

The Impact of Job Satisfaction and Non-Financial Compensation on Employee Performance at PDAM Tirta Deli Kabupaten Deli Serdang

Akmal^{1*}, Marzuki², Afrizal³, Chaidir⁴, Dedi Sufriadi⁵

¹²³⁴Doctoral Student of Management Science, Faculty of Economics and Business,
Universitas Syiah Kuala, Indonesia

⁵Faculty of Teacher Training and Education, Universitas Serambi Mekkah, Indonesia

*Corresponding Author: akmalfarel69@gmail.com

Abstract. *The assessment of employee performance plays a crucial role in shaping policies and decisions related to human resources within a company. Factors influencing employee performance include job satisfaction and the provision of non-financial compensation. This study aims to investigate the influence of job satisfaction and non-financial compensation on employee performance at PDAM Tirta Deli in Deli Serdang Regency. The research adopts an associative type, seeking to explore the impact of job satisfaction (X1) and non-financial compensation (X2) on employee performance (Y) at PDAM Tirta Deli, Deli Serdang Regency. Data collection techniques involve observation, questionnaires, and literature review, utilizing a Likert-scale questionnaire as the instrument. The population comprises all employees at PDAM Tirta Deli, Deli Serdang Regency, totaling 164 individuals, including 93 permanent and contractual employees and 71 contract-based employees. The sample for this study consists of 93 permanent and contractual employees at PDAM Tirta Deli, Deli Serdang Regency. The results indicate a significant impact of job satisfaction and non-financial compensation on employee performance at PDAM Tirta Deli, Deli Serdang Regency. The researchers recommend that PDAM Tirta Deli continues to enhance employee job satisfaction and provides effective non-financial compensation to stimulate optimal employee performance.*

Keywords: *job satisfaction, non-financial compensation, employee performance*

1. Introduction

Employees play a pivotal role in the success of a company, starting with the recruitment of the best talents in their respective fields. Providing the necessary facilities and resources, including extensive and sensible training, is crucial to ensure continuous improvement of representatives' skills, making them the best workforce in their respective domains. Representatives with high job fulfillment tend to have elevated work enthusiasm, resulting in ideal job execution. On the contrary, those with low job satisfaction may exhibit disengagement, hindering organizational progress. Performance doesn't happen spontaneously; it needs management. To measure employee performance effectively, careful consideration is required. Improved employee performance contributes significantly to a company's overall success.

The outcomes of employee performance evaluations play a vital role in shaping policies and decisions related to human resources in a company. These decisions involve planning activities, identifying new human resource needs, conducting employee development programs, recruiting new staff, selecting employees, promoting employees to new positions, designing compensation systems, and more. Performance evaluations provide insights into the achievements of employees over a specified period.

Employee performance assessment depends on job types and organizational goals.

Companies use performance evaluations to gather information on how well employees have performed in a given timeframe. High-performing employees are expected to fulfill their responsibilities responsibly, utilizing their potential effectively and efficiently. Improved employee performance is anticipated to have a positive impact on overall company performance.

Factors influencing employee performance include job satisfaction, which reflects an individual's positive or negative perspective toward their job. Those with high job satisfaction tend to view their work positively, while those with low job satisfaction may harbor negative feelings toward their job (Nur, 2013). In addition to job satisfaction, non-financial compensation can also influence employees' performance. Non-financial compensation includes benefits or perks provided to employees, such as social security, health insurance, non-monetary pensions, overtime pay, vacation time, and recognition. These compensations aim to create a peaceful and enjoyable work environment (Candraswari dan Koerniawaty, 2022).

PDAM Tirta Deli, located in Deli Serdang Regency, is a government-owned enterprise established to provide water services to the community. The company is mandated to enhance the welfare of the population through the provision of quality and sufficient drinking water. PDAM Tirta Deli must continually improve both organizational and employee performance to achieve its goals. The initial observations at PDAM Tirta Deli revealed issues related to job satisfaction, including concerns about the balance between job responsibilities and salary, uneven task distribution, suboptimal working relationships, and limited promotion opportunities. Additionally, non-financial compensation facilities were reported to be inadequate.

Based on these observations, the researcher is interested in conducting a detailed study on the influence of job satisfaction and non-financial compensation on employee performance at PDAM Tirta Deli, Deli Serdang Regency.

2. Method

This research was conducted at PDAM Tirta Deli in Deli Serdang Regency, North Sumatra Province. The study employs an associative research design with the aim of exploring the influence of job satisfaction (X1) and non-financial compensation (X2) on employee performance (Y) at PDAM Tirta Deli, Deli Serdang Regency. Data collection techniques include observation, questionnaires, and literature review, utilizing a Likert-scale questionnaire as the instrument.

The population for this study comprises all employees at PDAM Tirta Deli, Deli Serdang Regency, totaling 164 individuals. This includes 93 employees with the status of PP (company employees) and CPP (prospective company employees), along with 71 individuals with contract worker status. The sample for this research consists of the 93 employees with PP and CPP status at PDAM Tirta Deli, Deli Serdang Regency.

3. Results and Discussions

From the regression analysis results (Table 1), the multiple regression equation is determined as follows:

$$(Y = 0.436 + 0.276 X_1 + 0.714 X_2 + e)$$

The interpretation of each component of the equation is as follows:

a. Constant (0.436):

The constant value of 0.436 can be interpreted as the predicted value of employee

performance when both job satisfaction (X1) and non-financial compensation (X2) are zero.

- b. Beta Coefficient for Job Satisfaction (0.276):
For every one-unit change in job satisfaction (X1), there will be a change in employee performance by 0.276 units, assuming all other factors remain constant.
- c. Beta Coefficient for Non-Financial Compensation (0.714):
For every one-unit change in non-financial compensation (X2), there will be a change in employee performance by 0.714 units, assuming all other factors remain constant.
- d. e (error term):
- e. It represents the unexplained variation in employee performance that is not accounted for by the independent variables in the model. This includes unmeasured factors or chance events influencing employee performance.

Therefore, this regression equation provides insights into how job satisfaction (X1) and non-financial compensation (X2) are related to employee performance (Y) within the context of the regression analysis model.

Table 1. Multiple Linear Regression Test Results

Coefficients		
Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	,436	3,721
1 Job Satisfaction	,276	,083
Non-Financial Compensation	,714	,093

a. Dependent Variable: Employee Performance

Source: Primary Data Processed with SPSS v20, 2023

Table 2. Correlation Coefficient and Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,878a	,771	,755	2,431

a. Predictors: (Constant), Job Satisfaction, Non-Financial Compensation

b. Dependent Variable: Employee Performance

Source: Primary Data Processed with SPSS v20, 2023

Based on the Table 2, the value of R is 0.878. This result indicates that there is a relationship between job satisfaction and non-financial compensation with employee performance. To interpret the strength of this relationship, guidelines similar to the following table can be used:

Table 3. Comparison of Correlation Coefficient Levels

Confidence Interval	Strength of Relationship
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Moderate
0,60 – 0,799	Strong
0,80 – 1,000	Very Strong

Therefore, the correlation coefficient between job satisfaction and non-financial compensation with employee performance of 0.878 falls within the interval of 0.80 – 1.000, indicating a very strong level of relationship. Based on Table 3, it indicates that there is an influence between job satisfaction and non-financial compensation on employee performance. The magnitude of this influence can be quantitatively expressed through the testing of the coefficient of determination, resulting in a coefficient of determination (R Square) of 0.771 or 77%. The remaining 23% is influenced by other factors not examined in this study, such as financial compensation, job stress, and other variables.

Table 4. Results of T-Test

Coefficients			
	Model	t	Sig.
1	(Constant)	,115	,905
	Job Satisfaction	3,385	,003
	Non-Financial Compensation	7,680	,000
A. Dependent Variable: Employee Performance			

Source: Primary Data Processed with SPSS v20, 2023

H1: Job Satisfaction significantly influences Employee Performance at PDAM Tirta Deli

The statistical result of the t-test for the job satisfaction variable yielded a t-value of 3.385, with a tabular t-value of 2.036 ($3.385 > 2.036$), and a significance value of 0.003, which is less than 0.05 ($0.003 < 0.05$). Therefore, the first hypothesis stating "Job Satisfaction significantly influences Employee Performance at PDAM Tirta Deli, Deli Serdang Regency" is accepted (H1 Accepted). This result is supported by a study conducted by Damayanti (2018), which stated that there is a strong and significant influence of job satisfaction on the performance of employees at the Islamic Hospital Siti Khadijah in Palembang, South Sumatra.

H2: Non-Financial Compensation significantly influences Employee Performance at PDAM Tirta Deli

The statistical result of the t-test for the non-financial compensation variable yielded a t-value of 7.680, with a tabular t-value of 2.036 ($7.680 > 2.036$), and a significance value of 0.000, which is less than 0.05 ($0.000 < 0.05$). Therefore, the second hypothesis stating "Non-Financial Compensation significantly influences Employee Performance at PDAM Tirta Deli, Deli Serdang Regency" is accepted (H2 Accepted). This finding is in line with a study conducted by Ariskha (2020), which stated that both Financial and Non-Financial Compensation partially and simultaneously have a positive and significant influence on the performance of employees at PT. Jaya Beton Indonesia, Medan Branch.

Table 5. Results of F-Test

ANOVA			
	Model	F	Sig.
1	Regression	56,690	,000b
	Residual		
	Total		
a. Dependent Variable: Employee Performance			
b. Predictors: (Constant), Job Satisfaction, Non-Financial Compensation			

Source: Primary Data Processed with SPSS v20, 2023

H3: Job Satisfaction and Non-Financial Compensation significantly influence Employee Performance at PDAM Tirta Deli

Based on the Table 5, the test result yielded an F-value of 56.690, with a tabular F-value of 2.67 ($56.690 > 2.67$) and a significance of 0.000. Since the significance value is less than 0.05 ($0.000 < 0.05$), the third hypothesis stating "Job Satisfaction and Non-Financial Compensation significantly influence Employee Performance at PDAM Tirta Deli, Deli Serdang Regency" is accepted (H3 Accepted). This finding aligns with a study conducted by Budiman et al. (2018), which stated that there is a significant influence of job satisfaction and non-financial compensation on employee performance at PT. PLN (Persero) App Trans-Jbt Karawang.

4. Conclusions

Based on the discussion of the analysis results, the researcher concludes that job satisfaction and non-financial compensation significantly influence employee performance at PDAM Tirta Deli, Deli Serdang Regency.

Therefore, the suggestion that the researcher can provide in this study is for the Regional Water Company of Tirta Deli, Deli Serdang Regency, to continue improving the job satisfaction of its employees and provide good non-financial compensation to encourage optimal employee performance. The author also recommends further research considering other variables or different research objects that were not included in this study, such as financial compensation, job stress, and others.

5. References

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