variable, the researcher chose cooperatives in the city of pekalongan as research object. The research was conducted by distributing questionnaires to 120 employees at fifteen cooperatives in the city of pekalongan. Sampling research using probability sampling with simple random sampling technique. The result of this research shows that IR, SW and SC have significantly positive effect on EP at cooperatives in the city of pekalongan. But WM as intervening variable weakens the effect of reward instrinsik, SW and SC on EP at cooperatives in the city of pekalongan.

Keywords: Intrinsic Reward, Supervision of Work, Satisfaction of Compensation, Work Motivation, Employee Performance

JEL Classifications: J3, M1

1. INTRODUCTION

The development of human resources in an organization must be seriously taken care of. The good management of human resources will give effect on the stability of organization as well as an effort to reach the purpose and organization's objectives. Human resources is one of the important factors in an organization, because it conducts company's activities and develops the company. Therefore, human resource factor must be able to be well managed in order to provide optimal result for the company.

Good employee performance (EP) is also expected by all organization or company. The more employee has high performance, the more increased the overall productivity so that organization or company can survive global competition. EP can be distinguished or measured based on technical ability in working

so that the particular employee will gain experience and training before conducting works (Rivai, 2009).

One of the human resource development aspects which is very important to notice is intrinsic reward (IR), which will effect on the enhancement of EP. Employee's contribution for organization is very dominant, because employees are work producer for the organization. Every work in an organization is always done by its employees. Whether the organization is successful or not is based on the human factor who do the works, thus rewards to employees are needed in accordance with their performance and work performance. IR can also motivate employees to get the reward, thus it will motivate them to work better, in order to create employee work motivation (WM) which will effect on company EP.

Employee is one of the most important elements is a company, so employee's supervision of work (SW) and satisfaction of work

are important matters in an effort to enhance EP. Company does a lot of ways to stimulate employee WM, i.e., by giving material or immaterial incentive and compensation in the form of a reward, e.g., ordering or charter, which includes doing such program as supervision of EP in daily work routines.

Compensation is important for employees as individuals, because the amount of compensation reflects the measurement of their performance value among the employees, their families, and society. Compensation is also important for the company because it reflects organization effort to keep human resources or in other words, in order that the employees have good spirit and work ability towards the company. The compensation reward for employees is employee's right as well as company's responsibility (Handoko, 2003).

There are some studies which research those variables, such as Syahril (2016), Winangsih (2017) and Riyadi (2016) who found that all rewards give positive and significant effect on EP, including IR which gives positive and significant effect on WM as well as EP. Nursanti (2014) found that SW has significantly positive effect on EP.

Pratama (2015), Winangsih (2017), Fitra (2014), and Kiswuryanto (2014) stated that satisfaction of work has significantly positive effect on EP, but satisfaction of work has significantly negative effect on employee satisfaction it is through the mediation of WM, and WM has negative effect on EP.

Cooperative is one of the company growth enhancers which is based on society economy. Cooperative is business institution owned and operated by individuals for the necessities of its members. Cooperative has very important role for all ranks in the society in conducting financial transaction. The current development of cooperative is supported by the development of minor and macro business (UKM) in the vast developing city of pekalongan. Along with the society economic growth in pekalongan, cooperative is expected to become an institution for fund provider to finance and develop businesses, either in farming, trading, industry, or other non financial factors.

In order to manage cooperative, only with big fund is not enough, it must also be supported by intensive, planned, and measured coaching pattern for all cooperative employees. It is caused by challenges because there are many problems that must be encountered, such as cooperative principle which has been able to be fully done up to the moment, especially in an effort to make its members prosperous; the quality of human resources that must be developed in order to get healthy, strong, advanced, qualified, and independence cooperative as well as possess competitiveness to be able to compete in the global era.

In order to answer problems of cooperative human resources mostly experienced by cooperatives in Indonesia, we must pay attention to aspects of the efforts to increase EP of the cooperative. Management is fully related to human resources, because a cooperative organization will not run well if it does not have intelligent employee with good performance.

This thesis study is based on the phenomenon in the field, to create healthy and advanced cooperative, it needs main factors, work force employee are the most important things, because employees are the users and the motors as well as the determinant of all activities in the organization. Whereas phenomenon in the cooperative of the city of pekalongan is that the lack of the awareness of attendance and the service level that is not maximum yet, which directly affect the quality of performance of the cooperative of the city of pekalongan. In order to increase EP, there are some factors that must be paid attention to, among others are IR, SW, and satisfaction of employee compensation.

The purposes of this research are:

1. To recognize the effect of IR on WM at cooperative in the city of pekalongan.
2. To recognize the effect of SW on WM at cooperative in the city of pekalongan.
3. To recognize the effect of satisfaction of compensation (SC) on WM at cooperative in the city of pekalongan.
4. To recognize the effect of WM on EP at cooperative in the city of pekalongan.
5. To recognize the effect of IR on EP at cooperative in the city of pekalongan.
6. To recognize the effect of SW on EP through WM at cooperative in the city of pekalongan.
7. To recognize the effect of SC on EP through WM at cooperative in the city of pekalongan.

2. LITERATURE REVIEW

2.1. The Effect of IR on WM

It is very clear that reward has a very strong relationship with WM of the employees, because in reward, there is an indicator which can automatically develop employee's motivation; by reward, employees can become encouraged in doing their works, so that they become better, and in the end, they can gain reward from the company. IR can be determined by our own personalities, our own behaviors, and our own work spirit. This explanation is supported by the research of Syahril (2016) and Winangsih (2017) which stated that IR has significantly positive effect on WM.

H₁: IR has positive effect on WM.

2.2. The Effect of SW on Wok Motivation

By the SW, an employee will instinctively do his work as best as he can, and employee WM will occur because of that. Supervision is a necessary thing and it is important for the employees in the company organization in order that the work of the employees can be controlled and in line with the job desk of their work, and it can be completed on time. This explanation is supported by the research of Nursanti (2014) which stated that SW has significantly positive effect on WM.

H₂: SW has positive effect on WM.

2.3. The Effect of SC on Work Compensation

Although compensation is not the only factor that affects performance, it is admitted that compensation is one of the

determinant factors which can enhance EP. If employees feel that their works are appreciated and organization uses good compensation system, generally, employees will be motivated to increase their performance. Therefore employee WM which will make employees work for as best and as maximal as possible will occur in order to gain the intended compensation. This explanation is supported by the research of Pratama (2015) and Fitra (2014) which stated that SC has significantly positive effect on WM.

H₃: SC has positive effect on WM.

2.4. The Effect of WM on EP

Motivation is as a process of generating, directing, and keeping or maintaining human behavior to be focus on the purpose, in order to increase performance and more positive attitude. Thus, by WM embedded in individuals unconsciously, it will also affect EP which in the future, it will make it into a better company. This explanation is supported by the research of Nursanti (2014) which stated that WM has significantly positive effect on EP.

H₄: WM has positive effect on EP.

2.5. The Effect of IR on EP Through WM

Reward is an incentive which relates fees for increasing productivity of the employees in order to reach competitive excellence. Reward can also mean retribution, prize, award, or honorarium in order that one works harder on improving or increasing the achieved performance. Thus, reward which also means retribution or honorarium is a stimulation to be able to gain motivation for a good and excellent EP. Reward makes employees encouraged and enthusiastic in achieving the reward. This explanation is supported by the research of Winangsih (2017) which stated that IR has significantly positive effect on EP through WM.

H₅: IR has positive effect on EP through WM.

2.6. The Effect of SW on EP Through WM

Because of SW, an employee will instinctively do his job as best as he can, and employee WM will occur. Supervision is a crucial thing and it is important for employees in an organization/company in order that their work can be controlled and it's according to their job desk, as well as can be done on time. Therefore, SW has great influence on EP and also can increase employee WM. This explanation is supported by the research of Nursanti (2014) which stated that SW has significantly positive effect on EP through WM.

H₆: SW has positive effect on EP through WM.

2.7. The Effect of SC on EP Through WM

Compensation is something accepted by the employees as a substitution of their service contribution for the company. The rewarding of compensation is one of the function implementation of human resource management related to all kinds of individual rewards as an exchange of doing organizational tasks. A good compensation system is a system which can guarantee satisfaction of organization members. One of the manager ways to increase productivity of work, satisfaction of work, and motivation of work is through compensation. If compensation system is well

designed, it will give positive effect on individual, team, an organizational performance. Although compensation is not the only factor which will affect work, it will still be admitted that compensation is one of determinant factors that can enhance EP. If employees feel that their work is well-appreciated, and organization implement good compensation system, generally, employees will be motivated to improve their performance. Thus employee WM when employees do as best and as maximal as they can to get their desired compensation will occur. This explanation is supported by the research of Pratama (2015) and Kiswuryanto (2014) which stated that SC has significantly positive effect on EP through WM.

H₇: SC has positive effect on EP through WM.

3. TYPE OF RESEARCH AND DATA SOURCE

The type of this research is quantitative, which provides findings achieved by using statistical procedures. The type of data used in this research is primary and secondary data. Primary data is data gained from respondents through questionnaires, while secondary data is data gained from notes, books, company statements, and government statements.

3.1. Definon of Variable Operational

3.1.1. IR (X1)

IR such as awards, findings of new challenges, positive and caring attitude of the superiors, and work rotation (Aktor, 2012) using indicators, as: Recognition, careed advancement, responsibility and learning opportunity.

3.1.2. SW (X2)

Supervision is examination standard organisation to review actual work achievement compared to the predefined standards, and hold necessary corrective action (Dessler, 2004, using indicators as: Determining measurement of work standard, work assessment, work comparison, and work improvement.

3.1.3. SC (X3)

Compensation is what the employees receive as a reward of the work given (Davis and Newstrom, 1989) using indicators as: Salary, incentive, bonus, training, and a leave.

3.1.4. WM (Y1)

WM is motives encouraging employees to do works according to main job and position function which is valued and measured basen on motivator and factor dimension (Teck and Wahed, 2011) using indicators as: Driving force, will, willingness, and responsibility.

3.1.5. EP (Y2)

EP is one's ability to do something to achieve his goal determined by predefined measurement not only phisically but also including work ability, discipline, responsibility, loyalty, honesty, and team work which are done in a certain period according to each authority and responsibility in order to achieve the purpose of organization (Robbins, 2006) using indicators as: Human performance, ability, initiative, and independence.

3.1.6. Population and sample

The type of population in this research is infinite population where the members or the population elements are all cooperatives in the city of pekalongan which numbers are 150 cooperatives with 1430 employees. This research uses purposive sampling method, a technique to determine research sample using some certain considerations.

Samples which become respondents in this research is fitted into 120 people or around 10% of the total cooperative employees of the city of pekalongan. This is done to make it easier for data processing and to have a better testing. Samples taken are based on probability sampling, simple random sampling technique, where researcher gives the same probability for all members of population (employees) to be chosen as samples which are done randomly without paying attention to levels in the population.

Data collection method used in this research is giving questionnaires to the respondents. Questionnaire is data collection techniques done by rating the questions or written statements to the respondents to be answered. Measurement scale used in this research uses Likert scale consisting of five stages:

- Value of 1 is given for the answer of strongly disagree (STS)
- Value of 2 is given for the answer of disagree (TS)
- Value of 3 is given for the answer of neutral (N)
- Value of 4 is given for the answer of agree (S)
- Value of 5 is given for the answer of strongly agree (STS).

4. DATA ANALYSIS

This research uses multivariate technique of structural equation modeling (SEM). The choice of this SEM analysis technique is based on a consideration that SEM has an ability to combine measurement model and structural model simultaneously and efficiently is compared to other multivariate techniques. Measurement model is used to examine another dimension of a construct which is latent variable. Structural equation shows causality relation among other constructs in the model. Software used to process data is AMOS SPSS.

According to the results in Table 1, the equation can be made as follows:

$$WM = 0.383RI + 0.578SW + 0.247SC$$

$$EP = 0.375RI + 0.282SW + 0.253SC + 0.242WM$$

From the equation, it is recognized that coefficient of IR, SW, and SC has positive value or increases WM.

SEM analysis is used to know structural relationship among variables where its conformity is tested by goodness of fit index. The result of SEM analysis in this research can be seen in the following image.

From the Figure 1, value of goodness of fit SEM can be seen on the Table 2.

Table 1: Regression weights table (group number of 1 - default model)

Regression weights	Estimate	SE	CR	P
IR→WM	0.383	0.162	2.358	0.018
SW→WM	0.578	0.127	4.563	***
SC→WM	0.247	0.122	2.028	0.043
WM→EP	0.242	0.121	2.002	0.045
IR→EP	0.375	0.169	2.216	0.027
SW→EP	0.282	0.140	2.013	0.044
SC→EP	0.253	0.126	2.010	0.044

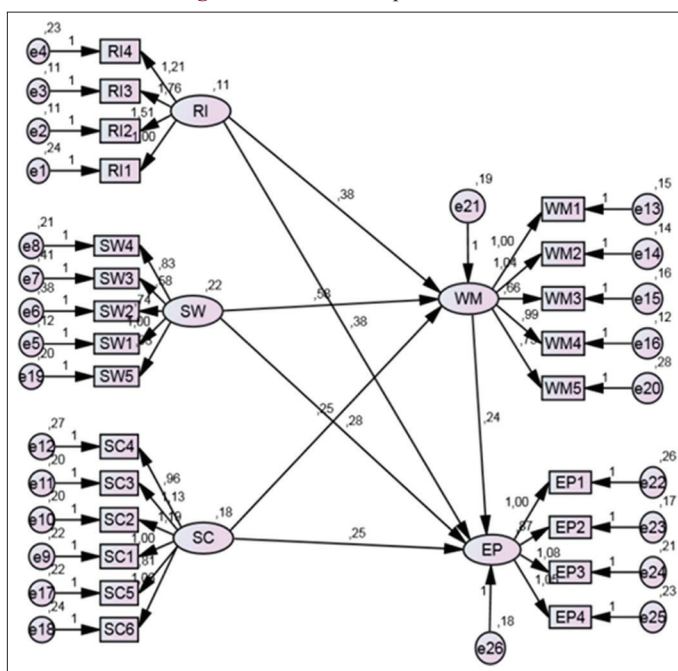
Source: Processed primary data (2018). IR: Intrinsic reward, SW: Supervision of work, SC: Satisfaction of compensation, EP: Employee performance

Table 2: Table of goodness of fit sem model test

Goodnes of Index	Cut-off value	Result of model	Remark
Chi-square	Kecil	260.812	Good
Probability	>0.05	0.109	Good
RMSEA	<0.08	0.026	Good
TLI	>0.90	0.986	Good
GFI	>0.90	0.904	Good
AGFI	>0.90	0.964	Good
CFI	>0.90	0.982	Good
CMIN/DF	<2	1.472	Good

Source: Processed primary data (2018)

Figure 1: Structural equation model



According to the Table 2, Chi-square value is acquired at 260.812 with probability of 0.109 > 0.05, value of RMSEA at 0.026 < 0.08, value of TLI at 0.986 > 0.90, value of GFI at 0.904 > 0.90, value of AGFI at 0.964 > 0.90, value of CFI at 0.982 > 0.90 and value of CMIN/DF at 1.472 show that this model conformity test results a good reception. Therefore, it can be concluded that modeling analysis structure in this research can be conducted.

The effect of IR, SW, and SC on WM and EP, as well as the effect of WM on EP.

5. CONCLUSION

According to the result of analysis and discussion on the previous chapter, it can be concluded as follows: IR has significant effect on WM which is shown with the effect of IR to WM which value is acquired at 0.383 and value of P-value (significant) at 0.018 smaller than 0.05 so IR has significantly positive effect on WM at cooperative in the city of pekalongan.

SW has significant effect on WM which is shown with the effect of SW to WM which value is acquired at 0.578 and value of P-value (significant) at 0.000 smaller than 0.05 so SW has significantly positive effect on WM at cooperative in the city of pekalongan.

SC has significant effect on WM which is shown with the effect of SC to WM which value is acquired at 0.247 and value of P-value (significant) at 0.043 smaller than 0.05 so SC has significantly positive effect on WM at cooperative in the city of pekalongan.

WM has significant effect on EP which is shown with the effect of WM to EP which value is acquired at 0.242 and value of P-value (significant) at 0.045 smaller than 0.05 so WM has significantly positive effect on EP at cooperative in the city of pekalongan.

WM is an intervening variable which weakens the effect of IR to EP which is shown by the result of intervening test at 0.093 which value is smaller than the direct effect of IR to EP at 0.476, thus WM is an intervening variable which weakens the effect of IR on EP at cooperative in the city of pekalongan.

WM is an intervening variable which weakens the effect of SW to EP which is shown by the result of intervening test at 0.139 which value is smaller than the direct effect of SW to EP at 0.421, thus WM is an intervening variable which weakens the effect of SW on EP at cooperative in the city of pekalongan.

WM is an intervening variable which weakens the effect of SC to EP which is shown by the result of intervening test at 0.060 which value is smaller than the direct effect of SC to EP at 0.319, thus WM is an intervening variable which weakens the effect of SC on EP at cooperative in the city of pekalongan.

6. SUGGESTION

Researcher can give suggestions as follows: The management should give opportunity of career advancement for employees who can complete tasks given and be responsible for all works that given to them; the management should conduct assessment on each employee's performance as well as work evaluation and comparison each year of each employee's performance.

Salary received by the employees should be in accordance with the standard of incentive and bonus given by the company, it must be in accordance with the overtime work, and cooperative must

do trainings for the employees, employees should have the sense of responsibility on their position as well as be responsible on a task and their own work and employees should be able to complete their own task and should have high enthusiasm in doing their job.

7. MANAGERIAL IMPLICATIONS

Managerial implications in this research are:

1. IR affects on WM and EP.
IR can be successful in enhancing WM and EP, if the organization:
 - a. Give reward when a work has been completed successfully.
 - b. Give an opportunity for career advancement and acquire higher position.
2. SW affects on WM and EP.
SW can be successful in enhancing WM and EP if the manager:
 - a. Set work standard according to the rules.
 - b. Reprimand employees who have low work standard (declining standard).
 - c. Assess and evaluate EP.
 - d. Conduct supervision to fix employee work which is not in accordance with the work standard.
3. SC affects WM and EP.
SC can be successful in enhancing WM and EP if the management:
 - a. Give salary in line with employee's expectation.
 - b. Give incentive.
 - c. Give bonus.
 - d. Give work trainings.
 - e. Give a leave.
4. WM affects on EP.
WM can be successful in enhancing EP if:
 - a. The management give encouragement and spirit to work better.
 - b. Employees work by their own will to gain experience and knowledge.
 - c. Employees work willingly and be responsible on their position and task given.
5. EP can be acquired if:
 - a. Employees have knowledge and master their work.
 - b. Employees are able to complete their work with high accuracy on time.
 - c. Employees are also able to find new discovery in completing their work and problems.

8. LIMITATIONS OF THIS STUDY

They are:

1. This study is only inputting variables of IR, SW, and SC which affect WM and EP, thus there are still many other factors which must be paid attention to, which make it possible to have effect on WM and EP.
2. Variable of WM is intervening variable. In this study, WM

weakens the effect of IR, SW, and SC on EP. Thus re-test needs to be conducted by replacing objects or research variable.

9. FUTURE RESEARCH AGENDA

In the future research, it is suggested to research other variables which affect EP, such as leadership, employee trust on the management or education, also on different objects which has possibilities to have effect on EP.

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