

ABSTRACT

Compensation and employee motivation extremely influence the performance of employees. Kinds of those compensations are financial compensation and non-financial compensation, as the motivator which is very potential towards the performance. A good job but less in return can cause unhealthy conditions that is harmful to the individual concerned, for businesses and users in general.

To be motivated and be productive, the employees need to have a great interest and get inner and outer satisfaction in their work. They must believe about the increasing salary, excluding additional payment and fair working conditions and they are treated fairly by their supervisors. So that employees can work productively and maximum, the employee must be given greater opportunities to work in a comfortable atmosphere, pleasant but remain responsible towards their duties.

This is a survey research approach. The type of research is quantitative descriptive. The sampling methods is using the simple random sampling, with the samples of 197 responses based on the Slovin formula from the population of 388 people. The first and second hypothetical testing are using multiple linear regression analysis and partial test (t test), while the third hypothesis is performed by testing simultaneously test (F test) and coefficient of determination (R^2) with 95% confidence level ($\alpha = 0,05$).

The results of analysis show that the compensation and motivation simultaneously have a significant influence amounted 0.000. The coefficient of determination (R^2) of independent variables on the dependent variable of 0,293, which means that the compensation and motivation of the influence of 29,3% and the remaining 70,7% is explained by other factors which is not included in this research. Partial test results, the motivation has a positive effect (4,678) and more dominant compared with the compensation which has positive influence (2,110) toward the labor productivity.

Keywords: Compensation, motivation, performance