

ABSTRACT

This research aims to determine and analyze the effect of compensation on employee performance with job satisfaction as an intervening variable. Based on the research gap found, namely research by Garaika (2020), Widagdo et al (2018) and Martina et al (2018) shows that compensation has a positive and significant effect on employee performance, while Rianda et al (2022) and Maria (2019) show that it does not. the influence of compensation on employee performance. So, given the gap in the results of previous research, the researchers conducted this research by adding the job satisfaction variable as an intervening variable.

This research is quantitative research, data collection was carried out using a questionnaire. Data analysis uses instrument tests, classical assumption tests, path analysis, t test, F test, coefficient of determination and Sobel test.

The research results show that compensation and job satisfaction partially have no effect on employee performance. This means that high or low compensation given to employees and employee job satisfaction have no effect on employee performance. However, compensation has a partial effect on job satisfaction, which means that the higher the compensation, the greater the ability to increase job satisfaction. Meanwhile, job satisfaction is unable to mediate compensation on employee performance. This can be interpreted that the higher the compensation given is not able to increase employee job satisfaction which will have an impact on employee performance.

Keywords: Compensation, Job Satisfaction, Employee Performance