



EFFECT OF COMPENSATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE AT THE SOUTHWEST PAPUA PUPR OFFICE PROVINCE

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ABSTRACT

This study aims to examine the influence of compensation and job satisfaction on employee performance at the Public Works and Public Housing (PUPR) Office of Southwest Papua Province. A quantitative approach with a survey method was employed, involving 40 employees as the research sample. Data were collected through questionnaires and analyzed using validity and reliability tests, multiple linear regression, t-test, F-test, and the coefficient of determination with SPSS. The results indicate that compensation has a positive and significant effect on employee performance (Sig. = 0.040), while job satisfaction has a positive and highly significant effect on employee performance (Sig. = 0.000). Furthermore, compensation and job satisfaction simultaneously have a significant effect on employee performance. These findings suggest that providing fair compensation and enhancing job satisfaction can improve employee performance at the PUPR Office of Southwest Papua Province.

1. INTRODUCTION

Various problems or obstacles that cause the government administration system to fail to fulfill its assigned duties, and the ability to carry out these duties and authorities without evading sanctions and diligently carrying them out, are necessary to establish a civil service that possesses integrity, professionalism, neutrality, freedom from political interference, and free from corrupt practices. It is also necessary to provide public services to the community and fulfill its role as a civil servant. The management and operation of the state and government are inseparable from the ASN (State Civil Apparatus), which consists of Civil Servants (PNS) and P3K (Commissioners and Staff), tasked with running the government in accordance with their primary duties and functions within their respective organizational institutions.

The implementation of these primary duties and functions of Civil Servants (PNS) is regulated and defined in laws and regulations as a guideline for carrying out these duties and functions to avoid overlapping. Civil Servants (PNS) are entrusted with carrying out public service, governmental, and specific development tasks. Civil servants (PNS) serve as government tools or government apparatus, holding a central position in implementing government policies and regulations to achieve national goals. Civil servant management encompasses the determination of positions, appointments, transfers, dismissals, pensions, salaries and compensation allowances, and legal rights and obligations (Government Regulation Number 17 of 2020 concerning Civil Servant Management).

As part of the civil service, civil servants play a crucial role in providing quality public services. To improve work effectiveness and provide excellent service, public organizations must create a work environment that supports employee compensation and job satisfaction.

Employee compensation is a crucial factor contributing to stability and productivity in organizations, both in the public and private sectors. Compensation relates not only to meeting economic needs such as salary and benefits, but also encompasses psychological and social aspects such as job security, health, the work environment, and work-life balance. Hasibuan (2016) states that compensation is a form of

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organizational attention to the physical and mental well-being of employees to foster loyalty, motivation, and optimal performance.

In the context of government organizations, such as government agencies or regional bodies, employee compensation is a foundation for supporting bureaucratic effectiveness. Employees who feel well-off tend to have higher work morale, are more responsible, and exhibit loyalty to the organization. Conversely, dissatisfaction with the compensation system can lead to decreased motivation, internal conflict, and even increased absenteeism or employee turnover.

However, in practice, many government agencies still face challenges in providing adequate and equitable compensation for all employees. Budget constraints, inconsistencies in job allowances, and a lack of transparency in reward systems often hinder the creation of a fair compensation system. Therefore, further study is needed on the impact of compensation on employee performance to provide policy recommendations that can improve the overall quality of public services.

This aligns with Robbins and Judge (2017), who stated that job satisfaction is a positive attitude toward one's work, demonstrated by the alignment between expectations and work reality. This satisfaction is formed, in part, through the fulfillment of basic employee needs, including compensation.

Compensation, both financial (salary, benefits) and non-financial (health insurance, job security, work environment), plays a significant role in shaping employee motivation and work enthusiasm. According to Hasibuan (2016), employee compensation is an organization's effort to meet employees' physical and spiritual needs in order to increase loyalty and work productivity. Unmet compensation can lower morale, cause stress, and even increase absenteeism and job dissatisfaction.

Job satisfaction is a crucial aspect of human resource management that directly influences employee attitudes, behavior, and performance. Job satisfaction reflects an employee's positive or negative feelings toward their job, arising from their assessment of various aspects such as salary, work environment, relationships with superiors, and career development opportunities. According to Robbins and Judge (2017), job satisfaction is a general attitude toward

Employee performance is one of the key determinants of organizational success in achieving its objectives, particularly in public sector institutions such as the Public Works and Public Housing (PUPR) Office of Southwest Papua Province. As a newly established provincial government institution, the PUPR Office faces increasing demands to provide effective, efficient, and high-quality public services. However, preliminary observations indicate that employee performance has not yet reached the expected level. Several employees experience delays in completing assigned tasks, inconsistencies in meeting work targets, and varying levels of productivity. These conditions suggest that there are organizational factors affecting employee performance.

One factor that may contribute to these issues is compensation. Employees expect compensation that is fair, competitive, and commensurate with their workload and responsibilities. Inadequate financial and non-financial compensation may reduce employees' motivation, commitment, and willingness to perform optimally. Compensation, both financial (salary, incentives, and allowances) and non-financial (health insurance, job security, recognition, and a supportive work environment), plays a significant role in shaping employee motivation and work enthusiasm. According to Hasibuan (2016), compensation is an organization's effort to fulfill employees' physical and psychological needs in order to increase loyalty and work productivity. When employees perceive compensation as inadequate or inequitable, it may lead to decreased morale, lower productivity, absenteeism, and reduced performance.

Another factor closely related to employee performance is job satisfaction. Employees who are satisfied with their jobs tend to demonstrate greater commitment, higher motivation, and better work performance. Conversely, dissatisfaction with salary, promotion opportunities, supervision, or the work environment may negatively affect employees' attitudes and productivity. According to Robbins and Judge (2017), job satisfaction is a positive emotional state resulting from an individual's evaluation of his or her job and work experiences. Therefore, understanding the influence of compensation and job satisfaction on employee performance is essential for improving organizational effectiveness at the PUPR Office of Southwest Papua Province.

Based on these conditions, this study examines the influence of compensation and job satisfaction on employee performance at the Public Works and Public Housing (PUPR) Office of Southwest Papua Province.

The findings are expected to provide empirical evidence that can support human resource management policies aimed at improving employee performance and organizational effectiveness.

2. METHODS

This type of research is quantitative research, because it aims to determine the influence of two independent variables (Compensation and Job Satisfaction) on the dependent variable (Employee Performance). According to Sugiyono (2018), what is meant by sample is part of the number and characteristics of the population. For this reason, samples taken from the population must be truly representative, while the number of samples in this study was 40 employees. Data collection was carried out using questionnaires and observations, the test instruments used before the regression test were carried out were validity tests, reliability tests and after that hypothesis testing was carried out using a multiple linear regression approach with the equation formula $Y=a+b_1X_1+b_2X_2+e$

3. RESULTS AND DISCUSSIONS

Result

Table 1 Characteristics of Education Respondents

		Education	
		Frequency	Percent
	SMA	1	02.05
	Diploma	5	12.05
	Sarjana	24	60.00.00
	Strata dua	10	25.00.00
Valid	Total	40	100.00.00

Data Hasil Olahan SPSS 26

Table 1 shows the characteristics of respondents based on their education level, showing that there is 1 employee with a high school education background, 5 with a diploma, 24 with a bachelor's degree, and 10 with a Master's degree.

Table 2 Characteristics of Respondents by Length of Service

		Length of Service	
		Frequency	Percent
	1 tahun - 10 tahun	10	25.00.00
	11 Tahun - 25 Tahun	28	70.00.00
	>25 Tahun	2	05.00
Valid	Total	40	100.00.00

Data Hasil Olahan SPSS 26

Table 3 regarding the characteristics of respondents in terms of length of service, shows that there are 10 employees from 1 - 10 years of service, 28 people from 11 - 25 years and 2 people over 25 years.

Table 3: Characteristics of Respondents by Age

		USIA	
		Frequency	Percent
Valid	25 -35	5	12.05
	36 - 50	23	57.05.00
	>50	12	30.00.00
	Total	40	100.00.00

Data Hasil Olahan SPSS 26

Table 3 shows the characteristics of respondents based on age and of the total employees working in the PUPR service, the results show that there are 5 employees aged 25 - 35, 23 people aged 36-50 and 12 people over 50 years old.

Table 4. Respondent Characteristics Based on Gender

Gender		Frequency	Percent
Valid	Men	29	72.05.00
	Women	11	27.05.00
	Total	40	100.00.00

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From the results of testing the characteristics of respondents based on gender, the values obtained as seen in table 5 above show that the number of male employees is 29 or the number of female employees is 11 people. The validity test is carried out to determine to what extent the data used is valid or not before carrying out a regression test. When the data is considered valid with a standard significance of less than 0.05 with the formula $df = n - 2 = 40 - 2 = 38$. Then the r table value is 0.320. Then the data is considered valid and can be continued to the next test stage. The validity test can be seen in the table below:

Table 5 Compensation Validity Test

No	R-Hitung	R- Tabel	Ket
1	606	320	Valid
2	224	320	Mendekati Valid
3	501	320	Valid
4	626	320	Valid
5	740	320	Valid
6	707	320	Valid
7	742	320	Valid
8	772	320	Valid
9	547	320	Valid
10	736	320	Valid
11	714	320	Valid
12	787	320	Valid
13	794	320	Valid
14	742	320	Valid
15	738	320	Valid
16	635	320	Valid

Data Hasil Olahan SPSS 26

Table 6 Job Satisfaction Validity Test

No	R-Hitung	R- Tabel	Ket
1	839	320	Valid
2	802	320	Valid
3	831	320	Valid
4	782	320	Valid
5	804	320	Valid
6	696	320	Valid
7	641	320	Valid
8	722	320	Valid
9	625	320	Valid
10	796	320	Valid
11	719	320	Valid
12	713	320	Valid
13	685	320	Valid
14	771	320	Valid
15	750	320	Valid
16	869	320	Valid
17	839	320	Valid
18	847	320	Valid
19	854	320	Valid
20	862	320	Valid
21	779	320	Valid
22	725	320	Valid
23	783	320	Valid
24	646	320	Valid

*Data Hasil Olahan SPSS 26***Table 7 Employee Performance Validity Test**

No	R-Hitung	R- Tabel	Ket
1	757	320	Valid
2	645	320	Valid
3	798	320	Valid
4	863	320	Valid
5	884	320	Valid
6	935	320	Valid
7	894	320	Valid
8	908	320	Valid
9	915	320	Valid
10	687	320	Valid
11	881	320	Valid

12	848	320	Valid
13	862	320	Valid
14	878	320	Valid
15	798	320	Valid
16	855	320	Valid
17	865	320	Valid
18	907	320	Valid
19	900	320	Valid
20	901	320	Valid
21	812	320	Valid

Data Hasil Olahan SPSS 26

The validity test results show that the overall R-value is greater than the R-value, thus concluding that all data obtained are valid. Reliability testing is conducted to determine the consistency and reliability of the research instrument in measuring the variables studied. An instrument is considered reliable if it produces consistent and stable measurement results when used at different times and under different conditions. In this study, reliability testing was conducted using the Cronbach's Alpha method with the aid of statistical applications. A variable is considered reliable if its Cronbach's Alpha value is greater than 0.60. The results of this reliability test are used to ensure that all items in the questionnaire are suitable for use as a research data collection tool.

Table 8: Reliability Test for Compensation, Job Satisfaction and Employee Performance

Reliability Statistics	
Cronbach's Alpha	N of Items
.938	16
.969	24
.980	21

Data Hasil Olahan SPSS 26

Based on the reliability test results for the Compensation, Job Satisfaction, and Employee Performance variables, all research variables were found to be reliable. This is indicated by the Cronbach's Alpha value for each variable, which was greater than the reliability standard of 0.60. Therefore, all statement items in each variable have a good level of consistency and are able to provide stable measurement results. These results indicate that the research instrument is suitable for use as a data collection tool and can be trusted to support further research analysis.

Table 9: Multiple Linear Regression

Coefficients ^a						
Model	Unstandardized Coefficients			Standardized Coefficients		Sig.
	B	Std. Error		Beta	t	
1 (Constant)		11.338	4.660		2.433	.020
Kompensasi	-.482	.155		-.383	-3.108	.004
Kepuasan Kerja		1.116	.111		1.241	10.061
						.000

a Dependent Variable: Kinerja Pegawai

Data Hasil Olahan SPSS 26

In the Coefficients table, the t-test results show that the Compensation variable (sig = 0.04) the Compensation variable has a significance value (0.04) which means there is a significant influence and job satisfaction (sig = 0.000) has a significant effect on Employee Performance. The positive regression coefficient on both variables indicates that increasing this variable will increase Employee Performance. Meanwhile, the negative but significant Compensation coefficient value indicates that leadership style has a good influence on employee performance in this study.

Table 10 Simultaneous Test (F)

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.051.542	2	4.525.771	114.658	.000b
	Residual	1.460.458	37	39.472		
	Total	10.512.000	39			

a Dependent Variable: Kinerja Pegawai

b Predictors: (Constant), Kepuasan Kerja, Kompensasi

Data Hasil Olahan SPSS 26

Based on the ANOVA results in the appendix, an F-value of 114.658 was obtained with a significance level of 0.000. This significance level is significantly lower than 0.05, thus concluding that the regression model used in this study is feasible, and the independent variables simultaneously have a significant effect on employee performance.

Thus, the F-test results indicate that the combination of compensation and job satisfaction simultaneously has a significant and significant impact on employee performance. This indicates that simultaneous improvements in both aspects will positively contribute to improved employee performance.

4. CONCLUSION

This study concludes that compensation has a significant negative effect on employee performance (Sig. = 0.040), while job satisfaction has a significant positive effect on employee performance (Sig. = 0.000) at the Public Works and Public Housing (PUPR) Office of Southwest Papua Province. Simultaneously, both variables significantly influence employee performance. The negative coefficient of compensation indicates that the existing compensation system may not fully meet employees' expectations or may not be aligned with their workload and responsibilities. In contrast, higher job satisfaction consistently contributes to improved employee performance. These findings partially support Expectancy Theory and Herzberg's Two-Factor Theory, suggesting that employee performance is influenced not only by compensation but also by employees' perceptions of their work, recognition, and overall job satisfaction. Therefore, improving compensation policies and enhancing job satisfaction are essential for achieving better organizational performance. Based on the overall research findings, organizations are expected to implement a fair, transparent, and appropriate compensation system commensurate with employee workload and create a conducive work environment to enhance employee job satisfaction. These efforts are crucial to ensure employees feel valued, comfortable, and motivated in their work, enabling them to make maximum contributions to the organization. By improving employee compensation and job satisfaction, organizational goals can be achieved effectively, efficiently, and sustainably.

Based on the research findings, the authors offer several recommendations that organizations and future researchers can consider in efforts to improve employee performance at the Public Works and Housing Agency of Southwest Papua Province.

- a. Organizations are advised to improve their compensation system to be fair and proportional, commensurate with employee workload, responsibilities, and performance, so that employees feel valued and motivated to improve their performance.

- b. Compensation should not only focus on financial aspects such as salary, bonuses, and allowances, but should also consider non-financial compensation such as awards, promotions, training opportunities, and employee career development.
- c. Organizations need to create a comfortable, safe, and conducive work environment so that employees feel satisfied at work and are able to optimally increase productivity and work quality.
- d. Organizational leaders are expected to build good communication relationships with employees to create a harmonious work atmosphere and increase employee job satisfaction.
- e. Organizations need to conduct regular evaluations of employee job satisfaction levels to understand employee needs and expectations so that implemented policies can be more effective in improving employee performance.
- f. Employees are advised to continuously improve their competency, discipline, and responsibility at work to be able to make maximum contributions to achieving organizational goals.
- g. Future research is expected to add other variables that influence employee performance, such as work motivation, organizational culture, leadership, work environment, and work-life balance, to make the research results broader and more comprehensive.
- h. Future researchers are also advised to use a larger number of respondents and different research objects so that the results can be compared and generalized more effectively.

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