# The Effect of Compensation on Performance with Job Satisfaction as a Mediating Variable in Grab Drivers in Blitar City

**Catur Kukuh[1], Titiek Ambarwati[2], Rizki Febriani[3]**
[1,2,3] Management, Universitas Muhammadiyah Malang, Indonesia
Corresponding E-mail: caturkukuh0509@gmail.com

*Abstract*

*This study aims to analyze how the effect of compensation on performance with job satisfaction as a mediating variable in the Blitar city grab driver. The sampling technique used incidental sampling with a sample of 100 drivers. Data collection techniques using a questionnaire. The data analysis technique used path analysis with the SPSS program. The results showed that compensation had a positive and significant effect on performance, compensation had a positive and significant effect on job satisfaction, job satisfaction had a positive and significant effect on performance, and compensation had no positive and significant effect on performance as a mediation.*

*Keywords: compensation, performance, job satisfaction*

**Abstrak**

Penelitian ini bertujuan untuk menganalisis bagaimana pengaruh kompensasi terhadap kinerja dengan kepuasan kerja sebagai variabel mediasi pada pengemudi grab kota Blitar. Teknik pengambilan sampel menggunakan incidental sampling dengan jumlah sampel 100 pengemudi. Teknik pengumpulan data menggunakan kuesioner. Teknik analisis data menggunakan analisis jalur dengan program SPSS. Hasil penelitian menunjukkan bahwa kompensasi berpengaruh positif dan signifikan terhadap kinerja, kompensasi berpengaruh positif dan signifikan terhadap kepuasan kerja, kepuasan kerja berpengaruh positif dan signifikan terhadap kinerja, dan kompensasi tidak berpengaruh positif dan signifikan terhadap kinerja sebagai mediasi.

*Kata kunci: kompensasi, kinerja, kepuasan kerja*

## INTRODUCTION

Human resources are a valuable asset owned by the company. The success of the company is determined by its human resources, one of which is the company engaged in the service sector. Companies must pay attention to their human resources, because meeting the needs of the company will make these human resources feel cared for and feel happy working for the company. This is a factor that will affect the performance and job satisfaction of these human resources. Companies engaged in the service sector need good human resources, because these human resources will later achieve the goals of the company with their performance. One of the factors of performance is compensation, by

giving compensation in accordance with performance can lead to a sense of satisfaction at work, by increasing the sense of job satisfaction owned by employees will improve the quality of their work.

Improving the performance of a company does not only come from its human resources, but the company must be able to lead existing human resources to realize company goals. In a company there are many human resources which of course have their own goals. This is an important task for the company, namely to align the goals between the company and the human resources in it so that the two can go hand in hand which will also have an impact on improving company performance. In addition, there are other factors that affect employee performance including compensation. Employee performance according to Mangkunegara (2012) is the result of work, including the quality and quantity of work performed by an employee in accordance with the responsibilities given. One of the factors of employee performance is compensation and job satisfaction, with the fulfillment of compensation and job satisfaction indirectly employees will always be satisfied with their work and will improve their performance. In the journal (Lubis et al, 2021) compensation plays an important role in a company's ability to attract, retain, and motivate employees to continue working there.Several studies have shown that compensation has a significant effect on employee performance such as research by Pasaribu, (2022), this statement is also supported by research from Irsandy (2020). However, there is also research showing that compensation has no significant effect on employee performance as in Virda's, (2020).

Employee performance can also be influenced by other factors, namely job satisfaction. Handoko (2016) describes job satisfaction is a pleasant or unpleasant feeling that employees feel when doing work. The important thing in an organization is the creation of job satisfaction for members of the organization so that it will improve performance. With the formation of job satisfaction, the achievement of organizational goals will be better and more accurate. There are several studies that support that job satisfaction has a significant effect on employee performance, such as Imam (2019). However, there are also several studies which show that job satisfaction does not have a significant effect on employee performance as in the research by Luis et al, (2019), and this statement is also supported by Yudi, (2020) that job satisfaction does not have a significant effect on employee performance. In a company the quality of the drivers that are owned must be guided as much as possible in the hope of providing the best service to passengers. Based on this there are several factors that can affect the performance of grab bike drivers, including by providing compensation that is comparable to what they have done, with the hope that drivers will provide the best performance and obtain good job satisfaction. Grab bike drivers will get performance results from the ratings given by passengers (in the form of stars) and comments for passengers who have been served by drivers.

The performance phenomenon that is happening at the moment is the quantity of work, where currently many drivers do not meet the minimum target suggested by the company, namely the 185 diamond incentive, from this incentive the drivers get a bigger income. Based on several drivers' opinions, prior to the current policy drivers could still get incentives even though they had to work from morning to night. With the current new incentive policy, it certainly affects the income of drivers. Where previously IDR 150,000 – IDR 200,000 a day including incentives now ranges from IDR 80,000 – IDR 120,000 not including operational costs such as gasoline and others. This should be a consideration for the company so that the incentive policy is not the same as other regions. Giving compensation in accordance with the results of their performance will make them feel satisfied in doing all their work. But the facts that occur in the field of compensation are not proportional to their performance, meaning that the compensation given is very minimal. The rates given are sometimes also not in accordance with the distance traveled. With conditions, namely IDR 8,000 – IDR 10,000 for a maximum distance of

4km and an additional IDR 2,000 for every next km. But sometimes many exceed the distance and get inappropriate results. As time goes by, the compensation given by the grab is getting less and less. From this, it creates a feeling of dissatisfaction with the grab driver in doing his job. This feeling of dissatisfaction can be seen during the middle of 2022, Grab drivers held 2 mass demonstrations and mass offbids regarding improvements to the compensation that drivers get. But on the other hand, the relationship between these drivers is very good and harmonious, even though the drivers are competing with each other. With a minimum acquisition of 4.7 and a completion rate above 80%, drivers will be eligible to receive compensation in the form of incentives that have been provided by the company. Therefore, the provision of compensation carried out by Grab is one of them assessed by the rating of the Drivers, so that they must provide the best service to customers.

There is a research gap in Virda's, (2020) where research states that compensation has a positive effect on employee performance through job satisfaction. In Mainingrum's, (2022), compensation has a significant effect on performance, and Imam, (2019) job satisfaction has a significant effect on employee performance. Meanwhile, it is inversely proportional to the research of Irsandy, (2020) where in this study stated that the effect of compensation on employee performance is not mediated by job satisfaction. In Virda's, (2020) compensation has no positive effect on performance, and Luis et al, (2019) Job satisfaction has a positive and insignificant effect on performance. Based on the background described above, and several studies that have research gaps between one another regarding compensation and job satisfaction factors as factors that influence employee performance.

**LITERATURE REVIEW**

Employee performance based on the opinion of Mangkunegara, (2012) in the research of Lukito (2020) is the result of work, including the quality and quantity of work performed by an employee in accordanc e with the responsibilities given. According to Robbins, (2016) employee performance has several indicators, namely quality, quantity, timeliness, effectiveness, independence, and work commitment. According to Busro (2018) there are two factors that affect performance, namely internal factors and external factors. Internal environmental factors are intellectual ability, work discipline, job satisfaction, and employee motivation. External environmental factors, namely leadership style, work environment, and compensation. Based on the explanation according to Busro (2018) it can be concluded that compensation is one of the factors that affect employee performance which belongs to the external factors of the organization. Job satisfaction is one of the factors that influence employee performance which is classified as an internal organizational factor.

Lubis et al (2021) define that compensation plays an important role in a company's ability to attract, retain and motivate employees to continue working there. Giving the impression that employee compensation can be divided into two categories: direct compensation and indirect compensation (Susanto, 2017). According to Anshori (2016) and Pasaribu (2022) the compensation indicators used are salary, benefits, and incentives or bonuses. With the formation of job satisfaction, the achievement of organizational goals will be better and more accurate. According to Luthans (2006) and Diviani (2015), indicators of job satisfaction include attitudes towards work, attitudes towards wages, attitudes towards promotions, attitudes towards supervisors, attitudes towards colleagues

Based on the research conducted by Wicaksono (2019) compensation has a positive influence on performance. In this study stated that the provision of appropriate compensation can improve performance. In research conducted by Sumardjo et al (2021) compensation has a positive effect on job satisfaction. In this study stated that if compensation can meet the needs, it can increase satisfaction in

doing the job. In research conducted by Diviani (2015) the variable of job satisfaction has a positive effect on performance. In this study stated that if employees feel satisfied in doing their jobs can improve their performance. According to Kelvin's, et al. (2020) and Lubis et al (2021) both suggest that compensation has a significant effect on employee performance with job satisfaction as a mediating variable. Based on the research results, the following hypothesis is obtained:

**H1**: Compensation has a positive and significant effect on performance

**H2**: Compensation has a positive and significant effect on job satisfaction

**H3**: Job satisfaction has a positive and significant effect on performance

**H4**: Compensation has a positive and significant effect on performance with job satisfaction as a mediating variable
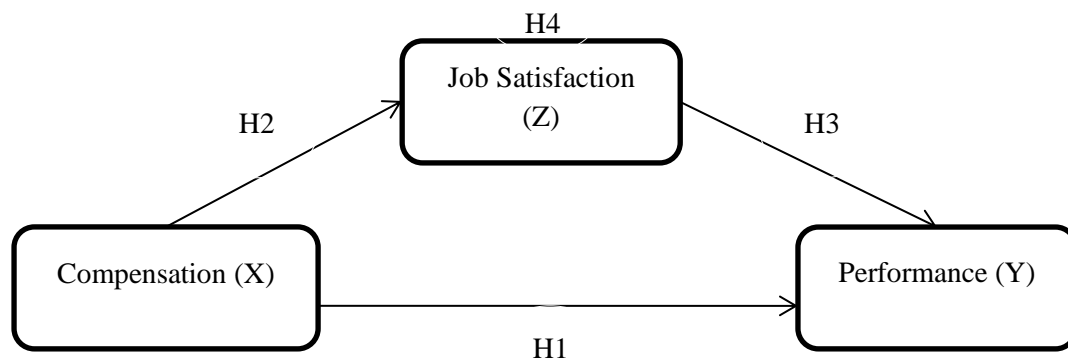
**Figure 1.** Research Framework

**RESEARCH METHODS**

This research was conducted on Blitar city grab drivers. This type of research is descriptive research with a quantitative approach. Research that provides information about a symptom, or event, is known as descriptive research. The term quantitative approach refers to research that uses quantitative data to predict population conditions or trends in the future (Mukid, 2021). Incidental sampling is the sampling method used in this study with a total of 100 respondents, according to (Kasira, 2008), Incidental Sampling is a sampling technique based on chance, that is, anyone who accidentally meets a researcher can be used as a sample, if viewed by other people. that happen to be encountered is suitable as a source of data. This research data collection method is to use a questionnaire. The data analysis technique used in this study uses path analysis with the help of Statistical Product and Service Solutions (SPSS). Variable measurements in this study used a Likert scale with a score of 1-5 from strongly disagree to strongly agree. Test the hypothesis using the T test and Sobel test.

**RESULTS AND DISCUSSION**

The classification of respondents used in the questionnaire was seen based on age, last education, years of service, gender, and marital status and the following data has been obtained, respondents aged 17-24 years were 1 respondent with a percentage of 1%, ages 25-34 years as many as 37 respondents with a percentage of 37%, aged 35-49 years as many as 57 respondents with a percentage of 57%, aged 50-60 years as many as 5 respondents with a percentage of 5%, and aged 60 years and

over as many as 2 respondents with a percentage of 2%. Based on these data, the age of most respondents is 35 - 49 years. This shows that most grabbike drivers in the city of Blitar are at a fairly productive age.

**Table 1.** Respondents Demography

| Information | Items | Respondent | Percentage |
|---|---|---|---|
| Gender | Male | 87 | 87% |
| | Female | 13 | 13% |
| Age | 17 – 24 Years | 1 | 1% |
| | 25 – 34 Years | 37 | 37% |
| | 35 – 49 Years | 57 | 57% |
| | 50 – 60 Years | 5 | 5% |
| | > 61 Years | 2 | 2% |
| Last Education | Primary School | 0 | 0 % |
| | Junior School | 2 | 2 % |
| | High School | 68 | 68% |
| | D1/D3/S1 | 30 | 30 % |
| Years of Service | < 1 Years | 0 | 0 % |
| | 1 – 2 Years | 13 | 13 % |
| | 3 – 4 Years | 87 | 87 % |

*Source: Primary Data for 2022*

In the classification of the working period of respondents who have worked less than 1 year there is no, 1 - 2 years as many as 13 respondents with a percentage of 13%, 3 - 4 years as many as 87 respondents with a percentage of 87%. This shows that most grabbike drivers in the city of Blitar are still relatively new to doing their jobs, considering that Grab entered Blitar city in late 2017. There were 87 male respondents with a percentage of 87%, and 13 female respondents with a percentage of 13%.

**Table 2.** Validity Test Results

| Variable | Items | R count | R table | Description |
|---|---|---|---|---|
| | X1.1 | 0.526 | | Valid |
| | X1.2 | 0,648 | | Valid |
| Compensation | X1.3 | 0,610 | 0,195 | Valid |
| | X1.4 | 0,541 | | Valid |
| | X1.5 | 0,603 | | Valid |
| | Z1.1 | 0,652 | | Valid |
| | Z1.2 | 0,635 | | Valid |
| | Z1.3 | 0,624 | | Valid |
| | Z1.4 | 0,585 | | Valid |
| Job Satisfaction | Z1.5 | 0,740 | 0,195 | Valid |
| | Z1.6 | 0,725 | | Valid |
| | Z1.7 | 0,691 | | Valid |
| | Z1.8 | 0,618 | | Valid |
| | Y1.1 | 0,690 | | Valid |
| | Y1.2 | 0,677 | | Valid |
| Performance | Y1.3 | 0,371 | 0,195 | Valid |
| | Y1.4 | 0,335 | | Valid |
| | Y1.5 | 0,571 | | Valid |

| Variable | Items | R count | R table | Description |
|----------|-------|---------|---------|-------------|
|          | Y1.6  | 0,641   |         | Valid       |
|          | Y1.7  | 0,526   |         | Valid       |
|          | Y1.8  | 0,685   |         | Valid       |
|          | Y1.9  | 0,763   |         | Valid       |
|          | Y1.10 | 0,688   |         | Valid       |
|          | Y1.11 | 0,764   |         | Valid       |

*Source: Primary Data for 2022*

**Table 3.** Reliability Test Results

| Items | Reliability Coefficient | Minimum Alpha | Results |
|-------|-------------------------|---------------|---------|
| Compensation | 0,618 | | Reliabel |
| Job Satisfaction | 0,809 | 0,60 | Reliabel |
| Performance | 0,731 | | Reliabel |

*Source: Primary Data for 2022*

The results of the validity test of the variables Compensation (X), Job Satisfaction (Z), and Performance (Y) are declared valid with the value of r count > r table. The results of the reliability test show that it is reliable on the variables Compensation (X), Job Satisfaction (Z), and performance (Y), this can be seen from the Cronbach alpha value above 0.60.

**Table 4.** Normality Test

|                         | Unstandarized Residual | Unstandarized Residual |
|-------------------------|------------------------|------------------------|
| N                       | 100                    | 100                    |
| Asymp. Sig. (2 tailed)  | 0,133                  | 0,668                  |

*Source: Primary Data for 2022*

This classic assumption test is carried out with 2 equations, namely the first equation model is compensation (X) on Job Satisfaction (Z) and the second equation model is compensation (X) and Job Satisfaction (Z) on Performance (Y). Based on the Kolmogorov Smirnov test it can be said to be normally distributed if the significance value is more than 0.05. Based on the table above, this study is included in the normal distribution.

**Table 5.** Multicollinearity Test

| Independent Variable | Tolerance | VIF | Description |
|----------------------|-----------|-----|-------------|
| Compensation (X) | 0,843 | 1,186 | Non-Multicollinearity |
| Job Satisfaction (Z) | 0,843 | 1,186 | Non-Multicollinearity |

*Source: Primary Data for 2022*

Based on table 5 it can be seen that the result of calculating the tolerance value is 0.843 > 0.1 and the result of calculating the VIF value is 1.186 <10, so it can be concluded that there is no multicollinearity or no correlation between the independent variables

**Table 6.** Heteroscedasticity Test

| Variable | Correlation Value | Description |
|----------|-------------------|-------------|
| Compensation (X) | 0,647 | Non-Heteroscedasticity |
| Job Satisfaction (Z) | 0,730 | Non-Heteroscedasticity |

*Source: Primary Data for 2022*

Based on table 6 it can be seen that the correlation value of the Compensation variable with its residual value is 0.647 > 0.05 which means that the compensation variable does not occur heteroscedasticity. Likewise, the job satisfaction variable has a correlation value of 0.730 > 0.05, which means that the job satisfaction variable does not have heteroscedasticity.

**Table 7.** Scale Range

| Variable | Respondent | Average | Description |
|---|---|---|---|
| Compensation | 100 | 387,6 | Good |
| Job Satisfaction | 100 | 378,75 | High |
| Performance | 100 | 396,18 | Very High |

*Source: Primary Data for 2022*

Based on the results of calculating the average range of scales, a number of 387.6 is obtained, which means that the compensation variable for drivers is included in the good category. Based on the results of calculating the average range of scales, the number obtained is 380.875, which means that the variable of job satisfaction is included in the high category. Based on the results of calculating the average range of the scale, a number of 396.18 is obtained, which means that the employee's performance has so far been included in the high criteria.

**Table 8.** Test of Direct and Indirect Effects

| Variable Effect | Effect | | Total |
|---|---|---|---|
| | Direct | Through Z | |
| X > Z | 0,879 | - | 0,879 |
| Z > Y | 0,459 | - | 0,459 |
| X > Y | 1,385 | - | 1,385 |
| X > Y through Z | - | 1,385+(0,879x 0,459) | 1,788 |

*Source: Primary Data for 2022*

Based on table 8 it can be seen that the effect of compensation (X) on performance (Y) through job satisfaction (Z) is 1.788. These results indicate that job satisfaction can be an intermediary or able to mediate compensation for performance. The following is a path analysis obtained from the above equation:



**Figure 2.** Path Analysis

**Table 9.** Hypothesis Test Results

| Variable | B | SE | T count | Sig t | Description |
|---|---|---|---|---|---|
| X > Y | 1,385 | 0,185 | 7.500 | 0,000 | Significant |
| X > Z | 0,879 | 0,204 | 4,266 | 0,000 | Significant |
| Z > Y | 0,459 | 0,095 | 4,843 | 0,000 | Significant |

*Source: Primary Data for 2022*

To determine the effect of compensation (X) on employee performance (Y) through job satisfaction (Z) is calculated using the following formula:

$$\frac{ab}{\sqrt{(b^2\,Sa^2) + (a^2Sb^2)}}$$

$$z = \frac{0,879\ x\ 0,459}{\sqrt{(0,459^2\ 0,204^2) + (0,879^2 0,095^2)}}$$

$$z = \frac{0,403461}{\sqrt{(0,210681\ x\ 0,041616) + (0,772641\ x\ 0,009025)}}$$

$$z = \frac{0,403461}{\sqrt{(0,0087677005) + (0,00697308503)}}$$

$$z = \frac{0,403461}{\sqrt{0,0157407855}}$$

$$z = \frac{0,403461}{0,125462}$$

$$z = 3,2158$$

Based on the formula above, the results of t count > t table, with t count results of 3.215 > 1.984, so it can be concluded in this study that the variable job satisfaction is able to mediate the effect of compensation on performance. Based on the results of the research hypothesis regarding the effect of compensation on performance, shows that compensation has a positive and significant effect on performance on grab drivers. This means that the stronger the compensation given, the higher performance too. The results of this study support the opinion by Busro (2018) where compensation is included in external factors that affect performance appropriate and incentives that are not burdensome to drivers, drivers will not choose orders so that consumers are satisfied and drivers do not violate the code of ethics that has been set by the company.

Based on the results of the research hypothesis regarding the effect of job satisfaction on performance, indicating that job satisfaction has a positive and significant effect on performance on blitar city grabbike drivers. This means that the higher the job satisfaction obtained, the better the performance. The results of this study support previous research conducted by Jovi (2012 ) Suwandi (2021) namely job satisfaction has a positive and significant effect on performance. The results of research regarding the effect of compensation on performance with job satisfaction as a mediating variable, indicating that compensation has a positive effect and significant to performance with job satisfaction as a mediating variable in drivers. These results are shown from the results of direct and indirect influences, where both show the results of compensation have a positive and significant effect on performance. This shows that compensation has a positive and significant effect on performance

with job satisfaction as a mediating variable, which means that the better compensation it will affect the job satisfaction and performance on grab drivers. In addition, the results of the Sobel test show that t count is more the size of the t table so that job satisfaction can be used as a mediating variable.

**CONCLUSION**

Based on the results of the analysis of the effect of compensation on performance with job satisfaction as a mediating variable in Blitar city grab drivers, the following conclusions can be drawn. The results of the analysis of the scale range show that employee performance is included in the high criteria, compensation is included in the strong criteria, then job satisfaction is included in the high criteria. Compensation has a positive and significant effect on job satisfaction on grab drivers. Compensation has a positive and significant effect on performance on grab drivers. Job satisfaction has a positive and significant effect on the performance of grab drivers. Compensation has a positive and significant effect on performance with job satisfaction as a mediating variable on grab drivers. With these results based on the theory of Baron and Kenny, (1998) that there is partial mediation. Based on the conclusions from the results of the analysis of the scale range, the following suggestions are proposed. For the Company, paying attention to drivers is like paying more attention to compensation, especially to incentives obtained from their work, to be facilitated like the previous incentive policy. Improve the wage system for each order and some services from grab so that if you don't receive incentives, the income from grab drivers doesn't occur too much income inequality so that drivers can feel satisfaction from their performance results.

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