

**THE INFLUENCE OF FINANCIAL AND NON-FINANCIAL
COMPENSATIONS TOWARD EMPLOYEES' PERFORMANCE
THROUGH JOB SATISFACTION AS AN INTERVENING VARIABLE**

A THESIS

Presented as Partial Fulfillment of the Requirements to Obtain the Bachelor
Degree in Accounting Department



Written By:

MAHARANI NUR INTANI

Student Number: 15312063

**INTERNATIONAL PROGRAM
DEPARTMENT OF ACCOUNTING
FACULTY OF ECONOMICS
UNIVERSITAS ISLAM INDONESIA
YOGYAKARTA**

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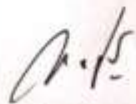
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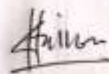
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DECLARATION OF AUTHENTICITY

Hereby I declare the originality of the thesis; I have not presented someone else's work to obtain my university degree, nor I have presented someone else's words, ideas or expectations without any acknowledgements. All quotations are cited and listed in references of the thesis. If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.



Yogyakarta, June 16th, 2019



Maharani Nur Intani

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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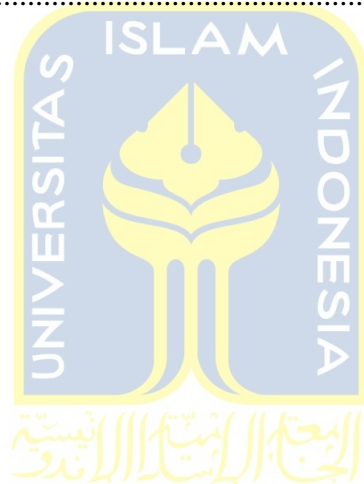
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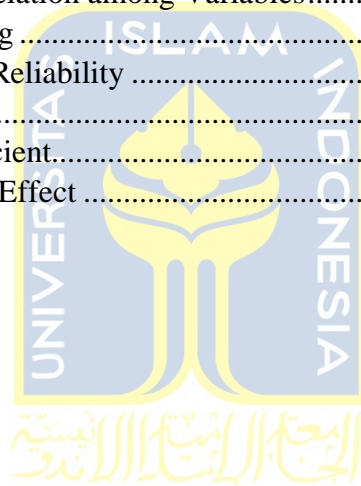
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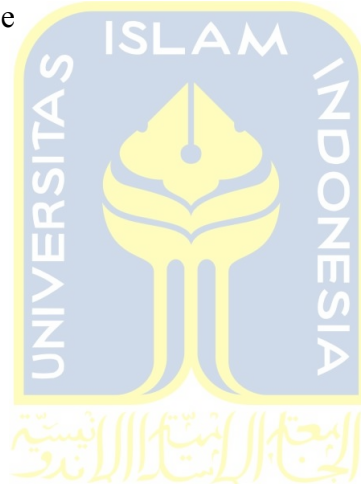
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ABSTRACT

Compensation is one of the most effective ways to satisfy and enhance the performance of employees. The aim of this research is to investigate the influence of financial and non-financial compensation on employees' performance and job satisfaction to mediate the effect of financial and non-financial compensation on employees' performance. The research objects are employees of manufacturing companies in Yogyakarta. The data is collected by 115 questionnaires and analyzed by SmartPLS version 3. The result shows that financial and non-financial compensation influence employees' performance and job satisfaction. Job satisfaction can mediate non-financial compensation, while there is no mediation between financial compensation and job satisfaction. It can be concluded that financial and non-financial compensation can satisfy employees and improve their performance.

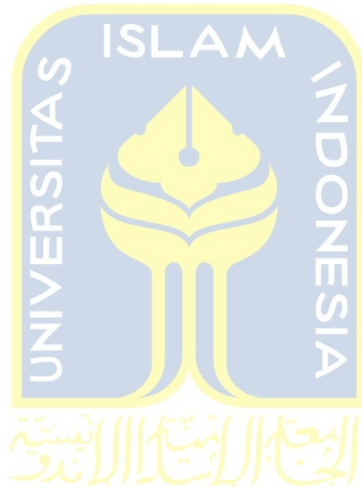
Keywords: financial compensation, non-financial compensation, job satisfaction, employees' performance



ABSTRAK

Kompensasi adalah salah satu cara paling efektif untuk memuaskan dan meningkatkan kinerja karyawan. Tujuan penelitian ini adalah untuk menguji pengaruh kompensasi finansial dan non-finansial terhadap kinerja karyawan dan kepuasan kerja sebagai mediasi pengaruh kompensasi finansial dan non-finansial terhadap kinerja karyawan. Objek dari penelitian ini adalah karyawan perusahaan manufaktur di Yogyakarta. Data penelitian ini diperoleh dengan 115 kuesioner dan dianalisis dengan SmartPLS versi 3. Hasil dari penelitian menunjukkan bahwa kompensasi finansial dan non-finansial mempengaruhi kinerja karyawan dan kepuasan kerja. Selain itu, kepuasan kerja dapat memediasi kompensasi non-finansial, sementara tidak ada mediasi antara kompensasi finansial dan kepuasan kerja. Dapat disimpulkan bahwa kompensasi finansial dan non-finansial dapat memuaskan karyawan dan meningkatkan kinerja.

Kata Kunci: kompensasi finansial, kompensasi non-finansial, kepuasan kerja, kinerja karyawan



CHAPTER I

INTRODUCTION

1.1 Study Background

In the current global conditions, every company is required to be more efficient and effective in determining the size of the company operational costs because of the competition in the business world is getting tighter. As it is well known that effective management is a key factor for a company's success and human resources are the most important assets. Recognizing the importance of human resources for the survival and progress of a company, it is rightly for a company to pay more attention to this asset. The management should make it as a partner in business relation because both human resource and company are inseparable wealth.

According to Carter (2005), there are four basic assumptions of characteristics of better human resources: (1) People who do the job are those who have the best qualification to improve it. (2) Decision making should be done in the lowest part of the organization. (3) Worker's participation improves work satisfaction and commitment towards the company's goal. (4) There are big ideas from the workers that are waiting to be discovered. In addition, every organization has the objectives to be achieved. An important role of the management control system is to motivate members of the organization to achieve the goals (Anthony & Govindarajan, 2007).

Both companies and employees can give feedbacks. Employees give feedback in the form of good performance, while the company give feedback in the form of providing compensation in accordance with their performance. Giving compensation is another word for payment, the term by Hasibuan (2008). He said that the basic obligation to accomplish the company goal. So, the feedbacks from both parties are needed.

Compensation problem is very crucial for every business. It covers not only salary and wages, but also the compensation paid in the future. According to Dessler (2009), compensation is a variety of forms of rewards given by the organization to employees for the time, thought, and energy they have contributed to the company. It is one of the most important elements in management control system because compensation system can affect members of the organization (Anthony & Govindarajan, 2007). The existence of a compensation system within the company aims to encourage and improve employees' performance and provide satisfaction with work performance. Compensation includes all types of payments, either directly or indirectly, in the form of reward given by the company to its employees.

According to Chiang and Birtch (2011), an organization comprises two major categories of compensation which are financial and non-financial. Financial compensation consists of salary, wages, and incentives (commission and bonus), whereas, non-financial compensation consists of work and work environments such as alternate work arrangements, recognition, training, and development opportunities. Giving compensation is very important for employees, a large or

small amount of compensation is a measurement of the employees' performance. If the employees view that compensation is inadequate, it will decrease their motivation and job satisfaction. Compensation helps to create willingness among qualified people to join the company and take actions needed by the company. The fulfillment of good compensation will improve employee performance. Based on the research by Hameed, Ramzan, Zuibair, Ali, and Arslan (2014) and Rashid, Othman, Othman, and Abdullah (2016), compensation has positive impact on employee performance. Giving compensation is closely related to satisfaction, when compensation is in accordance with their expectations, employees will feel satisfied and motivated to work.

In line with Hasibuan (2008), job satisfaction is an emotional attitude toward jobs. It is typically interpreted either as an affective or emotional attitude of an employee on his or her job or as a general attitude on a job and some particular aspects of it (Markovits, Davis, & Dick, 2007). To put it another way, job satisfaction can be defined as a tool to encourage employees to work harder and more effectively. So, it is a key in every company, as it is the result of the work to obtain optimal performance.

In relation to performance, Robbins (2001) stated that performance is a result achieved by workers according to certain criteria, which means the results should be in accordance with the required quality and quantity. Meanwhile, Timpe (1992) said performance is the level of achievement of a person in an organization that can increase productivity. There are two factors that can affect employee performance, namely internal and external factors. Internal factors are

factors related to one's characteristics, including attitudes, characteristics, personality, physical characteristics, desires or motivations, age, sex, education, work experience, cultural background, and other variables, while external factors are factors that influence employees' performance coming from the environment, leadership, actions of co-workers, types of training and supervision, wage system, and social environment.

One of the best ways to increase employees' performance capacity and employees' satisfaction are to relate compensation with employees' development. If the compensation program is fair and competitive, it will be easier for the company to attract potential employees, maintain, and motivate employees which in turn their performance gets improved. Consequently, they will feel satisfied with what they received. Thus, productivity increases and the company is able to produce goods or services at competitive price which can increase profitability and develop its business properly.

There are a lot of manufacturing company operate in Yogyakarta such as PT Bintang Alam Semesta, CV Reka Prima Pratama, CV Fajar Makmur, and PT Adi Satria Abadi. One of the reasons is because those manufacturing companies have a big contribution to the society. They tend to focus that their employees are from nearby the company. In addition, they have a clear organizational structure and activities such as production, administration, finance, human resource, and marketing. However, the concern from employees that the company is in providing non-financial compensation to employees is still low includes teamwork, work environment, and work itself. The fundamental problem faced by

a company is how to manage human resource to do the best work in order to achieve the goals (Chiang & Birtch, 2011). There is a relation between compensation, job satisfaction, and performance of employees. In order to improve employees' performance and job satisfaction, a company needs to make efforts both financially and non-financially. The provision of appropriate financial and non-financial compensations to employees must always be developed because satisfaction factor of human resource can improve employees' performance in order to achieve the company goals. Thus, this issue is investigated in this study with the title **“The Influence of Financial and Non-Financial Compensations Toward Employees' Performance through Job Satisfaction as an Intervening Variable”**.

1.2 Problem Formulation

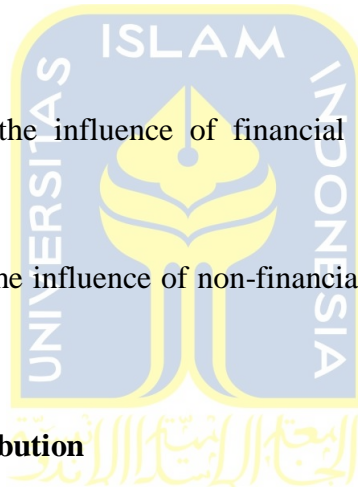
Based on the background explained previously regarding the influence of financial and non-financial compensation toward employees' performance, the research problems can be formulated as follows:

1. Does financial compensation influence job satisfaction?
2. Does non-financial compensation influence job satisfaction?
3. Does job satisfaction influence employees' performance?
4. Does financial compensation influence employees' performance?
5. Does non-financial compensation influence employees' performance?

1.3 Research Objectives

The main aim of this research is to find out the influence of financial and non-financial compensation toward employee' performance. Meanwhile, the specific aims of this research can be seen below:

1. To investigate the influence of financial compensation on job satisfaction.
2. To investigate the influence of non-financial compensation on job satisfaction.
3. To investigate the influence of job satisfaction on employees' performance.
4. To investigate the influence of financial compensation on employees' performance.
5. To investigate the influence of non-financial compensation on employees' performance.



1.4 Research Contribution

This research provides benefits theoretically and practically. Theoretically, it would make a significant contribution to the field of management control system in the effectiveness of providing compensation both financial and non-financial for employees in order to increase their performance.

Practically, organizations may take advantage of the research findings as they can be a reference in developing policies on compensation.

1.5 Systematic of Writing

In preparing this thesis, it consists of five chapters that are interrelated between chapter one and other chapters to provide an overview, facilitate discussion, and completed with references and appendix. The systematics of each chapter can be explained as below:

CHAPTER I : INTRODUCTION

This chapter presents the research background, problem formulation, research objectives, research contribution, and systematics of writing. This chapter also provides an overview of related research which will be outlined in the following chapters.

CHAPTER II: LITERATURE REVIEW

This section presents the theories regarding the research problems being investigated. The theories include theory, definition of compensation, type of compensation, purposes of compensation, definition of job satisfaction, the factors that influence job satisfaction, definition of performance, assessment and measurement of performance, and the elements of performance assessment. In addition, this chapter explains the previous studies and the hypothesis formulation.

CHAPTER III: RESEARCH METHODOLOGY

This section describes the type of the research, population and sample, research variable and measurement (employees' performance, job satisfaction, financial compensation, and non-financial

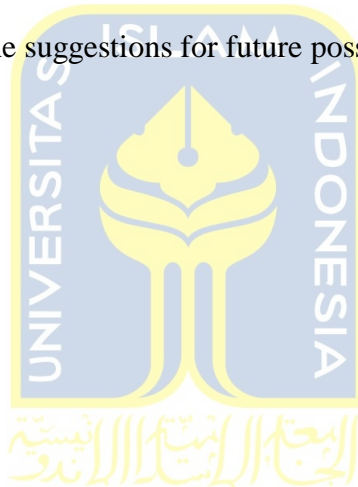
compensation), research instrumentation, and lastly, technique of data analysis.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter contains the explanation about the research findings and discussion regarding research analysis.

CHAPTER V : CONCLUSION AND RECOMMENDATION

This chapter presents the conclusions, the shortcomings of the research and the suggestions for future possible research.



CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Agency Theory

According to Jensen and Meckling (1976), agency theory is a contractual relationship between principals and agents to carry out activities in accordance with the interests of the principal by delegating authority to the agents. One of the most effective ways to motivate employees is to provide compensation or rewards. Economic models of compensation generally assume that higher performance requires greater effort or in some other way associated with disutility on the part of workers (Baker, Jensen, & Murphy, 1988). Agency theory suggests that rewards, mainly financial, have cost, utility, and control connotations which can increase productivity and prevent shirking (Jensen & Meckling, 1976).

In the context of accounting, agency theory is focus on the performance (Bouckova, 2015). Principal concerned that agents have good performance that can maximize their interests and welfare of the principal. The difference interest between agents and principals can be minimized with the compensation program (Jensen & Meckling, 1976). The effect of compensation can be seen from the performance related with parties who received the compensation.

Pay-for-performance system is a powerful motivator of human action. Similarly, Jensen and Meckling (1976) stated that agency theory suggests that benefit derives from financial rewards which represent primary drivers of performance. Employees work hard because they perceive a clear and beneficial economic exchange for their contributions to the organization and the financial rewards they receive in return. Moreover, the effect of non-financial compensation draws on the social exchange perspective (Blau, 1964). Employees perceive that their work arrangements are being accommodated or the company is willing to invest them in training and development. Thus, it will automatically increase employees' performance.

2.1.2 Expectancy Theory

Expectancy theory is determined by expectancies and valences. According to Vroom (1964), expectancies are beliefs about the possibility that certain behavior such as hard work will produce certain result which can affect salary increases. While, valences are an individual value for the outcome or reward that will be received. Furthermore, expectancy theory is also the probability that a particular action will lead to a required outcome with the result being seen as a means of rewarding needs (Vroom, 1964). As stated by Vroom (1964), expectancy theory as employee's motivation which includes the amount of the rewards, the assessment of their effort will lead to expected performance, and the belief that the performance will lead to rewards.

Viewed through the lens of expectancy theory, it suggests that motivation increases when a behavior is highly instrumental to achieve valence result (Chiang & Birtch, 2011). For example, incentive-oriented rewards are widely used to support competitive strategies, such as quality and innovation. Nonetheless, the result of the expectations should be in accordance with employees' perception that will produce great performance. A small amount of reward will influence small motivation, despite the employee's good ability. Conversely, a greater amount of reward will give bigger motivation which can affect their performance.

2.1.3 Definition of Compensation

According to Anthony and Govindarajan (2007), every company has a purpose. An important role of management control systems is to motivate people of the organization to achieve the organization's objectives. One of the most effective ways to motivate employee performance is to provide compensation or incentives. For several sectors, providing compensation is a cost factor that is considered reducing profits. As for employee, compensation serves for guarding survival which can determine social status in the community.

Dessler (2008) mentioned compensation is all forms of payments or reward to people derived from the results of their work. Also, compensation is a reward for services provided by the organization to people for their contribution to improve the continuity of the organization in order to achieve the stated goals both in short-term and long-term

(Halim, 2003). From these three definitions, it can be concluded that compensation is a form of reward or award given by the organization to employees in the form of money or goods both directly or indirectly.

Any compensation must be given in order to bind the employees. If the compensation given to employees is too cheap compared to other regions, then it can cause they move to other regions. Therefore, the government needs to consider about the regulation of compensation properly.

2.1.4 Type of Compensation

Compensation is a mixture of intrinsic and extrinsic compensations provided by an organization (BPP Learning Media LTD, 2009). According to Dessler (2008), compensation is divided into two categories:

- 1) Financial Compensation
 - a. Direct Financial Compensation consists of the payment of people receives in the form of salaries, wages, bonuses, and commissions.
 - b. Indirect Financial Compensation consists of all financial compensations which are not included in direct compensation. For example: insurance plans, social assistance rewards, paid absences.

2) Non-financial Compensation

Non-financial compensation includes the satisfaction that a person receives from the job, it could be psychological and or physical environment in the organization. Non-financial compensation consists of interesting duties, challenge, good teamwork, responsibilities, job sharing, comfortable working environment and etc.

Furthermore, Simamora (2004) mentioned the component of compensation is separated into direct and indirect compensations. Direct financial compensation consists of payment obtained by people in the form of salary, wages, bonuses, and commissions. Meanwhile, indirect financial compensation is also called benefits which cover all financial rewards that are not covered by direct compensation. Non-financial compensation consists of the job itself. this type of non-financial compensation includes the satisfaction gained from work-related tasks.

2.1.5 The Purposes of Compensation

According to Schuler and Jackson (1999) specified compensation can be used to (a) attract potential or qualified people to join the organization. It relates with the recruitment effort; a good compensation program can help to get potential or qualified people according to the company's needs. In this case, qualified people will feel challenged to do a certain job with good

and appropriate compensation. (b) Maintain good people. If the compensation program is competitive and fair both internally and externally, employees will be satisfied. Otherwise, if the compensation is unfair, it can cause disappointment. Therefore, in order to be able to retain valued employees, the compensation program is made in such a way. (c) Achieve competitive advantage. A proper compensation makes it easy for the company to find out whether the amount of compensation is significant to run the business and achieve a competitive advantage. (d) Motivate people to increase their productivity and achieve high level performance. (e) The compensation should be in accordance with the law.

According to Hasibuan (2007), the purpose of providing compensation are:

- a. Collaborative relationship between employers and employees. Employees must do their job well, while employers must pay compensation in accordance with the agreement.
- b. Job satisfaction with the reward. Employees will be able to fulfill their physical needs and social status so as to obtain job satisfaction from their positions.

- c. Effective procurement. If the compensation program is adequate, procurement of qualified employees for the organization will be easier.
- d. Motivation. If the service provided is satisfying, it will make the manager easily motivate his subordinates.
- e. Employee stability. With the reward program on fair and feasible principle as well as comparative external consistency, the stability of employees is guaranteed because the turn-over is relatively small.
- f. Discipline. With the provision of sufficient reward, it encourages employees to obey the regulations.
- g. Effect of labor union. A good compensation program will influence the concentration of employee tasks.
- h. Government influence. If the compensation programs are in accordance with applicable labor law, the government intervention is avoidable.

2.1.6 Definition of Job Satisfaction

Employees have the needs that should be fulfilled. If the needs can be fulfilled by a company, then they will be satisfied with what they receive. Basically, job satisfaction is something personal which means that each employee has a different level of satisfaction based on the value system that applies to them. According to Kreitner and Kinicki (2008), job satisfaction is an effectiveness or emotional response from various aspects

of work. On the other hand, Robbins and Judge (2013) stated that job satisfaction is a positive feeling about job. Thus, job satisfaction can be defined as something that explains the level of employees' job satisfaction (Griffin, 2017).

Job satisfaction also indicates of compatibility between expectation and the rewards provided from the work (Robbins & Judge, 2013). Employees' satisfaction or dissatisfaction depends on the difference between what is expected. If the expectation is lower; the employees are dissatisfied. Employees' satisfaction is a phenomenon that needs to be observed by the management because job satisfaction and employees' performance are interrelated. Satisfied employees will have high motivation and work participation which ultimately improve their performance (Hasibuan, 2008).

2.1.7 The Factors Influence Job Satisfaction

There are six factors that influence job satisfaction according to Luthans (1998):

a) Compensation and Benefit

Compensation and benefit are significant factors in job satisfaction. It not only helps employees reach their needs; it also helps them provide satisfaction for top-level needs.

b) The Work Itself

The content of the work itself is another major source of satisfaction. For example, research related to the job characteristics approach to job design shows that feedback from the work itself and autonomy are two motivational factors related to the main job.

c) Promotions

Promotional opportunities seem to have a different influence on job satisfaction. This is because promotion takes a number of different forms and has various awards. For instance, employees with merit-based promotion are often satisfied with their job, but not as satisfied as those who get promoted for their good performance.

d) Supervision

Supervision is an important source of job satisfaction. For now, there are two dimensions of supervision style that affect job satisfaction. Firstly, dimension centers on employees. It is measured by the extent to which a supervisor takes personal interest in employees' welfare, usually manifested such as checking to see how well the subordinates work, giving advices and individual assistance, and communicating with management personally and professionally. Secondly, dimension is participation as described by managers that allows people to

participate in decision that affect their work. This approach leads to higher job satisfaction.

e) Work Group

The nature of the work group will affect work satisfaction. Cooperative co-workers are a simple source of job satisfaction for individual employees. The working group serves as a source of support, comfort, advice, and assistance. A good working group makes work more enjoyable.

f) Working Condition

Working condition is another factor that affects job satisfaction. If working conditions are good, employees will be convenient. Otherwise, if the working environment is bad, employees will find it difficult to get the job done.

A company is expected to be able to know the factors that can affect employees' job satisfaction and should be able to implement those factors, because implementation of great employees' job satisfaction can enhance employees' performance at work.

2.1.8 Definition of Performance

Performance can be defined as the process through which an organization evaluates employee performance. However, the actual performance has a broader meaning, not only the work result, but how the work process takes place. According to Armstrong (2008), performance is a process owned and driven by the organization that aims at getting good

result from the organization, crews, and people by understanding and maintaining performance within an agreed context of planned goals, standards, and competence requirements. Performance is the outcome that has a strong relationship between school strategic goals, customer satisfaction, and contributing to the economy.

Dessler (2008) stated that performance appraisal is giving feedback to employees with the purpose of motivating individuals to improve their performance. He also mentioned that work assessment consists from three steps: firstly, defining work which means ensuring that superior and subordinates agree with their duties and standards. Secondly, assessing performance which means comparing the manager's actual performance with the written standards and it includes several types of assessment levels. Lastly, the feedback session which means that performance and progress of the supervisor are discussed and plans are then made for developments.

Thus, performance should be perceived as a collective obligation of employees and managers to ensure that there is continuous enhancement in the activities based on organization's vision, mission, goals, and objectives.

2.1.9 Assessment and Measurement of Performance

Employee performance assessment is about the performance appraisal process carried out by company leaders systematically in line

with the assigned work (Mangkunegara, 2004). It is similar to Hasibuan (2008) stating that employee performance or employee assessment is the assess ratio of actual work result to the quality and quantity standards produced by each employee.

According to Mulyadi (2004), the benefits of employee performance appraisal are:

- 1) Managing organizational operations effectively and efficiently through maximum employee motivation.
- 2) Helping decision making concerned with employee such as promotion, transfer, and termination.
- 3) Identifying employee training and development needs and providing selection and evaluation criteria for employee training programs.
- 4) Providing feedback for employees about how their management assess their performance.
- 5) Providing the basis for the distribution of awards.

Based on the description of performance assessment above, it can be concluded that performance assessment of employee must be carried out objectively. Thus, the benefits can be achieved by the company itself.

2.1.10 The Elements of Performance Assessment

According to Sastrohadiwiryo (2005), generally, the elements that are required in the performance assessment process are:

- 1) Loyalty. Loyalty is intended to be the determination and ability to obey, implement, and practice something that is followed with full of awareness and responsibility.
- 2) Work performance. Work performance is the performance achieved by an employee in carrying out the job.
- 3) Responsibility. Responsibility is the ability of an employee to complete the job well and, timely, and dare to bear the risk or decision that have been taken.
- 4) Obedience. Obedience is the ability of an employee to comply with all provisions, legislations, and regulations, comply with official orders given by management and the ability to violate prohibitions imposed by the company or the government, both in written and non-written.
- 5) Honesty. Honesty is the sincerity of an employee in carrying out tasks and jobs and the ability not to abuse the authority that has been given.
- 6) Cooperation. Cooperation is the ability of an employee to work together with other people in completing a job and work that has been set, so as to achieve maximum usability and results.
- 7) Initiative. Initiative is the ability of an employee to make decision, steps, or carry out actions that are needed in doing the main jobs without waiting for guidance from the management.

- 8) Leadership. Leadership is the ability possessed by an employee to convince other people so that they can be mobilized maximally to carry out the jobs.

Furthermore, Syamsuddin and Yunus (2003) mentioned that the criteria in assessing performance is divided into three parts: (1) Criteria based on personality which includes ability, loyalty, honesty, creativity, and leadership. (2) Criteria based on attitude which include performing tasks, obeying instructions, reporting problems, maintaining equipment, and records, following rules, and submitting suggestions. (3) Criteria based on result which include planned-result of production level, quality of production, scrap, and equipment repairs.

2.2 Previous Research

This research is related to several prior studies that investigate similar topics. The first research was conducted by Hameed, Ramzan, Zuibair, Ali, and Arslan (2014), that discussed the compensation which aimed to measure the impact of compensation on employee performance. The data were collected from different banks of Pakistan using questionnaires designed on the factors related to compensation such as salary, reward, indirect compensation, and employee performance. The research involved 200 respondents and 45 banks both were selected randomly. The result showed that compensation has a positive impact on employee performance. This was proven from the correlation analysis which all the independent variables have weak or moderate positive relationship to each

other. Regression analysis and descriptive analysis show that independent variables have a positive impact on employee performance.

Another study was written by Mabaso and Dlamini (2017) that investigates the impact of compensation, benefits on job satisfaction among academic staff in higher education institutions in South Africa. This study is a quantitative research and the survey design used a semi-structured questionnaire with 279 samples of academic staff. The outcome revealed that 0.263 shows a positive and significant effect of compensation on job satisfaction. Meanwhile, there is no significant effect between benefits and job satisfaction. Thus, only compensation variable that significantly predicted job satisfaction among academic staff in South African.

The third study is from Uwizeye and Muryungi (2017) who examined the importance of financial compensation on employee performance, identified the contribution of health care on employee performance, and examined the contribution of non-financial compensation on employee performance of Rwanda Mountain tea Company. The data were collected by using questionnaires from 3 tea companies. This study involved 205 sample size employees. The outcome showed that the compensation has an overall correlation employee performance of 0.801 which is strong and shows positive relationship between two variables and also implies that employee performance depends on financial compensation, health care benefit, and non-financial compensation.

The fourth journal article was written by Khan, Nawaz, Aleem, and Hamed (2012) about the impact of job satisfaction on employee performance which was observed in Medical Institution of Pakistan. The aim of this study is to find out the factors that influence level of job satisfaction among the employees in medical institutions and its effect on their performance. The variables of job satisfaction-pay, promotion, job safety and security, working condition, autonomy, relationship with co-workers, relationship with supervisors have positive impact on job satisfaction and employee performance. The quantitative data were collected from autonomous medical institution with 200 sample size including the doctors, nurses, administrative, accounts, and finance staff. The result revealed that all those variables affect job satisfaction and performance.

Akbar, Riaz, Arif, and Hayat (2018) measured non-financial rewards in escalating employees job satisfaction in Pakistan private companies. The study aims to measure the impact of non-financial rewards on job satisfaction at workplace in Pakistan private companies. The data were gathered using administrated questionnaire with 100 samples of employees using SPSS. The result showed that R square is 75.6% impact on employee job satisfaction of recognition, flexible working arrangements, advancement opportunities, feedback to employees, promotion, empowerment, job autonomy, competitive work environment, individual reward preference, which means non-financial reward has a significant effect on job satisfaction.

The sixth is from Rashid, Othman, Othman, and Abdullah (2016) who conducted a study with the purpose of identifying the effect of the type of

compensation towards employees' job performance at Employees Provident Fund and determining which type of compensation that influence job performance the most. The data were collected by using questionnaires with 40 responses. The result showed that the employees were satisfied with the compensation provided by their employer and there is a moderate relationship between the types of compensation with employees' performance. It also was found that non-financial compensation has demonstrated a stronger relationship to the job performance compared to financial.

A research written by Bawoleh, Pangemanan, and Tielung (2015) analyzed the effect of motivation and compensation toward job satisfaction in PT. SIG Asia Bitung. The purpose of this study is to recognize the significant effect of motivation and compensation on job satisfaction simultaneously, partially. This research used quantitative method with multiple regression analysis. The primary data were collected by using questionnaire. The population is the employees of PT. SIG Asia with 30 respondents as the sample, selected by using random sampling. The result showed F_{test} with 14.200 is bigger than F_{table} of 3.35 which means that there is a significant effect on motivation and compensation on job satisfaction simultaneously and partially.

Theodore and Lilyana (2017) investigated the effect of compensation and job satisfaction toward employee performance in PT Karta Canggih Mandiri Utama. The study aims to find out the influence of compensation and job satisfaction on employee performance. The data was collected from 36 people of the staff division of PT. Karya Canggih Mandiri Utama using multiple linear

regression. The study showed that F_{test} was 24.950 while F_{table} is 3.30 which means that it is proved that compensation and job satisfaction affect performance of employee.

The last research conducted by Darma and Supriyanto (2017) discussed compensation which can influence on satisfaction and employee performance. The aim of this research is to determine the effect of compensation on employee satisfaction and employee performance and employee satisfaction to mediate the effect of compensation on employee performance. The object of this research were employees of PT. Telekomunikasi Indonesia. Questionnaires were employed to gather the data which in turn processed by using SmartPLS. The result showed that salary indicator is the highest loading value with 87.2%. It proves that compensation has a direct and significant effect on employee performance. In addition, compensation also has a direct and significant effect on employee satisfaction. Thus, it will increase both employee satisfaction and performance.

2.3 Hypothesis Formulation

Compensation plays a vital part in attracting, encouraging, and retaining talented employees. Compensation encourages effective employees to stay put for long-term periods (Ibrahim & Boerhanoeddin, 2010). In addition, generous compensation retains employees and lead to job satisfaction, commitment, and loyalty. Compensation has an optimistic relationship with job satisfaction even though financial compensation is the major forecaster. A study conducted by Mabaso and Dlamini (2017) found that monetary compensation has a positive effect on job satisfaction. It is also supported by Bawoleh, Pangemanan, and

Tielung (2015) that there is a significant effect of motivation and compensation on job satisfaction partially and simultaneously.

Thus, from monetary point of view, financial compensation can enhance the improvement of job satisfaction. It demonstrates that financial compensation has a role in job satisfaction. Thus, economic theory and expectancy theory have a direct connection with financial compensation and job satisfaction.

H₁: Financial compensation has a positive influence on job satisfaction

According to Dzuaranin (2012) a company providing only financial compensation must also provide non-financial compensation to increase employees' satisfaction. Employees' attitude can be changed through both effective financial and non-financial compensation systems. These rewards help to bring about a great change in the workplace environment. It is in line with Pragma (2008) that the relationship between job satisfaction and non-financial compensation can be increased. The research written by Akbar, Riaz, Arif, and Hayat (2018) found that non-financial reward positively impacts job satisfaction in the workplace. From economic theory and expectancy theory, non-financial compensation is directly related with job satisfaction.

Hence, non-financial compensation creates a positive work environment which also boosts a company's productivity. It shows the importance of non-financial compensation such as environment that can satisfy employees.

H₂: Non-financial compensation has a positive influence on job satisfaction

In improving employees' performance, job satisfaction is very essential because, with great job satisfaction, work interest will be higher and work morale will also increase. In addition, job satisfaction improves levels of employee retention and reduce the cost of hiring new employees (Murray, 1999). Khan, Nawaz, Aleem, and Hamed (2012) explained that job satisfaction influences the performance of employees in Pakistan autonomous medical institution. It is corroborated by a research conducted by Theodore and Lilyana (2017) that job satisfaction influences the performance of employees in PT. Karya Canggih Mandiri Utama. From economic theory and expectancy theory, it shows there is a direct connection between job satisfaction and employees' performance.

Thus, job satisfaction can enhance and create good work moral and discipline on employees. It can be seen if employees are satisfied with the work, it will encourage their performance which in turn increase the company output.

H₃: Job satisfaction has a positive influence on employees' performance

Compensation plays an important role in employees' performance. According to Hasibuan (2008), the direct method is motivation that is given to employees to fulfill the needs and satisfaction. Salary, wages, and incentives (commission bonus) or financial compensation is one of the elements which can increase their performance, that is by giving them proper compensation in accordance with the results (Simamora, 2006). The research conducted by Uwizeye and Muryungi (2017) stated that financial compensation has a strong and positive relationship on employees' performance. It is supported by Darma and

Supriyanto (2017) that financial compensation is the highest loading value and has a direct effect on employees' performance. From economic and expectancy theories, financial compensation is directly aligned with employees' performance.

Hence, financial compensation components such as salary, wages, bonus, and incentives can improve employee morale. Thus, financial compensation has a significant effect in influencing employees' performance.

H4: Financial compensation has a positive influence on employees' performance

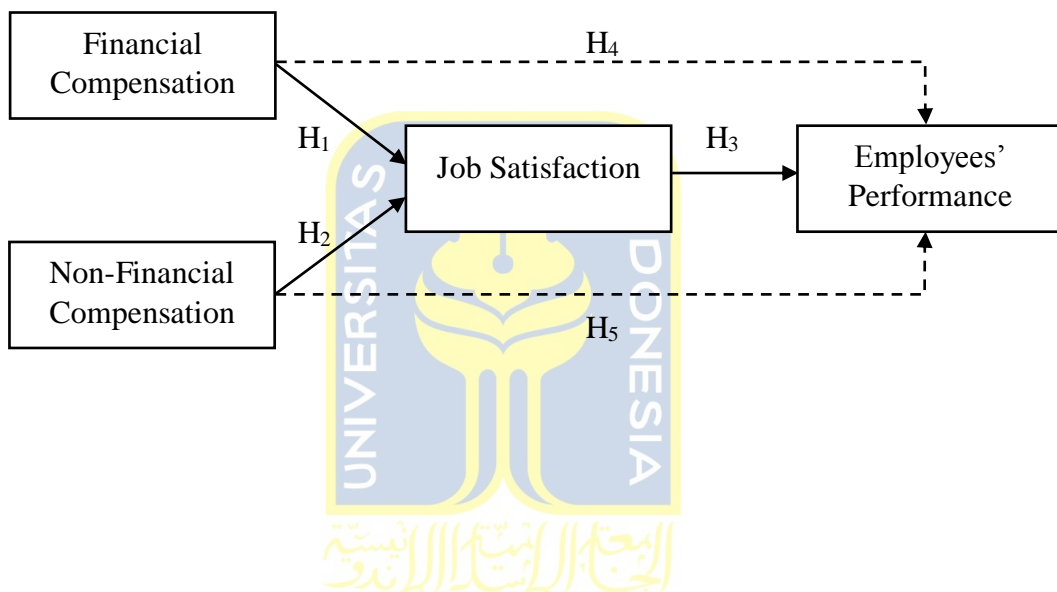
As stated by Dessler (2008), non-financial compensation is a motivation in the form of providing facilities that support works. Non-financial compensation consists of satisfaction obtained by employees from the job itself, or from the psychological environment in which employees work (Simamora, 2006). A research from Rashid, Othman, Othmand, and Abdullah (2016) and Uwizeye and Muryungi (2017) have been proven that non-financial compensation has a positive effect on job performance. As explained previously, economic and expectancy theories are linked with non-financial compensation and employees' performance. The components of non-financial compensation consist of work environments, job desk, training, and development opportunities and these can influence employees' performance. Thus, non-financial compensation has an important role in employees' performance.

H5: Non-financial compensation has a positive influence on employees' performance

2.4 Conceptual Framework

This research aims to find out how job satisfaction as an intervening variable in the relationship between financial compensation and non-financial compensation influences employees' performance. Hence, the conceptual framework of this study is pictured as follows:

Figure 2.1 Conceptual Framework



CHAPTER III

RESEARCH METHODOLOGY

3.1 Type of Research

This research is a quantitative research which means a research that deals with numbers (descriptive data). According to Sugiyono (2016), quantitative method is a research method aimed to examine certain populations or samples in which the data collection uses research instruments and the quantitative data analysis is to test predetermined hypothesis. The data is taken from respondents as the sample by using survey technique. The type of questions is close ended questions that respondents just need to choose the agreement scale without any explanation.

3.2 Population and Sample

Population is a generalization of the region that consists of object or subject with certain qualities and characteristics set by the researcher (Sugiyono, 2016). In this research, the target population is all employees in Yogyakarta.

Meanwhile, sample is a part of object used in all of object area which is being observed and could represent the research population. The sampling method used in this study is purposive sampling. The sample is chosen by following criteria:

1. Received financial and non-financial compensation from workplace.
2. Work in Yogyakarta manufacturing company.

Table 3.1

The Sample of Manufacturing Company in Yogyakarta

Manufacturing Companies	Sample
PT Bintang Alam Semesta	9
CV Reka Prima Pratama	20
CV Fajar Makmur	18
PT Adi Satria Abadi	68

3.3 Technique of Data Collection

The data in this study are primary data because the data are obtained directly from the sample using questionnaire. Questionnaire is a question or written statement that is used to obtain information from the respondents (Sugiyono, 2016). The type of question in the questionnaire is close ended question in which the respondents will choose the available answers from the questions. The scale which is used to measure each statement is interval scale having 4 points (Strongly Disagree = 1, Disagree = 2, Agree = 3, Strongly Agree = 4). Interval scale is used to measure behavior, opinion, and perception about a phenomenon (Sugiyono, 2016).

3.4 Research Variable and Measurement

There are three variables to be examined in this research:

1. Dependent variable, consists of: Employees' performance.
2. Independent variables, consist of: Financial and non-financial compensations.
3. Intervening variable, consists of: Job Satisfaction

3.4.1 Employees' Performance

Employees' performance is one of significant factors that is used as a measurement for the efficiency and effectiveness of a company. Based on Aktar, Sachu, and Ali (2012), employees will give their best performance when they are ensured that their efforts will be rewarded by the company. The element of performance can be measured from self-rating which is considered more appropriate because an employee is uniquely aware of the elements of high performance, and the focus here is on the perspective of the employee, as validated by Rodwell, Kienzle, and Shadur (1998) and combined from Kock (2017)

Table 3.2

Measurement Indicators of Employees' Performance

No.	Statement	Source
1.	My performance in my current job is excellent	Kock, N. (2017).
2.	I am very satisfied with my performance in my current job	
3.	I am very happy with my performance in my current job	
4.	I am proud of my performance in my current job	
5.	I contribute a lot to my current organization in terms of job performance	
6.	I am a high-performing member of my current organization	
7.	I set very high standard for my job	Rodwell, J., Kienzle, R., & Shadur, M. (1998).
8.	My work is always of high quality	

3.4.2 Job Satisfaction

Job satisfaction is an important element from organizational point of view, it leads to higher employees' organizational commitment and overall organizational success and development (Feinstein, 2000). There are five items to measure job satisfaction whose validity has been tested by Kock (2017) and Dugan, Hochstein, Rouziou, and Britton (2019)

Table 3.3

Measurement Indicators of Job Satisfaction

No.	Statement	Source
1.	Generally, I am very satisfied with my job	Dugan, R., Hochstein, B., Rouziou, M., & Britton, B. (2019).
2.	I am generally satisfied with the kind of work I do in this job	
3.	I never think of quitting this job	
4.	I am very pleased with my current job	Kock, N. (2017).
5.	I will recommend this job to a friend if it is advertised	

3.4.3 Financial Compensation

According to Simamora (2006), compensation is a payment provided by a company to its employees for services rendered. Compensation comprises direct and indirect financial compensations. Direct financial compensation includes salary, wages, bonuses, and commission, while indirect financial compensation includes social protection, insurance, pensions, employee services, and other additional money. Those variables are measured by questions whose validity has

been tested by Idris (2017), which consist of salary, bonus, and protection program with several statement to elaborate these three indicators.

Table 3.4
Measurement Indicators of Financial Compensation

No.	Statement	Source
	<i>Salary</i>	
1.	The salary that company gives to the employees accommodates the employees' daily needs	
2.	The salary that the company gives to the employee is given fairly based on their work performance	
3.	I feel that my motivation and work performance is affected by the salary that I get	
	<i>Bonus</i>	
4.	The bonus that is given by the company can increase my work motivation	
5.	The company where I work has given the bonus fairly to the employees	
6.	The bonus that I got has fulfilled my expectation	
	<i>Protection Program</i>	
7.	I feel that the allowance that the company has given is equal to my position	Idris, M.H. (2017).
8.	I feel that I depend on my allowance to fulfill my daily needs	
9.	I feel safe or secure because of the insurance that the company has given	
10.	Health insurance for employees have helped me for my family's safety	
11.	The company where I work gives severance pay for the retired employees	
12.	The company where I work gives severance pay for the employees who passed away	

3.4.4 Non-Financial Compensation

Non-financial compensation is a reward in the form of employees' satisfaction obtained from the work itself or from the environment both physically and psychologically where the person works (Simamora, 2006). The validity of this variable has been tested by Idris (2017).

Table 3.5

Measurement Indicators of Non-Financial Compensation

No.	Statement	Source
	<i>Occupation</i>	
1.	The company gives employees the credibility to be responsible for their own works	
2.	The company gives employees the credibility to do the works based on their own expertise	
3.	The company gives employees the opportunity to attend training to improve ability	
4.	The company gives employees the prevalent opportunity to be promoted	
5.	The company gives employees the prevalent opportunity in terms of recognition of achievement	
	<i>Work Environment</i>	
6.	My work environment gives a pleasant feeling which foster a passionate feeling to do the works	
7.	The company gives employees the supportive facility to create a better environmental work place	
8.	The company gives particular worship intermission times as a way to appreciate the employees	
9.	The company constantly groups the employees to escalate teamwork	
10.	Chair of the company always show politeness and gracious toward the employees	
11.	Chair of the company constantly	

Idris, M.H. (2017).

	establish good communication with the employees	
12.	The employees applied overt communication between each other in doing the works	

3.5 Data Quality

3.5.1 Validity Test

Validity test is determined by establishing the contribution of each construct to the total variance obtained. According to Sekaran and Bougie (2016), validity test shows how well an instrument that is developed measures the certain concept to be measured. The key to ensure validity is highly dependent on the measurement of the exact concept. Construct validity testifies to how well the results obtained from the use of the measure fit the theories around which the test is designed. It is assessed through convergent and discriminant validity (Sekaran & Bougie, 2016). Convergent validity is found when the scores obtained with two different instruments computing the same concept are highly correlated. Meanwhile, discriminant validity is found based on theory and two variables are predicted to be uncorrelated, and the score obtained by computing them are indeed empirically found to be so.

In this research, validity test is declared as valid if the value of $r_{count} > r_{table}$. The significance level used is 5% or 0.05. The validity test made use of Smart-PLS. According to Ghozali (2006), Partial Least Squares is an analysis method soft modeling construct. Compared with covariance-based SEM such as AMOS, LISREL, and EQS software,

component based PLS is able to avoid two major problems faced by covariance-based SEM, namely, inadmissible solutions and factor indeterminacy.

Therefore, validity test of each question is done by computing the Pearson product moment correlation between the item score and the total score. An item or question is valid, if the significance level is < 0.05 .

3.5.2 Reliability Test

Reliability is the degree to which the observed variable measures the true value and is error free (Hair, Black, Babin, Anderson, & Tatham, 2006). According to Sekaran and Bougie (2016), reliability of a measure indicates the extent to which it is without bias and hence guarantees consistent measurement across time (stability) and across the various items in the instrument (internal consistency). In this research, reliability test is declared as reliable if the value of alpha is above 0.70 (Wells & Wollack, 2003).

3.6 Technique of Data Analysis

3.6.1 Descriptive Analysis

This research will be carried out based on the examination of all questionnaires by describing and evaluating the data as a general conclusion. In the descriptive analysis, respondents were grouped based on gender, age, education level, and length of employment then completed with an explanation as needed.

3.6.2 Data Analysis

This study makes use of Partial Least Square, named SmartPLS. PLS is a method for implementing the Structural Equation Modelling. Partial Least Square can be used with a large number of samples and can be applied to all data scales (Ghozali, 2006).

There are three categories of parameter estimates obtained by Partial Least Square (PLS). Firstly, weight estimate is used to produce a score of latent variables. Secondly, path estimate is used to connect latent variables and connect among latent variables with the indicator block (loading). Thirdly, the means and parameter locations is used to test regression constant values for latent variables.

Partial Least Square (PLS) uses three stage iteration process to produce all those three estimates. The first stage produces weight estimates, the second stage produces estimation for outer model and inner model, and the third stage produces estimates of means and location (Ghozali, 2006).

3.6.2.1 Outer Model

Outer model or measurement model defines the relationship of each indicator block among its latent variables. Outer model with formative indicators is evaluated based on the substantive content, namely by comparing the degree of relative weight size. Testing the outer model is conducted by using convergent validity,

composite reliability, and discriminant validity. Convergent validity of the outer model with the reflective model is assessed based on the correlation between the component score and the construct score calculated using Partial Least Square (PLS). The reflective size is high if the correlation is more than 0.70 with the construct measurement. In the beginning phase of development of the measurement scale, the loading values of 0.50 up to 0.60 are considered sufficient (Ghozali, 2006).

Discriminant validity with reflective indicators are assessed based on cross loading measurement with constructs. If the construct correlation with the measurement item is greater than the size of the other constructs, then it shows that the latent construct is able to predict the size of the block that is better than the other block size. composite reliability can be evaluated by internal consistency and Alpha Cronbach. The outer model can be tested using Average Variance Extracted (AVE).

The function of Average Variance Extracted (AVE) is to measure the amount of variance that is taken by the construct than the variances caused by error measurement. AVE values must be greater than 0.50 (> 0.50) which indicates that the construct is valid.

The measurement of composite reliability can be evaluated by two kinds of internal consistency and Alpha Cronbach (Ghozali, 2006).

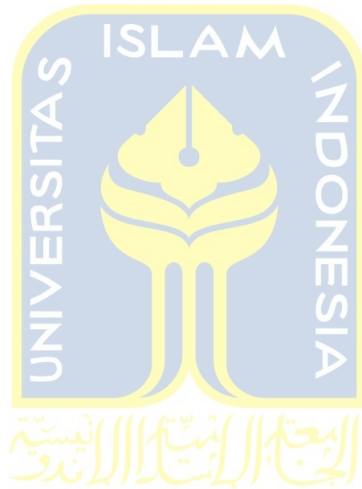
3.6.2.2 Inner Model

Inner model or can be called as a structural model shows the strength of estimation between latent and construct variables. Inner model can be evaluated using R-square for the dependent construct, Stone Geisser Q-square test for predictive relevance and t-test and significance of coefficient of structural path parameters.

Assessing model using Partial Least Square (PLS) begins by looking at the R-square for each dependent latent variable that the interpretation is the same as regression. The changes in the R-square value can be used to evaluate the effect of independent latent variables on dependent latent variables whether they have substantive influence or not (Ghozali, 2006). In addition, PLS model is also tested by looking at Q-square predictive relevance for constructive models. Q-square aims to measure how well the observations produced by the model and also the parameter estimates, but only limited to endogenous construct with reflective indicators. The structural model or inner model can be used to see the results of the t-test and the significance of structural path parameter coefficients (Ghozali, 2006).

3.6.3 Hypothesis Testing

In order to support the significance measure of hypotheses, this study uses a comparison of T-table and T-statistic values. If T-statistic is higher than T-table value, the hypothesis is supported or accepted (Hartono, 2018). If the P-value obtained is less than or equal to 0.05 (P-value ≤ 0.05 ($\alpha = 5\%$)), it can be concluded that the result is significant, and vice versa. If the test result on the measurement model is significant, it means that there is an influence between latent variables toward other latent variables.



CHAPTER IV

ANALYSIS AND DISCUSSION

This chapter explains the results of the research on the influence of financial and non-financial compensations toward job satisfaction and employees' performance. The analysis is divided into three parts. The first part is the result of data collection. The second part is the discussion of the results and the third part is the discussion of the research result.

4.1 Result of Data Collection

In this research, the respondents are employees who have been working in manufacturing company. Total of distributed questionnaires were 120 and the number of returned questionnaires were 115. The returned questionnaires are valid. The data can be seen as follows:

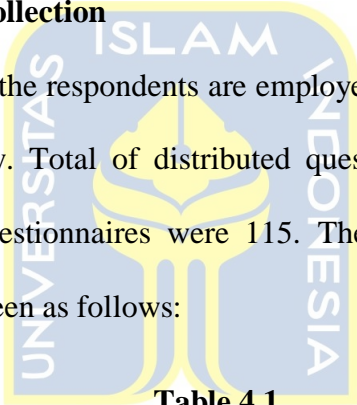


Table 4.1
The Classification of Data Collection

Description	Amount	Percentage
Distributed Questionnaires	120	100%
Returned Questionnaires	115	95.83%
Valid Questionnaires	115	100%

Sources: Processed primary data, 2019.

4.2 Descriptive Analysis

4.2.1 The Characteristics of Respondents Analysis

In this research, the characteristics of respondents are grouped based on gender, age, education, and length of employment. The result of descriptive analysis can be explained as follows:

Table 4.2
Gender Respondents

Gender Respondents	Frequency	Percentage
Female	39	33.9%
Male	76	66.1%
Total	115	100%

Source: Processed primary data, 2019.

Table 4.2 presents that the majority of respondents are male, that amounts to 76 or 66.1%, while the female respondents are as 39 or 33.9%. It indicates that male employees dominate.

Table 4.3
Age of Respondents

Age of Respondents	Frequency	Percentage
< 25 years old	11	9.6%
26 – 30 years old	15	13%
31 – 35 years old	16	13.9%
36 – 40 years old	27	23.5%
> 40 years old	46	40%
Total	115	100%

Source: Processed primary data, 2019.

Table 4.3 shows that most of the respondents are more than 40 years by 46 people or 40%. The other age distributions vary, ranging between 36 – 40 years old, that amounts to 27 people or 23.5%. In addition, the age of respondents between 31 – 35 years old are 16 people or 13.9%, between 26 – 30 years old are 15 people or 13%, and less than 25 years old are 11 people or equal to 9.6%. This means that the majority of manufacturing employees in Yogyakarta are elderly people.

Table 4.4
Education Level of Respondents

Education Level of Respondents	Frequency	Percentage
Elementary School – Senior High School	89	77.4%
Diploma 1 – Diploma 3	18	15.6%
Undergraduate	8	7%
≥ Postgraduate	0	0%
Total	115	100%

Source: Processed primary data, 2019.

Table 4.4 shows that the majority of respondents have graduated from elementary school until senior high school as many as 89 people or 77.4%. After that, 18 people or 15.6% have associate's degree, and 8 people or 7% have bachelor's degree. It indicates that the manufacturing company has employees with low-levels of education.

Table 4.5
The Length of Employment

The Length of Employment	Frequency	Percentage
< 1 years	9	7.8%
1 – 5 years	21	18.3%
5 – 10 years	22	19.1%
11 – 15 years	19	16.5%
16 – 20 years	14	12.2%
> 20 years	30	26.1%
Total	115	100%

Source: Processed primary data, 2019.

Table 4.5 displays that the length of employment of respondents are dominantly for more than 20 years which is as many as 30 people or 26.1%. Meanwhile, the experience of respondents for less than 1 year by 9

people or 7.8%, between 1 – 5 years as many as 21 people or 18.3%, between 11 – 15 years by 22 people or 19.1%, between 16 – 20 years by 14 people or equal to 12.2%. This means that employees have well experienced and enough skills to support their work.

4.2.2 Descriptive Analysis of Research Variables

Descriptive analysis results suggest a table that shows respondents' responses to statements relating to the variables of financial compensation, non-financial compensation, job satisfaction, and employees' performance. In this research, the tool to test a descriptive analysis is IBM SPSS Statistics. The aim is to give a general description of the variables used in this study. The result of the descriptive analysis shown in the following table:

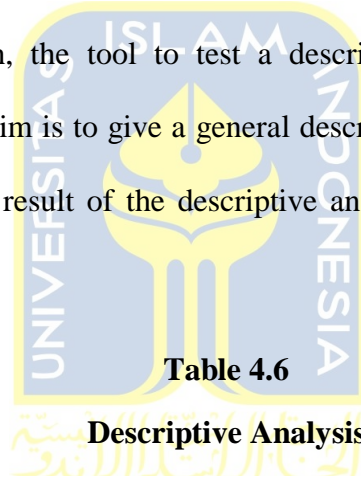


Table 4.6

Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Compensation	115	1.75	4.00	2.9725	.52179
Non-Financial Compensation	115	1.75	4.00	2.9978	.44446
Job Satisfaction	115	1.80	4.00	3.0104	.42289
Employees' Performance	115	1.88	4.00	2.8957	.47869
Valid N (listwise)	115				

Source: Processed primary data, 2019

From Table 4.6, it can be seen that the average responses of financial compensation from 115 respondents at the number of 2.9725

which indicates enough. The lowest score of financial compensation is 1.75, while for the maximum score is 4. It shows that the company has fulfilled the needs of financial compensation which includes salary, bonus, and protection program properly.

Table 4.6 explains that the response of respondents about non-financial compensation has the lowest score by 1.75 and the highest score by 4. The average answer from 115 respondents is 2.9978 which means that the company has given non-financial compensation such as work itself and work environment.

Table 4.6 demonstrates that the response on job satisfaction from 115 respondents. It shows that the lowest response was 1.80 and the highest number is 4. The number of average responses is 3.0104 which indicates enough. It means that the employees are satisfied with their job.

From Table 4.6, it can be seen that the response of 115 respondents regarding employees' performance shows that the average number is 2.8957 which is adequate. The highest number is 4 and the lowest number is 1.88. From the average number of responses, it indicates that the performance of employees is well enough.

4.3 Outer Model Testing

Outer model testing aims to explain the relationship of each indicator with latent variables. According to Ghozali (2006), outer models using reflective indicators are evaluated through convergent and discriminant validity of

indicators forming latent constructs and composite reliability as well as Cronbach alpha for block indicators.

4.3.1 Convergent Validity

Convergent validity is taken from the measurement model using a reflective indicator. The reflective indicator is based on the correlation using item score or component score with construct score. The reflective measurement of an individual can be considered high if the value of loading factor is > 0.5 and T-statistics is > 1.64 .

Table 4.7
Initial Item Loadings and AVE in Initial Model

Variable	Item	Outer Loading	AVE
Financial Compensation	FC1	0.917	0.795
	FC2	0.885	
	FC3	0.873	
Non-Financial Compensation	NFC1	0.913	0.859
	NFC2	0.940	
Job Satisfaction	JS1	0.662	0.544
	JS2	0.805	
	JS3	0.781	
	JS4	0.812	
	JS5	0.601	
Employees' Performance	EP1	0.741	0.618
	EP2	0.801	
	EP3	0.805	
	EP4	0.797	
	EP5	0.777	
	EP6	0.769	
	EP7	0.822	
	EP8	0.771	

Sources: Processed primary data, 2019.

Table 4.7 describes the number of AVE for every variable financial compensation, non-financial compensation, job satisfaction, and

employees' performance. The values are above the minimum number and loading factors are already more than 0.5. It can be concluded that all variables and indicators used in this research are considered valid or has fulfilled the convergent validity.

4.3.2 Discriminant Validity

Discriminant validity can be used by comparing the value of square root of average variance extracted (AVE) in every construct with the correlation between one variable and another variable in the model. The value of discriminant validity is good, if the square root of AVE is larger than 0.50. Table 4.8 below shows the output of the correlation among constructs.

Table 4.8
Internal Correlation among Variables

Variable	EP	FC	JS	NFC
EP	0.786			
FC	0.582	0.892		
JS	0.574	0.472	0.737	
NFC	0.615	0.680	0.514	0.927

Source: Processed primary data, 2019.

Table 4.8 shows that the value of correlation among variables indicates that the variable is correlated by itself and it is represented by the higher value compared to the other variables. For instance, the root of AVE in employees' performance is 0.786 is larger than other correlation between employees' performance and financial compensation by 0.582, employees' performance and job satisfaction by 0.574, and employees'

performance and non-financial compensation by 0.615. Likewise, the root of AVE for other variables which is larger than correlation coefficient among variables. To conclude, the variables in this research has fulfilled the requirement of discriminant validity test.

Besides, the reflective indicator is tested by discriminant validity with cross loading. The indicator can be considered valid if the loading factor is higher than construct which is appointed as a comparison from the other construct. The output of the cross loading can be seen below:

Table 4.9
Cross Loading

	Employees' Performance	Financial Compensation	Job Satisfaction	Non-Financial Compensation
EP1	0.741	0.442	0.433	0.463
EP2	0.801	0.487	0.497	0.591
EP3	0.805	0.445	0.438	0.518
EP4	0.797	0.425	0.437	0.456
EP5	0.777	0.530	0.436	0.499
EP6	0.769	0.418	0.415	0.431
EP7	0.822	0.485	0.461	0.458
EP8	0.771	0.412	0.483	0.426
FC1	0.564	0.917	0.470	0.605
FC2	0.436	0.885	0.426	0.541
FC3	0.547	0.873	0.362	0.672
JS1	0.354	0.361	0.662	0.340
JS2	0.430	0.408	0.805	0.443
JS3	0.466	0.349	0.781	0.396
JS4	0.472	0.344	0.812	0.463
JS5	0.387	0.272	0.603	0.214
NFC1	0.531	0.631	0.412	0.913
NFC2	0.604	0.632	0.532	0.940

Source: Processed primary data, 2019.

Table 4.9 provides an information about cross loading in this research. Cross loading is the highest loading correlation from a construct. For example, the construct of non-financial compensation with non-financial compensation in the table has the highest correlation by 0.940. The loading value of non-financial compensation is the highest if it is compared with employees' performance, financial compensation, and job satisfaction. The same outcome can be seen from other constructs with each indicator.

4.3.3 Reliability Testing

To test the reliability from the data of the variables, this study uses the composite reliability. The variables can be measured as reliable if the value of composite reliability is higher than 0.70. Thus, the value of composite reliability can be seen as follows:

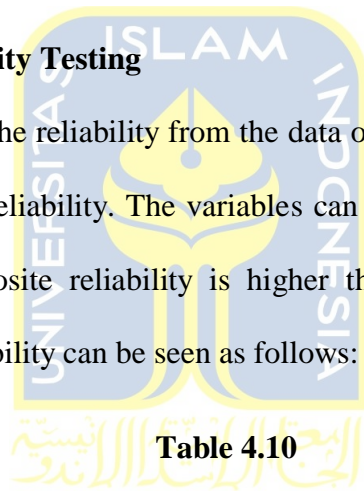


Table 4.10
Composite Reliability

Variable	Composite Reliability
Financial Compensation	0.921
Non-Financial Compensation	0.924
Job Satisfaction	0.855
Employees' Performance	0.928

Source: Processed primary data, 2019.

Table 4.10 displays that each variable has different composite reliability value. However, the result of the test from all variables is more than 0.70 which indicates those variables are strongly reliable.

4.4 Inner Model Testing

Once the estimated model has fulfilled the characteristics of outer model, the next step is conducting a test of structural model or known as inner model. This section consists of R-Square test. R-Square is used to evaluate the effect of independent variable towards dependent variable.

Table 4.11

R-Square

Variable	R-Square
Employees' Performance	0.497
Job Satisfaction	0.292

Source: Processed primary data, 2019.

The result of R-Square indicates that employees' performance variable is 0.497 which means that financial compensation, non-financial compensation, and job satisfaction can describe the variable of employees' performance by 49.7%, while the other 50.3% is affected by another variable. Secondly, job satisfaction has value of R-Square by 0.292 which means that financial compensation and non-financial compensation can describe the variance of job satisfaction by 29.2% and the rest of 70.8% are described by another variable.

4.5 Hypothesis Testing

Hypothesis testing can be done by looking at the significant level and path coefficient among latent variable. Path coefficient shows the correlation between constructs which connect each variable to formalize a hypothesis. The result of path coefficient can be seen below:

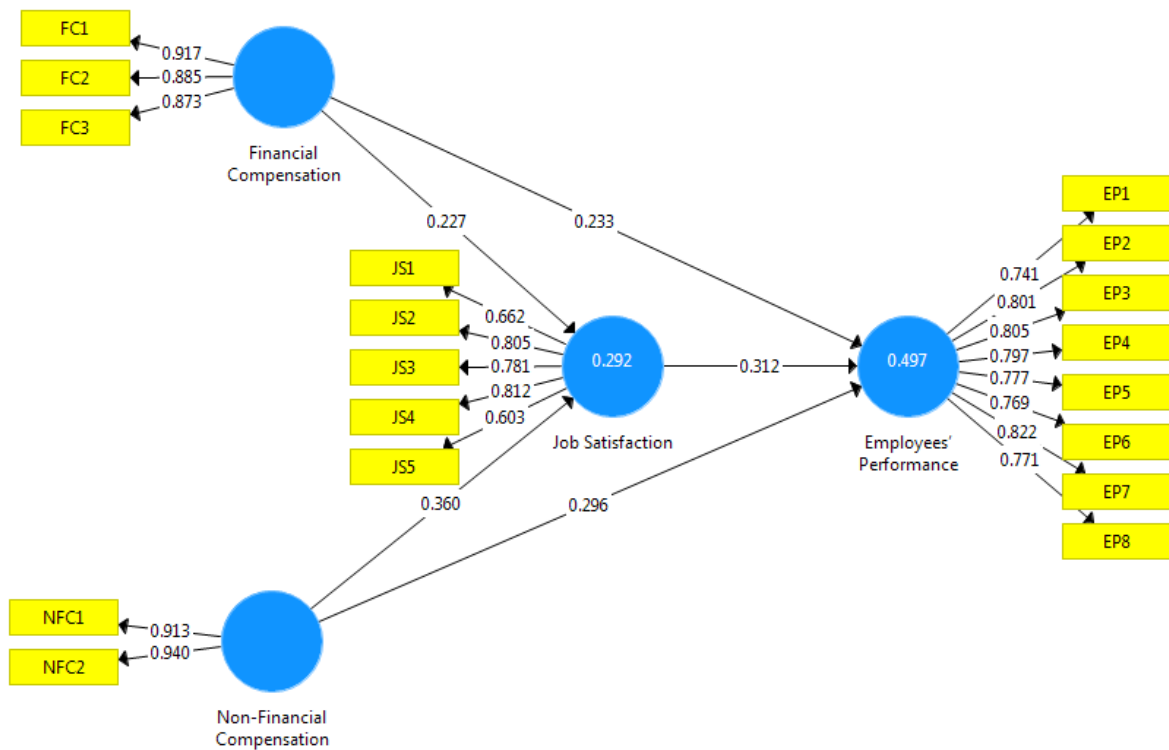
Table 4.12

Path Coefficient

Hypothesis	Relation	Original Sample (β)	p-value	Status
H ₁	FC → JS	0.227	0.044	Supported
H ₂	NFC → JS	0.360	0.000	Supported
H ₃	JS → EP	0.312	0.001	Supported
H ₄	FC → EP	0.233	0.029	Supported
H ₅	NFC → EP	0.296	0.003	Supported

Source: Processed primary data, 2019.

Figure 4.1 The Result of PLS Algorithm



4.5.1 The Test of Hypothesis 1

As stated in Table 4.12 above, the number of 0.227 and p-value of 0.044 means that the relation between financial compensation towards job satisfaction is significant because the p-value should be lower than 0.05.

The result of hypothesis 1 is consistent with the previous study conducted by Mabaso and Dlamini (2017) and Bawoleh, Pangemanan, and Tielung (2015). Thus, hypothesis 1 shows that financial compensation has a positive influence on job satisfaction.

4.5.2 The Test of Hypothesis 2

Table 4.12 describes the significant relationship between non-financial compensation and job satisfaction with the path coefficients of 0.360 and p-value of 0.000. The result of hypothesis 2 is consistent with the previous study written by Akbar, Riaz, Arif, and Hayat (2018). It is consistent because p-value should be less than 0.05 and it is supported. Hence, hypothesis 2 indicates that non-financial compensation has a positive influence on job satisfaction.

4.5.3 The Test of Hypothesis 3

Table 4.12 describes the significant relationship between job satisfaction and employees' performance with the path coefficients of 0.312 and p-value of 0.001. In the significant level of 5% the relation between job satisfaction and employees' performance is accepted because p-value is less than 0.05. In addition, a research conducted by Khan, Nawaz, Aleem, and Hameed (2012) and Theodore and Lilyana (2017) is consistent. Thus, hypothesis 3 stating that job satisfaction has a positive influence on employees' performance is supported.

4.5.4 The Test of Hypothesis 4

Table 4.12, the number of path coefficient from financial compensation and employees' performance is 0.233 and p-value is 0.029. The result of hypothesis 4 is consistent since the research from Uwizeye and Muryungi (2017) and Darma and Supriyanto (2017) stated the same way. It can be seen from the p-value that should be lower than significant level of 5%. Hence, hypothesis 4 indicates that financial compensation has a positive influence on employees' performance.

4.5.5 The Test of Hypothesis 5

Table 4.12 describes the significant relationship between non-financial compensation and employees' performance along with the path coefficients of 0.296 and p-value of 0.003. The result of hypothesis 5 is consistent with the research written by Rashid, Othman, Othman, and Abdullah (2016) and Uwizeye and Muryungi (2017), which revealed that non-financial compensation has a positive effect toward employees' performance. Thus, hypothesis 5 indicates that non-financial compensation has positive influence on employees' performance.

4.6 Intervening Testing

Intervening testing aims to test if there is any part of mediation which can influence dependent variable. In this research, the intervening variable is job satisfaction. Thus, the test of intervening can be seen below:

Table 4.13

Intervening Effect

Relation	Original Sample (β)	p-value	Status	Intervening Effect
FC \rightarrow JS \rightarrow EP	0.071	0.128	Not Significant	No Mediation
NFC \rightarrow JS \rightarrow EP	0.112	0.027	Significant	Mediation

Source: Processed primary data, 2019.

P-value of 0.05 or 5% is used as a measurement if there is a significant relationship between variables. Therefore, the result of Table 4.13 can be concluded as follows:

- 1) Job satisfaction variable has no role as the mediation between independent variable of financial compensation and dependent variable of employees' performance. It means that financial compensation has a positive effect but not significant on employees' performance and it is without involving job satisfaction as mediation.
- 2) Job satisfaction variable has a role as the mediation between independent variable of non-financial compensation and dependent variable of employees' performance. It means that non-financial compensation has an indirect effect and significant influence on employees' performance as well as job satisfaction is needed as the mediation variable.

4.7 Discussion

In this section, the results of the analysis are interpreted and discussed in detail.

1) Hypothesis 1: Financial compensation has a positive influence on job satisfaction

From the hypothesis that has been developed to explain the effect between financial compensation and job satisfaction, the result shows that financial compensation has a positive influence on job satisfaction. Hypothesis 1 is consistent with the research conducted by Mabaso and Dlamini (2017) and Bawoleh, Pangemanan, and Tielung (2015).

Employees of course expect fair financial compensation in order to improve the quality of work. The higher the financial compensation given by company, the more satisfied the employees to be. Financial compensation many consist of salary, bonus, and protection program which can motivate employees. It also shows that agency and expectancy theories are aligned with the result of this study.

2) Hypothesis 2: Non-financial compensation has a positive influence on job satisfaction

From the hypothesis that has been developed to explain the influence between non-financial compensation and job satisfaction, the result shows that non-financial compensation has a positive influence on job satisfaction. The result of hypothesis 2 corroborates the previous study written by Akbar, Riaz, Arif, and Hayat (2018).

Non-financial compensation is a reward in the form of work arrangement and work environment provided by the company to employees. Giving non-financial compensation is expected to satisfy employees, and has been proven that job satisfaction can be derived from non-financial compensation. This case is aligned with the expectancy and agency theories because fundamentally, an individual is satisfied if the environment and work arrangement is fulfilled as they expected.

3) Hypothesis 3: Job satisfaction has a positive influence on employees' performance

From the hypothesis that has been developed to explain the influence between job satisfaction and employees' performance, the result of hypothesis 3 is consistent with the previous research conducted by Khan, Nawaz, Aleem, and Hameed (2012) and Theodore and Lilyana (2017). The more satisfied the employees, the more they can make improvement in their work.

Each employee has his or her own level of job satisfaction according to the value adhered. If the job satisfaction fulfilled, it can boost employee morale and discipline at work. It is in line with expectancy and agency theories which support this hypothesis.

4) Hypothesis 4: Financial compensation has a positive influence on employees' performance

From the hypothesis 4 that has been developed to explain the effect between financial compensation and employees' performance, it reveals that

financial compensation has a positive influence on employees' performance. This is consistent with the research conducted by Uwizeye and Muryungi (2017) and Darma and Supriyanto (2017).

Financial compensation is one of the elements which can increase employees' performance. Financial compensation both direct and indirect is also the effective key to motivate employees (Simamora, 2006). This case is aligned with the expectancy and agency theories that compensation is one of the best ways to increase employees' performance.

5) Hypothesis 5: Non-financial compensation has a positive influence on employees' performance

From the hypothesis 5 that has been developed to explain the influence between non-financial compensation and employees' performance, the result of the hypothesis 5 is consistent with the previous study written by Rashid, Othman, Othman, and Abdullah (2016) and Uwizeye and Muryungi (2017).

Non-financial compensation consists of satisfaction obtained from the job itself, or from the psychological environment in which the employees work. This is in line with agency and expectancy theories, since the work environment and work arrangement will increase performance and create better outcome.

CHAPTER V

CONCLUSION AND RECOMMENDATION

This chapter contains the summary of this research, the research limitation encountered during the research period, and followed by suggestions from the researcher for future possible studies which have the same topic or even relevant references.

5.1 Conclusion

Based on the result of data analysis and discussion, the conclusions are as follows:

1. Financial compensation has a positive significant influence on job satisfaction and it is supported with the data. It has been proven with the path coefficient of financial compensation on job satisfaction which is 0.0277 and p-value is 0.044. Therefore, the higher the financial compensation, the higher the satisfaction of employees in doing their work.
2. Non-financial compensation has a positive significant influence on job satisfaction and it is supported with the data. It has been proven with the path coefficient of non-financial compensation on job satisfaction, which is 0.360 and p-value is 0.000. Thus, the higher the non-financial compensation, the higher the satisfaction of employees in doing their work.

3. Job satisfaction has a positive significant influence on employees' performance and it is supported with the data. It has been proven with path coefficient of job satisfaction on employees' performance which is 0.312 and p-value is 0.001. Hence, employees' satisfaction can improve the performance and increase the output of the company.
4. Financial compensation has a positive significant influence on employees' performance and it is supported with the data. It has been proven with path coefficient of financial compensation on employees' performance which is 0.233 and p-value is 0.029. Thus, the higher the financial compensation, the higher the employee performance.
5. Non-financial compensation has a positive significant influence on employees' performance and it is supported with the data. It has been proven with the path coefficient of non-financial compensation on employees' performance which is 0.296 and p-value is 0.003. Therefore, the higher the non-financial compensation, the higher the employee performance.
6. Financial compensation has a positive but not significant effect on employees' performance and it is without involving job satisfaction as mediation at the number of 0.071 and p-value is 0.128. Nonetheless, non-financial compensation has an indirect effect and significant influence on employees' performance as well as job satisfaction is needed as mediation variables at the number of 0.0112 and p-value is 0.027.

5.2 Limitation

This research has several limitations as an effect of the results regarding the research goals, the limitation are as follows:

1. The respondents are limited and cannot be generalized to employees who work in manufacturing company in Yogyakarta.
2. This research only examines financial and non-financial compensations in improving employees' performance. Whereas, there are still many other factors which can influence employees' performance.

5.3 Recommendation

There are a few recommendations for future research:

1. It is recommended that future research expand the research sample by taking as many samples as possible, so that the results can be generalized.
2. It is recommended that future research add more a few factors that are likely to influence the research results, or re-examine the variables that can boost employee performance, so that the research can be qualified.

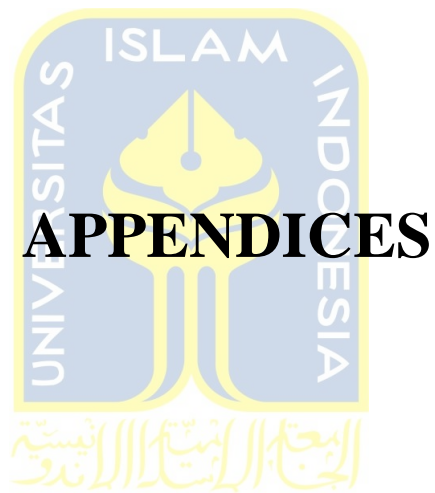
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APPENDICES

APPENDIX 1 Questionnaire

KUESIONER PENELITIAN

Kepada

Bapak/Ibu Responden

Di tempat

Dengan Hormat,

Sehubungan dengan penyelesaian tugas akhir sebagai mahasiswa Program Strata Satu (S1) Universitas Islam Indonesia, saya:

Nama : Maharani Nur Intani

NIM : 15312063

Fak. / Jur. : Ekonomi/Akuntansi

Bermaksud untuk melakukan penelitian ilmiah untuk penyusunan skripsi dengan judul **“The Influence of Financial and Non-Financial Compensations Toward Employees’ Performance through Job Satisfaction as an Intervening Variable”**. Untuk itu, saya mengharapkan kesediaan Bapak/Ibu untuk menjadi responden dengan mengisi kuesioner ini secara lengkap. Data yang diperoleh hanya akan digunakan untuk kepentingan penelitian, sehingga kerahasiaannya akan saya jaga sesuai dengan etika penelitian.

Atas bantuan dan kesediaan Bapak/Ibu/Saudara/i dalam mengisi kuesioner ini, saya mengucapkan terima kasih.

Hormat Saya,

Peneliti,

Maharani Nur Intani

DATA RESPONDEN

1. Nama : (Boleh tidak diisi)

2. Jenis Kelamin

Laki-laki

Perempuan

3. Umur

< 25 Tahun

36-40 Tahun

26-30 Tahun

>40 Tahun

31-35 Tahun

4. Pendidikan Terakhir

SD – SLTA

S1

D1 – D3

≥S2

5. Masa Kerja

< 1 Tahun

11 – 15 Tahun

1 – 5 Tahun

16 – 20 Tahun

5 – 10 Tahun

> 20 Tahun

Petunjuk Pengisian:

1. Isilah semua nomor dalam kuesioner ini dan sebaiknya jangan ada yang terlewatkan.
2. Pengisian jawaban cukup dengan memberi tanda silang (x) atau check list (√) pada pernyataan yang dianggap sesuai dengan pendapat responden (satu jawaban dalam setiap pernyataan).
3. Pilihan jawaban:
 - a. Sangat Tidak Setuju (STS)
 - b. Tidak Setuju (TS)
 - c. Setuju (S)
 - d. Sangat Setuju (SS)

A. KOMPENSASI FINANSIAL

No.	Pertanyaan	STS	TS	S	SS
	Gaji:				
1	Perusahaan tempat saya bekerja, dalam memberikan gaji setiap bulan telah mampu memenuhi kebutuhan sehari-hari karyawan				
2	Perusahaan tempat saya bekerja, dalam memberikan gaji setiap bulan kepada karyawan telah sesuai dengan porsi pekerjaannya				
3	Saya merasa, bahwa motivasi dan semangat kerja terpacu dengan gaji yang saya terima				
	Bonus:				
4	Bonus yang diberikan perusahaan tempat saya bekerja selama ini dapat meningkatkan semangat kerja dalam bekerja				
5	Perusahaan tempat saya bekerja telah memberikan bonus secara adil kepada karyawan				
6	Bonus yang saya terima telah sesuai dengan yang diharapkan				
	Program-program Proteksi:				
7	Saya merasa, bahwa tunjangan yang diberikan sesuai dengan peranan/posisi saya di perusahaan				
8	Saya merasa bahwa saya mengandalkan tunjangan-tunjangan untuk pemenuhan kebutuhan saya				
9	Saya merasa aman dengan adanya asuransi yang diberikan perusahaan				
10	Adanya asuransi kesehatan bagi karyawan dapat membantu saya untuk kesejahteraan keluarga				
11	Perusahaan tempat saya bekerja memberikan pesangon kepada karyawan yang pension				
12	Perusahaan tempat saya bekerja memberikan pesangon kepada karyawan yang meninggal				

B. KOMPENSASI NON-FINANSIAL

No.	Pertanyaan	STS	TS	S	SS
	<i>Pekerjaan:</i>				
1	Perusahaan tempat saya bekerja memberikan kepercayaan kepada karyawan untuk mempertanggung jawabkan tugas-tugasnya				
2	Perusahaan tempat saya bekerja memberikan kepercayaan kepada karyawan untuk mengerjakan tugas-tugas yang bervariasi sesuai dengan keahliannya				
3	Perusahaan tempat saya bekerja memberikan kesempatan bagi karyawan mengikuti pelatihan untuk meningkatkan kemampuannya				
4	Perusahaan tempat saya bekerja memberikan peluang yang merata kepada karyawan untuk dipromosikan pada jabatan yang lebih tinggi				
5	Perusahaan tempat saya bekerja memberikan peluang yang sama dalam pengakuan atas prestasi karyawan				
	<i>Lingkungan Kerja:</i>				
6	Suasana dan lingkungan kerja saya saat ini sangat nyaman dan membuat saya bergairah dalam bekerja				
7	Perusahaan tempat saya bekerja menyediakan fasilitas yang mendukung suasana/lingkungan kerja yang kondusif				
8	Adanya toleransi waktu untuk beribadah merupakan pencerminan penghargaan pihak perusahaan terhadap karyawan yang ingin melakukan ibadah				
9	Perusahaan tempat saya bekerja senantiasa membentuk tim kerja untuk meningkatkan kerjasama karyawan				
10	Pimpinan perusahaan tempat saya bekerja selalu bersikap ramah dan santun pada semua karyawan				
11	Pimpinan senantiasa menjalin komunikasi yang baik dengan karyawan				
12	Sesama karyawan di tempat kerja saya bekerja senantiasa menjalin komunikasi yang terbuka dalam menjalankan tugasnya				

C. KEPUASAN KERJA

No.	Pertanyaan	STS	TS	S	SS
1	Secara umum, saya sangat puas dengan pekerjaan saya				
2	Saya puas dengan jenis pekerjaan yang saya lakukan dalam pekerjaan ini				
3	Saya tidak pernah berpikir untuk berhenti dari pekerjaan ini				
4	Pekerjaan saya sekarang memberi kepuasan dalam diri saya				
5	Saya akan merekomendasikan pekerjaan ini kepada teman jika diiklankan				

D. KINERJA KARYAWAN

No.	Pertanyaan	STS	TS	S	SS
1	Kinerja saya dalam bekerja saat ini sangat bagus				
2	Saya sangat puas dengan kinerja saya saat ini				
3	Saya sangat senang dengan kinerja saya saat ini				
4	Saya bangga dengan kinerja saya saat ini				
5	Dalam hal kinerja, saya banyak berkontribusi di perusahaan saat ini				
6	Saya adalah karyawan berkinerja tinggi di perusahaan				
7	Saya mempunyai standar yang tinggi untuk pekerjaan saya				
8	Pekerjaan saya selalu berkualitas tinggi				

APPENDIX 2 The Result of Questionnaires

No	Financial Compensation														AVE F3	
	FC Salary			AVE F1	FC Bonus			AVE F2	FC Protection Program							
	Q1	Q2	Q3		Q4	Q5	Q6		Q7	Q8	Q9	Q10	Q11	Q12		
1	3	3	2	2.67	3	3	3	3.00	3	3	3	3	3	3	3	3.00
2	4	3	3	3.33	3	4	4	3.67	3	3	3	3	4	4	4	3.33
3	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3	3.00
4	3	2	2	2.33	2	2	2	2.00	3	2	3	3	3	3	3	2.83
5	3	4	3	3.33	3	4	3	3.33	3	2	4	3	4	4	4	3.33
6	3	3	3	3.00	3	3	3	3.00	4	4	3	3	4	3	3	3.50
7	4	4	4	4.00	4	4	4	4.00	4	4	4	4	4	4	4	4.00
8	3	3	3	3.00	3	3	3	3.00	3	2	4	3	3	2	2	2.83
9	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3	3.00
10	3	4	4	3.67	4	2	3	3.00	4	2	4	4	4	4	4	3.67
11	3	3	3	3.00	3	4	3	3.33	3	2	4	4	4	4	4	3.50
12	3	3	3	3.00	4	4	3	3.67	3	3	4	4	4	4	4	3.67
13	3	3	3	3.00	4	4	4	4.00	4	2	3	4	4	4	4	3.50
14	3	3	4	3.33	4	4	3	3.67	3	4	4	4	3	3	3	3.50
15	2	2	3	2.33	2	3	4	3.00	3	3	3	3	3	3	3	1.00
16	3	3	3	3.00	3	4	3	3.33	3	2	4	4	4	4	3	3.33
17	3	4	4	3.67	3	4	4	3.67	4	3	4	4	4	4	4	3.83
18	3	2	4	3.00	4	2	2	2.67	2	4	3	3	4	4	4	3.33
19	3	3	4	3.33	3	3	3	3.00	3	4	4	4	4	4	4	3.83
20	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3	3.00
21	3	4	4	3.67	4	2	3	3.00	4	2	4	4	4	4	4	3.67
22	2	3	3	2.67	3	3	3	3.00	3	2	2	2	2	2	2	2.17
23	4	3	3	3.33	3	4	3	3.33	3	4	4	4	3	3	3	3.50
24	4	4	4	4.00	4	4	4	4.00	2	4	4	4	4	4	4	3.67
25	2	2	3	2.33	2	3	3	2.67	2	3	1	2	1	1	1	1.67
26	3	3	3	3.00	3	3	2	2.67	3	2	2	2	2	2	2	2.17
27	3	3	3	3.00	3	3	3	3.00	3	2	1	1	1	1	1	1.50
28	3	3	3	3.00	4	3	2	3.00	2	2	2	2	2	2	1	1.83
29	4	4	4	4.00	4	4	4	4.00	2	4	4	4	4	4	4	3.67
30	4	3	3	3.33	3	4	4	3.67	4	3	4	3	3	3	3	3.33
31	2	3	2	2.33	3	2	2	2.33	3	2	3	2	3	2	2	2.50
32	2	2	2	2.00	2	2	3	2.33	2	3	2	3	2	3	3	2.50
33	2	2	2	2.00	3	2	3	2.67	2	3	2	1	2	3	3	2.17
34	2	2	2	2.00	3	3	2	2.67	2	1	2	2	2	2	2	1.83
35	2	2	3	2.33	2	3	2	2.33	3	2	2	1	2	3	3	2.17
36	2	3	2	2.33	3	2	3	2.67	2	2	2	3	3	3	3	2.50
37	2	1	2	1.67	2	1	2	1.67	3	2	1	2	1	2	2	1.83
38	2	2	3	2.33	2	3	2	2.33	3	2	2	2	2	2	2	2.17

39	1	2	2	1.67	1	1	2	1.33	2	2	2	3	3	1	2.17
40	2	3	2	2.33	2	3	3	2.67	3	2	3	2	3	3	2.67
41	3	3	3	3.00	2	3	3	2.67	2	3	2	3	3	3	2.67
42	4	4	4	4.00	3	4	4	3.67	4	4	4	4	4	4	4.00
43	3	3	2	2.67	1	1	1	1.00	2	2	3	3	1	3	2.33
44	2	3	3	2.67	3	3	3	3.00	3	3	3	3	3	3	3.00
45	3	3	3	3.00	3	3	3	3.00	3	2	3	3	3	2	2.67
46	3	3	3	3.00	3	3	3	3.00	3	2	4	4	3	2	3.00
47	4	4	4	4.00	4	4	4	4.00	3	4	4	4	4	4	3.83
48	3	3	3	3.00	4	2	2	2.67	3	3	3	3	2	3	2.83
49	2	3	3	2.67	3	3	2	2.67	3	2	3	4	2	2	2.67
50	3	3	3	3.00	3	3	3	3.00	3	3	3	4	3	2	3.00
51	2	3	2	2.33	3	2	2	2.33	2	3	2	2	2	3	2.33
52	3	2	3	2.67	3	3	3	3.00	3	2	4	4	4	3	3.33
53	4	4	3	3.67	4	4	3	3.67	3	4	4	4	4	3	3.67
54	3	2	3	2.67	3	3	3	3.00	3	2	4	3	3	3	3.00
55	1	2	3	2.00	4	2	3	3.00	4	2	3	2	4	3	3.00
56	3	3	3	3.00	4	2	3	3.00	3	2	4	4	4	3	3.33
57	4	4	3	3.67	4	4	2	3.33	4	4	4	3	4	4	3.83
58	2	3	3	2.67	3	2	2	2.33	2	1	3	3	4	4	2.83
59	1	3	2	2.00	3	2	2	2.33	3	2	3	3	4	4	3.17
60	3	3	3	3.00	4	3	3	3.33	3	2	3	3	4	3	3.00
61	2	2	3	2.33	4	3	3	3.33	3	2	3	3	3	3	2.83
62	2	3	3	2.67	3	3	3	3.00	3	2	3	3	3	3	2.83
63	3	3	3	3.00	4	3	3	3.33	4	4	4	4	3	3	3.67
64	3	2	2	2.33	3	2	2	2.33	3	3	2	3	2	2	2.50
65	4	4	4	4.00	4	4	4	4.00	4	4	4	4	4	4	4.00
66	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3.00
67	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3.00
68	4	4	4	4.00	4	4	4	4.00	3	3	3	3	4	4	3.33
69	3	3	3	3.00	4	4	3	3.67	3	3	3	4	4	4	3.50
70	2	3	2	2.33	2	2	3	2.33	3	3	3	4	4	4	3.50
71	3	3	3	3.00	3	2	2	2.33	3	3	3	3	3	3	3.00
72	3	3	2	2.67	3	3	3	3.00	2	2	3	3	3	3	2.67
73	4	4	4	4.00	4	4	4	4.00	4	4	4	4	4	4	4.00
74	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	4	3.17
75	4	3	3	3.33	4	4	4	4.00	3	3	4	4	4	3	3.50
76	3	3	3	3.00	3	3	3	3.00	3	3	3	3	4	3	3.17
77	3	2	2	2.33	3	2	2	2.33	2	3	2	2	2	3	2.33
78	3	3	3	3.00	4	4	4	4.00	3	3	4	4	3	3	3.33
79	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3.00
80	3	4	3	3.33	4	3	3	3.33	2	2	4	3	4	4	3.17
81	2	3	2	2.33	3	3	3	3.00	3	2	3	3	4	4	3.17

82	3	3	2	2.67	3	2	2	2.33	2	2	3	2	2	3	2.33
83	4	3	3	3.33	4	3	3	3.33	3	3	4	4	4	4	3.67
84	2	2	2	2.00	3	3	3	3.00	3	3	3	3	3	3	3.00
85	3	3	3	3.00	3	2	2	2.33	3	2	3	3	3	3	2.83
86	4	4	3	3.67	3	4	4	3.67	3	3	4	4	4	4	3.67
87	3	3	3	3.00	4	3	3	3.33	3	2	4	4	4	4	3.50
88	2	2	3	2.33	2	3	2	2.33	3	2	3	3	3	2	2.67
89	2	2	2	2.00	3	3	3	3.00	3	3	3	3	3	3	3.00
90	3	3	3	3.00	4	4	3	3.67	4	4	4	4	4	4	4.00
91	2	3	2	2.33	3	2	2	2.33	3	3	3	3	3	3	3.00
92	2	3	3	2.67	3	2	2	2.33	3	3	3	3	3	3	3.00
93	2	2	2	2.00	3	3	3	3.00	3	3	3	4	3	3	3.17
94	3	3	3	3.00	3	3	3	3.00	4	3	3	3	3	2	3.00
95	3	3	3	3.00	3	2	3	2.67	3	4	3	4	3	3	3.33
96	4	4	3	3.67	3	3	3	3.00	4	3	3	3	3	3	3.17
97	4	4	4	4.00	4	3	4	3.67	3	3	4	4	4	3	3.50
98	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3.00
99	3	3	4	3.33	3	3	3	3.00	3	3	3	4	4	3	3.33
100	4	4	4	4.00	4	3	3	3.33	3	4	4	4	4	4	3.83
101	3	3	3	3.00	3	4	4	3.67	3	2	2	2	2	3	2.33
102	2	2	2	2.00	2	2	2	2.00	2	2	2	2	2	2	2.00
103	2	3	3	2.67	2	3	2	2.33	2	2	3	3	2	2	2.33
104	2	3	3	2.67	2	3	2	2.33	2	2	3	3	2	2	2.33
105	2	2	2	2.00	2	3	2	2.33	2	2	3	3	3	3	2.67
106	2	2	2	2.00	2	2	2	2.00	1	1	2	2	3	3	2.00
107	3	3	3	3.00	3	3	3	3.00	3	2	3	3	3	3	2.83
108	2	3	2	2.33	2	2	2	2.00	3	2	2	3	3	4	2.83
109	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3.00
110	3	3	3	3.00	3	4	3	3.33	3	3	4	3	4	4	3.50
111	3	3	3	3.00	3	3	3	3.00	3	3	3	3	3	3	3.00
112	4	4	4	4.00	3	4	3	3.33	3	4	3	4	4	4	3.67
113	2	2	3	2.33	2	3	2	2.33	2	2	3	2	4	4	2.83
114	1	3	2	2.00	3	2	1	2.00	3	3	3	3	2	2	2.67
115	3	3	4	3.33	4	3	3	3.33	2	3	3	3	3	3	2.83

No	Non-Financial Compensation														AVE NFC 2
	Work					AVE NFC 1	Work Environment								
	Q 1	Q 2	Q 3	Q 4	Q 5		Q 6	Q 7	Q 8	Q 9	Q 10	Q 11	Q 12		
1	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3	3.00
2	3	2	2	2	3	2.40	3	3	3	2	2	2	3	3	2.57
3	3	3	3	3	3	3.00	3	3	4	3	4	3	3	3	3.29
4	3	3	3	2	2	2.60	3	3	3	2	3	2	3	3	2.71
5	4	4	4	3	3	3.60	4	3	4	3	3	3	3	3	3.29
6	3	4	4	4	3	3.60	3	3	3	3	2	3	4	3	3.00
7	3	3	3	4	4	3.40	3	4	3	3	3	4	4	3	3.43
8	3	3	3	2	3	2.80	3	3	3	3	3	3	3	3	3.00
9	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3	3.00
10	3	2	3	2	2	2.40	4	4	4	2	4	3	4	3	3.57
11	3	3	4	3	3	3.20	3	2	2	3	3	3	3	3	2.71
12	3	3	3	3	3	3.00	3	3	4	3	3	4	3	3	3.29
13	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3	3.00
14	4	3	3	2	3	3.00	3	3	3	3	4	4	3	3	3.29
15	1	1	2	2	2	1.60	2	2	2	1	2	2	2	2	1.86
16	3	2	2	3	3	2.60	3	3	2	3	3	3	2	3	2.71
17	4	3	3	3	3	3.20	3	3	4	3	4	4	3	3	3.43
18	3	3	3	2	2	2.60	2	3	3	2	4	4	3	3	3.00
19	3	4	4	3	3	3.40	4	4	4	3	4	4	3	3	3.71
20	3	3	4	3	3	3.20	3	3	3	3	3	3	3	3	3.00
21	3	2	3	2	2	2.40	4	4	4	2	4	3	4	3	3.57
22	3	3	4	3	3	3.20	2	2	3	4	4	3	4	3	3.14
23	3	3	4	3	3	3.20	2	2	3	4	4	3	4	3	3.14
24	4	4	3	2	3	3.20	2	4	4	4	4	4	4	3	3.71
25	4	3	2	3	2	2.80	3	3	3	3	4	4	4	3	3.43
26	3	3	2	3	3	2.80	3	3	3	3	3	3	3	3	3.00
27	3	3	2	1	3	2.40	2	2	2	2	3	3	4	3	2.57
28	3	3	3	2	3	2.80	3	2	2	3	3	3	3	3	2.71
29	3	3	4	4	4	3.60	4	4	2	4	4	4	2	3	3.43
30	3	4	3	2	3	3.00	3	2	1	2	3	3	2	3	2.29
31	2	3	3	3	3	2.80	2	3	3	3	3	3	1	3	2.57
32	2	3	3	3	3	2.80	3	2	3	3	2	3	1	3	2.43
33	2	3	2	3	2	2.40	2	2	2	2	2	2	2	3	2.00
34	3	2	2	1	2	2.00	3	2	3	2	2	2	2	3	2.29
35	2	2	1	2	2	1.80	2	2	2	2	3	2	3	3	2.29
36	3	3	2	2	3	2.60	3	3	3	3	3	2	2	3	2.71
37	2	2	3	2	2	2.20	3	2	2	2	2	1	3	3	2.14
38	3	3	2	2	3	2.60	2	3	2	2	2	2	2	3	2.14
39	3	2	3	2	3	2.60	3	3	3	3	3	3	3	3	3.00

40	3	3	3	3	3	3.00	3	3	2	2	3	3	2	2.57
41	2	3	2	3	2	2.40	3	3	3	3	3	3	3	3.00
42	4	4	4	3	3	3.60	4	4	3	3	4	4	4	3.71
43	3	3	2	2	2	2.40	3	3	3	3	2	3	3	2.86
44	2	2	2	2	2	2.00	2	2	1	2	3	2	2	2.00
45	3	3	4	3	3	3.20	3	2	4	3	4	3	3	3.14
46	3	3	3	2	2	2.60	3	2	3	3	3	3	3	2.86
47	4	4	4	4	4	4.00	3	4	4	4	3	4	3	3.57
48	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
49	3	2	2	3	3	2.60	3	3	3	3	3	3	3	3.00
50	3	3	3	3	3	3.00	3	2	3	3	3	3	3	2.86
51	3	3	2	3	2	2.60	2	2	4	3	3	3	3	2.86
52	4	3	4	3	3	3.40	3	3	3	3	3	4	4	3.29
53	4	3	4	4	4	3.80	3	4	4	4	3	4	4	3.71
54	4	3	4	3	3	3.40	3	3	3	3	3	4	4	3.29
55	4	3	3	3	3	3.20	3	3	4	4	4	4	4	3.71
56	4	3	4	2	3	3.20	3	4	3	3	4	4	4	3.57
57	3	4	4	4	3	3.60	4	3	4	3	4	4	4	3.71
58	3	3	3	2	3	2.80	3	3	4	3	3	3	3	3.14
59	3	3	3	2	2	2.60	3	3	4	3	3	3	3	3.14
60	3	4	4	3	3	3.40	4	3	3	3	3	3	3	3.14
61	3	3	4	2	3	3.00	3	3	3	3	3	3	3	3.00
62	3	2	3	2	3	2.60	3	3	3	2	3	2	3	2.71
63	3	4	3	3	3	3.20	3	3	4	4	4	4	4	3.71
64	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
65	4	4	4	4	4	4.00	4	4	4	4	4	4	4	4.00
66	3	3	3	2	3	2.80	3	2	2	3	2	2	3	2.43
67	2	2	3	1	1	1.80	3	3	3	2	3	3	3	2.86
68	3	4	4	4	3	3.60	4	3	3	4	4	3	4	3.57
69	4	4	3	2	3	3.20	3	4	4	4	4	4	4	3.86
70	4	4	3	2	3	3.20	3	3	4	3	1	1	3	2.57
71	3	3	3	3	3	3.00	2	2	3	3	3	3	3	2.71
72	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
73	4	4	4	3	4	3.80	4	4	4	4	4	4	4	4.00
74	4	3	4	3	3	3.40	3	3	4	3	4	4	3	3.43
75	3	3	3	3	2	2.80	3	4	3	3	3	3	3	3.14
76	3	3	3	2	2	2.60	3	3	4	3	4	3	3	3.29
77	3	3	3	3	3	3.00	3	3	4	3	3	3	2	3.00
78	3	4	3	4	3	3.40	3	3	3	3	3	3	3	3.00
79	3	3	3	3	3	3.00	3	4	3	3	3	3	3	3.14
80	3	2	3	3	3	2.80	4	3	4	3	3	3	3	3.29
81	3	3	3	2	3	2.80	3	3	3	3	3	3	3	3.00
82	2	3	2	2	2	2.20	2	2	2	3	2	2	2	2.14

83	3	3	4	4	3	3.40	4	4	4	3	4	4	3	3.71
84	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
85	3	3	3	3	3	3.00	3	3	3	4	3	3	3	3.14
86	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
87	3	3	4	3	3	3.20	3	3	3	3	3	4	4	3.29
88	1	3	2	2	3	2.20	2	2	3	3	2	2	2	2.29
89	2	2	2	2	2	2.00	3	3	3	3	2	2	2	2.57
90	3	3	3	3	4	3.20	4	4	4	4	4	4	4	4.00
91	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
92	3	3	3	2	3	2.80	3	3	3	3	2	3	3	2.86
93	2	2	3	3	3	2.60	2	2	3	3	2	3	2	2.43
94	3	3	4	4	3	3.40	4	3	3	4	4	3	4	3.57
95	4	4	4	3	4	3.80	4	4	3	3	3	3	3	3.29
96	3	3	3	3	2	2.80	3	3	3	3	3	3	3	3.00
97	3	3	4	4	4	3.60	4	4	4	3	4	4	3	3.71
98	3	3	3	3	3	3.00	3	3	3	3	3	3	3	2.86
99	4	3	2	3	3	3.00	4	3	4	3	4	4	4	3.71
100	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
101	4	4	3	4	3	3.60	2	4	4	3	4	4	4	3.57
102	2	2	2	2	2	2.00	2	2	3	2	3	3	3	2.57
103	3	2	2	2	2	2.20	3	2	3	2	3	3	3	2.71
104	3	2	2	2	2	2.20	3	2	3	2	3	3	3	2.71
105	3	3	3	4	3	3.20	3	3	3	3	3	3	3	3.00
106	3	3	3	2	2	2.60	2	2	3	3	3	3	3	2.71
107	3	3	3	3	3	3.00	3	4	4	3	3	4	3	3.43
108	3	3	3	4	3	3.20	2	3	4	4	3	3	4	3.29
109	3	3	3	3	3	3.00	3	3	3	3	3	3	3	3.00
110	3	3	4	4	3	3.40	3	3	2	3	4	4	3	3.14
111	3	3	2	3	3	2.80	3	3	3	3	3	3	2	2.86
112	4	4	4	3	3	3.60	3	3	4	4	4	4	4	3.71
113	3	3	3	3	4	3.20	3	3	4	4	4	4	4	3.71
114	3	3	1	1	1	1.80	2	2	4	2	3	3	3	2.71
115	3	3	3	3	2	2.80	3	2	3	2	3	3	3	2.71

No	Job Satisfaction					Employees' Performance							
	JS1	JS 2	JS 3	JS 4	JS 5	EP 1	EP 2	EP 3	EP 4	EP 5	EP 6	EP 7	EP 8
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6	2	3	3	2	4	3	4	4	4	3	3	3	3
7	3	2	3	2	2	2	2	2	3	2	4	3	3
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9	3	3	3	3	3	3	3	3	3	3	3	3	3
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11	3	3	3	3	3	3	3	3	3	3	3	3	3
12	3	3	3	3	3	3	3	3	3	3	3	3	3
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14	3	3	2	3	3	3	3	3	3	3	3	3	3
15	3	2	3	2	3	2	2	2	2	2	2	2	2
16	3	3	3	3	3	3	2	3	3	3	2	3	3
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19	3	3	4	3	3	3	3	3	4	4	3	4	4
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22	3	3	3	4	4	3	3	4	4	2	3	3	4
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37	2	2	1	2	2	1	2	3	1	2	3	1	3
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68	3	4	3	4	4	3	4	4	3	4	4	4	4
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76	3	3	3	3	3	2	3	3	3	3	3	3	3
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APPENDIX 3 The Result of PLS Algorithm

