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**EFFECT OF COMPENSATION ON EMPLOYEE PERFORMANCE AND INTER-WORK  
CONFLICT AS MODERATION VARIABLES  
(Case Study at the Public Works and Public Housing Agency  
of Bulungan Regency)**

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**Abstract**

The purpose of this study is to prove and analyze the effect of compensation on employee performance, and to prove and analyze the effect of inter-job conflict as a moderating variable between compensation on the performance of the Public Works and Public Housing Department of Bulungan Regency. The location of this research is the Public Works and Public Housing Agency of Bulungan Regency. The time of the study began in May – July 2021. The research sample used in this study was 47 respondents. The data analysis technique used is a moderation regression analysis approach. The results showed that the compensation variable had a significant effect on the performance of the employees of the Public Works and Public Housing Office of Bulungan Regency. Conflict between jobs is a moderating variable between compensation and employee performance. This shows that the relationship between these two variables can be intervened with inter-job conflict variables, where the results of this intervention will have a strong or weak impact on the relationship between compensation variables and employee performance.

**Keywords:** compensation; conflict between jobs; performance

**Introduction**

Employee performance is one of the benchmarks for organizational performance, where the higher the level of achievement of employees, the performance of the organization will also be seen as good. Employee performance is important to note, because employee performance will determine how much organizational goals have been achieved. According to Mangkunegara (2011: 97), said that the term performance comes from the word "job performance" or "actual performance" which is the actual performance or achievement achieved by a person in carrying

out tasks in accordance with the responsibilities given to him. Analysis of service performance discusses the service performance achievements of the Public Works and Spatial Planning Office of Bulungan Regency based on performance indicators that have been determined in the Minimum Service Standards (SPM), as well as on special performance indicators (IKK) in accordance with Government Regulation No. 38 of 2007. Performance Achievement Services of the Public Works and Spatial Planning Office of Bulungan Regency. Analysis of service performance can also be known through the identification of performance results according to the range of performance achievements according to the category of performance achievements.

The performance achievement of the Public Works and Spatial Planning Office of Bulungan Regency, which is quite good, cannot be separated from the performance of individuals or employees. Employee performance in the agency will be influenced by several factors, such as compensation received by employees, conflicts between jobs that occur in the organization and other factors. Schuller, et al. (2011:112), compensation (compensation) is an award in the form of money and not in the form of money given to employees as a form of appreciation of employee performance and binds employees to work. Compensation is the main impetus for an employee in doing work, this is because employees have a responsibility to meet the needs of life for themselves and others. The living needs of employees will be met through compensation obtained through work activities. In principle, compensation can be divided into two, namely intrinsic compensation and extrinsic compensation. Intrinsic compensation is the compensation that employees receive for themselves. Usually this compensation is a positive value or a sense of satisfaction with himself because he has succeeded well in completing a challenging task. Included in this intrinsic compensation are giving a role in decision making, giving greater responsibility, giving appreciation for success in carrying out tasks well. Extrinsic compensation includes direct compensation, indirect compensation and non-monetary compensation. Direct compensation includes basic wages, allowances, incentives. Indirect compensation includes social security, insurance, pensions, severance pay, work leave and vacations. Meanwhile, non-monetary compensation includes a sense of security, a comfortable work environment, self-development, career flexibility, praise and recognition.

An empirical study conducted by Qureshi et al., (2015) and Rizal et al., (2014). The results of the study by Qureshi et al., (2015), the purpose of this study was to find the impact of compensation on work performance and work-family conflict. The research findings show that "Positive relationship between compensation and job performance", this proves that there is a positive relationship between compensation and performance. This means that the higher the compensation received by the employee, the higher the employee's performance. Different research results were found in Rizal et al., (2014), the purpose of this study was to test and show the empirical effect of compensation on motivation, organizational commitment to employee performance, motivation to organizational commitment and employee performance, organizational commitment to employee performance. . The results of this study indicate that compensation has a significant effect on motivation and organizational commitment, but does not have a significant effect on employee performance.

H1. Compensation has a significant effect on the performance of employees of the Public Works and Public Housing Office of Bulungan Regency.

The second factor that affects performance is conflict between jobs. Robbins (2003:306) defines conflict as a situation in which an individual (someone) is faced with different role

expectations. Conflict arises when individuals in certain roles are confused by the demands of work or the need to do something different from what they want or which is not part of their field of work. Conflict between jobs can be measured based on the theory of Boles, Howard et al., (2004), the indicators of job conflict are: 1. Work pressure; 2. The number of task demands; 3. Busy with work; 4. Conflict of commitment and responsibility towards work.

Based on its function, Robbins (2009: 430) divides conflict into two types, namely: functional conflict and dysfunctional conflict. Functional conflict is conflict that supports the achievement of group goals, and improves group performance. While dysfunctional conflict is a conflict that hinders the achievement of group goals. Lies (2010), the relationship between conflict and performance, namely: "not always the conflict will have a negative effect on the performance of the company or organization, functional conflict can actually improve the performance of the company / organization. On the other hand, dysfunctional conflicts have the potential to hamper company performance. The conflict does not always lead to a negative direction, but can lead to a positive or better direction for the progress of the company. However, to manage conflict to be positive is not easy, it requires high skills and experience from a leader of the organization. The effect of compensation and conflict on employee performance, refers to the empirical studies of the research results of Qureshi et al., (2015), Rizal et al., (2014), Uddin et al., (2013), Sangadji & Sopiah (2013), Purnama (2013), Afzal et al., (2009), Ahmed et al., (2014), Malik et al., (2015), where research findings show that partially there is an influence between compensation and conflict on employee performance.

### **Methods**

This research was explanatory research which aims to analyze the relationships between variables and explain the influence between variables through hypothesis testing. This study will explain all things related to the factors that affect the performance of employees at the Public Works and Public Housing Agency of Bulungan Regency, where there is one independent variable that is predicted to have an influence on performance, namely: compensation and inter-job conflict as moderating variables. The population in this study were all employees of the Public Works and Public Housing Agency of Bulungan Regency, with a total population of 56 people. The number of samples in this study is as much as the existing population. The sampling technique of this research is the total sampling technique. After distributing online questionnaires to 56 employees, 47 respondents returned the questionnaire, so that the research sample used in this study was 47 respondents. The data needed is primary data in the form of questionnaire answers containing statements for respondents to respond to according to what they experience and feel. Data analysis with linear regression analysis with moderating variables is used to determine whether there is an effect of compensation, conflict between jobs and moderate variables, namely the interaction between compensation variables and conflict between jobs ( $X*Z$ ) on employee performance.

### **Results and Discussion**

To prove whether the conflict variable between jobs is a moderating variable between compensation and the performance of employees at the Public Works and Public Housing Office of Bulungan Regency using *Moderated Regression Analysis* (MRA).

**Table 1. Results of the First Regression**

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	16,508	2,723		6,062	0,000
	Kompensasi	0,551	0,186	0,403	2,953	0,005

Based on the results of this stage 1 regression test, it is known that 2.953<sub>1</sub> 0 and compensation has a significant effect on performance, with a t value<sub>of</sub> and a significance of 0.005 (sig < 0.05).

**Table 2. Second Regression Results**

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	10,234	3,090		3,312	0,002
	Kompensasi	0,256	0,190	0,188	1,350	0,184
	Konflik	0,694	0,207	0,466	3,352	0,002

Based on the results of stage 2 regression testing, where for<sub>2</sub> 0 and conflict between jobs has a significant effect on performance, with a t value<sub>3.352</sub> and a significance of 0.002 (sig < 0.05). Then the moderation test was conducted using the *Moderated Regression Analysis* (MRA) method stage 3, with the following results:

**Table 3. Third Regression Results**

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	2,484	13,757		0,181	0,858
	Kompensasi	0,845	1,035	0,618	0,816	0,419
	Konflik	1,204	0,907	0,808	1,328	0,191
	Moderasi	-0,038	0,066	-0,667	-0,578	0,566

Based on the results of stage 3 regression testing, it is known that -0.578<sub>3</sub> = 0 and the interaction variable (X\*Z) has no significant effect on performance, with a t value<sub>of</sub> and a significance of 0.566 (sig > 0.05). Based on the results of the moderation test using the *Moderated Regression Analysis* (MRA) method, it is known that in equation b<sub>2</sub> has a significant effect ( $\beta_2 \neq 0$ ) and in equation c<sub>3</sub> has no significant effect ( $\beta_3 = 0$ ), so it can be concluded that the inter-job conflict variable in this study is a pure moderator variable, namely the inter-job conflict variable does not function as an independent variable but is purely a moderator variable. This shows that the inter-job conflict variable will strengthen or weaken the influence of the compensation

variable on the performance of employees in the Public Works and Public Housing Office of Bulungan Regency. It is known that compensation has a significant effect on the performance of employees of the Public Works and Public Housing Office of Bulungan Regency, with a  $t_{\text{count}}$  of 2.953 and a significance of 0.005 (sig <0.05). This shows that the performance of employees of the Public Works and Public Housing Agency of Bulungan Regency is influenced by compensation by 0.162 or 16.2%.

#### *Effect of Compensation on Employee Performance*

The results of this study prove that compensation has a significant effect on the performance of the Public Works and Public Housing Office of Bulungan Regency. This is also shown from the responses of respondents who gave an assessment that the compensation received by the employees of the Public Works and Public Housing Office of Bulungan Regency was in accordance with the expectations and the work done by the employees. as well as for the performance of the Public Works and Public Housing Office of Bulungan Regency which is considered quite good and this is in accordance with the existing performance conditions at the Bulungan Regency Public Works and Public Housing Service which shows a fairly good performance achievement.

The results of this study support the theory put forward by Hasibuan (2014) which says that the purpose of providing compensation is to increase job satisfaction which will have an impact on high employee performance. Compensation is a tangible manifestation of everything that employees receive as compensation for their hard work. Giving compensation to employees greatly affects the performance and achievements of employees in carrying out their duties to achieve organizational goals, without compensation, employees will not work according to what is instructed. The organization will provide compensation either directly or indirectly to employees who can carry out their duties properly. The existence of compensation provided by the company is a company strategy to motivate employees to work better, and besides that, as a tool to fulfill employee needs. The greater the level of compensation, both salaries, benefits, incentives and insurance received, can meet the needs of life and employees are satisfied with what is obtained, the results of work performance will increase.

The results of this study also support previous research conducted by Qureshi *et al.*, (2015) which showed that there was a positive relationship between compensation and performance. This means that the higher the compensation received by the employee, the higher the employee's performance will also be.

#### *The Effect of Inter-Occupational Conflict Variables in Strengthening or Weakening the Effect of Compensation on Employee Performance*

This study proves that inter-job conflict is a moderating variable between compensation and employee performance. This shows that the relationship between these two variables can be intervened with inter-job conflict variables, where the results of this intervention will have a strong or weak impact on the relationship between compensation variables and employee performance.

From a theoretical study, it is stated that conflicts that are at a low or high level with a dysfunctional nature of conflict will have an impact on the low performance of employees. However, if the level of conflict is at the optimal level and is functional, it will have an impact on the high performance of employees in an organization. This means that conflicts that exist

in an organization will have a negative or positive impact on employee performance. The negative and positive impacts of conflict depend on the management of the conflict itself, for this reason, a leadership role is needed to manage conflict so that it has a positive effect on employee performance.

This is in line with the opinion of Wahyudi (2011), which states that: conflict is an event that cannot be avoided in organizational life. Although conflict according to the contemporary (interactionist) view has a positive function, this view is always aware of the possibility of negative impacts stemming from conflict that is too high and uncontrolled. Conflict can have a positive or negative effect on organizational performance depending on the nature of the conflict and its management.

The same thing was also stated by Lies (2010), the relationship between conflict and performance is: "not always the conflict will have a negative effect on the performance of the company or organization, functional conflict can actually improve organizational performance. On the other hand, dysfunctional conflicts have the potential to hamper company performance. Conflict does not always lead to a negative direction, but can lead to a positive or better for the progress of the organization. However, to manage conflict to be positive is not easy, it requires high skills and experience from a leader of the organization.

### **Conclusion**

Based on the results of the analysis in the previous chapter, to answer the objectives of this study, several conclusions can be drawn as follows, variable has a significant effect on the performance of the employees of the Public Works and Public Housing Office of Bulungan Regency. Conflict between jobs is a moderating variable between compensation and employee performance. This shows that the relationship between these two variables can be intervened with inter-job conflict variables, where the results of this intervention will have a strong or weak impact on the relationship between compensation variables and employee performance. Based on the conclusions above, suggestions can be given to improve the performance of the Public Works and Public Housing Office of Bulungan Regency:

- a. The performance of employees in the Public Works and Public Housing Office of Bulungan Regency, can be improved through the regulation of compensation policies received by employees. For compensation received by employees with ASN status, it has been regulated in regional regulations and has standard and clear regulations. However, the compensation received by honorary employees will be different and have a high gap compared to ASN employees. To avoid a high gap in terms of compensation received by honorary employees, it is necessary to implement policies that do not harm the work role of honorary employees.
- b. The performance of employees of the Public Works and Public Housing Office of Bulungan Regency can also be improved through the leadership role in managing conflicts between jobs that occur in the Bulungan Regency Public Works and Public Housing Office. Conflict between jobs will have a positive or negative impact on employee performance and depends on how to manage it. For this reason, the role of the leader is to always motivate subordinates and direct subordinates to work, so that conflicts that occur can be of positive value for improving employee work.

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