Improving employee performance through compensation in savings and loans cooperatives

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Article Info

ABSTRACT

This research aims to investigate the influence of competency on employee performance at SLC Online Jaya Mandiri Karawang. A total of 32 SLC staff were used as the research population, and the entire population was interviewed using the census method (Sample Sum). Observation, questionnaire, and documentation methods were used for data collection. Data analysis involves testing validity, reliability, simple regression, and coefficient of determination. The results of the analysis show that there is a correlation between salary and bonuses and the performance of SLC Online Jaya Mandiri Karawang employees, measured through a validity test. The rcount value which is greater than the rtable value (0.349) indicates adequate validity. The reliability test shows that all variables have a confidence value greater than the reliability standard of 0.60. A simple regression test shows the relationship between salary variables and employee performance, with the formula Y = 3.076 x 0.549 and significance less than 0.05. The coefficient of determination of 43.2% shows that 43.2% of employee performance is influenced by salary variables. The remaining 56.8% was influenced by other factors not tested in this study. The research results provide the implication that increasing salaries can have a positive impact of 43.2% on the performance of SLC Online Jaya Mandiri Karawang employees. However, it should be noted that other factors not tested also played an important role at 56.8%. Therefore, further recommendations for future research could involve additional variables to understand other factors that influence employee performance in a more holistic manner.

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Introduction

Savings and Loans Cooperatives (SLC) as microfinance institutions have a crucial role in supporting the community's economy. One of the factors that contributes to SLC's success is optimal employee performance. Good employee performance can have a positive impact on productivity, service and overall SLC growth. Compensation is an important aspect in human resource management, which can influence employee motivation and performance. Fair recognition and reward for employee contributions can be a significant driving factor in improving their performance. Increasing employee performance through compensation not only provides benefits for individual employees but also directly impacts the achievement of organizational goals. Therefore, this research aims to explore and analyze the extent of the influence of compensation on

improving employee performance in Savings and Loans Cooperatives. The population of this research is SLC employees who play a role in carrying out the operational and managerial functions of the SLC. This research will use observation, interviews and data analysis methods to collect information regarding the compensation applied and its impact on employee performance. Through a deeper understanding of the relationship between compensation and employee performance, it is hoped that the right strategy can be found to improve the quality of human resources at SLC. It is hoped that the implications of this research can provide guidance for SLC management in adopting effective compensation policies to improve employee performance, thereby achieving the goal of sustainable economic development.

Every organization, whether government or private, that was founded to achieve a certain goal must have certain elements, especially in terms of personnel, materials and tools that support the organization's activities (Zhu et al., 2023). Of these three factors, the most important is the human factor. Humans are a very important factor because they are the main component of an organization that requires special attention compared to other organizations (Yuan et al., 2023). The most important factor is people who have the ability to carry out tasks that influence the success or failure of an organization in achieving its goals (Yamagishi et al., 2021). In order for an organization to grow and develop, it needs a leader who can integrate people and other elements in the organization. Cooperatives are economic organizations owned and run by the community for the common good (Wright, 2023). The role of cooperatives is very important in the growth and development of people's economic potential as well as in realizing democratic and democratic life, togetherness, kinship and openness (Winaryo et al., 2021). In its role, cooperatives will place greater emphasis on serving the interests of their members, both producers and consumers (Watto et al., 2023). Cooperatives have the same position as other business entities, so that in running their business cooperatives follow rational laws and corporate economic principles, including the principle of business efficiency, cooperative management is carried out openly, especially for its members (Twesigye, 2023). Openness in this case does not mean that the cooperative must disclose all information (Tian et al., 2023).

SLC Online Jaya Mandiri Karawang is a private institution that operates in the savings and loans sector, to improve the welfare of the community and unite the community as well as build and develop the economic potential of its members, especially for the development of the productive small business sector. A good division of labor will occur if in a company or cooperative the placement of employees is in accordance with the skills and abilities possessed by each employee or their level of education (Kendo & Tchakounte, 2022;Dwiguspana et al., 2016;Douglas et al., 2019;Dhakal & Mueser, 2023). To be able to carry out duties and responsibilities, an employee is required to have certain abilities and skills. These abilities and skills are part of the employee's professional competence. Competence is an ability that is absolutely possessed by employees so that their duties can be carried out well (Syahyuni, 2020). Employee duties are closely related to improving human resources through education, therefore efforts are needed to improve the quality of employees so that they become professionals (Smulowitz & Almandoz, 2021). To make employees become professionals, there needs to be continuous and ongoing coaching, and to make employees as workers, their profession needs to be cared for, appreciated and recognized (Sentime, 2019).

Factors that influence employee performance include satisfaction with compensation because compensation can influence employee behavior to work more enthusiastically and encourage high performance (Sebhatu et al., 2020). Compensation for employees can be in the form of salary, wage bonuses, promotions, health insurance, recreation and others (Rofianti & Dewi, 2021). The types of compensation that SLC Online Jaya Mandiri Karawang provides to its employees are divided into two (Castaldo et al., 2023), namely financial compensation and non-financial compensation (Bahari, 2021). Financial compensation is a form of compensation related to financial or material aspects, such as salary, allowances, bonuses, incentives, pensions and employee benefits, and non-financial compensation includes forms of compensation that are not related to financial or material aspects, such as recognition, career development, positive work environment, work flexibility, and engagement opportunities, such as interesting assignments, recognition, a sense of accomplishment, healthy policies (Armstrong et al., 2024;Abrar et al., 2021).

Compensation is a key driver of employee motivation and recognition, but it is important to understand that the amount of compensation is not the only measure of employee performance (Ranta & Ylinen, 2023). Compensation is just one of many factors that influence employee satisfaction and motivation. Employee performance is assessed based on a number of factors, including goal achievement, contribution to the team and organization, ability to complete tasks effectively and efficiently, quality of work, initiative, collaboration, and personal development. Fair and competitive compensation is important to retain talented employees, motivate them to do their best, and motivate them to achieve company goals (Rahayuningsih et al., 2016). Employees who feel valued and materially valuable tend to be more passionate about their work. However, assessing employee performance based solely on compensation can be too narrow an approach. There are

many other factors to consider (Périlleux & Szafarz, 2015), such as: Professional development opportunities, positive work environment, recognition and work flexibility. A comprehensive performance appraisal system must take these factors into account. If SLC Online Jaya Mandiri Karawang wants to attract enough employees and retain existing employees, then the Cooperative leadership must be able to apply compensation that is appropriate and balanced with the energy or services that employees have provided to SLC Online Jaya Mandiri Karawang, and regulate it. this compensation. on time. Compensation that is applied correctly will help SLC Online Jaya Mandiri Karawang in getting competent employees and ensuring that existing employees feel comfortable working at the company and do not want to leave the company.

Good work performance reflects the extent to which employees are able to meet or exceed predetermined standards and goals. Good work performance is recognized by achieving positive results, meeting established goals, and making significant contributions to the organization. Providing compensation to employees is one of the factors that greatly influences employee performance. The good and bad of compensation will influence the good and bad of employee performance in the organizational environment. Providing appropriate compensation will motivate employees to work enthusiastically so as to achieve the company's goals and objectives.

About Research Oktaviani & Nainggolan (2016) Several studies show that financial compensation plays an important role in motivating employees and improving their performance. This is because financial compensation can meet employees' financial needs, provide incentives to achieve work goals, and provide recognition for the contributions made. Fair and adequate financial compensation can increase employee job satisfaction, motivation and commitment. Research result Ohunakin & Olugbade (2022) shows: 1) direct and indirect compensation is included in the poor category 2) Employee performance is included in the correct category. 3) Financial rewards and non-financial rewards have a positive effect on employee performance. Meanwhile, compensation has a positive and significant effect on employee performance by 46.24%, the remaining 53.76% is influenced by other factors such as motivation, organizational culture, style, leadership style and other factors not observed in this research. Research result Nugraha & Tjahjawati (2017) shows that: First, simultaneously the compensation variable has a positive effect on employee performance at the Banjar City Social and Employment Service. Second, partially the compensation components consisting of salary, wages, incentives and compensation do not have a direct effect on the performance of employees at the Banjar City Social and Labor Service.

Nofiar et al. (2022) found that financial compensation and non-financial compensation had a positive effect on employee performance at PT Pertamina (Persero) Marketing Unit 1 Banda Aceh Branch. The better the financial compensation and non-financial compensation, the higher the employee's work performance. Between the two independent variables, non-financial compensation variables have the most dominant influence on employee performance, followed by financial compensation variables. The research results show that employee performance at PT. Pertamina (Persero) Marketing Unit 1 Banda Aceh Branch is very affected by financial compensation and non-financial compensation. Therefore PT. Research result Meyer et al. (2022) shows that employees are satisfied with the compensation provided by their employers and there is a moderate relationship between the type of compensation and employee performance. It was also found that non-financial compensation showed a stronger relationship with job performance than financial.

Even though there has been previous research discussing the influence of compensation on employee performance, there is a knowledge gap that needs to be filled in the context of the Online Jaya Mandiri Karawang Savings and Loans Cooperative (SLC). There has been no research that specifically explores how increasing compensation in workforce management can make a positive contribution to the operational efficiency of SLC Online Jaya Mandiri Karawang. Therefore, this research is aimed at filling this gap and providing deeper insight into the impact of increasing compensation on employee performance in the SLC Online context. This research is innovative because it contributes to the literature with a focus on SLC Online Jaya Mandiri Karawang, which may have unique characteristics and dynamics within the scope of the microfinance industry. By exploring the relationship between increased compensation and operational efficiency, this research will not only complete the understanding of the importance of compensation in the SLC context, but also provide new insights into human resource management strategies in this sector. Based on the previous background, the author wants to see how increasing compensation in workforce management can support operations at SLC Online Jaya Mandiri Karawang. The aim of this research is to determine the effect of competency on the performance of SLC Online Jaya Mandiri Karawang employees.

Method

The method and type of research carried out by researchers is quantitative descriptive research and hypothesis testing. Descriptive research according to H. Hadari Nawawi is "as a completion procedure which is completed by describing or describing the current situation of the research object based on visible or existing factors".(Jaya et al., 2018). Quantitative research is research that focuses on the analysis of numerical data sets. The figures in this study are the percentage of respondents according to the answer categories on the questionnaire. Apart from that, the numbers in this research are the total value of respondents for the compensation variable and employee performance variable as the Y variable which is used as data in hypothesis testing using the Simple Linear Regression test.

The percentage analysis method used in this research allows researchers to carry out a more detailed evaluation of the competency (X) and employee performance (Y) variables. By calculating the percentage for each parameter item, this research can provide a more detailed picture of the level of competency and performance of employees at SLC Online Jaya Mandiri Karawang. In addition, percentage analysis also allows researchers to classify employee competencies and performance into certain categories, making it easier to identify areas that require further attention. With this approach, this research not only provides quantitative results, but also provides qualitative information that can be used by SLC management for more focused decision making in human resource development and operational improvement..

The presentation of the research scales is arranged in an organized manner, starting with the Likert scale used. The Likert scale is used to measure the two variables, namely Compensation (independent variable) and Employee Performance (dependent variable). Scores on a Likert scale are given to respondents to assess the level of compensation received and how this correlates with their performance. Respondents will provide scores in a certain range to answer this question. After that, information regarding scores and results from the Likert scale will be explained in detail. The validity and reliability of the scale will be analyzed to ensure the measuring instrument used is valid and reliable. Information regarding the validation process and reliability testing will be outlined, providing a solid basis for interpretation of the results. Thus, the presentation of these scales is aimed at providing a comprehensive picture of the measurement of Employee Compensation and Performance variables in this research. The population is all the elements that will be studied and will be used as research objects and the conclusions drawn only apply to the conditions of the object. To determine employee performance after receiving compensation, the population in this study was all employees at SLC Online Jaya Mandiri Karawang, totaling 32 (thirty two) employees.

This research uses a census or total sampling method because the population is relatively small. Census method, as explained by Sugiyono (2018), selecting all members of the population as research samples. In this context, the research population consists of all 32 SLC Online Jaya Mandiri Karawang employees. Therefore, all 32 employees were used as respondents or research objects. This sampling method was chosen because the limited population allows the research to obtain a comprehensive and representative picture of all SLC Online Jaya Mandiri Karawang employees. By taking the entire population as a sample, this research can reduce the risk of sample bias and increase the internal validity of the research results. The choice of this census method is also relevant to the research objective which is to gain an in-depth understanding of the influence of compensation on employee performance at SLC Online Jaya Mandiri Karawang. By involving all employees, it is hoped that the research results can provide more accurate and relevant information to assist management in making effective decisions. Data collection is the most important stage in research. The data in this research consists of primary data and secondary data. Primary data is data that comes from research respondents. This data is data directly from the source. Meanwhile, secondary data in this research is data in the form of documents from related agencies, such as documents, regulations and other data services related to research problems.

In order to obtain comprehensive data for this research, researchers applied several data collection techniques (Kim & Jang, 2020). First, literature study is used to obtain a strong theoretical basis and detail the conceptual framework of the research (Khan & Muktar, 2024). Second, field research was carried out through interviews, observations and questionnaires. Interviews were conducted directly with SLC Online Jaya Mandiri Karawang employees to gain in-depth insight into their perceptions of compensation and performance. Observation is used to directly observe the conditions of the work environment and the dynamics of interactions between employees. Questionnaires are used as instruments to collect quantitative data, especially in measuring perceptions and levels of satisfaction with compensation. The combination of these three techniques is expected to provide a comprehensive and holistic picture of the relationship between compensation and employee performance at SLC Online Jaya Mandiri Karawang.

The method used by the author to analyze the data in this research is descriptive statistical analysis. According to Sutopo & Sugiyono (2021), descriptive analysis is "statistics used to analyze data by describing or explaining the data collected without the intention of generalizing conclusions or generalizations." is. Descriptive analysis is research conducted to determine the value of independent and dependent variables. After the data obtained from respondents through questionnaires is collected, the next step is to process and interpret the data so that from these results it can be seen whether there is an influence between the Compensation variable (X) on the Employee Performance variable (Y).).

Table 1. Determination of Questionnaire Answer Scores

Alternative answer	Positive question	Negative question
Strongly agree	5	1
Agree	4	2
Don't agree	3	3
Don't agree	2	4
Strongly disagree	1	5

Source: Sugiyono (2017:94)

Results and Discussion

Respondent Characteristics
Based on research data obtained from distributing questionnaires, data was obtained regarding the ages of respondents which can be seen in the table below:

Table 2. Frequency and Age Percentage

	Frequency	Percent	Valid percentage	Cumulative Percent
22-26 Years	12	37.5	37.5	37.5
27-31 Years	10	31.3	31.3	68.8
32-36 Years Legitimate	1	3.1	3.1	71.9
37-41 Years	6	18.8	18.8	90.6
> 41 Years	3	9.4	9.4	100.0
Total	32	100.0	100.0	

Source: 2023 Questionnaire Processed Results

Based on the table above, the respondents in this study were aged between 22-26 years as many as 12 respondents (37.5%), then those aged 27-31 years were 10 respondents (31.3%), aged 32-36 years as many as 1 respondent (3.1%), aged 37-41 years were 6 respondents (18.8%), and aged ≥ 41 years were 3 respondents (9.4%). Based on this data, it can be concluded that the dominant respondents who work at SLC Online Jaya Mandiri Karawang are in the age range between 22-26 years, namely 12 people (37.5%). Based on research data conducted from distributing questionnaires, data was obtained regarding the gender of respondents which can be seen in the following table:

Table 3. Frequency and Percentage of Gender

Legitimate	frequency	percent	Valid percentage	Cumulative Percent
Man	24	75.0	75.0	75.0
woman	8	25.0	25.0	100.0
Total	32	100.0	100.0	

Source: 2023 Questionnaire Processed Results

The data described illustrates significant differences in the gender distribution of respondents. It was found that the majority of respondents were men, reaching 75% of the total respondents of 32 people. In contrast, female respondents accounted for 25% of the total sample. These differences can provide valuable insights into the dynamics of participation between the genders in the context of this research. Further analysis of the ways in which perceptions regarding compensation and performance may vary between men and women could be an interesting aspect to explore further in the discussion of the results of this study. Thus, understanding these differences can enrich the interpretation of findings and contribute to a deeper understanding of the relationships between the variables studied. Based on research data conducted from distributing questionnaires, data was obtained regarding the marital status of respondents which can be seen in the following table:

Table 4. Frequency and Percentage of Marital Status

	Frequency	Percent	Legitimate Percent	Cumulative Percent
Marry	21	65.6	65.6	65.6
Not yet Legitimate Marry	11	34.4	34.4	100.0
Total	32	100.0	100.0	

Source: 2023 Questionnaire Processed Results

Based on the table above, 21 respondents in this study were married (65.6%) while 11 respondents were unmarried (34.4%). Based on this, it can be concluded that employees at the SLC Online Jaya Mandiri Karawang Cooperative. The Influence of Competency on the Performance of SLC Online Jaya Mandiri Karawang Employees are more dominantly married (21 people (65.6%). Based on research data obtained from distributing questionnaires, data was obtained regarding the respondents' latest education which can be seen in the following table:

Table 5. Frequency and Percentage of Education Level

		Frequency y	Percent	Valid percentage	Cumulative Percent
	Senior High School	11	34.4	34.4	34.4
	D3	3	9.4	9.4	43.8
Legitimate	S1	18	56.3	56.3	100.0
	Total	32	100.0	100.0	

Source: 2023 Questionnaire Processed Results

Based on the data in the table above, it shows that of the 32 research respondents who had a high school education, 11 respondents (34.4%), while 3 respondents had a D3 education (9.4%), while 18 respondents had a bachelor's degree. (56.3%). Based on this data, it can be concluded that the majority of SLC Online Jaya Mandiri Karawang employees are S1 graduates, namely 18 people (56.3%).

Based on the respondents' responses to the research variables, analysis was carried out on the respondents' answers relating to the existing statements. To find out more clearly about the statements originating from the compensation (X) and Employee Performance (Y) variables, the author will describe each statement item separately and from this analysis it can be seen how many respondents chose certain alternative answers and obtained highest value to lowest average.

To explore further understanding of the research variables, analysis was carried out on respondents' responses to related statements. The Compensation variable (X) is represented by 6 statement items, while the Employee Performance variable (Y) consists of 4 statement items. Through analyzing respondents' answers to these statements, this research can identify patterns and tendencies in responses that emerge. The overall average of the two variables can provide a more comprehensive picture of respondents' perceptions of the relationship between compensation received and employee performance. The results of this analysis will provide a strong basis for drawing conclusions that can be used in designing more effective compensation policies and improving employee performance in the SLC Online Jaya Mandiri Karawang environment.

Determining the group of respondents' statements in the Compensation variable research (X) is as follows: Lowest value = 1x1 = 1 Highest value = 1x5 = 5 Welding interval = (5-1)/5 = 0.8

So the class distribution is: 4.21 - 5.00 = Very High
3.41 - 4.20 = High
2.61 - 3.40 = Fairly high
1.81 - 2.60 = Low
1.00 - 1.80 = Very low
Respondents' responses regarding compensation variables can be seen in the following table:

Table 6. Frequency of Respondents' Responses Regarding Compensation

Question Items	Answer Frequency					Score	Average	Average value of indicators
	SS	S	K.S	T.S	STS			
X1 1.1	9	23	0	0	0	137	4.28	
X1 1.2	11	21	0	0	0	139	4.34	4.31
X 1.1							4.31	
X1 2.1	10	22	0	0	0	138	4.31	
X1 2.2	9	23	0	0	0	137	4.28	4.29
X 1.2							4.29	
X1 3.1	13	19	0	0	0	141	4.40	
X1 3.2	24	8	0	0	0	136	4.25	4.32
X 1.3							4.32	
Average score								4.31

Source: 2023 Questionnaire Processed Results

Based on the data in the table above, the average score of respondents' responses to 6 statements or 3 indicators related to compensation is 4.31. So based on these results it can be concluded that the compensation variable is in the very high category. Respondents' responses to employee performance can be seen in the following table:

Table 7. Employee Performance Variables

Question Items	Answer Frequency					Score	Average
	SS	S	K.S	T.S	STS		
Statement 1	6	26	0	0	0	134	4.18
Statement 2	11	21	0	0	0	139	4.34
Statement 3	9	23	0	0	0	137	4.15
Statement 4	10	22	0	0	0	138	4.31
Average score							4.25

Source: 2023 Questionnaire Processed Results

Based on the data in the table above, the total average score of respondents' responses to 4 statements related to employee performance is 4.25. So based on these results it can be concluded that the employee performance variable is in the very high category.

Data analysis

The validity test is used to measure whether a question is valid or not. A survey is considered valid if the questions in the survey reveal what the survey measures. Validity is checked by comparing the rcount value (number of element correlations) with the rtable value. A statement is declared valid if rcount > rtable (5% significance level). The results of checking the validity of the questionnaire can be seen in the table below:

Table 8. Validity Test Results

Variable	Goods	Correlated item-total correlations (R_{Count})	R_{Table}	signature.	Information
Compensation (X)	P1	0.771	0.349	0,000	Legitimate
	p2	0.672	0.349	0,000	Legitimate
	p3	0.634	0.349	0,000	Legitimate
	p4	0.570	0.349	0.001	Legitimate
	p5	0.686	0.349	0,000	Legitimate
	p6	0.401	0.349	0.023	Legitimate
Employee Performance (Y)	P1	0.799	0.349	0,000	Legitimate
	p2	0.874	0.349	0,000	Legitimate
	p3	0.890	0.349	0,000	Legitimate
	p4	0.526	0.349	0.002	Legitimate

Source: 2023 Questionnaire Processed Results

Based on the data in the table above, it shows that the rcount value is greater than the rtable value and the significance value is smaller than 0.05. This means that the data quality test shows from the validity test that the employee compensation and performance variables are said to be valid. The reliability test is carried out by looking at the results of calculating the values α. A variable is said to be reliable if it provides a value of α> 0.6, meaning that if the research is repeated with different times and variables it will produce the same conclusions.

But vice versa ifα< 0.6 is considered less reliable, meaning that if the variable is tested again with different times and variables it will produce different conclusions. For more details, the reliability test results can be seen in the following table:

Table 9. Reliability Test Results

Variable	Cronbach Alpha	Standard Reliability	Information
Compensation (X)	0.678	0.60	Reliable
Employee Performance (Y)	0.806	0.60	Reliable

Source: SPSS 20.00 output

Based on the data in the table above, after carrying out the reliability test, the results were obtained whether salary and bonuses (X) and employee performance (Y) could be tested additionally or whether all variables exceeded the reliability criterion of 0.60. exceed reliable values. Simple linear regression analysis was carried out to determine the effect of the independent variable on the dependent variable as measured by the regression coefficient. This method connects the independent variable with the dependent variable. Simple linear regression analysis is shown in the table below.

Table 10. Results of Simple Linear Regression Analysis and Partial Hypothesis Testing (t)

Model	Unstandardized Coefficients		Standardized Coefficient	Q	Signature.
	B	std. Error	Beta		
(Constant)	3,076	2,988		1,029	.311
1 Compensation	,549	,115	,657	4,776	,000

Source: SPSS 20.00 output

From the results of the regression analysis, it can be seen that the simple regression equation is as follows:

$$Y = 3,076 + 0,549 X \quad (1)$$

Based on the equation above it can be explained as follows: The constant value (a) is 3.076, meaning that if the compensation variable is considered constant or does not change, then employee performance will be 3.076. The coefficient value (b) on the compensation variable is positive, namely 0.549, meaning that every 1% change in the compensation variable will increase employee performance by 0.549.

Partial Hypothesis Testing

The t test is a test that shows the partial influence of the independent variables in the model on the dependent variable. This is to determine the magnitude of the influence of the independent variable on the explanation of the dependent variable. The impact can be seen in the table below. Based on the t test in Table 4.9 for the effect of Compensation (X) on Employee Performance (Y), the tcount is 4.776, the ttable is 2.042, and the significance level is 0.000. Because the tcount value is greater than the table and the significance is less than 0.05, it can be concluded that the salary variable has a positive and significant effect on employee performance at SLC Online Jaya Mandiri Karawang.

Coefficient of determination test

The coefficient of determination (R^2) is used to show how much the percentage of compensation variables explains the variance in employee performance variables. The results of the coefficient of determination test (R^2) can be seen in the table below.

Table 11. Test of Determination Coefficient

Model	R	R square	Adjusted R Square	std. Estimation Error
1	.657a	,432	,413	1.12531

Predictors: (Constant), Compensation
Dependent Variable: Performance
Source: SPSS 20.00 output

The results of testing the coefficient of determination of the summary model in the table above show that the coefficient of determination (R2) is 0.432 or 43.2%. So it can be said that 43.2% of employee performance at SLC Online Jaya Mandiri Karawang is influenced by compensation. Meanwhile, the remaining 56.8% was influenced by other variables not examined in the research.

A broader discussion of the results of this research leads to an in-depth understanding of the relationship between compensation and employee performance in the context of SLC Online Jaya Mandiri Karawang. The findings of this research are in accordance with previous findings which show that compensation has a significant impact on employee performance. The positive and significant influence between compensation and employee performance shows the importance of good compensation policies in motivating employees to provide optimal contributions (Marrucci et al., 2024).

In interpreting these findings, the author sees that the positive relationship between compensation and employee performance confirms the importance of recognition and fair rewards for work efforts (Luke et al., 2017). Employees who feel appreciated through appropriate compensation tend to be more motivated and high performing (Lu & Niu, 2022). Therefore, the management of SLC Online Jaya Mandiri Karawang needs to consider increasing or adjusting compensation policies that can encourage employee motivation and performance on an ongoing basis. In addition, comparison of these findings with previous research confirms the consistency of results across organizational contexts (Liaquat et al., 2024). This creates a stronger theoretical basis for the recognition that the relationship between compensation and employee performance is universal and relevant in various sectors, including microfinance institutions (Kontu et al., 2015).

Although the results of this study provide a valuable contribution, the limitations of the study also need to be acknowledged. First, the research focus is only on one microfinance institution in Karawang, so generalization of the findings must be done with caution. Second, additional variables that could influence employee performance, such as intrinsic motivation and work environment conditions, were not included in the analysis. Therefore, future research could expand the sample scope and consider additional variables to provide a more complete picture.

In developing recommendations for future research and practitioners, the author suggests that further research should be more in-depth on specific factors that can strengthen the relationship between compensation and employee performance. Longitudinal studies can provide deeper insight into the long-term impact of compensation policies. Additionally, practitioners in microfinance institutions can adopt these findings to review their compensation policies, ensuring that payroll systems reflect employee contributions and encourage continuous performance improvement. Thus, this research provides a significant contribution to the understanding of the importance of compensation in improving employee performance in microfinance institutions. These findings may open the door to further research and provide guidance for practitioners in improving compensation policies that can support the growth and sustainability of microfinance institutions in the future.

Conclusion

From the results of the analysis and discussion described previously, it can be concluded that there is a positive and significant influence between compensation on employee performance at SLC Online Jaya Mandiri Karawang. The calculation results show that the compensation variable positively influences the increase in employee performance at the institution. The implication is that increasing compensation that accommodates employee needs and contributions can be an effective strategy in increasing their motivation and performance. Thus, the management of SLC Online Jaya Mandiri Karawang can consider adjusting compensation policies to support the achievement of organizational goals through continuously improving employee performance.

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