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The Influence of Job Characteristics and Compensation on Work Motivation and Its Impact on Employee Performance at Perumdam Tirta Mayang Jambi

Bebi Fivanka[1], M. Zahari[2], & Osrita Hapsara[3]
[1]Universitas Batanghari, Jambi, Indonesia, bebifivanka30@gmail.com
[2]Universitas Batanghari, Jambi, Indonesia, m.zaharims@gmail.com
[3]Universitas Batanghari, Jambi, Indonesia, osritahapsara@yahoo.co.id

Corresponding Author: bebifivanka30@gmail.com[1]

Abstract: This study aims to describe job characteristics, compensation, work motivation, and employee performance at PERUMDAM Tirta Mayang Jambi, as well as to analyze the influence of job characteristics and compensation on work motivation and their impact on employee performance. The research employs a quantitative approach using a survey method involving all employees as the population, with the sample determined through proportional stratified random sampling. Primary data were collected through questionnaires measuring variables of job characteristics, compensation, work motivation, and employee performance, while secondary data were obtained from the company's internal reports. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test both the measurement and structural models. The findings indicate that job characteristics have a positive and significant effect on work motivation and employee performance. Compensation also has a positive and significant effect on work motivation and employee performance. Work motivation is proven to be a significant mediating variable in the relationship between job characteristics and employee performance, as well as between compensation and employee performance. These results emphasize that well-designed jobs and a fair, competitive compensation system can enhance motivation, which in turn drives employee performance.

Keywords: Job Characteristics, Compensation, Work Motivation, Employee Performance

INTRODUCTION

Human resources (HR) are a strategic asset that determines the success and sustainability of an organization. A company's competitive advantage depends not only on technology and capital but also on its ability to manage HR effectively and efficiently (Armstrong & Taylor, 2006). High-quality HR will make a tangible contribution to achieving organizational goals, particularly in the context of public services, which demand professionalism and optimal performance (Dessler, 2017). Therefore, HR management which includes planning, development, compensation, and employee retention becomes a key factor in improving work productivity (Ivancevich & Konopaske, 2013).

One important factor in human resource management is job characteristics. The Job Characteristics Model, developed by Hackman and Oldham, explains that five core dimensions skill variety, task identity, task significance, autonomy, and feedback can enhance employees' intrinsic motivation and lead to better work outcomes (Hackman & Oldham, 1976; Arini & Soliha, 2017). A well-designed job can provide a sense of meaning, responsibility, and opportunities to measure work results, thereby encouraging employee engagement in carrying out their tasks (Pratama et al., 2023).

In addition to job characteristics, compensation also plays a crucial role in enhancing work motivation. Fair and competitive compensation—both financial, such as salaries, allowances, and bonuses, and non-financial, such as workplace facilities and opportunities for self-development—can increase employee satisfaction and commitment to the organization (Hapsara et al., 2020; Lumiu et al., 2019). A mismatch between workload and compensation has the potential to lower motivation and performance, and may even lead to employee turnover (Setyawan & Harahap, 2019).

Work motivation itself is an internal or external drive that influences a person's behavior in performing tasks to achieve the desired goals (Robbins & Judge, 2017). Motivated employees tend to demonstrate better performance, whereas low motivation can lead to decreased productivity and service quality (Asri et al., 2023). In the context of public organizations such as PERUMDAM Tirta Mayang Jambi, work motivation is a crucial factor because the quality of clean water services provided to the community greatly depends on the commitment and work enthusiasm of its employees.

PERUMDAM Tirta Mayang Jambi, as a Regional-Owned Enterprise (BUMD), plays a strategic role in providing clean water for residents of Jambi City. However, internal data indicate a decline in the number of employees, a decrease in the realization of allowances and incentives, as well as inconsistencies in achieving operational performance targets. This phenomenon suggests issues in human resource management, particularly regarding job characteristics, compensation systems, work motivation, and employee performance. These conditions are consistent with the findings of Runa (2020) and Gunawan et al. (2023), which state that weak job design and suboptimal compensation systems have a direct impact on low employee motivation and performance.

Based on these conditions, this study holds high relevance both academically and practically. Academically, it contributes to the development of human resource management science, particularly in examining the relationship between job design, compensation systems, work motivation, and employee performance. The empirical findings are expected to enrich the literature and serve as a reference for similar studies in both the public and private sectors (Pratama et al., 2023). Practically, the results of this research can serve as a guideline for the management of PERUMDAM Tirta Mayang Jambi in designing strategies to improve employee motivation and performance through the enhancement of job design and compensation systems.

The urgency of this research lies in the downward trend in employee motivation and performance can directly affect the quality of public services, particularly the distribution of clean water to the community. In an era of increasing competition and service demands, organizations must ensure that job design provides employees with a sense of purpose and autonomy, along with fair and competitive compensation. Without swift and well-measured improvements, declining employee motivation can hinder company performance and reduce customer satisfaction (Robbins & Judge, 2017). Therefore, this study is urgently needed to provide a scientific basis for strategic policies focused on optimizing job characteristics and compensation systems to achieve excellent and sustainable public service.

METHOD

This study employs a quantitative approach using the survey method. A quantitative approach was chosen because the study aims to examine the relationships between variables through numerical data processing and statistical analysis (Sugiyono, 2022). The survey method was used to obtain primary data directly from respondents through structured questionnaires, thereby providing an objective depiction of job characteristics, compensation, work motivation, and employee performance at PERUMDAM Tirta Mayang Jambi.

The population in this study consists of all employees of PERUMDAM Tirta Mayang Jambi, totaling 291 individuals in 2025. The sample size was determined using proportional stratified random sampling, a technique in which the population is divided into strata based on position or division, followed by determining the sample size proportionally for each stratum (Sugiyono, 2022). The number of samples was calculated using Slovin's formula with a 5% margin of error, resulting in a sample size that is representative of the study population.

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software. PLS-SEM was chosen because it is capable of simultaneously testing causal relationships between latent variables, even when the sample size is relatively small and the data are not normally distributed (Hair et al., 2019). The analysis stages included: (1) measurement model testing (outer model) to assess the validity and reliability of the instruments, (2) structural model testing (inner model) to examine the relationships between variables, and (3) hypothesis testing to evaluate the significance of both direct and indirect effects among the variables.

RESULTS AND DISCUSSION

Respondent Profile

The following section describes the profile of respondents based on gender, age, education level, and length of service, obtained from 75 respondents. Based on the data collected through the distribution of questionnaires to the employees serving as respondents, the characteristics of each respondent can be identified. This information is expected to provide valuable input, as outlined below:

Table 1. Respondent Profile

No	Respondent Characteristics	Frequency	Percentage (%)
Gender			
1	Male	47	62,7
2	Female	28	37,3
Age Group (Years)			
1	< 25	11	14,7
2	25 – 35	29	38,7
3	36 – 45	13	17,3
4	46 – 55	15	20
5	> 55	7	9,3
Education Level			
1	Senior High School / Vocational High School	12	16
2	Diploma	11	14,7
3	Bachelor's Degree	39	52
4	Master's Degree	13	17,3
Length of Service (Years)			
1	≤ 5	17	22,7
2	6 – 10	22	29,3
3	11 – 15	9	12
4	16 – 20	14	18,7
5	> 20	13	17,3

Source: processed data (2025).

Description of Research Variables

Descriptive statistics of the research variables were used to determine the extent to which the indicators, formulated as question items for each variable in this study namely Job Characteristics, Compensation, Work Motivation, and Employee Performance were represented. The study was conducted at the Regional Public Drinking Water Company (Perumdam) Tirta Mayang Jambi.

The measurement of each variable was carried out using a Likert scale, which allows respondents to express their level of agreement with various statements formulated based on actual conditions in the workplace. Each indicator within the Job Characteristics variable reflects the extent to which aspects such as task clarity, autonomy, skill variety, and the significance of the work are understood and perceived by employees.

For the Compensation variable, the indicators used reflect employees' perceptions of the fairness, adequacy, and competitiveness of the compensation they receive. The Work Motivation variable includes indicators that describe both internal and external drivers influencing employees' enthusiasm and commitment in performing their duties. Meanwhile, the Employee Performance variable measures work achievement based on effectiveness, efficiency, and productivity in carrying out tasks.

This descriptive statistic provides an objective overview of respondents' perceptions regarding job characteristics, the compensation system, work motivation levels, and the actual performance of employees within Perumdam Tirta Mayang Jambi. The results of this analysis will serve as an initial basis for assessing and understanding the relationships among variables in the proposed research model.

Based on the survey conducted, the description of the variables observed in this study is summarized in the following table.

Table 2. Description of Research Variables

No	Variable	Item	Score	Information
1	Job Characteristics (X_1)	12	3.732	Very High
2	Compensation (X_2)	12	3.635	Very High
3	Work Motivation (Y)	6	1.898	Very High
4	Employee Performance (Z)	8	2.466	High

Source: Processed Data (2025)

Measurement Model Test (Outer Model)

The measurement model test was conducted to assess the extent to which the indicators used in this study are able to represent the latent constructs of each variable. This test includes validity and reliability assessments aimed at ensuring that the instruments used meet the criteria for measurement feasibility.

The validity test was conducted through convergent validity and discriminant validity assessments, where an indicator is considered valid if it has a loading factor value above 0.70 and an Average Variance Extracted (AVE) value above 0.50. Meanwhile, the reliability test was performed by examining the Composite Reliability (CR) and Cronbach's Alpha values, which are deemed reliable if they exceed 0.70. The test results indicate that all indicators in this study meet the validity and reliability criteria; therefore, it can be concluded that the measurement model is suitable for further analysis.

The results of this measurement model can be seen in the following figure.

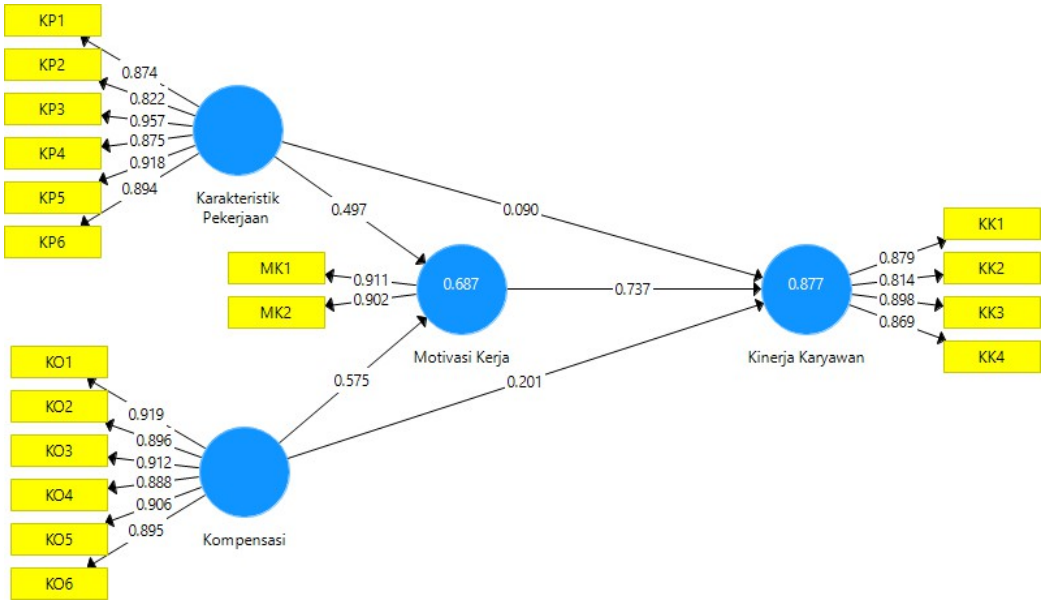


Figure 1. Full Outer Model

The results of the outer model testing indicate that all indicators used for each construct meet the criteria for convergent validity, as the loading values for each indicator exceed 0.7. For the Job Characteristics construct, all six indicators (KP1–KP6) have high loadings (0.857–0.918), consistently reflecting the construct. Similarly, for the Compensation construct, all six indicators (KD1–KD6) demonstrate excellent loadings (0.896–0.919), indicating a strong representation of the construct. The Work Motivation construct is also valid, with its two indicators (MK1 = 0.911 and MK2 = 0.902) meeting the required standard, while the Employee Performance construct is valid with four indicators (KK1–KK4), each showing loadings ranging from 0.814 to 0.898. The AVE values for Work Motivation (0.687) and Employee Performance (0.877) exceed the threshold of 0.5, confirming construct reliability; although the AVE values for Job Characteristics and Compensation are not listed here, the high indicator loadings for both constructs suggest that they also meet the reliability requirements. Overall, all indicators are declared valid and reliable, indicating that the constructs in the model can be used for further analysis in the inner model or in testing relationships between constructs.

Structural Model Test (Inner Model)

The structural model test (inner model) is conducted to evaluate the relationships among latent variables in the research model. This testing aims to determine the extent of the influence between constructs as stated in the hypotheses, as well as to assess the overall strength of the model.

a. R-Square (R^2)

In assessing the structural model, the R-Square value for each endogenous latent variable is first examined as an indicator of the predictive power of the structural model. The evaluation of the structural model is carried out by reviewing the R-Square value, which serves as a goodness-of-fit test for the model. R-Square values of 0.75, 0.50, and 0.25 indicate that the model can be categorized as strong, moderate, and weak, respectively (Ghozali & Latan, 2015).

Table 3. R Square Test Results

Variable	R Square
Employee Performance	0.877
Work Motivation	0.687

Sumber: Output SmartPLS 3 (2025).

The R-Square test results show that the employee performance variable has a value of 0.877, meaning that 87.7% of the variation in employee performance can be explained by the independent variables in the model namely, job characteristics, compensation, and work motivation. Meanwhile, the work motivation variable has an R-Square value of 0.687, indicating that 68.7% of the variation in work motivation can be explained by job characteristics and compensation. These values indicate that the model has strong predictive capability for both dependent variables and qualifies as a strong model, as the R-Square value is greater than 0.75.

b. Goodness of Fit

A Q-square value greater than 0 indicates that the model has predictive relevance, whereas a Q-square value less than or equal to 0 indicates that the model has low predictive relevance. The Q^2 value is used to determine the model's ability to predict the relationships among variables. The goodness-of-fit evaluation can be calculated from the Q^2 value.

$$Q^2 = 1 - (1 - R^2)$$
$$Q^2 = 1 - (1 - 0{,}877^2)\ (1 - 0{,}687^2)$$
$$Q^2 = 1 - (1 - 0{,}769129)\ (1 - 0{,}471969)$$
$$Q^2 = 1 - (0{,}230871)\ (0{,}528031)$$
$$Q^2 = 1 - 0{,}12190705$$
$$Q^2 = 0{,}87$$

Based on the Q^2 calculation above, the structural model in this study, as explained by the inner model, has a value of 0.87. This means that 87% of the variance in the research data can be explained by the proposed research model, while the remaining 13% is explained by other factors outside the scope of this study. Therefore, these results indicate that the research model has achieved a good level of goodness of fit.

c. Effect size (f^2)

The f-square test is conducted to assess the quality of the model. f-square values of 0.02, 0.15, and 0.35 can be interpreted to determine whether a latent variable predictor has a weak, medium, or large effect at the structural level (Ghozali & Latan, 2015).

Table 4. F-Square Test

Variable	Employee Performance	Work Motivation
Job Characteristics	0.036	0.761
Compensation	0.157	1.019
Work Motivation	1.381	-

Source: Smart PLS 3.2.9 Output Results

Based on the results of the f-square test, the level of influence of each latent variable on the others in the structural model can be determined. An f-square value of 0.036 indicates that job characteristics have a weak influence on employee performance. Meanwhile, compensation has an f-square value of 0.157, which falls into the medium category, suggesting that compensation has a moderate effect on employee performance. Furthermore, work motivation shows an f-square value of 1.381, which is considered large, indicating that work motivation

has a very strong effect on employee performance. This refers to the interpretation of f-square values by Ghozali and Latan (2015), in which a value of 0.02 indicates a weak effect, 0.15 indicates a moderate effect, and 0.35 indicates a large effect in the structural model. Thus, it can be concluded that in this model, work motivation is the most dominant predictor influencing employee performance.

Hypothesis Testing Results (Path Coefficient)

Path coefficient analysis is used to test the magnitude of the direct influence between latent variables in the research model as formulated in the hypotheses. This test is carried out by examining the path coefficient values, t-statistics, and p-values for each relationship between variables. The path coefficient indicates the direction and strength of the effect, where a positive value shows a direct relationship and a negative value shows an inverse relationship. A relationship is considered significant if the t-statistic value is greater than 1.96 and the p-value is less than 0.05 at a 5% significance level.

Table 5. Direct and Indirect Effects Results

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Information
Job Characteristics -> Employee Performance	0.090	0.086	0.061	1.478	0.140	Positive and Not Significant
Job Characteristics -> Work Motivation	0.497	0.500	0.075	6.626	0.000	Positive and Significant
Compensation-> Employee Performance	0.201	0.200	0.077	2.599	0.010	Positive and Significant
Compensation -> Work Motivation	0.575	0.573	0.077	7.431	0.000	Positive and Significant
Work Motivation -> Employee Performance	0.737	0.740	0.078	9.433	0.000	Positive and Significant
Job Characteristics-> Work Motivation -> Employee Performance	0.366	0.369	0.063	5.848	0.000	Positive and Significant
Compensation -> Work Motivation-> Employee Performance	0.424	0.425	0.080	5.268	0.000	Positive and Significant

Source: Smart PLS 3.2.9 Output.

Discussion

Based on the hypothesis testing results using Partial Least Squares (PLS), the Job Characteristics variable (X_1) significantly affects Work Motivation (Z), with a path coefficient value of 0.497, a t-statistic of 6.626 > 1.96, and a p-value of 0.000 < 0.05. This indicates that the better the job characteristics perceived by employees, the higher their work motivation will be.

Furthermore, the Compensation variable (X_2) also has a significant effect on Work Motivation (Z), with a coefficient value of 0.575, a t-statistic of 7.431, and a p-value of 0.000. This means that providing fair and appropriate compensation has a positive impact on increasing employees' work motivation. Moreover, Work Motivation (Z) has a highly significant effect on Employee Performance (Y), with a coefficient value of 0.737, a t-statistic

of 9.433, and a p-value of 0.000. These results confirm that work motivation makes a substantial contribution to improving employee performance.

Compensation has a direct effect on Employee Performance, with a value of 0.201, a t-statistic of 2.599, and a p-value of 0.010, indicating a significant influence. Since compensation also has a significant effect on work motivation, and work motivation significantly affects performance, there is also an indirect effect of Compensation on Performance through Motivation, which strengthens its total impact. Meanwhile, the direct effect of Job Characteristics on Employee Performance is recorded at 0.090, with a t-statistic of 1.478 and a p-value of 0.140, making it insignificant. This indicates that job characteristics do not directly influence performance; however, when mediated by Work Motivation, the effect becomes significant. Thus, Work Motivation is proven to be a significant mediator in the relationship between Job Characteristics and Employee Performance.

These results are consistent with the study by Astuti (2021), which found that job characteristics do not have a direct effect on performance but have an indirect effect through increased employee work motivation. The study explained that when an employee perceives their work as meaningful, involves a variety of skills, and provides autonomy, it first enhances their motivation before significantly influencing actual job performance. In addition, the research by Saragih & Sunaryo (2021) also supports this finding, showing that job characteristics do not automatically lead to improved performance if employees' internal motivation has not been strongly developed. This means that even if the job design is good, without high work motivation, its impact on performance will not be fully optimal.

Thus, these results highlight the important role of work motivation as a mediating variable linking the effect of job characteristics on employee performance. Without strong motivation, the impact of job characteristics on performance becomes weak or not directly significant.

The mediation path testing results show that Job Characteristics (X_1) have a positive and significant indirect effect on Employee Performance (Y) through Work Motivation (Z). This is indicated by a path coefficient value of 0.366, with a t-statistic of 5.848 > 1.96 and a p-value of 0.000 < 0.05. This means that the better the job characteristics perceived by employees, the higher their work motivation will be, which in turn contributes to improved employee performance.

Similarly, the Compensation variable (X_2) also shows a positive and significant indirect effect on Employee Performance through Work Motivation, with a coefficient value of 0.424, a t-statistic of 5.268, and a p-value of 0.000. This finding indicates that fair and adequate compensation can enhance employee motivation, which in turn leads to better performance.

These two results reinforce the role of Work Motivation as a mediating variable that bridges the influence of Job Characteristics and Compensation on Employee Performance. Thus, enhancing work motivation becomes a key factor in optimizing the impact of these two variables on employee work outcomes.

CONCLUSION

Based on the results of data processing, structural model analysis, and hypothesis testing conducted on employees at Perumdam Tirta Mayang Jambi, the following conclusions were obtained:

1. Job Characteristics have a positive and significant effect on Work Motivation, with a coefficient value of 0.497, a t-statistic of 6.626, and a p-value of 0.000. This indicates that the better the job characteristics perceived by employees (in terms of task variety, autonomy, and role clarity), the higher their work motivation.
2. Job Characteristics do not have a significant direct effect on Employee Performance, with a coefficient of 0.090, a t-statistic of 1.478, and a p-value of 0.140. This suggests that even if the job is perceived positively, it does not necessarily improve performance without the support of employees' internal motivation.

3. Compensation has a positive and significant effect on Work Motivation, with a coefficient of 0.575, a t-statistic of 7.431, and a p-value of 0.000. This means that fair and adequate compensation can serve as a strong driver for employees to be more enthusiastic in their work. Compensation also has a positive and significant effect on Employee Performance, with a coefficient of 0.201, a t-statistic of 2.599, and a p-value of 0.010. This shows that compensation can directly improve employee work performance.
4. Work Motivation has a positive and significant effect on Employee Performance, with an influence coefficient of 0.737, a t-statistic of 9.433, and a p-value of 0.000. This is the most dominant effect in this study, confirming that motivation is the key factor driving optimal performance achievement.
5. Indirectly, Work Motivation mediates the effect of Job Characteristics and Compensation on Employee Performance. Good job characteristics and adequate compensation will effectively improve performance if employees have high work motivation.

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