Compensation, Partner Performance, And Mediating Role Of Motivation: Study On Grab Partners In Indonesia

Jovi Iristian1*, Suhermin1
1Doctoral Program Student, Indonesian College of Economics (STIESIA), Surabaya, 60118, Indonesia
Indonesian College of Economics (STIESIA), Surabaya, 60118, Indonesia
Corresponding author, email Address: joviiristian@unitomo.ac.id

Abstract
The purpose of this study is to determine the effect of compensation on employee performance, both directly and indirectly, through work motivation as an intervening variable in Grab Partners in Surabaya. The sample used in this study was 75 partners. Simple Random Sampling method was used in the research. The data used was primary data collected by questionnaire. The analysis technique used was Path Analysis. Based on the results of analysis, it can be seen that compensation has no significant effect on partner performance, but compensation can have a significant effect by making motivation as a mediating variable. Based on the results of the research, it can be concluded that a company must first ensure that there is a fair compensation distribution and it can motivate partners to be more enthusiastic in doing the work if it wants a good partner performance.

Keywords: Compensation, Partner Performance, Motivation

1. Introduction
Performance is the results of work achieved by someone in carrying out their tasks based on skills, efforts and opportunities. Based on the above description, performance is the results achieved by someone in carrying out tasks based on skills, experience and sincerity as well as time according to the standards and criteria that have been previously set (Hasibuan, 2002).

A number of studies have been specifically conducted to examine the relationship between motivation, compensation, and employee performance (Hendrawijaya, Gumanti, et.al. (2018); Yanuar (2017); Rahardjo (2017); van Herpen, et.al. (2005); Kuvaas, et.al. (2016); Novianty, et.al. (2018)). Other studies focused on examining the relationship between employee motivation and performance (Lolowang, et.al. (2019); Taba (2018); Syahreza, et.al. (2017); Riaz (2016); Dimba, et.al. (2013)).

The current research analyzes the mediating effects of motivation regarding the relationship between compensation and partner performance. This research was considered different compared to the previous ones because it assessed the performance of partners with their work. This means that Grab partners as the sample worked specifically to increase partner income turnover by looking at the amount of compensation received so as to increase partner motivation and have an impact on the performance of Grab partners in Surabaya, East Java, Indonesia.

From the results of the preliminary study that has been done by interviewing the parties related to Grab partners in Surabaya, the disagreement between the desire of superiors and subordinates often triggers conflict in the company. The employers often complain about partner performance, which according to them are not in accordance with what is expected so that the results are considered wrong. On the other hand, the partners consider what they have done are in accordance with what they want or according to the company standards. The company identifies a decrease in partner performance which is affected by a decrease in work motivation from the partners. The company suspects the effect of financial and non-financial compensation issues on partner motivation levels, which in turn also affects partner performance.

This research aims to determine the effect of compensation on employee performance, both directly and indirectly, through work motivation as an intervening variable in Grab Partners in Surabaya.
2. Literature Review

**Compensation.** Compensation is everything that employees receive as a reward for their work. The indicators used to measure compensation according to Simamora (2004) are: a) Incentives and b) Reward

**Work Motivation.** Work motivation is a factor that directs and encourages an individual behavior or desire to carry out an activity that is expressed in the form of hard and little efforts. The motivation indicators according to Siagian (2008) are as follows: a) Driving Power, b) Desire, c) Willingness, d) Forming Expertise, e) Forming Skills, f) Responsibility, g) Obligation, and h) Purpose.

**Employee Performance.** Employee performance is the work produced by employees or real behavior that is displayed according to their role in the organization. The employee performance indicators according to Tsui, et.al. (1997) are as follows: a) Quantity, b) Quality, c) Punctuality, d) Effectivity and e) Work Commitment.

Research Hypotheses

![Diagram showing the research hypotheses](image)

The hypothesis model used in the research can be seen in Figure 1. The hypotheses proposed in this research are:

- H1 = Compensation has positive and significant effects on work motivation.
- H2 = Work motivation has positive and significant effects on employee performance
- H3 = Compensation has positive and significant effects on employee performance

3. Research Method

This research was explanatory with a quantitative approach. The population in this research was infinite population since it was not possible to be counted (uncountable). In his marketing research book, Malhotra (2006) mentioned sampling at least four or five times of the total question items. The sample in this research was 75 respondents (15 items of X5 question) obtained using simple random sampling technique. The data in this research came from primary data obtained directly from the respondents through questionnaire. Test the instrument using the validity test and the reliability test. The data testing technique used was path analysis test using SPSS 21.00 for Windows program.

4. Results And Discussion

In this research, the questionnaire was distributed to 75 respondents, who are Grab partners in Surabaya, with a criterion that the partners have joined the company for more than 1 year. Respondents in this research consisted of 62 men and 13 women. There were 20 respondents aged between 21-30 years, 33 respondents aged between 31-40 years, 15 respondents aged between 41 - 50 years and 7 respondents aged > 50 years. The educational background of the respondents are as follows: 29 respondents were high school graduates, 38 respondents were undergraduates and 8 respondents were postgraduates.

**T test.** The results of t test in this research are as follows (Table 1).

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>0.033</td>
<td>0.297</td>
<td>0.767</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>

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Compensation for Partner Performance

The test results show that the compensation variable has no effect on partner performance, which means that Grab partners no longer compare the compensation received with competitors, but instead partners feel they must be more active in earning a fortune. This is because more and more GRAB partner competitors are joining. In addition, high unemployment rates and government policies in raising service tariffs. So inevitably the GRAB partners must be able to improve their performance. This study is in line with Riyadi (2011) which states that the expected compensation is not only financial compensation in question but also non-financial compensation and both can be considered in improving employee motivation and performance, because financial compensation generally accepted has been in accordance with or even exceeded employee expectations.

Compensation for Motivation

The test results show that the compensation variable has an effect on motivation, meaning that the compensation received by Grab partners can increase motivation in reaching the predetermined targets. This research is in line with Firmandari (2014) which states that employees who are motivated by the amount of compensation, will work seriously and energetically, eager to do the tasks assigned by the company to achieve a better career. Conversely, employees with low motivation will often display discomfort and displeasure with their work, their performance worsen and their achievement growth is unnoticeable. Compensation that is considered appropriate will affect company performance. The provision of work motivation in the form of salary, allowances and bonuses to the employees will further improve employee performance results.

Motivation on Partner Performance

The test results show that the motivation variable influences partner performance, meaning that the higher the motivation that Grab partners have, the higher the performance of GRAB partners. This shows high motivation in getting GRAB users and providing excellent service in accordance with the provisions that have been applied by GRAB is not so easy. Besides the emergence of tariffs that have been applied by the government, making GRAB partners even more motivated to earn a fortune and that resulted in increased performance of GRAB partners. This study is in line with Kasenda (2013) which states that employees who are highly motivated tend to have high performance. Conversely, those who have low performance may have low motivation.

Path Analysis

Direct Effects. The direct effects in this research are as follows:
- Effects of compensation variable on work motivation: 0.51
- Effects of compensation variable on partner performance: 0.033
- Effects of work motivation variable on partner performance: 0.455

Indirect Effects. The indirect effects in this research are as follows:
- Effects of compensation variable on employee performance through work motivation

\[ PY1X1 \times PY2Y1 = ((0.518) \times (0.455)) = 0.236 \]

Total Effects
Effects of compensation variable on employee performance through work motivation
PY1X1 + PY2Y1 = ((0.518) + (0.455)) = 0.973

Path Chart. It is described as follows (Figure 2).

Coefficient of Determination. Calculation of the hypothesis model determination is as follows:
R2 model = 1-(1-R12) (1-R22)
= 1-(1-0.513) (1-0.487)
= 1-(0.487) (0.513)
= 1-0.25
= 0.75 or 75%

The results of model determination calculation was 75%. It means that the contribution of the model to explain the structural relationship of the three variables was 75%. While the remaining 25% was explained by other variables outside of this research model.

5. Conclusion

Based on the research results above, it can be concluded that the compensation variable has no significant effect on the performance of GRAB partners. While compensation for motivation and motivation for GRAB partner performance has a significant effect. This shows that the issuance of government policies on online transportation service tariffs does not affect GRAB partners in earning a fortune. In addition, with the increasing number of GRAB partner competitors, these fortune seekers are competing with each other to improve their performance. For this reason, for GRAB companies if they want better performance results for GRAB partners, the company must first ensure that there is a fair and transparent distribution of compensation. In addition, the company also needs to motivate its partners to be more enthusiastic in working, so there is no more cheating in the GRAB online system.

References


