The Effect of Compensation on Work Quality with Work Motivation as An Intervening Variable in BPJS Employment Regional Office of Northern Sumatra

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Article Information	ABSTRACT
	In this study, researchers wanted to see the direct and indirect effects between the Compensation variable as an independent variable and Work Motivation as an intervening variable and Work Quality as the dependent variable. This type of research uses quantitative, this research was conducted BPJS Employment Regional Office of North Sumatra. The population of this study was 80 employees and the sample used was all the population using the saturated sample technique. The data source used is primary data sources and data collection is done by distributing questionnaires. The research model used is phat analysis with smart PLS version 3.3.3. as a research measurement tool. The results of this study are as follows Compensation has a positive and significant effect on work quality with an original sample value of 0.617 and P values of 0.000. Compensation has a positive and insignificant effect on work motivation with an original sample value of 0.099 and p values of 0.406. Work quality has a positive and significant effect on work motivation with an original sample value of 0.717 and p values of 0.000. Compensation has a positive and significant effect on work motivation through work quality indirectly with original sample results of 0.443 and p values of 0.000. **Keywords:** Compensation, Work Quality, Work Motivation.

1. INTRODUCTION

Employment Social Security Organizing Agency (BPJS Ketenagakerjaan) is a public legal entity that is responsible to the President and functions to organize pension insurance programs, death insurance, and work accident insurance for all Indonesian workers including foreigners who work for at least 6 months in Indonesia (source: http://www.bpjsketenagakerjaan.go.id/).

When viewed from the development of the performance achieved by the BPJS Employment public company in 2017 is quite brilliant. This can be reflected in the recording of active BPJS 2 Employment participants as many as 24.1 million workers with 414,000 active companies. In addition, contributions collected until August 2017 were recorded at a value of more than Rp. 35.28 trillion with total investment funds of Rp. 293.54 trillion and investment returns reaching Rp. 17.35 trillion.

In order for the performance of BPJS Employment employees to work well, compensation is needed in their work. Compensation can be defined as what employees receive in exchange for their contributions to the organization (Lidyawati, 2019).Research conducted by A Nugraha, SS Tjahjawati "The Effect of Compensation on Employee Performance" that has a positive influence (Nugraha & Tjahjawati, 2018). In improving employee performance, compensation is given, where compensation here has a positive influence because compensation is the main target for employees. If the compensation provided is not in accordance with what is done, they as employees will have poor performance. The indicators of the compensation variable according to the dimensions of Hasibuan are divided into 2 parts, namely direct and indirect compensation (Fauziah et al., 2016). Compensation is given as a reward by the company to employees who have carried out their duties and responsibilities. (Yandi, A. at el.2022), (Ardianto, R. at el. 2022), (Syamsudin, H.at el, 2020).

One way to build company performance at the BPJS Employment Company is to provide work motivation to its employees. Work motivation according to Siagian in Arifin's research as a driving force for someone to provide work enthusiasm so that the goals of the organization can run (Arifin & Nurcaya, 2018). In the sense that the achievement of organizational goals will also achieve the personal goals of the members of the organization. Research conducted by JS Novyanti "The Effect of Work Motivation, Work Environment, and Work Discipline on Employee Performance at Bappeda Central Sulawesi Province" that these variables have a simultaneous positive effect on employee performance (Novyanti, 2015). Employee performance will be low if it is not based on work motivation and vice versa if employees work based on work motivation, the level of employee performance will be high. According to Alderfer, in Bangun there are several indicators on work motivation variables, namely (Hasmalawati & Hasanati, 2017): existence, relationship, and growth. Every employee must have a different work motivation, so it is certain that this difference in work motivation can result in different work enthusiasm.

In the world of work, a balance between personal and work life is essential to achieve quality of work life and good performance. Quality of work life includes aspects such as work environment, relationships between coworkers, company policies, and management. According to Jahani in Aminizadeh et al. (2022), Quality of work life is the ability of employees to meet their personal needs through the experiences they learn in a company. The quality of work life is very important because the better the quality of work life, it will make employees satisfied with their work at work.

Furthermore, the quality of work life greatly affects its performance; satisfaction affects employee performance and the quality of work life has no effect on employee satisfaction. (Rahman, A. 2017). (Wijayanto, A. 2016).

However, the BPJS Ketenagakerjaan Regional Office of North Sumatra has not yet reached the ideal as described above, many employees do not have much competence in accordance with their field of work, then from the performance of BPJS Ketenagakerjaan employees cannot reach the target in accordance with the wishes of the company. In addition to self-awareness or employee motivation to develop is still very minimal.

So that the problem that becomes the focal point of this research is from the lack of compensation, work motivation and quality of work which will have an impact on employee career development, besides that what role does compensation play in the variable Work motivation and quality of work on career development at the BPJS Employment Office, North Sumatra Regional Office.

Based on the description above, the researcher is interested in conducting research with the title Effect of Compensation on Work Quality with Work Motivation as an Intervening Variable at the BPJS Employment Regional Office of North Sumatra.

2. LITERATURE REVIEW
a. Compensation

According to Hasibuan (2017), compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company. Compensation has a significant influence on motivation. (Ismail, T. at el, 2016), (Intan, F. S. at el, 2017).

Hasibuan (2017), compensation indicators are divided into several things, namely as follows:

1) Salary is a monetary reward received by employees as a consequence of their position as an employee who contributes energy and thoughts in achieving company goals. It can also be said to be a fixed payment that a person receives from his membership in a company.

2) Wages are direct financial rewards paid to employees based on hours worked, the number of goods produced or the number of services provided. So unlike salaries which are relatively fixed, the amount of wages can change depending on the output produced.

3) Incentives/Bonuses are direct rewards paid to employees because performance exceeds specified standards. Incentives are another form of direct pay outside of wages and salaries which are fixed compensation, which can be called pay for performance plans.

b. Work Motivation

According to Sutrisno (2019), motivation is a factor that encourages a person to carry out a certain activity, therefore motivation is often also defined as a factor driving a person's behavior. Every activity carried out by someone must have a factor that encourages activity.

The effect of work motivation on employee performance is positive and significant. (Jufrizen, J. 2021). (Tirtayasa, S. at el, 2020).

Sutrisno (2019) states that indicators of work motivation are as follows:

1) Job satisfaction

Job satisfaction is an employee's attitude towards work related to work situations, cooperation between employees, rewards received at work, and matters concerning physical and psychological factors.

2) Achievement achieved

Work achievement is a record of the results obtained from certain job functions or certain activities during a certain time.

3) Opportunities for advancement

Recognition from others is the desire to get higher wages than usual.

4) Possibility of career development

The possibility of career development is the process of improving employees' technical, theoretical, conceptual and moral skills through education and training.

5) Responsibility

Opportunity for advancement is the desire to get a fair according to the job.

6) Recognition of others

Responsibility is the attitude or behavior of a person to carry out their duties and obligations.

c. Quality of Work

According to Jahani in Aminizadeh et al. (2022), Quality of work life is the ability of employees to meet their personal needs through the experiences they learn in a company.

Quality of work is giving employees the opportunity to make decisions regarding work, workplace design, and what employees need to create a product or service effectively. (Priyono, A. A. 2020), (Hasmalawati, N. 2018).

Aminizadeh et al. (2022), state that the indicators of work motivation are as follows:

1) Employee abilities

2) Personal needs

3) Experience

According to Flippo (2005: 28) work quality is a result that can be measured by the effectiveness and efficiency of a job done by human resources or other resources in achieving company goals or objectives properly and efficiently. K

As for several determinants of performance according to T.R. Mitchell in Dewi K. Soedarsono (2014: 86) suggests that there are five performance indicators that can be measured, including the following:

1) Quality of Work, which is a measure that states how far the various requirements, specifications and expectations resulting from a job have been met.

2) Promptness (speed / accuracy), shows the time a person treats in completing a job.

3) Initiative, showing a person's appreciation of his work by trying to find, discover and develop effective methods to complete the work with brilliant results.

4) Capability, the potential a person has in completing their work efficiently and effectively.
5) Communication, a person's ability to interact with fellow coworkers and the environment that is useful to support work activities.

d. Conceptual Framework

Based on the description in the literature review, the main focus in this study is on the Effect of Job Training on Employee Performance Mediated by Employee Quality at the BPJS Employment Regional Office of North Sumatra. To get a simpler picture, it can be explained through the following scheme:
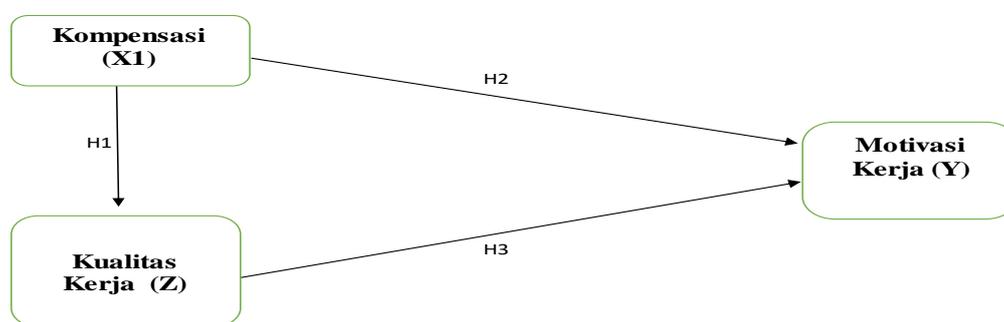

Figure 1. Research Conceptual Framework

e. Research Hypothesis

Based on the formulation of the problem, literature review and conceptual framework previously described and described, the hypotheses proposed in this study are as follows:

H_1: Compensation has a positive effect on Work Motivation at the BPJS Ketenagakerjaan Regional Office of North Sumatra.

H_2: Compensation has a positive effect on Work Quality at the BPJS Ketenagakerjaan Regional Office of North Sumatra.

H_3: Work Motivation has a positive effect on Work Quality at the BPJS Ketenagakerjaan Regional Office of North Sumatra.

H_4: Compensation has a positive effect on Work Quality through Work Motivation at the BPJS Ketenagakerjaan Regional Office of North Sumatra.

3. RESEARCH METHOD

a. Type of Research

The type of research that researchers use is quantitative research. According to Sugiyono (2010) quantitative research can be interpreted as a method based on the philosophy of positivism, used to research on certain populations or samples, sampling techniques are generally carried out randomly, data collection using research

instruments, data analysis is quantitative / statistical with the aim of testing predetermined hypotheses. This type of quantitative research is carried out to make a study that aims to adjust a study and to influence compensation on work quality with work motivation as a variable.

b. Research Location and Research Time

The research location was conducted at the BPJS Employment Regional Office of North Sumatra on Jalan Kapten Pattimura No.334 1st Floor, Medan, North Sumatra. The research time was carried out for 3 months.

c. Population and Sample

Sugiyono (2017) population is a generalization area consisting of objects or subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions. The population and sample in this study were all permanent employees at the BPJS Ketenagakerjaan Regional Office of North Sumatra, totaling 80 employees (saturated sample).

d. Research Data Sources

The data source used in this research is primary data.

e. Definition of Research Variable Operations

Table 1. Definition of Variable Operations

Variable Types	Definitions	Indicators	
1. Compensation (X)	According to Hasibuan (2017), compensation is all income in the form of money, direct or indirect goods received by employees in exchange for services provided to the Company.	Hasibuan (2017), compensation indicators are as follows: • Salary. • Wages. • Incentives / Bonuses are	
2.Work Motivation (Z))	According to Sutrisno (2019), motivation is a factor that encourages a person to carry out a certain activity, therefore motivation is often defined as a factor driving a person's behavior. Every activity carried out by someone must have a factor that encourages activity.	Sutrisno (2019) states that indicators of work motivation are as follows: • Job satisfaction • Achievements achieved • Opportunities for advancement • Career development possibilities • Responsibility • Recognition of others	

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3. Work Quality (Y)	According to Jahani in Aminizadeh et al. (2022), Quality of work life is the ability of employees to meet their personal needs through the experiences they learn in a company.	Aminizadeh et al. (2022), state that the indicators of work motivation are as follows: • Employee ability • Personal needs • Experience

f. Data Analysis Technique

Data analysis in this study used Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.3.3 software. According to (Gozali, 2014) Partial Least Square (PLS) is a fairly powerful analysis method because it is not based on many assumptions.

g. Measurement Model (Outer Model)

The procedure in testing the measurement model consists of a validity test and a reliability test.

1) Validity Test

   a) Convergent Validity

   b) Discriminant Validity

2) Reliability Test

Cronbach's alpha value is recommended to be greater than 0.7 and composite reliability is also recommended to be greater than 0.7 (Sekaran, 2014).

h. Structural Model (Inner Model)

This test is conducted to determine the relationship between exogenous and endogenous constructs that have become hypotheses in this study (Hair et al., 2017).To generate inner model test values, a step in SmartPLS is performed using the bootstraping method. The structural model is evaluated using R-square for the dependent variable, Stone-Geisser Q-square test for predictive elevance and t-test and significance of the structural path parameter coefficients with the following explanation:1. Coeficient of Determination / R Square (R2)

In assessing the model with PLS, it starts by looking at the R-square for each dependent latent variable. The interpretation is the same as the interpretation in regression.Changes in the R-square value can be used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect (Ghozali, 2012). The R2 value is generally between 0 and 1.

2. Predictive Relevance (Q2)

This test is used to measure how well the observed value is produced by the model and also the parameter estimate. If the Q2 value is greater than 0, it indicates that the model has predictive relevance, which means it has a good observation value, while if the value is less than 0, it indicates that the model does not have predictive relevance (Ghozali, 2014).

3. t-Statistic

At this stage it is used for hypothesis testing, namely to determine the significance of the relationship between variables in the study using the bootstraping method. In the full model Structural Equation Modeling in addition to confirming the theory, it also explains whether or not there is a relationship between latent variables (Ghozali, 2012).The hypothesis is said to be accepted if the t statistical value is greater than the t table.

According to (Latan and Ghozali, 2014) the criteria for the t table value is 1.96 with a significance level of 5%.

4. Path Coefficient (Path Coeficient)

This test is used to determine the direction of the relationship between variables (positive / negative). If the value is 0 to 1, then the direction of the relationship between variables is positive. Meanwhile, if the value is 0 to -1, then the direction of the relationship between variables is negative.

4. RESULTS AND ANALYSIS

a. Outer Model Analysis

Measurement model testing (outer model) is used to determine the specification of the relationship between latent variables and their manifest variables, this test includes convergent validity, discriminant validity and reliability.

1) Convergent Validity

This test is seen from the loading factor, the value limit is 0.7, as well as the limit of the ..Average..Variance..Extracted.(AVE) value, which is 0.5, if above this value it is said to be valid. This means that the value for the indicator is said to be valid, if the indicator explains the variable construct with a value> 0.7. The structure model in this study is shown in the following figure:
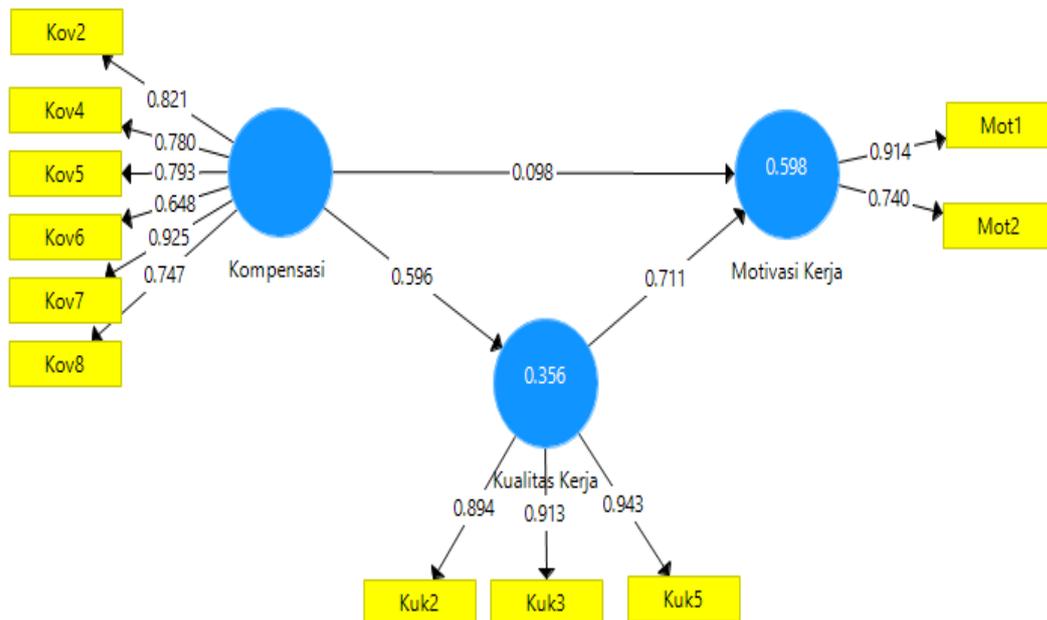
Figure 2. Outer Model
Source: Smart PLS 3.3.3

Smart PLS output for loading factors provides results in the following table: Outer Loadings In this study there is an equation and the equation consists of two substructures for sub structure 1.

$$Z = b1X1 + e1$$
$$Z = 0.098 + e1$$

For substructure 2

$$Y = b1X1 + b1Z + e2$$
$$Y = 0.596X1 + 0.711Z1 + e2$$

Table 2. Outer Loadings

	Compensation	Work Quality	Work Motivation
Kov2	0.821		
Kov4	0.780		
Kov5	0.793		
Kov6	0.748		
Kov7	0.925		
Kov8	0.747		
Kuk2		0.894	
Kuk3		0.913	
Kuk5		0.943	
Mot1			0.914
Mot2			0.740

Source: Smart PLS 3.3.3

In the table above, the value of each variable is stated that the indicators in the loyal variables are higher than 0.7, which means that each indicator item has a value higher than 0.7 so that the data is declared valid and can continue further research.

2) Discriminat Validity

Further research to find out valid data in Discriminat Validity, aims to determine whether the cross loading value is greater than other latent variables so as to determine the results of highly correlated indicators on the construct The following table shows the results of cross laoding from validity testing as follows:

Table 3. Discriminat Validity

	Compensation	Work Quality	Work Motivation
Compensation	0.790		
Work Quality	0.796	0.917	
Work Motivation	0.722	0.769	0.832

Source: Smart PLS 3.3.3

The results of table 2 above have a value greater than other variables in each indicator and variable so that it can be concluded that the results of discriminant validity research are validly distributed.

3) Composite reliability

In composite reliability research to see each variable with its reliability value and if the variable value is greater than 0.60 then the research is considered reliable and if it is below 0.60 and 0.7 then it is not reliability there are several blocks to determine whether the research is reliable or not and valid or not including the Coranbach alpha value, composite reliability and AVE value can be seen in the table below:

Table 4. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Compensation	0.877	0.926	0.908	0.624
Work Quality	0.905	0.905	0.940	0.840
Work Motivation	0.876	0.875	0.816	0.692

Source: Smart PLS 3.3.3

In table 3 above, it can be seen that in the Cronbach alpha column, there is a value for each variable greater than 0.7, which means that the data reliability is faithful to the variable. The composite reliability column has a value greater than 0.6 so that it can be explained that each variable is considered reliable because the data is greater than 0.6. It can be seen from the AVE column that each variable has a value greater than 0.7, which means that the data is valid in AVE. All variables from the Cronbach alpha

column, reliability column and AVE column have values greater than 0.7 and 0.6 so that they are considered reliable and valid.

b. Inner Model Analysis

Evaluation of the structural model (inner model) is carried out to ensure that the basic model created is strong and appropriate. The stages of examination carried out in the assessment of the primary model are seen from several markers, namely:

1) Coefficient of Determination (R2)

At the next stage, namely evaluating the measurement model or inner model by looking at the R-Square value criteria. The R-Square results from the smartPLS 3.0 software output are as follows:

Table 5. R Square Results

	R Square	R Square Adjusted
Work Quality	0.756	0.745
Work Motivation	0.798	0.784

Source: Smart PLS 3.3.3

There is an R square value of the Work Motivation variable with an R square value of 0.784 and if it is a percentage of 78.4%, it means that the effect of compensation and work quality work motivation on work motivation and the rest is in other variables. The R squrae value of the work quality variable is 0.745 and if it is percentageized it is 74.5%, meaning that the effect of the compensation variable and the quality of work motivation on work motivation is 74.5% and the rest is on other variables.

2) Hypothesis Testing

After assessing the inner model, the next thing is to assess the connection between idle builds as speculated in this review. Testing the speculation in this review is done by looking at the T-Statistics and P-Values. Speculations are announced recognizing whether the T-Statistics > 1.96 and P-Values < 0.05. Next are the consequences of the direct impact Road Coefficient:

Table 6. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Compensation **-> Work Quality**	0.596	0.617	0.087	6.875	**0.000**
Compensation **->** Work Motivation	0.098	0.099	0.118	0.832	**0.406**
Work Quality -> Work Motivation	0.711	0.717	0.102	6.948	**0.000**

Source: Smart PLS 3.3.3

The direct research results above will be explained as follows:

a) Compensation has a positive and significant effect on work quality with an original sample value of 0.617 and P values of 0.000. This means that compensation is able

to make or improve the quality of work because of the compensation of a person's job where he is placed not because of the quality of work made by the organization.

b) Compensation has a positive and insignificant effect on work motivation with an original sample value of 0.099 and p values of 0.406. This means that compensation formed by organizations and employees can make work motivation in each employee increase, because strong work motivation towards the company is the result of treating employees or employees well.

c) Work quality has a positive and significant effect on work motivation with an original sample value of 0.717 and p values of 0.000. This means that if the quality of work increases, work motivation will increase and if work motivation decreases, work quality will also decrease.

Table 7. Path Coefficients (Indirect Effect)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Compensation **-> Work Quality ->** Work Motivation	0.424	0.443	0.097	4.364	**0.000**

Source: Smart PLS 3.3.3

The results of the indirect effect above can be explained as follows:

Compensation has a positive and significant effect on work motivation through work quality indirectly with original sample results of 0.443 and p values of 0.000. This means that work quality is an intervening variable because it is able to indirectly influence compensation on employee work motivation.

5. CONCLUSION

Based on the research results above, the following conclusions are drawn:

1. Compensation has a positive and significant effect on the quality of work at BPJS Employment Regional Office of North Sumatra.
2. Compensation has a positive and insignificant effect on work motivation at the BPJS Ketenagakerjaan Regional Office of North Sumatra.
3. Work quality has a positive and significant effect on work motivation in the North Sumatra Regional Office BPJS Employment Office of North Sumatra Region.
4. Compensation has a positive and significant effect on work motivation through work quality at the BPJS Ketenagakerjaan Regional Office of North Sumatra.

Suggestion

After drawing conclusions on the results, the researcher makes suggestions for the company as follows:

1. The company must maintain compensation in the company by making compensation efforts directed at employees who work and provide the company's performance increases with compensation.
2. The company must maintain the quality of work in working properly and safely. With the maximum quality of employee work, it will improve company performance in general.
3. The company must maintain work motivation in working well and safely. With maximum employee motivation, it will improve company performance in general.

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